

SECURITIES AND EXCHANGE COMMISSION

FORM 10-K405

Annual report pursuant to section 13 and 15(d), Regulation S-K Item 405

Filing Date: **2001-08-02** | Period of Report: **2001-05-26**

SEC Accession No. [0000950109-01-502547](#)

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FILER

TEKTRONIX INC

CIK: **96879** | IRS No.: **930343990** | State of Incorporation: **OR** | Fiscal Year End: **0531**

Type: **10-K405** | Act: **34** | File No.: **001-04837** | Film No.: **1696221**

SIC: **3825** Instruments for meas & testing of electricity & elec signals

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**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-K

- ☒ Annual report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended May 26, 2001 or
- ☐ Transition report pursuant to section 13 or 15(d) of the Securities Exchange Act of 1934 for the transition period from to

Commission file number 1-4837

TEKTRONIX, INC.

(Exact name of Registrant as specified in its charter)

Oregon

(State or other jurisdiction of
incorporation or organization)

**14200 S.W. Karl Braun Drive
Beaverton, Oregon**

(Address of principal executive offices)

93-0343990

(I.R.S. Employer
Identification No.)

97077

(Zip Code)

Registrant's telephone number, including area code:

(503) 627-7111

Securities registered pursuant to Section 12(b) of the Act:

<u>Title of each class</u>	<u>Name of each exchange on which registered</u>
Common Shares, without par value	New York Stock Exchange
Series B No Par Preferred Shares Purchase Rights	New York Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: **None**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes ☒ No ☐

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. ☒

The aggregate market value of the voting stock held by nonaffiliates of the Registrant was approximately \$1,827,179,144 at July 16, 2001.

At July 16, 2001 there were 92,051,734 Common Shares of the Registrant outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

<u>Document</u>	<u>Part of 10-K into which incorporated</u>
Registrant' s Proxy Statement dated July 31, 2001	Part III

PART I

Item 1. Business.

General

Tektronix, Inc. manufactures, markets and services test, measurement, and monitoring solutions to customers in many industries, including computers, telecommunications and semiconductors, to enable them to design, build, deploy and manage next-generation global communications networks and many other electronic technologies. Revenue is derived principally from the sale of a broad range of products in several key product categories: oscilloscopes, including desk top, handheld and PC based instruments; logic analyzers; communications test equipment, including products for network monitoring and protocol test, optical transmission test and mobile production test; video streaming products and video test equipment. In addition, Tektronix derives revenue through components, support services and accessories for its products.

Tektronix is an Oregon corporation organized in 1946. It is headquartered in Beaverton, Oregon, and conducts operations worldwide through wholly owned subsidiaries. See Item 1—"Business—Geographic Areas of Operations." References herein to "Tektronix" or the "Company" are to Tektronix, Inc. and its consolidated subsidiaries, unless the context indicates otherwise.

The Company' s common stock is listed on the New York Stock Exchange under the symbol TEK. See Item 5—"Market for Registrant' s Common Equity and Related Stockholder Matters—Market Information."

Tektronix historically operated in three major business divisions: Measurement, Color Printing and Imaging, and Video and Networking. On January 1, 2000, the Company sold substantially all of the assets of the Color Printing and Imaging division to Xerox Corporation. On September 24, 1999, the Company sold substantially all of the operating assets of the Video and Networking division to Grass Valley Group, Inc. ("GVG"). The Color Printing and Imaging division products included color printers and related supplies. Video and Networking division products included video distribution and production, video storage, and newsroom automation products. As a result of these divestitures, the Company now operates as a focused test, measurement and monitoring company. See Item 7—"Management' s Discussion and Analysis of Financial Condition and Results of Operations." Financial information about the Company' s historical business segments is set forth in the Notes to Consolidated Financial Statements, "Business Segments" included under item 8.

Products

Test and measurement products include a broad range of instruments designed to allow an engineer or technician to view, measure, test or calibrate electrical and optical circuits, mechanical motion, sound or radio waves. Tektronix has provided high quality test and measurement equipment for more than fifty years. Because of their wide range of capabilities, they are used in a variety of applications, including research, design, testing, installation, manufacturing and service in the semiconductor, computer, telecommunications, video, communications network, aerospace, consumer electronics and education industries. This includes products that allow the communications and video industries to reliably, accurately, and repeatably test the communications and video services ultimately provided to their customers.

Oscilloscopes. Tektronix is the recognized market leader in sales of oscilloscopes. The oscilloscope is the primary debug tool for the design engineer. Oscilloscopes are used when an electrical signal needs to be viewed, measured, tested or verified. Oscilloscopes are useful across a wide range of industries in manufacturing, test and design applications.

Tektronix oscilloscopes are available in a wide range of configurations (card modular to portable to laboratory), bandwidths and other performance characteristics. Tektronix has designed a substantial portion of its

oscilloscope product line to provide a consistent user interface. This consistency allows customers reduced learning time.

Tektronix has a history of introducing innovative oscilloscopes that give engineers new tools for quickly finding faults in increasingly complex electronic circuits, such as those in cell phones, pagers, high-speed modems, embedded digital electronics and optical networks. During fiscal year 2001 Tektronix introduced the world's fastest oscilloscope, the TDS 7404. This is the first oscilloscope to use silicon germanium technology. The TDS7000 Series also won numerous industry-awards throughout the year, including the prestigious, EDN magazine's "Innovation of the Year".

Today's engineers expect oscilloscopes not only to display but also to analyze a signal. Engineers working in different industries expect the results of this analysis to be given to them in their own industry-specific language. Tektronix addresses these challenges through application-specific modules and software now available on many of its products, allowing faster time to market with industry specific solutions. As an example, in fiscal year 2000 Tektronix worked with Intel and Rambus to develop a series of application specific modules to address jitter and timing analysis. Tektronix also provides to communications equipment manufacturers application modules to test equipment performance and conformity with standards defined by the International Telecommunications Union.

Tektronix offers personal computer based instruments as a result of its acquisition of Gage Applied, Inc. in April 2000.

Tektronix offers a complete line of advanced analog, digital and mixed signal source products that are often used with oscilloscopes, logic analyzers and other measurement instruments. Leading arbitrary waveform generator (AWG) technology from the Sony/Tektronix Corporation joint venture allows the user to generate standard waveforms and controlled "real world" signals, including simulated glitches, drift, noise, and other anomalies. These AWG products incorporate features designed specifically for disk drive testing, semiconductor verification, automotive anti-lock brakes and engine control, communications testing, biomedical simulations, and countless other applications.

Tektronix logic source products generate digital patterns used in the characterization and verification of semiconductors. They are used to create complex logic signals and allow the user to introduce precisely controlled errors or distortions to help design engineers improve the performance of digital integrated circuits or systems.

Logic Analyzers. Tektronix offers a range of logic analyzers from standalone units up to the highest-performance systems for today's demanding digital designs. Logic analyzers are important debug tools for the design engineer to capture, display and analyze streams of data from microprocessors and other digital circuits, including streams that occur simultaneously over many channels. The core of a logic analyzer is its digital acquisition capability. Tektronix has provided a series of breakthrough innovations in digital acquisition, beginning with MagniVu in 1997, and continuing with usable deep memory in 1999 and iView ('integrated view') in 2001. The iView software and cabling solution seamlessly integrates Tektronix logic analyzers and TDS oscilloscopes. This allows designers to transport analog waveforms from the oscilloscope to the logic analyzer display and automatically time-correlate them. Engineers can quickly track down elusive signal integrity problems in their design. These innovations have significantly reduced our customer's time-to-market and have redefined the logic analyzer market. Tektronix TLA series of logic analyzers use the Microsoft Windows operating system and offer performance leadership to developers of computer, communications and other electronic systems used in a wide variety of applications across a wide range of industries,

including computers, cell phones, network switches and routers, network access devices, information appliances, industrial control, automotive, military and aerospace, and many others.

Communications Test Equipment. As the telecommunications industry evolves to digital video and Internet-based fixed and mobile data networks, operators must be able to perform complete compliance testing for the many standards that govern the telecommunications universe. Many Tektronix products, including fiber optic test products, network monitoring, and high quality streaming video products are used by communications and video equipment manufacturers as well as the operators who deploy, maintain and monitor that equipment in Internet, video, wired and wireless, and global network applications.

Protocol analyzers are instruments that monitor the information flow on a network to determine that it conforms to the specific set of rules, procedures, and conventions that are the expected “protocols” for that particular network. The Tektronix protocol analysis product line was acquired from Siemens in 1997. These products have an industry leading position in the mobile market. Tektronix products assist manufacturers of wireless infrastructure as well as mobile operators in their development and deployment of next generation mobile equipment and services. In fiscal year 2001, Tektronix introduced new protocol analyzers enabling advances in the design and development of products using Bluetooth, as a result of its acquisition of Digianswer, a subsidiary of Motorola.

Tektronix network monitoring products were acquired in 1999 from Necsy SpA, located in Padova, Italy. These products perform network performance and quality of service measurements for fixed and mobile networks. In addition, they are used to ensure operators revenue streams by verifying billings systems, identifying fraudulent use and providing performance data for service level agreements.

Transmission test products are used by equipment manufacturers and network operators to verify error-free transmission of digital information. The fundamental measure of performance or quality in digital systems is the probability of any transmitted bit being received in error. Transmission test products include the OTS9000 Optical Test System that provides a flexible and modular solution for transmission testing particularly well suited for new DWDM transmission systems. Physical Layer optical test solutions include Tektronix CSA-8000 Communications Signal Analyzer that is used in network equipment design and manufacturing to verify waveform fidelity of optical based communication signals. For photonic-layer testing, Tektronix provides optical spectrum analyzers, power meters, optical time domain reflectometers (OTDRs), and wavelength meters. For example, a technician would use an OTDR to locate a fault in 20 miles of underground fiber. By generating the signal and analyzing it through the fiber it can locate the fault, display the location, and allow the technician to dig up the cable at the correct point for repair.

Radio frequency and mobile production test products are used to design, check and adjust cellular phones, wireless Internet appliances and base stations. They allow telecommunications equipment manufacturers, who produce tens of thousands of units per month, to complete production tests quickly without sacrificing the thoroughness and accuracy that ensure product quality. Tektronix also sells and supports the wireless RF test products from Rohde & Schwarz and Advantest in the United States, Canada and Mexico.

Video Test. In addition to providing test solutions to the telecommunications operators discussed above, Tektronix continues to be the leading supplier of test and measurement equipment to traditional TV broadcasters and content providers, continuing a long relationship since the analog era. Tektronix has been awarded numerous Emmy awards for technical excellence.

Tektronix video test products assist customers in the transition from analog to digital, addressing not only the baseband digital signal in standard and high definition, but also the compressed video standards like MPEG-2. As a voting member of various committees responsible for establishing standards for evolving technologies, Tektronix plays an important role in this transition.

Historically, video signals were transmitted through the air from the broadcaster’s antenna to the consumer’s TV set. As technology and standards evolved, alternative transmission methods arose, including cable, satellite, and now the Internet. With the emergence of these

new technologies, compressing the video signal prior to transmission has become essential to preserve bandwidth. This adds to the complexity of transmitting a viable video signal. Tektronix product solutions offer customers the ability to monitor and manage the quality of their video signal transmission, and to manage the balance between infrastructure cost and the quality of transmitted signals. Tektronix also offers solutions to quality problems inherent in these new

technologies. For example, during fiscal year 2000 Tektronix announced a new product that detects and corrects problems created by the delay between the audio and video components of the transmitted signal. Using digital watermarking technology, this solution corrects these errors automatically, in real time, at the point of distribution. This is the first automated solution for this pervasive problem.

Waveform monitors display the details of a video signal. They are specialized oscilloscopes that are designed specifically for video signals. There are waveform monitors for analog video signals and serial digital video signals, both for standard and high definition formats. These instruments are used primarily by engineers and technicians in production and post-production facilities, broadcast facilities and video equipment design and manufacturing environments. During fiscal 2001, Tektronix announced the WFM700, a modular waveform monitoring solution that addresses the needs of customers operating in standard and high definition environments.

MPEG test systems address the needs of detailed, in-depth analysis of MPEG streams and are typically used by video equipment manufacturers. MPEG monitoring solutions address the need to monitor, in real time, MPEG transport streams and are typically used by companies that distribute or transmit MPEG transport streams, such as broadcasters and telecommunications network operators. In fiscal 2001, Tektronix acquired Adherent Systems. With this acquisition, Tektronix strengthened its position as the leader in MPEG test, measurement and monitoring.

In the digital video era, customers must be able to repeatedly and objectively quantify the quality of a picture. Tektronix is pioneering new products in this area as well. This leadership was demonstrated with another Emmy that was awarded to Tektronix in fiscal year 2001. Similar to the MPEG product portfolio, the Picture Quality portfolio consists of Analysis products targeted at video equipment manufacturers and monitoring solutions (PQA300), and broadcasters and telecommunications network operators (PQM300).

Accessories. Tektronix offers a broad range of accessories for its products, including probes, optical products, and application software.

Maxtek Components Corporation. Maxtek Components Corporation, a wholly owned subsidiary of Tektronix, manufactures sophisticated hybrid circuits.

VideoTele.com. VideoTele.com (VTC), provides high quality streaming video products to networking, telecommunications and broadcast service providers. This business was transferred to a separate, wholly owned subsidiary of Tektronix in February 2000.

Manufacturing

The Company's manufacturing activities primarily consist of assembling and testing products to customer orders. Many major sub-assemblies and peripheral devices are acquired from numerous third party suppliers. Most product design, manufacturing and testing is performed in-house. Although supply shortages are experienced from time to time, the Company currently believes that it will be able to acquire the required materials and components as needed. Because some of these components are unique, disruptions in supply could have an adverse effect on the Company's manufacturing operations.

Tektronix' primary manufacturing activities occur at facilities located in Beaverton, Oregon. Additional software and product development occurs in Bangalore, India, Cambridge, England and Padova, Italy. Some products, components and accessories are assembled in

the People's Republic of China. Protocol analysis products are manufactured at a plant in Berlin, Germany. Some telecommunications test products are

manufactured in Padova, Italy and Chelmsford, Massachusetts. PC-based instruments are manufactured in Montreal, Canada. See Item 2—"Properties," for additional information regarding the Company's manufacturing facilities.

Certain Tektronix products are manufactured for the Japanese market at a plant in Gotemba, Japan by Sony/Tektronix Corporation, a Japanese corporation equally owned by Tektronix and Sony Corporation. Sony/Tektronix also designs and manufactures arbitrary waveform and function generators and benchtop semiconductor testers for sale worldwide by Tektronix.

Sales and Distribution

Tektronix maintains its own worldwide sales and field maintenance organization, staffed with technically trained personnel. Sales in the United States, Canada, Brazil, the United Kingdom, Germany, France, Italy, Poland, Spain, Belgium, Sweden, Denmark, Norway, Finland, Switzerland, Australia, Austria, Hong Kong, Taiwan, Korea, Singapore, China, India, Argentina and Mexico are made through the Company, its subsidiaries and their field offices, or independent distributors and resellers located in principal market areas. Certain of the Company's independent distributors also sell products manufactured by the Company's competitors. Except for VTC products, sales in Japan are made by Sony/Tektronix Corporation.

Tektronix' principal customers are electronic and computer equipment component manufacturers and service providers, semiconductor manufacturers, communications and networking companies, private industrial concerns engaged in commercial or governmental projects, military and nonmilitary agencies of the United States and of foreign countries, public utilities, educational institutions, and radio and television stations and networks. Certain products are sold to both equipment users and original equipment manufacturers.

Most Tektronix product sales are sold as standard catalog items. Tektronix attempts to fill its orders as promptly as possible.

At May 26, 2001, Tektronix' unfilled Measurement product orders amounted to approximately \$170.3 million, as compared to approximately \$169.9 million for unfilled Measurement product orders at May 27, 2000. Tektronix expects that substantially all unfilled product orders at May 26, 2001 will be filled during its current fiscal year, except for those cancelled during the year. Orders received by the Company are subject to cancellation by the customer. Most orders are subject to cancellation or rescheduling by customers with little or no penalty, and accordingly backlog on any particular date is not necessarily a reliable indicator of actual sales for any subsequent period.

Geographic Areas of Operations

Tektronix conducts operations worldwide on a geographic regional basis, with those regions known as the Americas, Europe, Pacific (excluding Japan) and Japan. The Americas region is based in Beaverton, Oregon and covers the United States, Canada and Latin America. The European region, which is based in Bracknell, England, covers the European countries and also some countries in the Middle-East and Africa. The Pacific region covers the Pacific Rim, Australia and New Zealand, and is based in Hong Kong. The Japan operation is based in Tokyo. International sales include both export sales from United States subsidiaries and sales by non-U.S. subsidiaries. See "Business Segments" in the Notes to Consolidated Financial Statements, containing information on sales based upon the location of the purchaser and long-lived assets by geographic area.

Fluctuating foreign currency exchange rates and other factors beyond the control of Tektronix, such as the stability of international monetary conditions, tariff and trade policies and domestic and foreign tax and economic policies, affect the level and profitability of international sales. The Company does not believe it is materially exposed to foreign currency exchange rate fluctuation, although the

Company is unable to predict the effect of these factors on its business. The Company hedges certain foreign currency exchange rate exposures in order to minimize their impact.

Research and Development

Tektronix operates in an industry characterized by rapid technological change, and research and development are important elements in its business. The Company devotes a significant portion of its resources to design and develop new and enhanced products that can be manufactured cost effectively and sold at competitive prices. To focus these efforts, the Company seeks to maintain close relationships with its customers to develop products that meet their needs. Research and design groups and specialized product development groups conduct research and development activities. These activities include: (i) research on basic devices and techniques (ii) the design and development of products and components and specialized equipment and (iii) the development of processes needed for production. Most of Tektronix' research and development is devoted to enhancing and developing its own products.

Expenditures for research and development during fiscal years ended May 26, 2001, May 27, 2000, and May 29, 1999 amounted to approximately \$153.1 million (all of which was related to Measurement products), \$136.5 million (of which \$117.3 million was for Measurement products), and \$144.7 million (of which \$108.0 million was for Measurement products), respectively. Substantially all of these funds were Company generated.

Patents and Intellectual Property

The Company holds approximately 750 patents, which cover a wide range of products and technologies and have various expiration dates. It is Tektronix' policy to seek patents in the United States and appropriate foreign countries for its significant patentable developments. However, electronic equipment as complex as most of Tektronix' products generally are not patentable in their entirety. The Company also seeks to protect significant trademarks and software through trademark and copyright registration. As with any company whose business involves intellectual property, Tektronix is subject to claims of infringement. There are no material pending claims.

Competition

The electronics industry continues to become more competitive, both in the United States and abroad. Primary competitive factors are customer service, product performance, technology, product availability and price. Tektronix believes that its reputation in the marketplace is a significant positive competitive factor. With respect to many of its products, the Company competes with companies that have substantially larger resources.

Tektronix is the world' s largest manufacturer of oscilloscopes and no single competitor offers as complete a product line. The Company is the leader in sales of test and measurement equipment for the television industry. It is also one of the leaders in sales of logic analyzers and in the rapidly growing telecommunications market. In general, Tektronix competes with a number of companies in specialized areas of other test and measurement products and one large broad line measurement products supplier, Agilent Technologies (formerly the measurement business of Hewlett Packard). Other competitors include Acterna Corporation, LeCroy Corporation, and GN Nettest.

Tektronix competes with a number of large, worldwide electronics firms that manufacture specialized equipment for the television industry with respect to its television test and measurement products.

Employees

At May 26, 2001, Tektronix had 4,904 employees, of whom 1,568 were located in foreign countries. Tektronix' employees in the United States and most foreign countries are not covered by collective bargaining agreements. The Company believes that relations with its employees are good.

Environment

The Company' s facilities are subject to numerous laws and regulations concerning the discharge of materials into the environment, or otherwise relating to protection of the environment. The Company operates a licensed hazardous waste management facility at its Beaverton campus. Although future regulatory actions cannot be predicted with certainty, compliance with environmental laws has not had and is not expected to have a material effect upon the capital expenditures, earnings or competitive position of the Company.

Executive Officers of the Company

The following are the executive officers of the Company:

Name	Position	Age	Has Served As An Executive Officer of Tektronix Since
Richard H. Wills	President and Chief Executive Officer	46	1997
Colin L. Slade	Vice President and Chief Financial Officer	47	2000
James F. Dalton	Vice President, General Counsel and Secretary	42	1998
David E. Coreson	Vice President, Central Operations	55	2000
Richard D. McBee	Vice President, Worldwide Sales and Marketing	38	2001

The executive officers are elected by the board of directors of the Company at its annual meeting, except for interim elections to fill vacancies. Executive officers hold their positions until the next annual meeting, or until their successors are elected, or until such tenure is terminated by death, resignation or removal in the manner provided in the bylaws. There are no arrangements or understandings between executive officers or any other person pursuant to which the executive officers were elected, and none of the executive officers are related.

All of the named executive officers have been employed by Tektronix in management positions for at least the last five years.

Item 2. Properties.

The Company' s headquarters and primary manufacturing facilities are located in Beaverton, Oregon. All properties are maintained in good working order and, except for those held for sale or lease, are substantially utilized and are suitable for the conduct of its business. The Company believes that its facilities are adequate for their intended uses.

The Beaverton facilities are located in a business park (the “Howard Vollum Park”), which is owned by Tektronix. The Howard Vollum Park includes numerous buildings arranged in a campus-like setting and containing an aggregate of approximately 1.6 million gross square feet of enclosed floor space. Warehouses, production facilities and other critical operations are protected by fire sprinkler installations. Most manufacturing, office and engineering areas are air-conditioned. The Company leases some excess space at the Howard Vollum Park to other companies.

A facility in Chelmsford, Massachusetts is leased for Tektronix’ Broadband Transmission Test operations. Gage Applied, Inc., which manufactures personal computer based instruments, is located in a leased facility in Montreal, Canada. Research and development for some video test products using MPEG compression technology, as well as the marketing efforts for those products, occurs at a facility located in Cambridge, England. This facility was acquired when Tektronix purchased Adherent Systems Ltd. in April of 2001. Manufacturing space relating to communications products is also leased in Germany and Italy.

The Company owns a facility in Nevada City, California that is leased to GVG. GVG purchased the Video and Networking division from Tektronix in September 1999 and continues to operate from the leased premises.

Tektronix leases sales and service field offices throughout the world.

Item 3. Legal Proceedings.

There are no material pending legal proceedings.

Item 4. Submission of Matters to a Vote of Security Holders.

No matter was submitted to a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

Item 5. Market for the Registrant’ s Common Equity and Related Stockholder Matters.

The Company’ s common stock is traded on the New York Stock Exchange under the symbol “TEK”. The Board of Directors authorized the split of the Company’ s common stock on a two-for-one basis for shareholders of record on October 10, 2000. The common stock split was effected through a stock dividend. All references to share and per-share data for all periods presented have been adjusted to give effect to this two-for-one stock split. The shares resulting from the split were distributed on October 31, 2000. There were 3,087 shareholders of record as of July 16, 2001. Many of the Company’ s shares are held by brokers and other institutions on behalf of shareholders, and the number of such beneficial owners represented by the record holders is not known or readily estimable.

High and low closing prices for the last two fiscal years were:

Quarter	High	Low
Year Ending May 26, 2001:		
Fourth Quarter	\$29.85	21.40
Third Quarter	40.50	22.00
Second Quarter	40.00	24.63
First Quarter	43.66	25.50
Year Ending May 27, 2000:		

Fourth Quarter	\$35.88	23.38
Third Quarter	27.44	15.38
Second Quarter	19.69	14.19
First Quarter	17.78	11.06

Beginning with the fourth quarter of fiscal year 2000, the Company has not paid a cash dividend on its common stock, and the Board of Directors presently plans to reinvest the Company's earnings in its business. Accordingly, it is anticipated that no cash dividends will be paid to holders of common stock in the foreseeable future.

Item 6. Selected Financial Data.

The following selected financial data, which was derived from audited financial statements, should be read in conjunction with the Company's consolidated financial statements and related notes and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included elsewhere in this Annual Report on Form 10-K.

CONSOLIDATED FINANCIAL PERFORMANCE

Amounts in millions except per share

	2001	2000	1999	1998	1997
Net sales	\$1,235.3	\$1,120.6	\$1,136.1	\$1,357.1	\$1,301.6
Gross margin	51.9%	46.8%	42.1%	43.2%	44.4%
Net earnings (loss) from continuing operations	\$ 140.1	\$ 12.7	\$ (64.5)	\$ 37.0	\$ 56.2
Basic earnings (loss) per share from continuing operations	\$ 1.48	\$ 0.13	\$ (0.68)	\$ 0.37	\$ 0.57
Diluted earnings (loss) per share from continuing operations	\$ 1.46	\$ 0.13	\$ (0.68)	\$ 0.36	\$ 0.56
Weighted average shares outstanding:					
Basic	94.5	94.6	95.4	100.8	99.0
Diluted	96.1	96.3	95.4	102.6	100.4
Dividends per share	\$ -	\$ 0.18	\$ 0.24	\$ 0.23	\$ 0.20
Total assets	\$1,522.1	\$1,534.6	\$1,248.3	\$ 984.4	\$ 987.2
Long-term debt	\$ 127.8	\$ 150.4	\$ 150.7	\$ 150.7	\$ 151.6

Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations.

Forward-Looking Statements

Statements and information included in this Annual Report that are not purely historical are forward-looking statements within the "safe harbor" provisions of the Private Securities Litigation Reform Act of 1995, including, without limitation, statements regarding Tektronix' future expectations, intentions and strategies regarding the future (including new products), orders, revenues and earnings, and statements containing words such as "may," "could," "expects," "believes," "forecasts," "plans," "estimates," "intends" and "anticipates". All forward-looking statements in this Annual Report are based on information available to Tektronix on the date hereof, and Tektronix assumes no obligation to update any such forward-looking statements. It is important to note that actual results are subject to a number of trends, risks and uncertainties that could cause actual results to differ materially from those included in such forward-looking statements. Some of these are discussed below in the Trends, Risks and Uncertainties section of this Management's Discussion and Analysis.

General

Tektronix, Inc. (“Tektronix” or the “Company”) operates as a focused test, measurement and monitoring company, providing measurement solutions to customers in many industries, including computers, telecommunications and semiconductors. Prior to fiscal year 2001, the Company operated in three major business divisions: Measurement, Color Printing and Imaging, and Video and Networking. During fiscal year 2000, the Company sold substantially all of the assets of the Color Printing and Imaging and Video and Networking divisions. The Company maintains operations in five major geographies: the United States; Europe; the Americas, including Mexico, Canada and South America; the Pacific, excluding Japan; and Japan.

As a focused measurement company, Tektronix enables its customers to design, build, deploy and manage next-generation global communications networks and many other electronic technologies. Revenue is

derived principally through the development and marketing of a range of products including: oscilloscopes; logic analyzers; communications test equipment, including products for network monitoring and protocol test, optical transmission test and mobile production test; video test equipment; video streaming products; and related components, services and accessories.

Acquisition of Adherent Systems Ltd.

On April 18, 2001, the Company completed the strategic acquisition of Adherent Systems Ltd. (“Adherent”), located in Cambridge, England. Adherent is a technology leader in MPEG measurement and analysis for digital video. The transaction was accounted for by the purchase method of accounting, and accordingly, the results of operations of Adherent will be consolidated in the Company’s financial statements. Pro forma comparative results of operations are not presented as they do not materially differ from the Company’s reported results of operations.

Sale of Color Printing and Imaging

On January 1, 2000, the Company sold substantially all of the assets of the Color Printing and Imaging division to Xerox Corporation (“Xerox”). The sales price was \$925.0 million in cash, with certain liabilities of the division assumed by Xerox. During the third quarter of fiscal year 2000, Tektronix recorded a net gain of \$340.3 million on this sale. The net gain was calculated as the excess of the proceeds received over the net book value of the assets transferred, \$198.5 million in income tax expense, a \$60.0 million accrual for estimated liabilities related to the sale and \$14.4 million in transaction and related costs. As of May 26, 2001, the accrual for estimated liabilities related to the sale was \$57.3 million.

The Company accounted for the Color Printing and Imaging division as a discontinued operation in accordance with Accounting Principles Board (“APB”) Opinion No. 30, “Reporting the Results of Operations— Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions.” In accordance with this accounting guidance, operating results of the division through December 31, 1999, were excluded from each applicable line of the Consolidated Statements of Operations and included in Net earnings from discontinued operations for the periods reported. The cash flows of the division were also excluded from each applicable line of the Consolidated Statements of Cash Flows and included in Net cash provided by (used in) discontinued operations on those statements. During the year ended May 27, 2000, Color Printing and Imaging realized net sales of \$369.5 million and a net loss from operations of \$4.0 million. During the fiscal year ended May 29, 1999 the division realized net sales of \$725.4 million and net earnings of \$13.4 million.

Sale of Video and Networking

On August 9, 1999, the Company announced that it had reached an agreement to sell substantially all of the operating assets of its Video and Networking division to Grass Valley Group Inc. (“GVG”). During fiscal year 2000, Tektronix recorded pre-tax charges of \$31.6 million for losses incurred or expected to be incurred in connection with the transaction. These charges were calculated based upon the excess of the estimated net book value of assets to be transferred over the proceeds received, as well as asset impairments incurred as a result of the sale. The companies closed the sale with a series of transactions in fiscal year 2000. Tektronix received cash of \$30.2 million, before transaction costs of \$1.1 million and notes receivable with a carrying value of \$32.5 million. The sale of the Video and Networking division did not meet the criteria to be recorded as a discontinued operation in accordance with APB Opinion No. 30.

In fiscal year 2001, the Company resolved certain outstanding contingencies related to the sale of the Video and Networking division. The resolution of these items resulted in a net credit of approximately \$1.5 million,

which is included in (Gain) loss on sale of the Video and Networking division on the Consolidated Statements of Operations. In addition, the Company converted a portion of the existing notes receivable from GVG to preferred stock of GVG. As of May 26, 2001, the Company held a note receivable with a carrying value of \$18.1 million which is recorded in Other long-term assets on the Consolidated Balance Sheets and preferred stock of GVG with a basis of \$11.5 million, which is classified as available-for-sale securities and recorded in Long-term marketable investments on the Consolidated Balance Sheets.

Repurchase of Common Stock

On March 15, 2000, the Board of Directors authorized the purchase of up to \$545.0 million of the Company’s common stock on the open market or through negotiated transactions. During fiscal year 2001, the Company repurchased a total of 4.6 million shares for \$126.2 million. As of May 26, 2001, the Company has repurchased a total of 6.2 million shares at an average price of \$26.84 per share totaling \$166.0 million under this authorization. Share amounts above have been restated to reflect a two-for-one stock split effective October 31, 2000.

Non-Recurring Charges

During fiscal year 2001, the Company substantially completed all actions under the 1999 and 2000 restructuring plans described below. Accrued costs remaining at May 26, 2001 include amounts for actions that have been taken, but for which expenditures have not yet been made.

The 2000 Plan

In the third quarter of fiscal year 2000, the Company announced and began to implement a series of actions (the “2000 Plan”) intended to consolidate worldwide operations and transition the Company from a portfolio of businesses to a single smaller business focused on test, measurement and monitoring products. Major actions under the 2000 Plan included the exit from and consolidation within underutilized facilities, including the write-off of assets abandoned in conjunction with this action, the write-off and disposal of certain excess service and other inventories, and focused headcount reductions to streamline the cost structure to that of a smaller Measurement business and to eliminate duplicative functions within the Company’s infrastructure.

The 1999 Plan

In the second quarter of fiscal year 1999, the Company announced and began to implement a series of actions (the “1999 Plan”) intended to align the Company’s worldwide operations with market conditions and to improve the profitability of its operations. These actions included a net reduction of approximately 15% of the Company’s worldwide workforce, the exit from certain facilities and the streamlining of product and service offerings.

Charges under the Plans

Total fiscal year 2001 pre-tax non-recurring credits, net on the Condensed Consolidated Statements of Operations totaled \$10.0 million. The net credits of \$10.0 million consisted of a \$2.3 million loss on sale of assets and approximately \$2.9 million of adjustments to the existing restructuring plans, offset by restructuring reserve reversals of \$15.2 million.

Pre-tax, non-recurring restructuring and other related charges, net recorded during fiscal year 2000 totaled \$52.2 million. These net charges included \$64.8 million of charges related to the 2000 Plan, \$13.7 million of net

reversals and adjustments to the 1999 and 2000 Plans and \$1.1 million of in-process research and development charges related to the acquisition of Gage Applied Sciences, Inc. Of the net \$52.2 million, \$14.8 million was recorded in cost of sales, while \$37.7 million was recorded in non-recurring charges and \$0.3 million was reversed to selling, general and administrative expenses.

Pre-tax, non-recurring restructuring and other related charges, net recorded during fiscal year 1999 totaled \$120.5 million, including \$115.8 million in charges related to the 1999 Plan, \$9.9 million of other non-recurring charges and \$5.2 million of net reversals and adjustments. Of the net \$120.5 million, \$84.8 million was recorded in non-recurring charges, \$25.8 million was recorded in cost of sales, \$5.1 million was recorded in sales, \$4.0 million was recorded in research and development expenses and \$0.8 million was recorded in selling, general and administrative expenses.

Results of Operations

Highlights of Condensed Consolidated Results of Continuing Operations

	For the years ended		
	May 26, 2001	May 27, 2000	May 29, 1999
	(In thousands, except per share amounts)		
Net sales	\$1,235,275	\$1,120,555	\$1,136,136
Cost of sales	593,779	596,191	657,422
Gross profit	641,496	524,364	478,714
Research and development expenses	153,128	136,494	144,665
Selling, general and administrative expenses	312,968	316,974	329,602
Non-recurring (credits) charges, net	(9,972)	37,716	84,780
(Gain) loss on the sale of Video and Networking	(1,456)	31,613	—
Other operating loss (income)	128	(18,099)	(2,874)
Operating income (loss)	186,700	19,666	(77,459)
Non-operating income (expense), net	33,488	(85)	(17,443)
Earnings (loss) before taxes	220,188	19,581	(94,902)
Income tax expense (benefit)	80,079	6,855	(30,369)
Net earnings (loss) from continuing operations	\$ 140,109	\$ 12,726	\$ (64,533)
Net earnings (loss) per share from continuing operations—basic	\$ 1.48	\$ 0.13	\$ (0.68)
Net earnings (loss) per share from continuing operations—diluted	\$ 1.46	\$ 0.13	\$ (0.68)

Average shares outstanding—basic	94,459	94,555	95,399
Average shares outstanding—diluted	96,103	96,280	95,399

Fiscal Year 2001 Compared to Fiscal Year 2000

Economic Conditions

Through the first three quarters of fiscal year 2001, the Company experienced record consolidated orders growth of 19%. During fiscal year 2001, economic conditions had a negative impact on many markets into which the Company sells products including, but not limited to, mobile handset manufacturing, automated test equipment, optical design and manufacturing, telecommunications and semiconductor manufacturing. These conditions adversely impacted the Company during the latter part of fiscal year 2001, as product orders declined and order cancellations increased. Specifically, the orders for the fourth quarter of fiscal year 2001 declined 32%

from the comparable period of fiscal year 2000. As a result of these trends, management of the Company anticipates that orders in the first quarter of fiscal year 2002 will decline relative to the comparable period of fiscal year 2001. In addition, future sales levels and operating margins may be reduced as a result of a decline in orders. In response to an anticipated reduction in orders, management of the Company expects to incur certain one-time costs in the first quarter of fiscal year 2002 to better align future operating expense levels with reduced sales levels. Management of the Company is unable to predict the ultimate severity and duration of the recent economic conditions or their ultimate impact on the Company.

Orders

Consolidated orders for fiscal year 2001 were \$1,152.7 million, an increase of \$46.4 million or 4% over orders of \$1,106.3 million in fiscal year 2000. This improvement was due to an increase of \$85.4 million in Measurement orders, offset by a decrease of \$39.0 million due to the sale of substantially all of the Video and Networking division in 2000. Consolidated orders increased in several geographies, with the Pacific and Japan experiencing the largest growth. Orders from the Pacific were \$168.8 million, an increase of \$31.5 million or 23% over fiscal year 2000 orders, while orders from Japan were \$98.0 million, an increase of \$23.6 million or 32% over fiscal year 2000 orders. Orders from the United States grew a modest 1% to \$594.2 million in fiscal year 2001. Growth in orders in these geographies is primarily attributed to the favorable market conditions experienced in the first half of the fiscal year, strong demand for new products and continued strong demand for existing products. Orders declined in Europe and the Americas with decreases of \$14.0 million or 6% and \$2.2 million or 4%, respectively, resulting from the above noted economic downturn that, during the latter part of the fiscal year, negatively impacted many markets into which the Company sells products.

Net Sales

Consolidated net sales of \$1,235.3 million for fiscal year 2001 increased \$114.7 million or 10% over fiscal year 2000 net sales of \$1,120.6 million. The change in net sales was primarily attributable to an increase of \$184.6 million in Measurement sales during fiscal year 2001, offset in part by a decrease of \$59.6 million due to the sale of substantially all of the Video and Networking division in fiscal year 2000. Consolidated sales growth was experienced in all major geographies, with the United States and the Pacific experiencing the most significant sales growth. Net sales in the United States increased \$59.8 million or 10% over fiscal year 2000 and net sales in the Pacific increased \$31.5 million or 23% over fiscal year 2000. Growth in sales is the direct result of the growth in orders noted above which was primarily attributable to the favorable market conditions experienced in the first half of the fiscal year, strong demand for new products and continued strong demand for existing products. Sales growth in excess of orders growth is attributable to the Company's fulfillment of backlog orders during the fiscal year.

Gross Profit

Consolidated gross profit was \$641.5 million or 52% of net sales for the year ended May 26, 2001, an increase of 22% over gross profit of \$524.4 million or 47% of net sales for fiscal year 2000. These increases were primarily due to a favorable shift in the mix to higher margin products. In addition, the fiscal year 2000 gross margin was diluted by sales of lower margin Video and Networking products and non-recurring charges.

Operating Expenses

For the fiscal year ended May 26, 2001, operating expenses were \$454.8 million, a decrease of \$49.9 million from \$504.7 million for fiscal year 2000. The decrease is primarily attributable to a reduction of non-recurring charges in fiscal year 2001, the loss on the sale of the Video and Networking division in fiscal year 2000 and a reduction due to the absence of operating expenses associated with the Video and Networking division in fiscal year 2001. Non-recurring credits were \$10.0 million during fiscal year 2001 as a result of favorable adjustments to previous charges. Non-recurring charges, net were \$37.7 million during fiscal year 2000.

Selling, general and administrative expenses were \$313.0 million or 25% of net sales for fiscal year 2001, a decrease of \$4.0 million from \$317.0 million or 28% of net sales for fiscal year 2000. The decrease relative to net sales was primarily due to efficiencies gained through higher sales volume combined with effective control of expenses.

Research and development expenses were \$153.1 million in fiscal year 2001, an increase of 12% over \$136.5 million in fiscal year 2000. As a percentage of sales, research and development expenses remained constant at 12% in both years as the Company continued to invest in the development of new products.

A net loss from asset dispositions of \$1.8 million was incurred in fiscal year 2001 compared to a net gain of \$15.6 million in fiscal year 2000. The gain in fiscal year 2000 was primarily the result of the sale of land and buildings that were no longer necessary for on-going operations as a result of the divestitures of the Video and Networking and Color Printing and Imaging divisions in that fiscal year.

Non-Operating Income / Expense

Interest expense was \$13.0 million in fiscal year 2001, as compared with \$15.8 million in fiscal year 2000. The decrease in interest expense is due to a reduction in the average balance of outstanding debt due to the Company's retirement of \$22.5 million of outstanding long-term debt during the fiscal year. Interest income was \$53.1 million in fiscal year 2001 as compared with \$23.0 million in fiscal year 2000. The significant increase in fiscal year 2001 was primarily due to a full year of interest earned on the proceeds from the sale of the Color Printing and Imaging division which occurred in January 2000.

Income Taxes

Income tax expense from continuing operations was \$80.1 million in fiscal year 2001 or 36% of income before taxes, as compared with \$6.9 million in fiscal year 2000, or 35% of income before taxes. The increase in the effective tax rate was primarily due to adjustments to tax valuation allowances with respect to foreign tax credit carryovers.

Consolidated Net Earnings

The Company recognized consolidated net earnings of \$140.1 million or \$1.46 per diluted share for the year ended May 26, 2001, as compared with net earnings of \$349.0 million or \$3.63 per diluted share in fiscal year 2000. The decrease is due to the net earnings from

discontinued operations related to the Color Printing and Imaging division in 2000 of \$336.3 million, or \$3.49 earnings per diluted share, offset by the improved earnings from continuing operations in fiscal year 2001 as discussed above.

Fiscal Year 2000 Compared to Fiscal Year 1999

Orders

Consolidated orders for fiscal year 2000 were \$1,106.3 million, an increase of \$54.8 million or 5% over orders of \$1,051.5 million in fiscal year 1999, due to an increase of \$249.4 million in Measurement orders, offset in part by a decrease of \$194.6 million in Video and Networking orders.

Measurement orders for fiscal year 2000 were \$1,067.3 million, an increase of \$249.4 million or 30% over fiscal year 1999 orders of \$817.9 million. Orders increased in all major geographies, with the United States and

the Pacific experiencing the largest increases. Orders from the United States were \$565.5 million, an increase of \$155.9 million or 38% over 1999 orders, while orders from the Pacific were \$133.0 million, an increase of \$29.4 million or 28% over 1999 orders. Growth in orders can be primarily attributed to favorable market conditions and strong demand for new products released late in fiscal year 1999 and during fiscal year 2000.

Net Sales

Consolidated net sales of \$1,120.6 million for fiscal year 2000 were down slightly from fiscal year 1999 net sales of \$1,136.1 million. This decline was due to the sale of the Video and Networking division during the year, which resulted in a \$197.0 million decrease in that division's sales, offset in part by an increase in Measurement sales of \$171.2 million and the addition of other sales of \$10.3 million in fiscal year 2000.

Net sales for Measurement increased 19% to \$1,050.7 million, as compared to net sales of \$879.5 million for fiscal year 1999. Sales growth was experienced in all major geographies, with the United States and the Americas experiencing the most significant sales growth. Measurement net sales in the United States increased \$110.1 million or 25% over 1999 and net sales in the Americas increased \$25.3 million or 66% over 1999. Growth was driven by overall strength in the computer, telecommunications and semiconductor markets and sales of new products released late in fiscal year 1999 and during fiscal year 2000.

Gross Profit

The Company's gross profit from continuing operations was \$524.4 million for the year ended May 27, 2000, an increase over gross profit of \$478.7 million for 1999. Excluding net non-recurring charges to cost of sales of \$14.8 million in fiscal year 2000, gross profit was \$539.1 million or 48.1% of net sales. This is compared to gross profit of \$509.6 million or 44.7% of net sales, excluding non-recurring charges to sales and cost of sales of \$5.1 million and \$25.8 million, respectively, for fiscal year 1999. The significant increase in gross margin in fiscal year 2000 was due mainly to the sale of the Video and Networking division and overall improvement in Measurement margins.

In fiscal year 2000, Measurement gross profit grew to \$529.8 million, or 50.4% of net sales, from \$432.6 million or 49.2% of net sales for 1999. The increase resulted mainly from higher sales levels and improved margins. Gross margins improved due to higher margins on oscilloscopes introduced late in fiscal year 1999, higher margins on communications products introduced during fiscal year 2000 and increased sales volume on a partially fixed cost base.

Operating Expenses

For the year ended May 27, 2000, operating expenses were \$504.7 million, down from \$556.2 million for fiscal year 1999. Excluding non-recurring charges of \$69.1 million, fiscal year 2000 operating expenses were \$435.6 million, a decrease of \$31.0 million from fiscal year 1999 operating expenses of \$466.6 million, excluding non-recurring charges of \$89.6 million. This decline was due mainly to a decrease in selling, general and administrative expenses and earnings from investments in business ventures in fiscal year 2000 as compared to losses in fiscal year 1999.

Excluding non-recurring credits of \$0.3 million, selling, general and administrative expenses were \$317.2 million or 28% of net sales for fiscal year 2000, a decrease of \$11.6 million from \$328.8 million or 29% of net sales, excluding \$0.8 million of non-recurring charges, for fiscal year 1999. This decline resulted primarily from only four months of Video and Networking results included in fiscal year 2000, offset in part by an increase in commissions on higher sales and other performance-related incentives and bonuses.

Equity in business ventures' (earnings) loss increased from losses of \$9.2 million in fiscal year 1999 to earnings of \$2.5 million in fiscal year 2000. The significant losses in fiscal year 1999 resulted mainly from \$5.5 million of Merix losses and \$4.6 million of Sony/Tektronix losses.

Non-recurring charges, net were \$37.7 million during fiscal year 2000 and \$84.8 million during fiscal year 1999. See the Non-Recurring Charges section of this Management's Discussion and Analysis for further information on these charges.

Gain on asset dispositions was \$15.6 million and \$12.1 million in fiscal years 2000 and 1999, respectively. These gains were the result of the sale of several significant buildings and parcels of land in conjunction with the Company's plan to exit from and consolidate within facilities while transitioning to a focused Measurement business.

Non-Operating Income / Expense

Interest expense was \$15.8 million in fiscal year 2000, as compared with \$17.8 million in fiscal year 1999. Interest expense fluctuated in direct proportion to the amount of short-term debt held by the Company in each year. Interest income was \$23.0 million in fiscal year 2000 as compared with \$2.1 million in fiscal year 1999. The significant increase in fiscal year 2000 was mainly due to interest earned on the proceeds from the sale of the Color Printing and Imaging division.

Income Taxes

Income tax expense from continuing operations was \$6.9 million in fiscal year 2000, as compared to an income tax benefit of \$30.4 million in fiscal year 1999. The increase in expense in fiscal year 2000 is due mainly to increased earnings from continuing operations before taxes.

Income tax expense related to discontinued operations was \$196.4 million in fiscal year 2000, including \$198.5 million in expense related to the gain on the sale of the Color Printing and Imaging division, offset in part by a tax benefit of \$2.1 million related to the fiscal year 2000 net operating loss from the division. Tax expense related to earnings from discontinued operations was \$6.3 million in fiscal year 1999.

The Company's effective tax rate for fiscal year 2000 was 35% as compared to 32% in fiscal year 1999. The increase in the tax rate from fiscal year 1999 to fiscal year 2000 was attributed mainly to the significant gain on the sale of the Color Printing and Imaging division realized in fiscal year 2000.

Net Earnings (Loss) from Continuing Operations

The Company recognized net earnings from continuing operations of \$12.7 million, or \$0.13 per diluted share, for the year ended May 27, 2000, as compared to a net loss from continuing operations of \$64.5 million, or \$0.68 per diluted share, during the same period in 1999.

During fiscal year 2000, the Company recorded pre-tax net non-recurring charges of \$83.8 million (\$54.5 million after-tax). These charges included \$51.1 million in charges related to the 2000 Plan, \$31.6 million in charges related to the sale of Video and Networking and a \$1.1 million IPR&D charge related to the acquisition of Gage Applied Sciences, Inc. Excluding these charges, the Company would have recognized net earnings from continuing operations of \$67.2 million, or \$0.70 per diluted share, for the year ended May 27, 2000.

For the year ended May 29, 1999, the Company would have recognized \$17.4 million, or \$0.18 per diluted share, in net earnings from continuing operations, excluding \$81.9 million in after-tax net non-recurring charges.

Net Earnings from Discontinued Operations

The Company recognized net earnings from discontinued operations of \$336.3 million, or \$3.49 per diluted share, for the year ended May 27, 2000, as compared to net earnings of \$13.4 million, or \$0.14 per diluted share, for the same period in 1999. Net earnings from discontinued operations for 2000 included the \$340.3 million net gain on the sale of the Color Printing and Imaging division.

Consolidated Net Earnings (Loss)

The Company recognized consolidated net earnings of \$349.0 million or \$3.63 per diluted share for the year ended May 27, 2000, as compared to a net loss of \$51.2 million or \$0.54 per diluted share in fiscal year 1999.

Financial Condition, Liquidity and Capital Resources

At May 26, 2001, the Company's working capital was \$617.7 million, a decrease of \$164.1 million from the end of fiscal year 2000, as the result of a decrease in current assets offset in part by a decrease in current liabilities during fiscal year 2001. Current assets decreased \$178.4 million primarily due to the shift of \$188.5 million from short-term marketable investments to long-term marketable investments, while current liabilities decreased \$14.3 million.

At May 26, 2001, the Company held \$791.7 million in cash and cash equivalents and marketable investments, as well as bank credit facilities totaling \$260.4 million, of which \$255.6 million was unused. Unused facilities included \$105.6 million in miscellaneous lines of credit and \$150.0 million under revolving credit agreements with United States and foreign banks.

During fiscal year 2001, cash and cash equivalents decreased \$391.4 million due mainly to the investment of an additional \$182.1 million in short-term marketable investments and \$188.5 million in long-term marketable investments over fiscal year 2000 and the repurchase of approximately 4.6 million shares of the Company's common stock for \$126.2 million during fiscal 2001, offset by approximately \$138.0 million of cash provided by operations. The share amount above has been restated to reflect the two-for-one stock split effective October 31, 2000.

Property, plant and equipment, net, decreased \$16.8 million to \$171.8 million at the end of fiscal year 2001. The decrease was due mainly to \$7.6 million of net disposals and \$41.0 million in depreciation expense for the year. These decreases were partially offset by approximately \$31.5 million in capital expenditures during the same period.

Cash on hand, cash flows from operating activities and current borrowing capacity are expected to be sufficient to fund operations and capital expenditures through May 2002.

Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." The statement will require recognition of all derivatives as either assets or liabilities on the balance sheet at fair value. The Company adopted SFAS 133 on the first day of fiscal year 2002 and it did not have a material effect on the Company's consolidated financial statements.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations". The statement discontinues the use of the pooling of interest method of accounting for business combinations. The statement is effective for all business combinations after June 30, 2001. Management has completed an evaluation of the effects of this statement and believes that it will not have a material effect on the Company's consolidated financial statements.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets". The statement will require discontinuing the amortization of goodwill and other intangible assets with indefinite useful lives. Instead, these assets will be tested periodically for impairment and written down to their fair market value as necessary. This statement is effective for fiscal years beginning after December 15, 2001, however, early adoption is allowed for companies that have not issued first quarter financial statements as of July 20, 2001. Management is currently evaluating the effect on the Company's consolidated financial statements.

Trends, Risks and Uncertainties

Described below and elsewhere in this Annual Report and in other documents the Company files with the Securities and Exchange Commission and in its press releases are risks and uncertainties that could cause actual results to differ materially from the results contemplated by the forward-looking statements contained in this Annual Report.

Market Risk and Cyclical Downturns in the Markets in Which Tektronix Competes

Tektronix' business depends predominantly on capital expenditures of manufacturers in the telecommunications, semiconductor, and computer industries. Each of these industries has historically been very cyclical and has experienced periodic downturns, which have had a material adverse impact on the industries' demand for equipment, including test and measurement equipment manufactured and marketed by Tektronix. During periods of reduced and declining demand, Tektronix must rapidly align its cost structure with prevailing market conditions while at the same time motivating and retaining key employees. During the last two quarters of fiscal year 2001, the Company's sales and orders began to be affected by the current cyclical downturn in its customers' markets. The extent of this downturn, and how long it will last, is unknown. No assurance can be given that Tektronix' net sales and operating results will not be further adversely impacted by the current or any future downturns or slowdowns in the rate of capital investment in these industries.

Timely Delivery of Competitive Products

Tektronix sells its products to customers that participate in rapidly changing high technology markets, which are characterized by short product life cycles. The Company's ability to deliver a timely flow of competitive new products and market acceptance of those products, as well as the ability to increase production or to develop and maintain effective sales channels, is essential to growing the business. Because Tektronix sells test and measurement products that enable its customers to develop new technologies, the Company must accurately predict the ever-evolving needs of those customers and deliver appropriate products and technologies at competitive prices to meet customer

demands. The Company's ability to deliver such products could be affected by engineering or other development program delays as well as the availability of parts and supplies from third party providers on a timely basis and at reasonable prices. Failure to deliver competitive products in a timely manner and at a reasonable price could have an adverse effect on the results of operations, financial condition or cash flows of the Company.

Competition

Tektronix participates in the highly competitive test, measurement and monitoring industry, competing directly with Agilent Technologies, Inc., Acterna Corporation, LeCroy Corporation and others for customers. Competition in the Company's business is based primarily on product performance, technology, customer service, product availability and price. Some of the Company's competitors may have greater resources to apply to each of these factors and in some cases have built significant reputations with the customer base in each market in which Tektronix competes. The Company faces pricing pressures that have had and may continue to have an adverse impact on the Company's earnings. If the Company is unable to compete effectively on these and other factors, it could have a material adverse effect on the Company's results of operations, financial condition or cash flows.

In the current business environment, the Company must also compete with these and other companies to attract and retain talented employees who will be key to the on-going success of the Company. Risks relating to this competition could include higher than anticipated compensation expense, additional stock option issuances, new product delays and other related delays in the execution of the Company's strategic plan.

Supplier Risks

The Company's manufacturing operations are dependent on the ability of suppliers to deliver quality components, subassemblies and completed products in time to meet critical manufacturing and distribution schedules. The Company periodically experiences constrained supply of certain component parts in some product lines as a result of strong demand in the industry for those parts. Such constraints, if persistent, may adversely affect operating results until alternate sourcing can be developed. Volatility in the prices of these component parts, an inability to secure enough components at reasonable prices to build new products in a timely manner in the quantities and configurations demanded or, conversely, a temporary oversupply of these parts, could adversely affect the Company's future operating results.

Worldwide Economic and Market Conditions

Tektronix currently maintains operations in the U.S., Europe, the Pacific, the Americas and Japan. During the last fiscal year, nearly one half of the Company's revenues were from international sales. In addition, some of the Company's manufacturing operations and key suppliers are located in foreign countries. As a result, the business is subject to the worldwide economic and market conditions risks generally associated with doing business abroad, such as fluctuating exchange rates, the stability of international monetary conditions, tariff and trade policies, domestic and foreign tax policies, foreign governmental regulations, political unrest, disruptions or delays in shipments and changes in other economic conditions. These factors, among others, could influence the Company's ability to sell in international markets, as well as its ability to manufacture products or procure supplies. A significant downturn in the global economy could adversely affect the Company's results of operations, financial position or cash flows.

Intellectual Property Risks

As a technology-based company, Tektronix' success depends on developing and protecting its intellectual property. Tektronix relies generally on patent, copyright, trademark and trade secret laws in the United States and abroad. Electronic equipment as complex as most of the Company's products, however, is generally not patentable in its entirety. Tektronix also licenses intellectual property from third parties

and relies on those parties to maintain and protect their technology. The Company cannot be certain that actions the Company takes to establish and protect proprietary rights will be adequate. If the Company is unable to adequately protect its technology, or if the Company is unable to continue to obtain or maintain licenses for protected technology from third parties, it could have a material adverse affect on the Company's results of operations, financial position or cash flows. From time to time in the usual course of business, the Company receives notices from third parties regarding intellectual property infringement or takes action against others with regard to intellectual property rights. Even where the Company is successful in defending or pursuing such claims, the Company may incur significant costs. In the event of a successful claim against the Company, Tektronix could lose its rights to needed technology or be required to pay license fees for the infringed rights, either of which could have an adverse impact on the Company's business.

Environmental Risks

Tektronix is subject to a variety of federal, state, local and foreign environmental regulations relating to the use, storage, discharge and disposal of its hazardous chemicals used during the Company's manufacturing

process. The Company operates a licensed hazardous waste management facility at its Beaverton, Oregon campus. If Tektronix fails to comply with any present and future regulations, the Company could be subject to future liabilities or the suspension of production. In addition, such regulations could restrict the Company's ability to expand its facilities or could require Tektronix to acquire costly equipment, or to incur other significant expenses to comply with environmental regulations.

Possible Volatility of Stock Price

The price of the Company's common stock may be subject to wide, rapid fluctuations. Such fluctuations may be due to factors specific to the Company, such as changes in operating results or changes in analysts' estimates regarding earnings. Fluctuations in the stock price may also be due to factors relating to the telecommunications, semiconductor, and computer industries or to the securities markets in general. Fluctuations in the stock price have often been unrelated to the operating performance of the specific companies whose stocks are traded. Shareholders should be willing to incur the risk of such fluctuations.

Other Risk Factors

Other risk factors include but are not limited to changes in the mix of products sold, regulatory and tax legislation, changes in effective tax rates, inventory risks due to changes in market demand or the Company's business strategies, potential litigation and claims arising in the normal course of business, credit risk of customers, the fact that a substantial portion of the Company's sales are generated from orders received during each quarter and other risk factors.

The Company may make other forward-looking statements from time to time. Forward-looking statements speak only as of the date made. The Company undertakes no obligation to publicly release the result of any revisions to forward-looking statements that may be made to reflect subsequent events or circumstances or to reflect the occurrence of unanticipated events.

Item 7A. Quantitative and Qualitative Disclosures About Market Risk

Financial Market Risk

The Company is exposed to financial market risks, including interest rate, equity price and foreign currency exchange rate risks.

The Company maintains a short-term and long-term investment portfolio consisting primarily of fixed rate commercial paper, corporate notes and bonds, and asset backed securities with maturities less than one year. An increase in interest rates would decrease the value of certain of these investments. However, a 10% increase in interest rates would not have a material impact on the Company's results of operations, financial position or cash flows as the Company has the ability to hold these fixed rate investments until maturity.

At May 26, 2001 and May 27, 2000, the Company's debt obligations had fixed interest rates. In management's opinion, a 10% change in interest rates would not be material to the Company's results of operations, financial position or cash flows.

The Company is exposed to equity price risk primarily through its marketable equity securities portfolio, including investments in Merix Corporation and other companies. The Company has not entered into any hedging programs to mitigate equity price risk. In management's opinion, an adverse change of 20% in the value of these securities would not be material to the Company's results of operations, financial position or cash flows.

The Company is exposed to foreign currency exchange rate risk primarily through transactions and commitments denominated in foreign currencies. The Company utilizes derivative financial instruments, primarily forward foreign currency exchange contracts, generally with maturities of one to three months, to mitigate this risk where natural hedging strategies cannot be employed. The Company's policy is to only enter into derivative transactions when the Company has an identifiable exposure to risk, thus not creating additional foreign currency exchange rate risk. In management's opinion, a 10% adverse change in foreign currency exchange rates would not have a material effect on these instruments and therefore the Company's results of operations, financial position or cash flows.

Independent Auditors' Report

To the Directors and Shareholders of Tektronix, Inc.:

We have audited the accompanying consolidated balance sheets of Tektronix, Inc. and subsidiaries as of May 26, 2001 and May 27, 2000, and the related consolidated statements of operations, shareholders' equity, and cash flows for the years ended May 26, 2001, May 27, 2000, and May 29, 1999. Our audits also included the financial statement schedule listed in the Index at item 14(a) 2. These financial statements and financial statement schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on the financial statements and financial statement schedule based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, such consolidated financial statements present fairly, in all material respects, the financial position of Tektronix, Inc. and subsidiaries as of May 26, 2001 and May 27, 2000, and the results of their operations and their cash flows for the years ended May 26, 2001, May 27, 2000, and May 29, 1999, in conformity with accounting principles generally accepted in the United States of America. Also, in our opinion, such financial statement schedule, when considered in relation to the basic consolidated financial statements taken as a whole, presents fairly, in all material respects, the information set forth therein.

/s/DELOITTE & TOUCHE LLP

Portland, Oregon
June 21, 2001

Item 8. Financial Statements and Supplementary Data.**Consolidated Statements of Operations**

	For the years ended		
	May 26,2001	May 27,2000	May 29,1999
	(In thousands, except per share amounts)		
Net sales	\$1,235,275	\$1,120,555	\$1,136,136
Cost of sales	593,779	596,191	657,422
Gross profit	641,496	524,364	478,714
Research and development expenses	153,128	136,494	144,665
Selling, general and administrative expenses	312,968	316,974	329,602
Equity in business ventures' (earnings) loss	(1,643)	(2,549)	9,230
Non-recurring (credits) charges, net	(9,972)	37,716	84,780
(Gain) loss on sale of the Video and Networking division	(1,456)	31,613	—
Loss (gain) on asset dispositions	1,771	(15,550)	(12,104)
Operating income (loss)	186,700	19,666	(77,459)
Interest income	53,125	22,978	2,126
Interest expense	(13,026)	(15,798)	(17,838)
Other expense, net	(6,611)	(7,265)	(1,731)
Earnings (loss) before taxes	220,188	19,581	(94,902)
Income tax expense (benefit)	80,079	6,855	(30,369)
Net earnings (loss) from continuing operations	140,109	12,726	(64,533)
Discontinued operations:			
Net (loss) earnings from operations of Color Printing and Imaging division (less applicable income tax (benefit) expense of \$0, (2,063) and 6,293, respectively.)	—	(3,995)	13,372
Gain on sale of Color Printing and Imaging (less applicable income tax expense of \$198,476)	—	340,307	—
Net earnings from discontinued operations	—	336,312	13,372
Net earnings (loss)	\$ 140,109	\$ 349,038	\$ (51,161)
Net earnings (loss) per share—basic	\$ 1.48	\$ 3.69	\$ (0.54)
Net earnings (loss) per share—diluted	1.46	3.63	(0.54)
Net earnings (loss) per share from continuing operations—basic	1.48	0.13	(0.68)
Net earnings (loss) per share from continuing operations—diluted	1.46	0.13	(0.68)
Net earnings per share from discontinued operations—basic	—	3.56	0.14
Net earnings per share from discontinued operations—diluted	—	3.49	0.14
Dividends per share	—	0.18	0.24
Weighted average shares outstanding—basic	94,459	94,555	95,399

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Balance Sheets

	May 26, 2001	May 27, 2000
	(In thousands)	
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 292,429	\$ 683,808
Short-term marketable investments	282,005	99,897
Trade accounts receivable, net of allowance for doubtful accounts of \$4,573 and \$4,909, respectively	142,977	162,768
Inventories	149,964	114,001
Other current assets	66,269	51,583
Total current assets	933,644	1,112,057
Property, plant and equipment, net	171,750	188,544
Long-term marketable investments	217,258	14,988
Deferred tax assets, net	3,318	30,928
Other long-term assets	196,127	188,120
Total assets	\$1,522,097	\$1,534,637
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Accounts payable and accrued liabilities	\$ 205,038	\$ 222,272
Accrued compensation	96,703	95,623
Deferred revenue	14,208	12,329
Total current liabilities	315,949	330,224
Long-term debt	127,840	150,369
Other long-term liabilities	64,963	76,450
Commitments and contingencies	—	—
Shareholders' equity:		
Preferred stock, no par value (authorized 1,000 shares; none issued)	—	—
Common stock, no par value (authorized 400,000 shares; issued and outstanding 92,077 at May 26, 2001 and 95,083 at May 27, 2000)	225,003	198,868
Retained earnings	778,428	753,796
Accumulated other comprehensive income	9,914	24,930
Total shareholders' equity	1,013,345	977,594

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Cash Flows

	For the years ended		
	May 26,2001	May 27,2000	May 29,1999
	(In thousands)		
CASH FLOWS FROM OPERATING ACTIVITIES			
Net earnings (loss)	\$ 140,109	\$ 349,038	\$ (51,161)
Adjustments to reconcile net earnings (loss) to net cash provided by (used in) operating activities:			
Loss (earnings) from discontinued operations	–	3,995	(13,372)
Pre-tax gain on the sale of Color Printing and Imaging	–	(538,783)	–
Pre-tax net non-recurring (credits) charges	(10,799)	52,213	120,489
(Gain) loss on sale of the Video and Networking division	(1,456)	31,613	–
Depreciation and amortization expense	44,819	44,124	61,287
Asset impairments	7,337	–	–
Gain on the disposition of fixed assets	(1,287)	(15,550)	(12,104)
Gain on the disposition of marketable equity securities	–	(7,889)	(6,455)
Bad debt expense	2,309	4,350	3,287
Deferred income tax expense (benefit)	18,865	21,263	(24,196)
Equity in business ventures' (earnings) loss	(1,643)	(2,549)	9,230
Changes in operating assets and liabilities:			
Accounts receivable	18,118	(4,187)	38,577
Inventories	(36,860)	(19,380)	(5,774)
Other current assets	(22,046)	33,623	(32,814)
Accounts payable	(11,898)	(19,363)	(25,725)
Accrued compensation	6,680	(10,037)	(63,520)
Deferred revenue	1,879	13,463	3,704
Other long-term assets and liabilities, net	(16,133)	(22,684)	809
Net cash provided by (used in) continuing operations	137,994	(86,740)	2,262
Net cash provided by (used in) discontinued operations	–	22,401	(46,587)
Net cash provided by (used in) operating activities	137,994	(64,339)	(44,325)
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment	(31,501)	(42,253)	(71,556)
Acquisition of businesses, net of cash acquired	(16,658)	(12,975)	(4,300)
Net proceeds from the sale of business divisions	–	928,735	–
Proceeds from the disposition of fixed assets	5,593	53,124	24,187
Proceeds from the disposition of investments	570	21,383	8,929
Dividend received from joint venture	8,451	–	–
Net purchases of short-term marketable investments	(182,108)	(99,897)	–

Purchases of long-term marketable investments	(188,484)	—	—
Net cash (used in) provided by investing activities	(404,137)	848,117	(42,740)
CASH FLOWS FROM FINANCING ACTIVITIES			
Change in short-term debt	(467)	(115,737)	110,069
Repayment of long-term debt	(22,529)	(502)	(629)
Proceeds from employee stock plans	23,920	58,826	5,260
Repurchase of common stock	(126,160)	(65,382)	(85,524)
Dividends	—	(16,922)	(22,905)
Net cash (used in) provided by financing activities	(125,236)	(139,717)	6,271
Net (decrease) increase in cash and cash equivalents	(391,379)	644,061	(80,794)
Cash and cash equivalents at beginning of period	683,808	39,747	120,541
Cash and cash equivalents at end of period	\$ 292,429	\$ 683,808	\$ 39,747
SUPPLEMENTAL DISCLOSURES OF CASH FLOWS			
Income taxes paid, net	\$ 59,362	\$ 123,000	\$ 10,100
Interest paid	11,892	16,595	16,662
NON-CASH INVESTING ACTIVITIES			
Note receivable for sale of Video and Networking assets	—	27,920	—
Note receivable for sale of receivables to Grass Valley Group Inc.	—	4,556	—
Common stock of Grass Valley Group Inc. for sale of Video and Networking assets	—	6,300	—
Conversion of Grass Valley Group Inc. note receivable to preferred stock of Grass Valley Group Inc.	11,483	—	—

The accompanying notes are an integral part of these consolidated financial statements.

Consolidated Statements of Shareholders' Equity

	Common Stock			Accumulated	
			Retained	Other	
	Shares	Amount	Earnings	Comprehensive	Total
			(In thousands)	Income	
Balance May 30, 1998	100,689	\$223,527	\$ 532,679	\$ 28,735	\$ 784,941
Components of comprehensive loss:					
Net loss (net of tax of \$(24,076))	—	—	(51,161)	—	(51,161)
Currency adjustment (net of tax of \$188)	—	—	—	281	281
Unrealized holding losses—net (net of tax of \$(3,973))	—	—	—	(9,330)	(9,330)
Total comprehensive loss					(60,210)
Shares issued to employees	254	5,260	—	—	5,260
Shares repurchased	(7,126)	(85,524)	—	—	(85,524)
Dividends—\$0.24 per share	—	—	(22,905)	—	(22,905)

Balance May 29, 1999	93,817	143,263	458,613	19,686	621,562
Components of comprehensive income:					
Net earnings (net of tax of \$203,268)	–	–	349,038	–	349,038
Currency adjustment (net of tax of \$(759))	–	–	–	(1,138)	(1,138)
Unrealized holding gains–net (net of tax of \$3,708)	–	–	–	6,382	6,382
Total comprehensive income					354,282
Shares issued to employees	4,332	84,054	–	–	84,054
Shares repurchased	(3,066)	(28,449)	(36,933)	–	(65,382)
Dividends—\$0.18 per share	–	–	(16,922)	–	(16,922)
Balance May 27, 2000	95,083	198,868	753,796	24,930	977,594
Components of comprehensive income:					
Net earnings (net of tax of \$80,079)	–	–	140,109	–	140,109
Currency adjustment (net of tax of \$(11,937))	–	–	–	(17,905)	(17,905)
Unrealized holding gains–net (net of tax of \$2,138)	–	–	–	2,889	2,889
Total comprehensive income					125,093
Shares issued to employees	1,616	36,818	–	–	36,818
Shares repurchased	(4,622)	(10,683)	(115,477)	–	(126,160)
Balance May 26, 2001	92,077	\$225,003	\$ 778,428	\$ 9,914	\$1,013,345

The accompanying notes are an integral part of these consolidated financial statements.

Notes to Consolidated Financial Statements

1. The Company

Tektronix, Inc. (“Tektronix” or the “Company”) operates as a focused test, measurement and monitoring company, providing measurement solutions to customers in many industries, including computers, telecommunications and semiconductors. Prior to fiscal year 2001, the Company operated in three major business divisions: Measurement, Color Printing and Imaging, and Video and Networking. During fiscal year 2000, the Company sold substantially all of the assets of the Color Printing and Imaging and Video and Networking divisions. The Company maintains operations in five major geographies: the United States; Europe; the Americas, including Mexico, Canada and South America; the Pacific, excluding Japan; and Japan.

As a focused measurement company, Tektronix enables its customers to design, build, deploy and manage next-generation global communications networks and many other electronic technologies. Revenue is derived principally through the development and marketing of a range of products including: oscilloscopes; logic analyzers; communications test equipment, including products for network monitoring and protocol test, optical transmission test and mobile production test; video test equipment; video streaming products; and related components, services and accessories.

2. Summary of Significant Accounting Policies

Financial statement presentation

The consolidated financial statements include the accounts of Tektronix and its majority-owned subsidiaries. Investments in joint ventures and minority-owned companies where the Company exercises significant influence are accounted for under the equity method with the Company's percentage of earnings included in Equity in business ventures' (earnings) loss on the Consolidated Statements of Operations. Significant intercompany transactions and balances have been eliminated. Certain prior year amounts have been reclassified to conform to the current year's presentation with no effect on previously reported earnings. The Company's fiscal year is the 52 or 53 weeks ending the last Saturday in May. Fiscal years 2001, 2000, and 1999 were 52 weeks.

Use of estimates

The presentation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions. These estimates and assumptions, including those used to record the results of discontinued operations, affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the consolidated financial statements and the revenues and expenses reported during the period. Actual results may differ from estimated amounts.

Cash and cash equivalents

Cash and cash equivalents include cash deposits in banks and highly-liquid investments with original maturities of three months or less at the time of purchase.

Marketable investments

Short-term marketable investments include investments with maturities of greater than three months and less than one year from the date of purchase. Long-term marketable investments include investments with maturities of greater than one year.

Marketable investments, with the exception of corporate equity securities, are classified as held-to-maturity based on the Company's intent and ability to hold them and are recorded at their amortized cost. Corporate equity securities are classified as available-for-sale and reported at fair market value with the related unrealized holdings gains and losses excluded from earnings and included, net of deferred income taxes, in Accumulated other comprehensive income on the Consolidated Balance Sheets.

Property, plant and equipment

Property, plant and equipment are stated at cost. Depreciation is based on the estimated useful lives of the assets, ranging from ten to forty years for buildings and two to seven years for machinery and equipment, and is generally provided using the straight-line method.

Deferred income taxes

Deferred income taxes, reflecting the impact of temporary differences between assets and liabilities recognized for financial reporting and tax purposes, are based on tax laws currently enacted. Deferred tax assets are reduced by a valuation allowance when it is more likely than not that some portion of the deferred tax assets will not be realized.

Software development costs

Software development costs that are incurred after technological feasibility has been established are capitalized in accordance with Statement of Financial Accounting Standards (SFAS) No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed" and then amortized over the lesser of five years or the economic life of the related product.

Intangible assets

Intangible assets, primarily goodwill, patents and trademarks, are included in Other long-term assets on the Consolidated Balance Sheets and are stated at cost. Amortization is provided on a straight-line basis over periods generally not exceeding fifteen years.

Impairment of long-lived assets

Long-lived assets and intangibles are reviewed for impairment when events or circumstances indicate costs may not be recoverable. Impairment exists when the carrying value of the asset is greater than the pre-tax undiscounted future cash flows expected to be provided by the asset. If impairment exists, the asset is written down to its fair value. Fair value is determined through quoted market values or through the calculation of the pre-tax present value of future cash flows expected to be provided by the asset.

Revenue recognition

The Company recognizes revenue when persuasive evidence of an arrangement exists, delivery has occurred, the sales price is fixed or determinable and collectibility is probable. Generally, these criteria are met at the time the product is shipped. Upon shipment, the Company also provides for estimated costs that may be incurred for product warranties, post-sales support and sales returns. When other significant obligations remain after products are delivered, revenue is recognized only after such obligations are fulfilled. Revenue earned from service is recognized ratably over the contractual period or as the services are performed.

Advertising

Advertising production and placement costs are expensed when incurred. Advertising expenses were \$23.3 million, \$22.3 million, and \$28.5 million in 2001, 2000, and 1999, respectively.

Environmental costs

Environmental costs are accrued, except to the extent costs can be capitalized, when environmental assessments are made or remedial efforts are probable and when the related costs can be reasonably estimated. Environmental liability accruals are calculated as the best estimate of costs expected to be incurred. If this estimate can only be identified within a range and no specific amount within that range is determined more likely than any other amount within the range, the minimum of the range is accrued. Actual costs incurred may vary from these estimates due to the inherent uncertainties involved. Accrued environmental costs are recorded in Accounts payable and accrued liabilities on the Consolidated Balance Sheets.

Earnings per share

Basic earnings per share is calculated based on the weighted average number of common shares outstanding during each period. Diluted earnings per share is calculated based on these same weighted average shares outstanding plus the effect of potential shares issuable upon assumed exercise of common stock equivalents based on the treasury stock method. Common stock equivalents are excluded from the calculation of diluted earnings per share to the extent their effect would be antidilutive.

The Company utilizes derivative financial instruments, primarily forward foreign currency exchange contracts, to reduce the impact of foreign currency exchange rate risks where natural hedging strategies cannot be effectively employed. The notional or contract amounts of the hedging instruments do not represent amounts exchanged by the parties and, thus, are not a measure of the Company's exposure due to the use of derivatives. The Company's forward exchange contracts have generally ranged from one to three months in original maturity, and no forward exchange contract has had an original maturity greater than one year.

The Company does not hold or issue derivative financial instruments for trading purposes. The purpose of the Company's hedging activities is to reduce the risk that the eventual cash flows of the underlying assets, liabilities and firm commitments will be adversely affected by changes in exchange rates. In general, the Company's derivative activities do not create foreign currency exchange rate risk because fluctuations in the value of the instruments used for hedging purposes are offset by fluctuations in the value of the underlying exposures being hedged. Counterparties to derivative financial instruments expose the Company to credit-related losses in the event of nonperformance. However, the Company has entered into these instruments with creditworthy financial institutions and considers the risk of nonperformance to be remote.

Foreign exchange contracts that are hedges of existing assets and liabilities are marked to market with the resulting gains and losses recognized in earnings. Gains and losses that are identified as and are effective as hedges of firm commitments are deferred and included in earnings when the underlying transaction is recorded. Deferred gains or losses attributable to foreign exchange contracts were not material as of May 26, 2001 or May 27, 2000.

3. Significant Transactions

Sale of Color Printing and Imaging

On January 1, 2000, the Company sold substantially all of the assets of the Color Printing and Imaging division to Xerox Corporation ("Xerox"). The sales price was \$925.0 million in cash, with certain liabilities of

the division assumed by Xerox. During the third quarter of fiscal year 2000, Tektronix recorded a net gain of \$340.3 million on this sale. The net gain was calculated as the excess of the proceeds received over the net book value of the assets transferred, \$198.5 million in income tax expense, a \$60.0 million accrual for estimated liabilities related to the sale and \$14.4 million in transaction and related costs. As of May 26, 2001, the accrual for estimated liabilities related to the sale was \$57.3 million.

The Company accounted for the Color Printing and Imaging division as a discontinued operation in accordance with Accounting Principles Board ("APB") Opinion No. 30, "Reporting the Results of Operations—Reporting the Effects of Disposal of a Segment of a Business, and Extraordinary, Unusual and Infrequently Occurring Events and Transactions." In accordance with this accounting guidance, operating results of the division through December 31, 1999, were excluded from each applicable line of the Consolidated Statements of Operations and included in Net earnings from discontinued operations for the periods reported. The cash flows of the division were also excluded from each applicable line of the Consolidated Statements of Cash Flows and included in Net cash provided by (used in) discontinued operations on those statements. Summarized results of operations for the division were as follows:

	2000	1999
	(In thousands except per share amounts)	
Net sales	\$369,459	\$725,354

(Loss) earnings before taxes	(6,058)	19,665
Income tax (benefit) expense	(2,063)	6,293
(Loss) earnings from discontinued operations	(3,995)	13,372
Gain on sale of Color Printing and Imaging (less applicable tax of \$198,476)	340,307	–
Net earnings from discontinued operations	\$336,312	\$ 13,372
Net earnings per share from discontinued operations–basic	\$ 3.56	\$ 0.14
Net earnings per share from discontinued operations–diluted	\$ 3.49	\$ 0.14

Sale of Video and Networking

On August 9, 1999, the Company announced that it had reached an agreement to sell substantially all of the operating assets of its Video and Networking division to Grass Valley Group, Inc. (“GVG”). During fiscal year 2000, Tektronix recorded pre-tax charges of \$31.6 million for losses incurred or expected to be incurred in connection with the transaction. These charges were calculated based upon the excess of the estimated net book value of assets to be transferred over the proceeds received, as well as asset impairments incurred as a result of the sale. The companies closed the sale with a series of transactions in fiscal year 2000. Tektronix received cash of \$30.2 million, before transaction costs of \$1.1 million, and notes receivable with a carrying value of \$32.5 million. The sale of the Video and Networking division did not meet the criteria to be recorded as a discontinued operation in accordance with APB Opinion No. 30.

In fiscal year 2001, the Company resolved certain outstanding contingencies related to the sale of the Video and Networking division. The resolution of these items resulted in a net credit of approximately \$1.5 million, which is included in (Gain) loss on sale of the Video and Networking division on the Consolidated Statements of Operations. In addition, the Company converted a portion of the existing notes receivable from GVG to preferred stock of GVG. As of May 26, 2001, the Company held a note receivable with a carrying value of \$18.1 million which is recorded in Other long-term assets on the Consolidated Balance Sheets and preferred stock of GVG with a basis of \$11.5 million, which is classified as available-for-sale securities and recorded in Long-term marketable investments on the Consolidated Balance Sheets.

Sale of land and buildings

During 2000, the Company completed the sale of several significant buildings and parcels of land in conjunction with its plan to exit from and consolidate within facilities while transitioning to a focused Measurement business. These sales resulted in total pre-tax gains of approximately \$22.6 million, which were included in Loss (gain) on asset dispositions on the Consolidated Statements of Operations. Included were \$12.2 million in gains on the sales of land and office, warehouse and manufacturing facilities in Oregon, an \$8.7 million gain on the sale of an office facility in Marlow, England and a \$1.7 million gain on the sale of a multi-function building in Australia.

4. Non-Recurring Charges, Net

During fiscal year 2001, the Company substantially completed all actions under the 1999 and 2000 restructuring plans, described below. Accrued costs remaining at May 26, 2001 include amounts for actions that have been taken, but for which expenditures have not yet been made.

The 2000 Plan

In the third quarter of fiscal year 2000, the Company announced and began to implement a series of actions (the “2000 Plan”) intended to consolidate worldwide operations and transition the Company from a portfolio of businesses to a single smaller business focused on test, measurement and monitoring products. Major actions under the 2000 Plan included the exit from and consolidation within underutilized facilities, including the write-off of assets abandoned in conjunction with this action, the write-off and disposal of certain excess service and other inventories and focused headcount reductions to streamline the cost structure to that of a smaller Measurement business and to eliminate duplicative functions within the Company’s infrastructure.

Under the 2000 Plan, headcount reductions, net of current and prior period adjustments and reversals, totaled 118 employees. As of May 26, 2001, severance of approximately \$6.7 million has been paid to 101 of these employees, with the remaining employees to be paid severance of approximately \$1.3 million under contracts extending through 2002.

The 1999 Plan

In the second quarter of fiscal year 1999, the Company announced and began to implement a series of actions (the “1999 Plan”) intended to align the Company’s worldwide operations with market conditions and to improve the profitability of its operations. These actions included a net reduction of approximately 15% of the Company’s worldwide workforce, the exit from certain facilities and the streamlining of product and service offerings.

Including current and prior period adjustments and reversals, headcount reduction under the 1999 Plan totaled 1,297 employees. As of May 26, 2001, severance of approximately \$41.3 million has been paid to 1,293 of these employees, with the remaining employees to be paid severance of approximately \$0.1 million under contract through 2002.

The pre-tax charges incurred and related actions taken under the 1999 and 2000 Plans affected the Company’s financial position in the following manner:

	Equipment and other assets	Payables and other liabilities	Inventories	Accrued compensation
	(In thousands)			
1999 Plan charges	\$ 18,200	\$ 19,894	\$ 27,760	\$ 54,680
Fiscal year 1999 activity:				
Cash paid out	–	(7,415)	–	(20,844)
Non-cash disposals or write-offs	(17,055)	–	(27,070)	–
Adjustments to plan	(455)	4,049	(690)	2,244
Balance May 29, 1999	\$ 690	\$ 16,528	\$ –	\$ 36,080
Fiscal year 2000 activity:				
2000 Plan charges	\$ 19,142	\$ 16,787	\$ 15,460	\$ 13,362
Adjustments to plans	361	–	–	(405)
Reversal of excess charges	–	(600)	–	(14,799)
Cash paid out	–	(13,765)	–	(22,893)
Non-cash disposals or write-offs	(20,193)	–	(15,460)	–

Balance May 27, 2000	\$ –	\$ 18,950	\$ –	\$ 11,345
Fiscal year 2001 activity:				
Adjustments to plans	\$ –	\$ 2,350	\$ –	\$ 543
Reversal of excess charges	–	(8,973)	–	(6,186)
Cash paid out and disposals, net	–	(8,529)	–	(4,313)
Balance May 26, 2001	\$ –	\$ 3,798	\$ –	\$ 1,389

Fiscal Year 2001 Activity

Total 2001 pre-tax non-recurring credits, net on the Consolidated Statements of Operations totaled \$10.0 million for the year ended May 26, 2001. The net credits of \$10.0 million consisted of a \$2.3 million loss on sale of assets and approximately \$2.9 million of adjustments to the existing restructuring plans, offset by restructuring reserve reversals of \$15.2 million. An expanded discussion of restructuring reserve activity is included below.

Under the 2000 Plan, certain assets and related employee severance costs of Maxtek Components Corporation (“Maxtek”), a wholly-owned subsidiary of Tektronix, were included in the restructuring reserve as it was anticipated that they would be eliminated through closure. As the opportunity to dispose of these assets through sale subsequently arose during fiscal year 2001, and was determined by management to be more beneficial to the Company, the related reserves were deemed no longer necessary, resulting in reversals of accrued compensation of \$1.6 million and payables and other liabilities reserve of \$0.2 million. The sale of these assets resulted in a non-recurring pre-tax loss on sale of assets of \$2.3 million.

In fiscal year 2001, the payables and other liabilities reserve was increased approximately \$2.4 million primarily to provide for additional estimated costs related to exit activities. The increase of \$0.5 million to the accrued compensation reserve was attributable to the subsequent clarification and amendment of an employment agreement.

Additionally, \$9.0 million of previously accrued amounts were reversed from the payables and other liabilities reserve which was primarily attributable to certain obligations which were assumed by a third party and favorable contract buy-out settlements. The reversal of \$6.2 million of accrued compensation resulted from severance reversals of \$4.6 million for 187 individuals who either left the Company voluntarily or were re-assigned to future-benefiting operations and \$1.6 million of severance related to individuals associated with the assets sold by Maxtek discussed above.

Fiscal Year 2000 Activity

Pre-tax, non-recurring restructuring and other related charges, net recorded during fiscal year 2000 totaled \$52.2 million. These net charges included \$64.8 million of charges related to the 2000 Plan, \$13.7 million of net reversals and adjustments to the 1999 and 2000 Plans and \$1.1 million of in-process research and development charges related to the acquisition of Gage Applied Sciences, Inc. Of the net \$52.2 million, \$14.8 million was recorded in cost of sales, while \$37.7 million was recorded in non-recurring charges and \$0.3 million was reversed to selling, general and administrative expenses.

1999 Activity

Pre-tax, net non-recurring restructuring and other related charges recorded during fiscal year 1999 totaled \$120.5 million, including \$115.8 million in charges related to the 1999 Plan, \$9.9 million of other non-recurring charges and \$5.2 million of net reversals and adjustments. Of the net \$120.5 million, \$84.8 million was recorded in non-recurring charges, \$25.8 million was recorded in cost of sales, \$5.1 million was recorded in sales, \$4.0 million was recorded in research and development expenses and \$0.8 million was recorded in selling, general and administrative expenses.

5. Marketable Investments

Short-term marketable investments held at May 26, 2001 and May 27, 2000 consisted of:

	2001	2000
	(In thousands)	
Corporate notes and bonds	\$113,497	\$52,977
Commercial paper	96,574	29,353
Asset backed securities	69,478	7,486
Money market	2,456	–
Certificates of deposit	–	10,081
Short-term marketable investments	\$282,005	\$99,897

Long-term marketable investments held at May 26, 2001 and May 27, 2000 consisted of:

	2001	2000
	(In thousands)	
Corporate notes and bonds	\$110,206	\$ –
Federal agency bonds and notes	51,473	–
Asset backed securities	24,288	–
Mortgage backed securities	2,517	–
Corporate equity securities	28,774	14,988
Long-term marketable investments	\$217,258	\$14,988

Securities classified as available-for-sale and the related unrealized holding gains and losses at May 26, 2001 and May 27, 2000, are as follows:

	2001	2000
	(In thousands)	
Unamortized cost basis of corporate equity securities	\$15,861	\$ 6,704
Gross unrealized holding gains	12,913	9,991
Gross unrealized holding losses	–	(1,707)
Fair value of corporate equity securities	\$28,774	\$14,988

In May 2000, the Company sold 1.15 million shares of its investment in Merix Corporation (“Merix”) in conjunction with a public offering by that company. As a result of this transaction, Tektronix accounts for its remaining investment in Merix and its investment in GVG under the cost method as available-for-sale investments.

6. Concentrations of Credit Risk

Financial instruments that potentially subject the Company to concentrations of credit risk consist principally of trade accounts receivable and marketable investments. The risk is limited due to the large number of entities comprising the Company’s customer base and investments, and their dispersion across many different industries and geographies.

As a result of the sale of the Video and Networking division, the Company held a note receivable with a face value of \$19.5 million and a stated interest rate of 8.75% from GVG as of May 26, 2001. In addition, the Company had \$1.3 million of other accounts receivable from GVG. In management’s opinion, these amounts are fully collectible and as such, no valuation reserves have been established. At May 26, 2001 and May 27, 2000, the Company had no other significant concentrations of credit risk.

7. Inventories

Inventories are stated at the lower of cost or market. Cost is determined based on a currently-adjusted standard basis, which approximates actual cost on a first-in, first-out basis. The Company periodically reviews its inventory for obsolete or slow-moving items. Inventories, net of related reserves consisted of the following at May 26, 2001 and May 27, 2000:

	2001	2000
	(In thousands)	
Materials	\$ 2,544	\$ 3,995
Work in process	63,138	54,047
Finished goods	84,282	55,959
Inventories	<u>\$149,964</u>	<u>\$114,001</u>

8. Property, Plant and Equipment

Property, plant and equipment consisted of the following at May 26, 2001 and May 27, 2000:

	2001	2000
	(In thousands)	
Land	\$ 1,656	\$ 1,656
Buildings	148,732	154,466
Machinery and equipment	271,232	274,251
Accumulated depreciation and amortization	(249,870)	(241,829)
Property, plant and equipment, net	<u>\$ 171,750</u>	<u>\$ 188,544</u>

9. Other Long-Term Assets

Other long-term assets consisted of the following at May 26, 2001 and May 27, 2000:

2001	2000
(In thousands)	

Prepaid cash balance pension	\$ 73,755	\$ 61,098
Investment in Sony/Tektronix Corporation	47,165	62,315
Notes, contracts and leases	20,693	31,199
Goodwill and other, net	54,514	33,508
Other long-term assets	<u>\$ 196,127</u>	<u>\$ 188,120</u>

Goodwill and other, net included accumulated amortization of \$20.7 million at fiscal year-end 2001 and \$14.6 million at fiscal year-end 2000.

Summarized financial information for Sony/Tektronix Corporation, which is accounted for under the equity method due to the Company's 50% investment, consisted of the following:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
		(In thousands)	
Current assets	\$ 93,034	\$134,343	\$110,072
Non-current assets	71,889	89,110	50,921
Current liabilities	20,114	39,408	30,029
Non-current liabilities	50,517	59,453	20,314
Net sales	\$227,306	\$231,782	\$196,342
Gross profit	73,964	73,126	51,255
Earnings (loss) from continuing operations	3,285	(83)	(9,250)

The Company's sales to, purchases from, and accounts receivable from Sony/Tektronix consisted of the following:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
		(In thousands)	
Sales to	\$93,625	\$79,152	\$77,332
Purchases from	26,496	26,219	20,718
Accounts receivable from	1,978	3,383	7,506

Purchases from other related parties, Merix and GVG totaled \$6.0 million in fiscal year 2001. Purchases from other related parties, Merix, Maxim Integrated Products Inc., Maxtek Components Corporation and GVG totaled \$38.3 million and \$37.3 million for 2000 and 1999, respectively. All other transactions and resulting balances with related parties were not material.

10. Accounts Payable and Accrued Liabilities

The Company's accounts payable and accrued liabilities consisted of the following at May 26, 2001 and May 27, 2000:

	<u>2001</u>	<u>2000</u>
	(In thousands)	
Trade accounts payable	\$ 61,105	\$ 56,333
Other accounts payable	20,006	16,269

Accounts payable	81,111	72,602
Accrued expenses	11,912	18,138
Restructuring reserve	3,798	18,950
Warranty reserve	10,512	8,553
Other current liabilities	97,705	104,029
Accrued liabilities	123,927	149,670
Accounts payable and accrued liabilities	\$205,038	\$222,272

Other accounts payable included amounts due to business ventures, employee benefits accruals and other miscellaneous non-trade payables. Other current liabilities included \$61.1 million as of fiscal year end 2001 and \$65.5 million as of fiscal year end 2000 of accruals for estimated liabilities related to the sales of various businesses. Additional other current liabilities included miscellaneous taxes payable and accrued gains and losses

on forward foreign exchange contracts. Charges to warranty reserves in 2001, 2000 and 1999 were not material. See the Non-recurring charges, net footnote for a discussion of charges to the restructuring reserves.

11. Debt

The Company is a party to a \$150.0 million unsecured revolving credit agreement with several banks, that matures in December 2004. In addition, the Company is a party to an agreement with a financial institution to issue up to \$100.0 million in commercial paper, backed by the revolving credit agreement. This commercial paper has no specific expiration date. The interest rate applicable to the revolving credit agreement is the LIBOR rate. At May 26, 2001, the Company maintained unsecured bank credit facilities of \$260.4 million, of which \$255.6 million was unused. Unused facilities included \$105.6 million in lines of credit and \$150.0 million under the revolving credit agreement. A \$15.0 million unsecured line of credit expired in December 2000.

The Company's long-term debt consisted of the following at May 26, 2001 and May 27, 2000:

	2001	2000
	(In thousands)	
7.5% notes due August 1, 2003	\$ 85,000	\$100,000
7.625% notes due August 15, 2002	42,745	50,000
Other long-term agreements	95	369
Long-term debt	\$127,840	\$150,369

Certain of the Company's debt agreements require compliance with debt covenants. Management believes that the Company is in compliance with such requirements for the fiscal year ended May 26, 2001. The Company had unrestricted retained earnings of \$223.8 million after meeting those requirements. In 2001, the Company retired \$22.3 million of long-term notes at rates approximating par through a series of transactions. The resulting gains and losses from the early retirement were not material and were recorded in interest expense. Aggregate long-term debt payments on currently outstanding long-term debt will be zero in 2002, \$42.8 million in fiscal year 2003, \$85.0 million in fiscal year 2004, and zero thereafter.

12. Commitments and Contingencies

The Company leases a portion of its capital equipment and certain of its facilities under operating leases that expire at various dates. Rental expense was \$17.1 million in 2001, \$24.4 million in 2000 and \$26.8 million in 1999. In addition, the Company is a party to long-term or minimum purchase agreements with various suppliers and vendors. The future minimum obligations under operating leases and other commitments having an initial or remaining non-cancelable term in excess of one year as of May 26, 2001 were:

	Operating Leases	Commitments
	(In thousands)	
2002	\$12,723	\$ 9,331
2003	9,033	6,660
2004	7,385	3,530
2005	4,936	8
2006	2,786	7
Future years	2,052	—
Total	<u>\$38,915</u>	<u>\$19,536</u>

In the normal course of business, the Company and its subsidiaries are parties to various legal claims, actions and complaints, including matters involving patent infringement and other intellectual property claims

and various other risks. It is not possible to predict with certainty whether or not the Company and its subsidiaries will ultimately be successful in any of these legal matters or, if not, what the impact might be. However, the Company's management does not expect that the results in any of these legal proceedings will have a material adverse effect on the Company's results of operations, financial position or cash flows.

13. Fair Value of Financial Instruments

For short-term financial instruments, including cash and cash equivalents, accounts receivable, short-term debt, accounts payable and accrued compensation, the carrying amount approximates the fair value because of the immediate or short-term nature of those instruments. The fair value of marketable equity securities and other long-term investments are based on quoted market prices at the reporting date. The differences between the fair values and carrying amounts of the Company's financial instruments, including derivatives, at May 26, 2001, and May 27, 2000, were not material.

The fair value of long-term debt is estimated based on quoted market prices for similar instruments or by discounting expected cash flows at rates currently available to the Company for instruments with similar risks and maturities. The following table summarizes the differences between the carrying amounts and fair values of long-term debt.

	May 26, 2001		May 27, 2000	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
	(In thousands)			
7.5% notes due August 1, 2003	\$85,000	\$85,904	\$100,000	\$94,154

14. Stock Incentive Plans*Stock options*

The Company maintains stock option plans for selected employees. There were 11,873,285 shares reserved for issuance under these plans at May 26, 2001. Under the terms of the plans, stock options are granted at an option price not less than the market value at the date of grant. Options granted between January 1, 1997 and January 1, 2000 generally vest over two years and expire five to ten years from the date of grant. All other options granted generally vest over four years and expire ten years from the date of grant.

Additional information with respect to option activity is set forth below:

	Outstanding		Exercisable	
	Number of shares in thousands	Weighted average exercise price (In thousands)	Number of shares in thousands	Weighted average exercise price
May 30, 1998	7,048	\$15.50	3,018	\$13.00
Granted	4,438	13.14		
Exercised	(276)	9.47		
Cancelled	(3,532)	18.09		
May 29, 1999	7,678	13.24	4,130	12.33
Granted	3,236	19.30		
Exercised	(4,642)	12.66		
Cancelled	(1,098)	14.61		
May 27, 2000	5,174	17.29	1,824	14.17
Granted	2,700	35.98		
Exercised	(1,654)	15.21		
Cancelled	(362)	23.46		
May 26, 2001	5,858	\$26.12	2,173	\$17.97

The following table summarizes information about options outstanding and exercisable at May 26, 2001:

Range of exercise prices	Outstanding			Exercisable	
	Number of shares in thousands	Weighted average remaining contractual life	Weighted average exercise price	Number of shares in thousands	Weighted average exercise price
\$ 5.67–19.96	1,081	2.88 years	\$13.46	1,012	\$13.45

20.06–20.06	2,024	8.65 years	20.06	980	20.06
20.09–37.00	678	8.33 years	29.47	181	31.90
37.50–40.69	2,075	9.64 years	37.52	–	–
	<u>5,858</u>	<u>7.90 years</u>	<u>\$26.12</u>	<u>2,173</u>	<u>\$17.97</u>

The Company accounts for stock options according to APB Opinion No. 25, “Accounting for Stock Issued to Employees.” Under APB Opinion No. 25, no compensation expense is recognized in the Company’s consolidated financial statements upon issuance of employee stock options because the exercise price of the options equals the market price of the underlying stock on the date of grant. Alternatively, under the fair value method of accounting provided for by SFAS No. 123, “Accounting for Stock-Based Compensation,” the measurement of compensation cost is based on the fair value of employee stock options at the grant date and requires the use of option pricing models to value the options. The weighted average estimated fair value of options granted during fiscal years 2001, 2000 and 1999 was \$17.06, \$8.44 and \$5.11 per share, respectively.

The Company also has plans for certain executives and outside directors that provide stock-based compensation other than options. Under APB No. 25, compensation cost for these plans is measured based on the market price of the stock at the date the terms of the award become fixed. Under the fair value approach of SFAS No. 123, compensation cost is measured based on the market price of the stock at the grant date. There were 20,332, 53,994, and 215,000 shares granted under these plans during fiscal years 2001, 2000 and 1999, respectively. The weighted average grant-date fair value of the shares granted under these plans during fiscal years 2001, 2000 and 1999 was \$32.27, \$18.85 and \$15.87 per share, respectively.

The pro forma impact to both net earnings and earnings per share from calculating stock-related compensation cost consistent with the fair value alternative of SFAS No. 123 is indicated below:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Pro forma net earnings (loss) (in thousands)	\$126,874	\$335,900	\$(61,029)
Pro forma earnings (loss) per share:			
Basic	\$ 1.34	\$ 3.55	\$ (0.64)
Diluted	\$ 1.32	\$ 3.49	\$ (0.64)

The fair value of options were estimated as of the date of grant using a Black-Scholes option pricing model with the following weighted average assumptions:

	<u>2001</u>	<u>2000</u>	<u>1999</u>
Expected life in years	3.0	3.0	3.0
Risk-free interest rate	5.1%	6.3%	5.6%
Volatility	65.8%	57.1%	57.8%
Dividend yield	0.0%	0.1%	2.1%

Employee Stock Purchase Plan

During fiscal year 2001, the Company initiated the Employee Stock Purchase Plan (“ESPP”). The ESPP, which became effective January 1, 2001, allows substantially all regular employees to purchase shares of

Tektronix common stock through payroll deductions of up to 10% of eligible compensation. The price an employee pays for the stock is 85% of the market price at the beginning or end of the period, whichever is lower. Plan periods are from January 1 to June 30 and July 1 to December 31.

15. Shareholders' Equity

Repurchase of common stock

On March 15, 2000, the Board of Directors authorized the purchase of up to \$545.0 million of the Company's common stock on the open market or through negotiated transactions. During fiscal year 2001, the Company repurchased a total of 4.6 million shares for \$126.2 million. As of May 26, 2001, the Company has repurchased a total of 6.2 million shares at an average price of \$26.84 per share totaling \$166.0 million under this authorization. Share amounts above have been restated to reflect a two-for-one stock split effective October 31, 2000.

Shareholder Rights Agreement

On June 21, 2000, the Board of Directors adopted a new shareholder rights agreement to replace the 1990 agreement that expired by its terms in September 2000. To implement the new plan, the Board of Directors declared a dividend of one right for each outstanding common share payable to shareholders of record on September 7, 2000. As a result of the Company's two-for-one stock split in October 2000, each outstanding share of common stock and each share issued thereafter, including under the plans, includes one-half of a right. Each right entitles the holder to purchase one one-thousandth of a share of Series B preferred shares at a purchase price of \$375, subject to adjustment. The rights become exercisable ten days after a person or group acquires, or commences a tender offer that would result in, beneficial ownership of 15% or more of the outstanding common shares. Upon the occurrence of certain events described in the rights agreement, each right entitles its holder to purchase common shares of the Company, or in certain circumstances common shares of the acquiring company, or other property having a value of twice the right's exercise price. However, rights that are beneficially owned by an acquiring person become null and void. The rights may be redeemed at a price of \$0.001 per right at any time before a person becomes an acquiring person, and any time after a person becomes an acquiring person, the Company may exchange each right at a ratio of one common share, or one one-thousandth of a preferred share per right. The rights expire on September 7, 2010.

16. Business Segments

The Company's revenue is derived principally through the development and marketing of a range of test and measurement products in several operating segments that have similar economic characteristics as well as similar customers, production processes and distribution methods. Accordingly, the Company reports as a single Measurement segment. Historically, the Company operated in three segments: Measurement, Color Printing and Imaging, and Video and Networking. The Color Printing and Imaging division was accounted for as a discontinued operation and as such the results of operations and the financial position of the division were not presented to management for decision-making purposes and are not included in the table below.

The information provided below was obtained from internal information that was provided to the Company's executive management group for the purpose of corporate management. Assets, liabilities and expenses attributable to corporate activity were not all allocated to the operating segments. Certain facility, information systems and other expenses were incurred by corporate and allocated to the divisions based on a percentage of sales, number of employees or payroll costs. Depreciation expense by division was not included in

the internal information provided to the executive management group and was therefore not presented below. Inter-segment sales were not material and were included in net sales to external customers below.

2001	2000	1999
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	(In thousands)		
Net sales to external customers by division:			
Measurement	\$1,235,275	\$1,050,671	\$ 879,486
Video and Networking	–	59,607	256,650
Other	–	10,277	–
	<hr/>	<hr/>	<hr/>
Net sales	\$1,235,275	\$1,120,555	\$1,136,136
	<hr/>	<hr/>	<hr/>
Consolidated net sales to external customers by region:			
United States	\$ 651,050	\$ 591,291	\$ 558,134
Europe	250,561	248,063	319,255
Pacific	168,624	137,092	140,131
Japan	97,034	78,434	69,327
Americas	68,006	65,675	49,289
	<hr/>	<hr/>	<hr/>
Net sales	\$1,235,275	\$1,120,555	\$1,136,136
	<hr/>	<hr/>	<hr/>
Measurement net sales to external customers by region:			
United States	\$ 651,050	\$ 547,434	\$ 437,353
Europe	250,561	230,663	227,612
Pacific	168,624	132,021	114,138
Japan	97,034	76,933	62,071
Americas	68,006	63,620	38,312
	<hr/>	<hr/>	<hr/>
Net sales	\$1,235,275	\$1,050,671	\$ 879,486
	<hr/>	<hr/>	<hr/>
Operating income (loss):			
Measurement	\$ 174,445	\$ 131,990	\$ 88,510
Video and Networking	–	(21,269)	(42,627)
(Loss) gain on sale of Video and Networking division	1,456	(31,613)	–
Non-recurring credits (charges)	10,799	(51,137)	(120,489)
All other	–	(8,305)	(2,853)
	<hr/>	<hr/>	<hr/>
Operating income (loss)	\$ 186,700	\$ 19,666	\$ (77,459)
	<hr/>	<hr/>	<hr/>

Other sales in 2000 represented circuit board sales to GVG under a specific sales agreement that did not exist in 1999 and did not continue in 2001. Other operating income in 2000 included expenses incurred related to the transition of the Company to a focused Measurement business which were not allocated to the divisions.

	2001	2000	1999
		(In thousands)	
Segment assets:			
Measurement	\$1,522,097	\$1,530,729	\$ 691,221
Video and Networking	–	3,908	218,124

All other	—	—	338,990
Segment assets	\$1,522,097	\$1,534,637	\$1,248,335
Long-lived assets:			
United States	\$ 528,662	\$ 343,600	\$ 336,251
International	56,473	48,052	69,241
Deferred tax assets	3,318	30,928	56,405
Long-lived assets	\$ 588,453	\$ 422,580	\$ 461,897
Capital expenditures:			
Measurement	\$ 33,721	\$ 17,129	\$ 20,377
Video and Networking	—	281	12,510
All other	—	26,776	38,398
Capital expenditures	\$ 33,721	\$ 44,186	\$ 71,285

17. Other Expense, Net

	2001	2000	1999
		(In thousands)	
(Loss) gain on disposition of marketable equity securities	\$ (1,781)	\$ 7,889	\$ 6,455
Currency gains (losses)	1,247	(2,044)	(3,448)
Other expenses	(6,077)	(13,110)	(4,738)
Other expense, net	\$ (6,611)	\$ (7,265)	\$ (1,731)

In May 2000, the Company sold 1.15 million shares of its investment in Merix in conjunction with a public offering by that company. The sale resulted in a net gain of approximately \$11.4 million, which was included above in the (Loss) gain on disposition of marketable equity securities above.

18. Income Taxes

The provision (benefit) for income taxes consisted of:

	2001	2000	1999
		(In thousands)	
Current:			
Federal	\$ 50,939	\$ 1,533	\$ (25,231)
State	2,807	1,187	(1,300)
Non-U.S.	8,316	2,675	26,683
	62,062	5,395	152
Deferred:			
Federal	16,910	767	(36,805)
State	2,061	396	(1,639)
Non-U.S.	(954)	297	7,923

	18,017	1,460	(30,521)
Total provision (benefit)	\$ 80,079	\$ 6,855	\$ (30,369)

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The provisions (benefits) differ from the amounts that would result by applying the U.S. statutory rate to earnings before taxes. A reconciliation of the difference is:

	2001	2000	1999
		(In thousands)	
Income taxes based on U.S. statutory rate	\$ 77,066	\$ 6,853	\$(33,216)
State income taxes, net of U.S. tax	3,164	1,029	(1,910)
Foreign sales corporation	(3,424)	(2,739)	–
Increase in valuation allowance	27,884	–	–
Reversal of prior years' provisions	(28,481)	–	–
Other—net	3,870	1,712	4,757
Total provision (benefit)	\$ 80,079	\$ 6,855	\$(30,369)

The reconciliations reflect permanent items that impact the provisions. Items that increase provisions include state income taxes and various nondeductible expenses, whereas items that decrease the provisions include the foreign sales corporation and various tax credits. During fiscal year 2001, the Company settled the prior years' tax audits thereby allowing for the release of reserves previously established and also increased its valuation allowance for tax benefits previously recognized relating to foreign tax credit carryovers. Management believes that adequate provisions have been made for the open years.

Tax benefits of \$12.9 million, \$18.1 million and \$0.3 million associated with the exercise of employee stock options were allocated to common stock in fiscal years 2001, 2000 and 1999, respectively.

Net deferred tax assets and liabilities are included in the following Consolidated Balance Sheet line items:

	2001	2000
	(In thousands)	
Other current assets	\$45,874	\$55,170
Deferred tax assets	3,318	30,928
Net deferred tax assets	\$49,192	\$86,098

The temporary differences and carryforwards that gave rise to deferred tax assets and liabilities were as follows:

	2001	2000
	(In thousands)	
Deferred tax assets:		
Reserves and other liabilities	\$ 61,986	\$ 63,247

AMT and foreign tax credit carryforwards	30,002	20,673
Accrued post-retirement benefits	10,845	13,033
Accumulated depreciation	10,630	2,883
Intangibles	3,819	3,045
Restructuring costs and separation programs	1,497	16,190
Net operating losses	1,180	2,813
Gross deferred tax assets	119,959	121,884
Less: valuation allowance	(30,484)	(2,600)
Deferred tax assets	89,475	119,284
Deferred tax liabilities:		
Accrued pension obligation	(26,002)	(19,412)
Software development costs	(9,041)	(10,461)
Unrealized gains on marketable equity securities	(5,240)	(3,313)
Deferred tax liabilities	(40,283)	(33,186)
Net deferred tax assets	\$ 49,192	\$ 86,098

At May 26, 2001, there were \$30.0 million of unused foreign tax credit carryovers which, if not used, will expire between 2004 and 2006. The Company has placed a valuation allowance against these credits in the amount of \$30.0 million.

U.S. taxes have not been provided on \$145.0 million of accumulated unremitted earnings of non-U.S. subsidiaries because such earnings are or will be reinvested in operations or will be offset by appropriate credits for foreign income taxes paid.

19. Earnings (Loss) Per Share

	2001	2000	1999
	(In thousands except per share amounts)		
Net earnings (loss)	\$140,109	\$349,038	\$(51,161)
Weighted average shares used for basic earnings (loss) pershare	94,459	94,555	95,399
Effect of dilutive stock options	1,644	1,725	—
Weighted average shares used for dilutive earnings (loss) pershare	96,103	96,280	95,399
Net earnings (loss) per share—basic	\$1.48	\$3.69	\$(0.54)
Net earnings (loss) per share—diluted	\$1.46	\$3.63	\$(0.54)

All share and per share amounts have been restated to reflect a two-for-one stock split effective October 31, 2000. Options to purchase an additional 2,288,000, 2,678,200 and 4,923,830 shares of common stock were outstanding at May 26, 2001, May 27, 2000 and May 29,

1999, respectively, but were not included in the computation of diluted net earnings (loss) per share because their effect would be antidilutive.

20. Benefit Plans

Pension and postretirement benefit plans

Tektronix sponsors one IRS-qualified defined benefit plan, the Tektronix Cash Balance Plan, and one non-qualified defined benefit plan, the Retirement Equalization Plan, for eligible employees in the United States. The Company also sponsors pension plans in Germany, the Netherlands and the United Kingdom. In addition, the Company provides postretirement life insurance benefits to all current employees and provides certain retired and active employees with postretirement health care benefits.

As a result of corporate restructuring and layoffs during fiscal years 2000 and 1999, the cash balance plan and several international plans experienced declines in the number of active participants. On two separate occasions, October 1, 1999 and January 31, 1999, the number of employees affected were deemed significant. Interim measurements were performed and curtailment accounting was implemented. A net \$15.2 million curtailment gain was recognized in fiscal year 2000, and a \$3.3 million gain was recognized in fiscal year 1999, both reducing pension expense. At the 2000 re-measurement date, the discount rate was increased from 7.3% to 7.8%. At the 1999 re-measurement date the discount rate was reduced from 7.3% to 7.0%.

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The following tables provide information about changes in the benefit obligation and plan assets and the funded status of the Company's pension and postretirement benefit plans:

	Pension Benefits		Postretirement Benefits	
	2001	2000	2001	2000
Change in Benefit Obligation				
Beginning balance	\$545,782	\$577,536	\$14,244	\$16,463
Service cost	8,336	10,984	130	180
Interest cost	38,766	39,423	1,051	1,129
Actuarial loss (gain)	4,897	(18,976)	1,295	(218)
Curtailment/settlement	(5,773)	(6,909)	—	(1,263)
Acquisition	—	563	—	—
Benefit payments	(47,725)	(54,453)	(2,063)	(2,047)
Exchange rate changes	(4,318)	(7,931)	—	—
Participant contributions	165	658	—	—
Special termination benefits	—	4,887	—	—
Ending balance	\$540,130	\$545,782	\$14,657	\$14,244
Change in Fair Value of Plan Assets				
Beginning balance	\$620,969	\$548,625	\$ —	\$ —
Actual return	(24,742)	87,374	—	—
Employer contributions	695	48,411	—	—
Benefit payments	(47,725)	(54,453)	—	—
Settlements	(4,817)	—	—	—
Other adjustments	(1,123)	(8,988)	—	—

Ending balance	\$543,257	\$620,969	\$ -	\$ -
Net unfunded (funded) status of the plan	\$ (3,127)	\$ (75,188)	\$14,657	\$14,245
Unrecognized initial net obligation	(523)	(678)	-	-
Unrecognized prior service cost	18,581	20,741	8,013	10,684
Unrecognized net gain (loss)	(69,767)	15,661	5,138	6,965
Net (prepaid) liability recognized	\$ (54,836)	\$ (39,464)	\$27,808	\$31,894

The projected benefit obligation, accumulated benefit obligation, and fair value of plan assets for certain non-U.S. plans with accumulated benefit obligations in excess of plan assets were \$20.4 million, \$18.3 million and zero, respectively for fiscal year 2001 and \$20.6 million, \$18.5 million and zero, respectively, for fiscal year 2000.

Weighted average assumptions used in the accounting for the Tektronix pension and postretirement benefit plans were:

	2001	2000	1999
Pension Benefits			
Discount rate	7.5%	7.2%	7.0%
Rate of compensation increase	3.7%	3.7%	3.8%
Expected return on plan assets	10.1%	11.0%	10.9%
Postretirement Benefits			
Discount rate	7.5%	7.8%	7.3%
Rate of compensation increase	3.8%	3.8%	3.4%

The Company maintains an insured indemnity health plan for retirees. The assumed health care cost trend rates used to measure the expected cost of benefits under the indemnity and HMO plans were assumed to increase by 11.3% for participants under the age of 65 and 12.8% for participants age 65 and over in the fiscal year 2001. Thereafter, these rates were assumed to gradually decrease until they reach 5.3% and 5.5%, respectively, in 2007. A 1.0% change in these assumptions would not have a material effect on either the postretirement benefit obligation at May 26, 2001 or the benefit credit reported for fiscal year 2001.

The components of net pension benefit cost and postretirement benefit credit recognized in income were:

	2001	2000	1999
	In thousands		
Pension Benefits			
Service cost	\$ 8,336	\$ 10,984	\$ 15,001
Interest cost	38,766	39,423	38,082
Expected return on plan assets	(55,259)	(55,751)	(50,890)
Amortization of transition asset	107	(68)	(1,839)
Amortization of prior service cost	(2,205)	(2,707)	(4,039)
Curtailment/settlement gain	(2,726)	(15,158)	(3,311)
Cost of special or contractual termination benefits	-	4,887	-
Recognized actuarial net (gain) loss	(910)	792	3,722

Other benefit plans	2,170	5,087	2,294
Net benefit cost (credit)	\$(11,721)	\$(12,511)	\$ (980)
Postretirement Benefits			
Service cost	\$ 130	\$ 180	\$ 201
Interest cost	1,051	1,129	1,102
Amortization of prior service cost	(2,671)	(2,671)	(2,671)
Recognized net gain	(532)	(553)	(644)
Curtailment gain	–	(1,263)	–
Net benefit cost (credit)	\$ (2,022)	\$ (3,178)	\$ (2,012)

Employee savings plan

The Company has an employee savings plan that qualifies as a deferred salary arrangement under Section 401(k) of the Internal Revenue Code. Participating U.S. employees may defer up to 15% of their compensation, subject to certain regulatory limitations. Employee contributions are invested, at the employees' direction, among a variety of investment alternatives. The Company's matching contribution is 4% of compensation and may be invested in any one of the 401(k) plan funds. In addition, the Company contributes Company stock to the plan for all eligible employees equal to 2% of compensation. The Company's total contributions were approximately \$6.2 million in fiscal year 2001, \$9.1 million in fiscal year 2000 and \$11.4 million in fiscal year 1999.

21. Recent Accounting Pronouncements

In June 1998, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 133, "Accounting for Derivative Instruments and Hedging Activities." The statement will require recognition of all derivatives as either assets or liabilities on the balance sheet at fair value. The Company adopted SFAS 133 on the first day of fiscal year 2002 and it did not have a material effect on the Company's consolidated financial statements.

In July 2001, the FASB issued SFAS No. 141, "Business Combinations". The statement discontinues the use of the pooling of interest method of accounting for business combinations. The statement is effective for all business combinations after June 30, 2001. Management has completed an evaluation of the effects of this statement and believes that it will not have a material effect on the Company's consolidated financial statements.

In July 2001, the FASB issued SFAS No. 142, "Goodwill and Other Intangible Assets". The statement will require discontinuing the amortization of goodwill and other intangible assets with indefinite useful lives. Instead, these assets will be tested periodically for impairment and written down to their fair market value as necessary. This statement is effective for fiscal years beginning after December 15, 2001, however, early adoption is allowed for companies that have not issued first quarter financial statements as of July 20, 2001. Management is currently evaluating the effect on the Company's consolidated financial statements.

Quarterly Financial Data (unaudited)

In the opinion of management, this unaudited quarterly financial summary includes all adjustments necessary to present fairly the results for the periods represented (in thousands, except per share amounts):

Quarter ended	May 26, 2001	Feb. 24, 2001	Nov. 25, 2000	Aug. 26, 2000
Net sales	\$305,087	\$326,854	\$325,143	\$278,191
Gross profit	160,646	168,362	167,526	144,962
Operating income	45,075	55,594	50,434	36,265
Earnings before taxes	53,779	67,720	56,488	42,201
Net earnings	34,957	41,004	36,717	27,431
Earnings per share—basic	0.38	0.43	0.39	0.29
Earnings per share—diluted	0.37	0.43	0.38	0.28
Average shares outstanding:				
Basic	93,116	94,695	94,646	95,378
Diluted	94,136	96,273	96,499	97,477
Common stock prices:				
High	29.85	40.50	40.00	43.66
Low	21.40	22.00	24.63	25.50

Quarter ended	May 27, 2000	Feb. 26, 2000	Nov. 27, 1999	Aug. 28, 1999
Net sales	\$301,493	\$277,044	\$261,271	\$280,747
Gross profit	156,632	123,443	119,997	124,292
Operating income (loss)	32,844	(24,070)	21,302	(10,410)
Earnings (loss) before taxes from continuing operations	47,541	(25,906)	13,769	(15,823)
Net earnings (loss) from continuing operations	31,541	(16,839)	8,941	(10,917)
Net earnings from discontinued operations	—	327,632	6,245	2,435
Net earnings (loss)	31,541	310,793	15,186	(8,482)
Earnings (loss) per share—basic	0.33	3.29	0.16	(0.09)
Earnings (loss) per share—diluted	0.32	3.23	0.16	(0.09)
Earnings (loss) per share from continuing operations—basic	0.33	(0.18)	0.09	(0.12)
Earnings (loss) per share from continuing operations—diluted	0.32	(0.18)	0.09	(0.12)
Earnings per share from discontinued operations—basic	—	3.46	0.07	0.03
Earnings per share from discontinued operations—diluted	—	3.41	0.07	0.03
Average shares outstanding:				
Basic	95,420	94,594	94,125	93,982
Diluted	97,888	96,161	95,272	93,982
Dividends per share	\$ —	\$ 0.06	\$ 0.06	\$ 0.06
Common stock prices:				
High	\$ 35.88	\$ 27.44	\$ 19.69	\$ 17.78
Low	23.38	15.38	14.19	11.06

The Company's common stock is traded on the New York Stock Exchange. There were 3,096 shareholders of record at June 21, 2001. The market prices quoted above are the composite daily high and low prices reported by The Wall Street Journal rounded to full cents per share. Amounts above have been restated to reflect a two-for-one stock split effective October 31, 2000.

Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure.

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

The information required by this item regarding directors is included under “Election of Directors” and “Information Regarding the Board of Directors and Its Committees” on pages 1 through 9 of the Company’s Proxy Statement dated July 31, 2001.

The information required by this item regarding executive officers is contained under “Executive Officers of the Company” in Item 1 of Part I hereof.

The information required by Item 405 of Regulation S-K is included under “Section 16(a) Beneficial Ownership Reporting Compliance” on page 18 of the Company’s Proxy Statement dated July 31, 2001.

Item 11. Executive Compensation.

The information required by this item is included under “Director Compensation” on page 5, and under “Executive Compensation” on pages 10 through 13 of the Company’s Proxy Statement dated July 31, 2001.

Item 12. Security Ownership of Certain Beneficial Owners and Management.

The information required by this item is included under “Election of Directors” under “Security Ownership of Certain Beneficial Owners” and “Security Ownership of Management” on pages 6 through 9 of the Company’s Proxy Statement dated July 31, 2001.

Item 13. Certain Relationships and Related Transactions.

None.

PART IV

Item 14. Exhibits, Financial Statement Schedules, and Reports on Form 8-K.

(a) The following documents are filed as part of the Annual Report on Form 10-K:

(1) Financial Statements.

The following Consolidated Financial Statements of Tektronix, Inc. are included in Item 8 of this Annual Report on Form 10-K:

	<u>Page</u>
Independent Auditors’ Report	21
Consolidated Statements of Operations	22
Consolidated Balance Sheets	23
Consolidated Statements of Cash Flows	24
Consolidated Statements of Shareholders’ Equity	25
Notes to Consolidated Financial Statements	26 through 45

(2) Financial Statement Schedules.

The following financial statement schedule is filed as part of this Report on Form 10-K and should be read in conjunction with the financial statements:

Schedule II-Valuation and Qualifying Accounts

Page 52

All other schedules are omitted because they are not required or the required information is included in the financial statements or notes thereto.

Separate financial statements for the registrant have been omitted because the registrant is primarily an operating company and the subsidiaries included in the consolidated financial statements are substantially totally held. All subsidiaries of the registrant are included in the consolidated financial statements. Summarized financial information for 50 percent or less owned persons in which the registrant has an interest, and for which summarized financial information must be provided, is included in the Notes to Consolidated Financial Statements appearing in this report.

(3) Exhibits:

- (3) (i) Restated Articles of Incorporation of the Company, as amended.
- (ii) Bylaws of the Company, as amended. Incorporated by reference to Exhibit (3) of Form 10-Q dated October 6, 2000, SEC File No. 1-4837.
- (4) (i) Indenture dated as of November 16, 1987, as amended by First Supplemental Indenture dated as of July 13, 1993, covering the registrant's 7-1/2% notes due August 1, 2003, and the registrant's 7-5/8% notes due August 15, 2002. Indenture incorporated by reference to Exhibit 4(i) of Form 10-K dated August 22, 1990, SEC File No. 1-4837.
- (ii) Pursuant to Item 601(b)(4)(iii) of Regulation S-K, the registrant agrees to furnish to the Commission upon request copies of agreements relating to other indebtedness.
- (iii) Rights Agreement dated as of June 21, 2000, between Tektronix, Inc. and ChaseMellon Shareholder Services, L.L.C. Incorporated by reference to Exhibit (4) of Form 8-K dated June 21, 2000, SEC File No. 1-4837.
- (10) +(i) 1982 Stock Option Plan, as amended. Incorporated by reference to Exhibit 10(iii) of Form 10-K dated August 22, 1989, SEC File No. 1-4837.
- +(ii) Stock Incentive Plan, as amended. Incorporated by reference to Exhibit 10(ii) of Form 10-Q dated April 9, 1993, SEC File No. 1-4837.
- +(iii) Restated Annual Performance Improvement Plan. Incorporated by reference to Exhibit 10(i) of Form 10-Q dated April 9, 1993, SEC File No. 1-4837.
- + (iv) Restated Deferred Compensation Plan. Incorporated by reference to Exhibit 10(i) of Form 10-Q dated December 20, 1984, SEC File No. 1-4837.

+(v)

Retirement Equalization Plan, Restatement. Incorporated by reference to Exhibit(10)(v) of Form 10-K dated August 20, 1996, SEC File No. 1-4837.

+(vi) Indemnity Agreement entered into between the Company and its named officers and directors. Incorporated by reference to Exhibit 10(ix) of Form 10-K dated August 18, 1993, SEC File No. 1-4837.

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+(vii) Executive Severance Agreement dated May 17, 2001 entered into between the Company and its Chief Executive Officer, Richard H. Wills.

+(viii) Form of Executive Severance Agreement entered into between the Company and its other named officers.

+(ix) Separation Agreement between Jerome J. Meyer and the Company dated October 23, 2000.

+(x) Non-Employee Directors Stock Compensation Plan, as amended through Amendment No. 2. Incorporated by reference to Exhibit 10(ii) of Form 10-Q dated October 8, 1999, SEC File No. 1-4837.

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+(xiii) Standstill Agreement among the Company and Relational Investors, et al, dated July 6, 1999. Incorporated by reference to Exhibit 5 of Schedule 13D filed July 6, 1999, SEC File No. 5-10548.

+(xiv) Deferred Compensation Plan dated May 27, 2001.

+(xv) Stock Deferral Plan dated May 27, 2001.

(21) Subsidiaries of the registrant.

(23) Independent Auditors' Consent.

(24) Powers of Attorney.

+ Compensatory Plan or Arrangement

(b) No reports on Form 8-K have been filed during the last quarter of the period covered by this report.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized.

TEKTRONIX , INC.

By /s/ COLIN L. SLADE

Colin L. Slade, Vice President
and Chief Financial Officer

Dated: July 26, 2001

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on the dates indicated.

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
/S/ RICHARD H. WILLS* Richard H. Wills	President, Chief Executive Officer and Director	July 26, 2001
/S/ J. J. MEYER* Jerome J. Meyer	Chairman of the Board of Directors	July 26, 2001
/S/ COLIN L. SLADE Colin L. Slade	Vice President and Chief Financial Officer, Principal Financial and Accounting Officer	July 26, 2001
/S/ PAULINE LO ALKER* Pauline Lo Alker	Director	July 26, 2001
/S/ A. GARY AMES* A. Gary Ames	Director	July 26, 2001
/S/ GERRY B. CAMERON* Gerry B. Cameron	Director	July 26, 2001
/S/ D. CAMPBELL* David Campbell	Director	July 26, 2001
/S/ PAUL C. ELY, JR.* Paul C. Ely, Jr.	Director	July 26, 2001
/S/ FRANK C. GILL* Frank C. Gill	Director	July 26, 2001
/S/ MERRILL A. MCPEAK* Merrill A. McPeak	Director	July 26, 2001

<u>Signature</u>	<u>Capacity</u>	<u>Date</u>
<u>/S/ RALPH V. WHITWORTH*</u>	Director	July 26, 2001
Ralph V. Whitworth		
 <u>/s/ JAMES F. DALTON</u>		July 26, 2001
<u>*By _____</u>		
 <u>James F. Dalton</u>		
<i>as attorney-in-fact</i>		

Tektronix, Inc. and Subsidiaries
Schedule II—Valuation and Qualifying Accounts
For the years ended May 29, 1999, May 27, 2000 and May 26, 2001
(Dollars in Thousands)

Description	Beginning Balance	Charged to Costs and Expenses	Charged to Other Accounts	Deductions	Ending Balance
1999:					
Allowance for doubtful accounts	\$ 3,586	\$10,333	\$—	\$11,254	\$ 2,665
Inventory reserves	16,440	39,839	—	43,189	13,090
Deferred tax assets valuation allowance	2,600	—	—	—	2,600
2000:					
Allowance for doubtful accounts	\$ 2,665	\$13,042	\$—	\$10,798	\$ 4,909
Inventory reserves	13,090	32,727	—	30,637	15,180
Deferred tax assets valuation allowance	2,600	—	—	—	2,600
2001:					
Allowance for doubtful accounts	\$ 4,909	\$12,636	\$—	\$12,972	\$ 4,573
Inventory reserves	15,180	30,209	—	26,224	19,165
Deferred tax assets valuation allowance	2,600	27,884	—	—	30,484

EXHIBIT INDEX

<u>Exhibit No.</u>	<u>Exhibit Description</u>
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+ Compensatory Plan or Arrangement

RESTATED ARTICLES OF INCORPORATION
OF
TEKTRONIX, INC.

Pursuant to the provisions of the Oregon Business Corporation Act, the undersigned corporation adopts the following restated articles of incorporation:

ARTICLE I

The name of the corporation is TEKTRONIX, INC. and its duration shall be perpetual.

ARTICLE II

The purposes for which the corporation is organized are:

- (a) To research, design, develop, manufacture, sell, lease, repair, service, import and export, and otherwise deal enterprise calculated or resigned to be profitable to this in cathode ray oscilloscopes and other electronic instruments and devices;
- (b) To engage in any industrial, commercial and agricultural corporation;
- (c) To endorse, guarantee and secure the payment and satisfaction of bonds, coupons, mortgages, deeds of trust, debentures, securities, notes, obligations, evidences of indebtedness, capital shares, interest on obligations and dividends on capital shares of other corporations; also to assume the whole or any part of the liabilities existing or prospective of any person, corporation, firm or association and to aid in any manner any other person, firm or corporation with which it has business dealings or whose stocks, bonds or other obligations are held or are in any manner guaranteed by the corporation, and to do any other acts and things for the preservation, protection, improvement or enhancement of the value of such stocks, bonds or other obligations; and to use its name and credit for the benefit of other corporations, firms, associations, partnerships, trust, companies, or individuals, in any way which may seem to the corporation to be proper or necessary in connection with the business of the corporation.
- (d) In general, to engage in any lawful activity and to do any and all things, to the same extent as a natural person might or could do, and to carry on any business in connection therewith and to do all things not forbidden and with all the powers conferred upon corporations by the Oregon Business Corporation Act, as amended.

ARTICLE III

The aggregate number of shares which the corporation shall have authority to issue is 20,000,000 Common Shares, without par value.

ARTICLE IV

No shareholder of the corporation shall have any pre-emptive or other first right to acquire treasury shares or any new issue of shares of the corporation either presently authorized or to be authorized.

ARTICLE V

Any directorship to be filled by reason of an increase in the number of directors may be filled by the affirmative vote of a majority of the increased number of directors fixed by the bylaws. Any such directorship not so filled shall be filled by election at the next annual meeting of shareholders or at a special meeting of shareholders called for that purpose.

ARTICLE VI

Any contract or other transaction between the corporation and one or more of its directors, or between the corporation and another party in which one or more of its directors are interested shall be valid notwithstanding the presence or participation of such director or directors in a meeting of the board of

directors which acts upon or in reference to such contract or transaction, if the fact of such interest shall be disclosed or known to the board of directors and it shall authorize and approve such contract or transaction by a vote of a majority of the directors present. Such interested director or directors may be counted in determining whether a quorum is present at any such meeting, but shall not be counted in calculating the majority necessary to carry such vote. This Article VI shall not invalidate any contract or other transaction which would otherwise be valid under applicable law.

ARTICLE VII

The corporation shall indemnify any director or officer of the corporation, or any person who may have served at its request as a director or officer of another corporation in which it owns shares of capital stock or of which it is a creditor, against expenses actually and necessarily incurred by him in connection with the defense of any action, suit or proceeding in which he is made a party by reason of being or having been such director or officer, except in relation to matters as to which he shall be adjudged in such action, suit or proceeding to be liable for negligence or misconduct in the performance of duty. Such indemnification shall not be deemed exclusive of any other rights to which such director or officer may be entitled.

ARTICLE VIII

The address of the registered office of the corporation at the time of the adoption of these restated articles of incorporation is 13955 S.W. Millikan Way (Post Office Box 500), Beaverton, Oregon, and the name of its registered agent at such address is James B. Castles.

ARTICLE IX

The stated capital of the corporation at the time of the adoption of these stated articles of incorporation is \$3,990,000.

ARTICLE X

These restated articles of incorporation supersede the heretofore existing articles of incorporation and all amendments thereto.

DATED July 29, 1963.

TEKTRONIX, INC.

By HOWARD VOLLUM

Its President

By JAMES B. CASTLES

Its Secretary

STATE OF OREGON)

) ss.

County of Washington)

I, MICHAEL M. BRAND, a notary public, do hereby certify that on this 29th day of July, 1963, personally appeared before me JAMES B. CASTLES, who, being first duly sworn, declared that he is the secretary of TEKTRONIX, INC., an Oregon corporation, that he signed the foregoing document as secretary of the corporation, and that the statements therein contained are true.

MICHAEL M. BRAND

Notary Public for Oregon

My Commission Expires December 5, 1966

STATEMENT TO ACCOMPANY
RESTATED ARTICLES OF INCORPORATION
OF
TEKTRONIX, INC.

Pursuant to the requirements of ORS 57.385 of the Oregon Business Corporation Act, the undersigned corporation submits the following statement:

FIRST: The name of the corporation is TEKTRONIX, INC.

SECOND: The restated articles of incorporation filed herewith were adopted by the shareholders of the corporation on July 22, 1963.

THIRD: The number of shares of the corporation outstanding at the time of such adoption and entitled to vote thereon was 3,990,000. The designation and number of outstanding shares of each class entitled to vote thereon as a class were as follows:

<u>Class</u>	<u>Number of Shares</u>
Class V Common Shares	3,330,008
Class N Common Shares	659,992

FOURTH: The number of shares voted for such restated articles of incorporation was 3,741,215 and the number of shares voted against such restated articles of incorporation was none. The number of shares of each class entitled to vote thereon as a class voted for and against such restated articles of incorporation, respectively, was:

<u>Class</u>	<u>Number of Shares Voted</u>	
	<u>For</u>	<u>Against</u>
Class V Common Shares	3,330,008	None
Class N Common Shares	659,992	None

DATED July 29, 1963.

TEKTRONIX, INC.

By HOWARD VOLLUM

Its President

By JAMES B. CASTLES

Its Secretary

STATE OF OREGON)
) ss.
County of Washington)

I, MICHAEL M. BRAND, a notary public, do hereby certify that on this 29th day of July, 1963, personally appeared before me JAMES B. CASTLES, who, being first duly sworn, declared that he is the secretary of TEKTRONIX, INC., an Oregon corporation, that he signed the foregoing document as secretary of the corporation, and that the statements therein contained are true.

MICHAEL M. BRAND

Notary Public for Oregon

My commission expires December 5, 1966

ARTICLES OF AMENDMENT

OF

TEKTRONIX, INC.

Pursuant to ORS 57.370, these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is TEKTRONIX, INC.
2. The amendment changes Article VII of the Restated Articles of Incorporation of the corporation. Article VII as amended reads as follows:

ARTICLE VII

A. The corporation shall, in accordance with this Article, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative, other than an action by or in the right of the corporation, by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise, against expenses, including attorneys' fees, judgments, fines and amounts paid in settlement actually and reasonably incurred by him in connection with such action, suit or proceeding if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation, and, with respect to any criminal action or proceeding, had no reasonable cause to believe his conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction, or upon a plea of nolo contendere or its equivalent, shall not, of itself, create a presumption that the person did not act in good faith and in a manner which he reasonably believed to be in or not opposed to the best interests of the corporation, or, with respect to any criminal action or proceeding, that he had reasonable cause to believe that his conduct was unlawful.

B. The corporation shall, in accordance with this Article, indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor by reason of the fact that he is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against expenses, including attorneys' fees, actually and reasonably incurred by him in connection with the defense or settlement of such action or suit if he acted in good faith and in a manner he reasonably believed to be in or not opposed to the best interests of the corporation and except that no indemnification shall be made in respect of any claim, issue or matter as to which such person shall have been adjudged to be liable for negligence or misconduct in the performance of his duty to the corporation unless and only to the extent that the court in which such action or suit was brought shall determine upon application that, despite the adjudication of liability

but in view of all circumstances of the case, such person is fairly and reasonably entitled to indemnity for such expenses which such court shall deem proper.

C. To the extent that a director or officer of a corporation has been successful on the merits or otherwise in defense of any action, suit or proceeding referred to in paragraphs A and B of this Article or in defense of any claim, issue or matter therein, he shall be entitled to indemnification as of right against expenses, including attorneys' fees, actually and reasonably incurred by him in connection therewith. Any other indemnification under paragraphs A and B of this Article, unless ordered by a court, shall be made by the corporation upon a determination that indemnification of the director or officer is proper in the circumstances because he has met the applicable standard of conduct set forth in paragraphs A and B of this Article. Such determination shall be made (i) by the board of directors by a majority vote of a quorum consisting of directors who were not parties to such action, suit or proceeding, or (ii) if such a quorum is not obtainable, or, even if obtainable a quorum of disinterested directors so directs, by independent legal counsel, who may be regular counsel, for the corporation, in a written opinion, or (iii) by the shareholders.

D. Expenses incurred in connection with an action, suit or proceeding may be paid or reimbursed by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amount unless it shall ultimately be determined that he is entitled to be indemnified by the corporation.

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E. The indemnification provided by this Article shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of shareholders or directors or otherwise, both as to action in any official capacity and as to action in another capacity while holding an office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person.

F. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director or officer of the corporation, or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the corporation would have the power to indemnify him against such liability under the provisions of this Article.

G. Any person other than a director or officer who is or was an employee or agent of the corporation or is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise may be indemnified to such extent as the board of directors in its discretion at any time or from time to time may authorize.

3. The amendment was adopted by the shareholders of the corporation on September 15, 1973.
4. At the time of adoption of the amendment, there were 8,174,824 of the corporation's common shares, without par value, outstanding and entitled to vote on the amendment.
5. 7,062,521 shares voted for the amendment and 52,098 shares voted against the amendment.

IN WITNESS WHEREOF, we, the undersigned officers of

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TEKTRONIX, INC. declare under the penalties of perjury that we have examined the foregoing Articles of Amendment and to the best of our knowledge and belief they are true, correct and complete.

DATED: September 27, 1973.

EARL WANTLAND
President

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ARTICLES OF AMENDMENT

OF

TEKTRONIX, INC.

Pursuant to ORS 57.360(1), these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is TEKTRONIX, INC.

2. The amendment changes Article III of the Restated Articles of Incorporation of the corporation. Article III, as amended, reads as follows:

ARTICLE III

The aggregate number of shares which the corporation shall have authority to issue is 40,000,000 Common Shares, without par value.

3. The amendment was adopted by the shareholders of the corporation on September 24, 1977.

4. At the time of adoption of the amendment, there were 17,749,450 of the corporation' s Common Shares, without par value, outstanding and entitled to vote on the amendment.

5. Of the total outstanding shares entitled to vote, 15,565,242 shares voted for the amendment and 46,178 shares voted against the amendment.

6. The amendment does not provide for an exchange, reclassification or cancellation of issued shares.

7. The amendment does not effect a change in the amount of stated capital.

IN WITNESS WHEREOF, we, the undersigned officers of TEKTRONIX, INC., declare under the penalties of perjury that we have examined the foregoing Articles of Amendment and to the best of our knowledge and belief they are true, correct, and complete.

DATED: September 28, 1977.

TEKTRONIX, INC.

By EARL WANTLAND

President

By JAMES B. CASTLES

Secretary

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ARTICLES OF AMENDMENT

OF

TEKTRONIX, INC.

Pursuant to ORS 57.360(1), these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is TEKTRONIX, INC.

2. The amendment changes Article III of the Restated Articles of Incorporation of the corporation. Article III, as amended, reads as follows:

ARTICLE III

1. The aggregate number of shares which the corporation shall have authority to issue is sixty-one million (61,000,000) shares, divided into sixty million (60,000,000) Common Shares, without par value, and one million (1,000,000) shares of No Par Serial Preferred Shares, without par value.

2. The preferences, limitations and relative rights of the shares of each class shall be as follows:

(i) No Par Serial Preferred Shares.

(a) Division Into Series. The corporation's board of directors is hereby expressly granted authority to divide any or all shares of the corporation's Preferred Shares into series designated "% No Par Serial Preferred Shares" (inserting in each case the annual dividend rate, as fixed and determined by the board of directors for each series) and to fix and determine from time to time and to the extent permitted by law the relative powers, rights and preferences of the shares of such series and the qualifications, limitations, or restrictions thereof. Failure of the board of directors to specify any rights and preferences in the resolution establishing any series of the Preferred Shares shall be deemed a denial of any such rights and preferences so omitted.

(b) Dividends. The holders of the Preferred Shares of each series shall be entitled to receive, when and as declared by the board of directors, dividends at the rate which shall have been fixed and determined for such series, if any, and no more, in preference to or in such relation to the dividends payable on any other class or classes or series of shares as hereinafter set forth. Such dividends shall not be cumulative. Computation of the amount of dividends accrued in respect of a fraction of a year shall be on the basis of a 360- day year. In case dividends for any period are not paid in full, all shares of Preferred Shares of all series shall participate ratably in the payment of dividends for such period in proportion to the full amounts of such dividends for such period to which they are respectively entitled. Unpaid dividends shall not bear interest. No dividend shall be declared or paid or set apart for payment in any fiscal year on the Common Shares or on any other class of shares of the corporation ranking as to dividends subordinate to the Preferred Shares, other than dividends payable in Common Shares or in any other class of shares of the corporation ranking as to dividends subordinate to the Preferred Shares, and no payment shall be made to any sinking fund for the Preferred Shares or for any other class of shares of the corporation ranking as to dividends on a parity with or subordinate to the Preferred Shares, until all dividends for such fiscal year at the rate which shall have been fixed and determined for all outstanding shares of each series of Preferred Shares have been declared and paid, or set apart for payment, in full.

(c) Voting. Except as otherwise expressly required by law or by the Restated Articles of Incorporation, as amended, shares of Preferred Shares shall not be entitled to vote on any matter submitted to the shareholders. On any matter as to which voting of the Preferred Shares shall be required by law or by the Restated Articles of Incorporation, as amended, such shares shall be entitled to one vote per share and all series thereof shall vote as one class

(d) Liquidation. The holders of Preferred Shares of each series shall be entitled to receive, before any payment or distribution of the assets of the corporation, whether capital or surplus, shall be made to or set apart for the holders of the Common

Shares or any other series or class of shares ranking junior to such series of Preferred Shares as to rights upon liquidation, upon the liquidation, dissolution or winding up of the affairs of the corporation, voluntary or involuntary, the amount fixed and

determined for such series, together with all dividends declared and unpaid thereon to the date of final distribution, and no more. If, upon liquidation, dissolution or winding up of the corporation, the assets of the corporation distributable among the holders of the Preferred Shares shall be insufficient to pay in full the preferential amount aforesaid, then such assets shall be distributed among such holders ratably in proportion to the full amounts which would be payable on such shares if all amounts payable thereon were paid in full. Neither the merger nor consolidation of the corporation into or with any other corporation nor the merger or consolidation of any other corporation into or with the corporation, nor a sale, transfer or lease of all or any

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part of the assets of the corporation shall be deemed to be a liquidation, dissolution or winding up of the corporation within the meaning of this paragraph (d).

(ii) Common Shares. Subject to all the rights and preferences of the Preferred Shares, the Common Shares shall have the following rights and limitations:

(a) Dividends. Whenever there shall have been paid or set aside for payment to the holders of the outstanding shares of Preferred Shares and to the holders of outstanding shares of any other class of shares having preference over the Common Shares as to the payment of dividends the full amount of dividends and of sinking fund or purchase fund or other retirement payments, if any, to which such holders are respectively entitled in preference to the Common Shares, then dividends may be paid on the Common Shares and on any class or series of shares entitled to participate therewith as to dividends, out of any assets legally available for the payment of dividends, but only when and as declared by the board of directors, provided that dividends payable in Common Shares or in any other class of shares ranking as to dividends and assets subordinate to the Preferred Shares may be paid without regard to the status of payments to the holders of Preferred Shares or other classes of shares.

(b) Voting Rights. Holders of Common Shares shall be entitled to one vote per share on any matter submitted to the shareholders.

(c) Liquidation Rights. In the event of any liquidation, dissolution or winding up of the corporation, after there shall have been paid to or set aside for the holders of the shares of Preferred Shares and any other class of shares having preference over the Common Shares in the event of liquidation, the full preferential amounts to which they are respectively entitled, the holders of the Common Shares and of any class or series of shares entitled to participate therewith, in whole or in part, as to the distribution of assets, shall be entitled to receive the remaining assets of the corporation available for distribution.

3. The amendment was adopted by the shareholders of the corporation on September 24, 1983.

4. At the time of adoption of the amendment, there were 19,105,818 of the corporation's Common Shares, without par value, outstanding and entitled to vote on the amendment.

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5. Of the total outstanding shares entitled to vote, 15,303,002 shares voted for the amendment, 482,646 shares voted against the amendment and 503,192 shares abstained.

6. The amendment does not provide for an exchange, reclassification or cancellation of issued shares.

7. The amendment does not effect a change in the amount of stated capital.

IN WITNESS WHEREOF, we, the undersigned officers of TEKTRONIX, INC., declare under the penalties of perjury that we have examined the foregoing

Articles of Amendment and to the best of our knowledge and belief they are true, correct, and complete.

DATED: September 27, 1983.

TEKTRONIX, INC.

By EARL WANTLAND
President

By R. ALLAN LEEDY, JR.
Secretary

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ARTICLES OF AMENDMENT

OF

TEKTRONIX, INC.

Pursuant to ORS 57.360(1), these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is TEKTRONIX, INC.
2. The amendment adds a new Article XI to the Restated Articles of incorporation, as amended, of the corporation. Article XI reads as follows:

ARTICLE XI

1. Whether or not a vote of shareholders is otherwise required, the affirmative vote of the holders of not less than 80 percent of the outstanding number of "Voting Shares" (as hereinafter defined) of the corporation shall be required for the approval or authorization of any "Business Transaction" (as hereinafter defined) with a "Related Person" (as hereinafter defined) or any Business Transaction in which a Related Party has an interest (except proportionately as a shareholder of the corporation); provided, however, that the 80 percent voting requirement shall not be applicable if either:

(i) The "Continuing Directors" (as hereinafter defined) of the corporation by at least a majority vote (a) have expressly approved in advance the acquisition of the outstanding number of Voting Shares that caused such Related Person to become a Related Person, or (b) have expressly approved such Business Transaction; or

(ii) The cash or fair market value (as determined by at least a majority of the Continuing Directors) of the property, securities or other consideration to be received per share by holders of Voting Shares of the corporation (other than the Related Person) in the Business Transaction is not less than the "Highest Purchase Price" (as hereinafter defined) paid by the Related Person involved in the Business Transaction in acquiring any of its holdings of the corporation's Voting Shares.

2. For purposes of this Article XI:

(i) The term "Business Transaction" shall include, without limitation, (a) any merger, consolidation or plan of exchange of the corporation, or any entity controlled by or under common control with the corporation, or any entity controlled by or under common

control with the corporation, with or into any Related Person, or any entity controlled by or under common control with such Related Person, (b) any merger, consolidation or

plan of exchange of a Related Person, or any entity controlled by or under common control with such Related Person, with or into the corporation or any entity controlled by or under common control with the corporation, (c) any sale, lease, exchange, transfer or other disposition (in one transaction or a series of transactions), including without limitation a mortgage or any other security device, of all or any "Substantial Part" (as hereinafter defined) of the property and assets of the corporation, to a Related Person, or any entity controlled by or under common control with such Related Person, (d) any purchase, lease, exchange, transfer or other acquisition (in one transaction or a series of transactions), including without limitation a mortgage or any other security device, of all or any Substantial Part of the property and assets of a Related Person or any entity controlled by or under common control with such Related Person, by the corporation, or any entity controlled by or under common control with the corporation, (e) any recapitalization of the corporation that would have the effect of increasing the voting power of a Related Person, (f) the issuance, sale, exchange or other disposition of any securities of the corporation, or of any entity controlled by or under common control with the corporation, to a Related Person by the corporation or by any entity controlled by or under common control with the corporation, (g) any liquidation, spinoff, splitoff, splitup or dissolution of the corporation proposed by or on behalf of a Related Person, and (h) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Transaction.

(ii) The term "Related Person" shall mean and include (a) any individual, corporation, association, trust, partnership or other person or entity (a "Person") which, together with its "Affiliates" (as hereinafter defined) and "Associates" (as hereinafter defined), "Beneficially Owns" (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect at July 12, 1984) in the aggregate 20 percent or more of the outstanding Voting Shares of the corporation, and (b) any Affiliate or Associate (other than the corporation or a wholly owned subsidiary of the corporation) of any such Person. Two or more Persons acting in concert for the purpose of acquiring, holding

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or disposing of Voting Shares of the corporation shall be deemed a "Person."

(iii) Without limitation, any share of Voting Shares of the corporation that any Related Person has the right to acquire at any time (notwithstanding that Rule 13d-3 deems such shares to be beneficially owned only if such right may be exercised within 60 days) pursuant to any agreement, contract, arrangement or understanding, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed to be Beneficially Owned by such Related Person and to be outstanding for purposes of subparagraph (ii) above.

(iv) For the purposes of subparagraph (ii) of paragraph 1 of Article XI, the term "other consideration to be received" shall include, without limitation, Common Shares or other capital stock of the corporation retained by its existing stockholders, other than any Related Person or other Person who is a party to such Business Transaction, in the event of a Business Transaction in which the corporation is the survivor.

(v) The term "Voting Shares" shall mean all of the outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors, considered as one class, and each reference to a proportion of shares of Voting Shares shall refer to such proportion of the votes entitled to be cast by such shares.

(vi) The term "Continuing Director" shall mean a director who was a member of the Board of Directors of the corporation on July 12, 1984; provided that any person becoming a director subsequent to July 12, 1984 whose election, or nomination for election by the corporation's shareholders, was approved by a vote of at least a majority of the Continuing Directors shall be considered as though he or she were a director on July 12, 1984.

(vii) The term "Highest Purchase Price" with respect to a class or series of Voting Shares shall mean the highest amount of consideration paid

by the Related Person for a Voting Share of such class or series at any time regardless of whether the share was acquired before or after the Related Person became a Related Person; provided, however, that the Highest Purchase Price shall be appropriately adjusted to reflect the

occurrence of any reclassification, recapitalization, stock split, reverse stock split or other readjustment in the number of outstanding Voting Shares of the corporation, or the declaration of a share dividend thereon. The Highest Purchase Price shall include any brokerage commissions, transfer taxes and soliciting dealers' fees paid by

a Related Person with respect to the Voting Shares of the corporation acquired by such Related Person.

(viii) A Related Person shall be deemed to have acquired a Voting Share of the corporation at the time when such Related Person became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other Persons whose ownership is attributed to a Related Person under the foregoing definition of Related Person, if the price paid by such Related Person for such shares is not determinable by a majority of the Continuing Directors, the price so paid shall be deemed to be the higher of (a) the price paid upon the acquisition thereof by the Affiliate, Associate or other Person or (b) the market price of the shares in question at the time when such Related Person became the Beneficial Owner thereof.

(ix) The term "Substantial Part" shall mean 10 percent or more of the fair market value of the total assets of the Person in question, as reflected on the most recent balance sheet of such Person existing at the time the shareholders of the corporation would be required to approve or authorize the Business Transaction involving the assets constituting any such Substantial Part.

(x) The term "Affiliate," used to indicate a relationship with a specified Person, shall mean a Person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, the Person specified.

(xi) The term "Associate," used to indicate a relationship with a specified Person, shall mean (a) any entity of which such specified Person is an officer or partner or is, directly or indirectly, the beneficial owner of 10 percent or more of any class of equity securities, (b) any trust or other estate in which such specified Person has a substantial beneficial interest or as to which such specified Person serves as trustee or in a similar fiduciary capacity, (c) any relative or spouse of such specified Person, or any relative of such spouse, who has the same home as such specified Person or who is a director or officer of the corporation or any of its subsidiaries, and (d) any Person who is a director or officer of such specified entity or any of its parents or subsidiaries (other than the corporation or an entity controlled by or under control with the corporation).

3. For the purposes of this Article XI, a majority of the Continuing Directors shall have the power to make a good faith determination, on the basis of information known to them, of: (i) the number of Voting Shares that any Person Beneficially Owns, (ii) whether a Person is an Affiliate or

Associate of another, (iii) whether a Person has an agreement, contract, arrangement or understanding with another as to the matters referred to in subparagraph (2)(i)(h) or (2)(iii) hereof, (iv) the Highest Purchase Price paid by a Related Person, (v) whether the assets subject to any Business Transaction constitute a Substantial Part, (vi) whether any Business Transaction is one in which a Related Person has an interest (except proportionately as a shareholder of the corporation), and (vii) such other matters with respect to which a determination is required under this Article XI.

4. The provisions set forth in this Article XI may not be amended, altered, changed or repealed in any respect unless such action is approved by

the affirmative vote of the holders of not less than 80 percent of the outstanding shares of Voting Shares of the corporation.

3. The amendment was adopted by the shareholders of the corporation on September 22, 1984

4. At the time of adoption of the amendment, there were 19,317,225 of the corporation's Common shares, without par value, and no Preferred Shares, without par value, outstanding and entitled to vote on the amendment.

5. Of the total outstanding shares entitled to vote, 10,723,263 shares voted for the amendment, 5,914,313 shares voted against the amendment and 438,579 shares abstained.

6. The amendment does not provide for an exchange, reclassification or cancellation of issued shares.

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7. The amendment does not effect a change in the amount of stated capital.

Dated: September 25, 1984

TEKTRONIX, INC.

By EARL WANTLAND

Earl Wantland

President

By R. ALLAN LEEDY, JR.

R. Allan Leedy, Jr.

Secretary

IN WITNESS WHEREOF, I, the undersigned officer of TEKTRONIX, INC., declare under the penalties of perjury that I have examined the foregoing Articles of Amendment and to the best of my knowledge and belief they are true, correct, and complete.

DATED: September 25, 1984.

By R. ALLAN LEEDY, JR.

R. Allan Leedy, Jr.

Secretary

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ARTICLES OF AMENDMENT

OF

TEKTRONIX, INC.

Pursuant to ORS 57.360(1), these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is TEKTRONIX, INC.
2. The amendment revises Article VII to the Restated Articles of Incorporation, as amended, of the corporation, to read as follows:

ARTICLE VII

A. The corporation shall indemnify to the fullest extent then permitted by law any person who is made, or threatened to be made, a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative, investigative or otherwise (including an action, suit or proceeding by or in the right of the corporation) by reason of the fact that the person is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director or officer of another corporation, partnership, joint venture, trust or other enterprise against all expenses (including attorneys' fees), judgments, amounts paid in settlement and fines actually and reasonably incurred in connection therewith.

B. Expenses incurred in connection with an action, suit or proceeding may be paid or reimbursed by the corporation in advance of the final disposition of such action, suit or proceeding upon receipt of an undertaking by or on behalf of the director or officer to repay such amounts if it shall ultimately be determined that such person is not entitled to be indemnified by the corporation.

C. The indemnification provided hereby shall not be deemed exclusive of any other rights to which those indemnified may be entitled under any statute, bylaw, agreement, vote of shareholders or directors or otherwise, both as to action in any official capacity and as to action in another capacity while holding an office, and shall continue as to a person who has ceased to be a director or officer and shall inure to the benefit of the heirs, executors and administrators of such person.

D. The corporation shall have power to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the corporation, or fiduciary with respect to any employee benefit plans of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent, or as a fiduciary of an employee benefit plan, of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against and incurred by the person in any such capacity, or arising out of the person's status as such, whether or not the corporation would have the power to indemnify the person against such liability under the provisions of this Article or the Oregon Business Corporation Act.

E. Any person other than a director or officer who is or was an employee or agent of the corporation, or fiduciary within the meaning of the Employee Retirement Income Security Act of 1974 with respect to any employee benefit plans of the corporation, or is or was serving at the request of the corporation as an employee or agent of another corporation, partnership, joint venture, trust or other enterprise may be indemnified to such extent as the board of directors in its discretion at any time or from time to time may authorize.

3. The amendment was adopted by the shareholders of the corporation on September 27, 1986.

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4. At the time of adoption of the amendment, there were

19,321,446 of the corporation's Common Shares, without par value, and no Preferred Shares, without par value, outstanding and entitled to vote on the amendment.

5. Of the total outstanding shares entitled to vote, 16,151,294 shares voted for the amendment, 815,939 shares voted against the amendment and 410,188 shares abstained.

6. The amendment does not provide for an exchange, reclassification or cancellation of issued shares.

7. The amendment does not effect a change in the amount of stated capital.

DATED: October 1, 1986

TEKTRONIX, INC.

By LARRY N. CHORUBY
Larry N. Choruby
Senior Vice President

By R. ALLAN LEEDY, JR.

R. Allan Leedy, Jr.
Secretary

IN WITNESS WHEREOF, I, the undersigned officer of TEKTRONIX, INC., declare under the penalties of perjury that I have examined the foregoing Articles of Amendment and to the best of my knowledge and belief they are true, correct, and complete.

DATED: October 1, 1986

R. ALLAN LEEDY, JR.
R. Allan Leedy, Jr.
Secretary

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ARTICLES OF AMENDMENT

OF

TEKTRONIX, INC.

Pursuant to the Oregon Business Corporation Act, these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is TEKTRONIX, INC.

2. On September 26, 1987, the following two amendments to the Restated Articles of Incorporation, as amended, of the corporation were approved by shareholders:

Article III is amended to read as follows:

ARTICLE III

1. The aggregate number of shares which the corporation shall have authority to issue is eighty-one million (81,000,000) shares, divided into eighty million (80,000,000) Common Shares, without par value, and one million (1,000,000) shares of No Par Serial Preferred Shares, without par value.

2. The preferences, limitations and relative rights of the shares of each class shall be as follows:

(i) No Par Serial Preferred Shares.

(a) Division Into Series. The corporation's board of directors is hereby expressly granted authority to divide any or all shares of the corporation's Preferred Shares into series designated " % No Par Serial Preferred Shares" (inserting in each case the annual dividend rate, as fixed and determined by the board of directors for each series) and to fix and determine from time to time and to the extent permitted by law the relative powers, rights and preferences of the shares of such series and the qualifications, limitations, or restrictions thereof. Failure of the board of directors to specify any rights and preferences in the resolution establishing any series of the Preferred Shares shall be deemed a denial of any such rights and preferences so omitted.

(b) Dividends. The holders of the Preferred Shares of each series shall be entitled to receive, when and as declared by the board of directors, dividends at the rate which shall have been fixed and determined for such series, if any, and no more, in preference to or in such relation to the dividends payable on any other class or classes or series of shares as hereinafter set forth. Such dividends shall not be

cumulative. Computation of the amount of dividends accrued in respect of a fraction of a year shall be on the basis of a 360-day year. In case dividends for any period are not paid in full, all shares of Preferred Shares of all series shall participate ratably in the payment of dividends for such period in proportion to the full amounts of such dividends for such period to which they are respectively entitled. Unpaid dividends shall not bear interest. No dividend shall be declared or paid or set apart for payment in any fiscal year on the Common Shares or on any other class of shares of the corporation ranking as to dividends subordinate to the Preferred Shares, other than dividends payable in Common Shares or in any other class of shares of the corporation ranking as to dividends subordinate to the Preferred Shares, and no payment shall be made to any sinking fund for the Preferred Shares or for any other class of shares of the corporation ranking as to dividends on a parity with or subordinate to the Preferred Shares, until all dividends for such fiscal year at the rate which shall have been fixed and determined for all outstanding shares of each series of Preferred Shares have been declared and paid, or set apart for payment, in full.

(c) Voting. Except as otherwise expressly required by law or by the Restated Articles of Incorporation, as amended, shares of Preferred Shares shall not be entitled to vote on any matter submitted to the shareholders. On any matter as to which voting of the Preferred Shares shall be required by law or by the Restated Articles of Incorporation, as amended, such shares shall be entitled to one vote per share and all series thereof shall vote as one class.

(d) Liquidation. The holders of Preferred Shares of each series shall be entitled to receive, before any payment or distribution of the assets of the corporation, whether capital or surplus, shall be made to or set apart for the holders of the Common Shares or any other series or class of shares ranking junior to such series of Preferred Shares as to rights upon liquidation, upon the liquidation, dissolution or winding up of the affairs of the corporation, voluntary or involuntary, the amount fixed and determined for such series, together with all dividends declared and unpaid thereon to the date of final distribution, and no more. If, upon liquidation, dissolution or winding up of the corporation, the assets of the corporation distributable among the holders of the Preferred Shares shall be insufficient to pay in full

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the preferential amount aforesaid, then such assets shall be distributed among such holders ratably in proportion to the full amounts which would be payable on such shares if all amounts payable thereon were paid in full.

Neither the merger nor consolidation of the corporation into or with any other corporation nor the merger or consolidation of any other corporation into or with the corporation, nor a sale, transfer or lease of all or any part of the assets of the corporation shall be deemed to be a liquidation, dissolution or winding up of the corporation within the meaning of this paragraph (d).

(ii) Common Shares. Subject to all the rights and preferences of the Preferred Shares, the Common Shares shall have the following rights and limitations:

(a) Dividends. Whenever there shall have been paid or set aside for payment to the holders of the outstanding shares of Preferred Shares and to the holders of outstanding shares of any other class of shares having preference over the Common Shares as to the payment of dividends the full amount of dividends and of sinking fund or purchase fund or other retirement payments, if any, to which such holders are respectively entitled in preference to the Common Shares, then dividends may be paid on the Common Shares and on any class or series of shares entitled to participate therewith as to dividends, out of any assets legally available for the payment of dividends, but only when and as declared by the board of directors, provided that dividends payable in Common Shares or in any other class of shares ranking as to dividends and assets subordinate to the Preferred Shares may be paid without regard to the status of payments to the holders of Preferred Shares or other classes of shares.

(b) Voting Rights. Holders of Common Shares shall be entitled to one vote per share on any matter submitted to the shareholders.

(c) Liquidation Rights. In the event of any liquidation, dissolution or winding up of the corporation, after there shall have been paid to or set aside for the holders of the shares of Preferred Shares and any other class of shares having preference over the Common Shares in the event of liquidation, the full preferential amounts to which they are respectively entitled, the holders of the Common Shares and of any class or series of shares entitled to participate therewith, in whole or in part, as to the distribution of assets, shall be entitled to receive the remaining assets of the corporation available for distribution.

A new Article XII is added as follows:

ARTICLE XII

No director of the corporation shall be personally liable to the corporation or its shareholders for monetary damages for conduct as a director; provided that this Article XII shall not eliminate the liability of a director for any act or omission for which such elimination of liability is not permitted under the Oregon Business Corporation Act. No amendment to the Oregon Business Corporation Act that further limits the acts or omissions for which elimination of liability is permitted shall affect the liability of a director for any act or omission which occurs prior to the effective date of such amendment.

3. At the time of adoption of the amendments, there were 31,038,485 of the corporation's Common Shares, without par value, and no Preferred Shares, without par value, outstanding and entitled to vote on the amendments.

4. Of the total outstanding shares entitled to vote, 23,131,032 shares voted for the amendment to Article III, 3,211,576 shares voted against the amendment to Article III and 52,019 shares abstained with respect to the amendment to Article III. Of the total outstanding shares entitled to vote, 23,683,623 shares voted for the amendment adding Article XII, 2,329,937 shares voted against the amendment adding Article XII and 381,067 shares abstained with respect to the amendment adding Article XII.

Dated: October 7, 1987.

TEKTRONIX, INC.

By R. ALLAN LEEDY, JR.
R. Allan Leedy, Jr.
Secretary

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Submit the Original
And One True Copy
No Fee Required

STATE OF OREGON
CORPORATION DIVISION
158 12th Street NE
Salem, OR 97310

Survivor's
Registry Number:

ARTICLES OF MERGER
For Parent and 90% Owned Subsidiary
Without Shareholder Approval

04354015
(If known)

PLEASE TYPE OR PRINT LEGIBLY IN BLACK INK

1. Name of parent corporation: Tektronix, Inc.
2. Name of subsidiary corporation: CAE Systems, Inc.
3. Name of surviving corporation: Tektronix, Inc.
4. A copy of the plan of merger setting forth the manner and basis of converting shares of the subsidiary into shares, obligations, or other

securities of the parent corporation or any other corporation or into cash or other property is attached.

5. Check the appropriate box and fill in any requested information:

☐

A copy of the plan of merger or a summary was mailed to each shareholder of record of the subsidiary corporation on or before _____, 19__.

☒

The mailing of a copy of the plan or a summary was waived by all outstanding shares.

Execution:	<u>R. ALLAN LEEDY, JR.</u>	<u>R. Allan Leedy, Jr.</u>	<u>Vice President</u>	<u>Secretary and General</u>
	Signature	Printed Name	Title	Counsel

Person to contact about this filing:	<u>Thomas J. Spence</u>	<u>643-8124</u>
	Name	Daytime Phone Number

Submit the original and a true copy to the Corporation Division, 158 12th Street NE, Salem, Oregon 97310. There is no fee required. If you have questions, please call (503) 378-4166.

PLAN OF MERGER

THIS PLAN OF MERGER, dated as of September 16, 1987, made and entered into by and between Tektronix, Inc., an Oregon corporation ("Tektronix"), and CAE Systems, Inc., a California corporation ("CAE");

WHEREAS, CAE is a California corporation and has authorized capital stock consisting of 100 shares of Common Stock, of which 100 shares are issued and outstanding, all of which are owned by Tektronix, Inc., an Oregon corporation; and

WHEREAS, Tektronix is an Oregon corporation owning 100 percent of the outstanding shares of CAE; and

WHEREAS, the respective Boards of Directors of Tektronix and CAE deem it advisable and to the advantage of the said corporations that CAE be merged with and into Tektronix pursuant to this Plan of Merger (the "Merger") whereby Tektronix will be the surviving corporation;

NOW, THEREFORE, in consideration of the premises and of the mutual covenants and agreements herein contained, CAE will be merged into Tektronix on the following terms and conditions:

1. Upon the Effective Date of the Merger, as hereinafter defined, CAE shall be merged into Tektronix in the manner and with the effect provided by the general corporation laws of the States of California and Oregon. The separate existence of CAE shall cease as soon as the Merger shall become effective, and thereupon Tektronix and CAE shall become a single corporation (hereinafter sometimes referred to as the "Surviving Corporation"), with the result that Tektronix shall survive such Merger and shall succeed, without transfer, to all the rights and property of CAE, and shall be subject to all the debts and liabilities of CAE, in the same manner as if the Surviving Corporation had itself incurred them, and shall continue to exist under, and be governed by, the laws of the State of Oregon. The Merger shall become effective upon

the filing of the necessary documents with the Secretary of State of the State of Oregon and the Secretary of State of the State of California, which date is herein referred to as the "Effective Date."

2. The street address of the principal office of the Surviving Corporation will be 14150 S.W. Karl Braun Drive, Beaverton Oregon 97005. The post office address will be P.O. Box 500, Beaverton, Oregon 97077.

3. (a) Upon the Effective Date, Tektronix, Inc. will surrender for cancellation all of the shares of Common Stock of CAE owned by it. No other shares of CAE are outstanding.

(b) Each share of Common Stock of Tektronix issued and outstanding immediately prior to the Effective Date shall remain outstanding without change by virtue of the Merger.

4. Notwithstanding any of the provisions of this Plan of Merger, the respective Boards of Directors of Tektronix and CAE, at any time before or after approval by the shareholders of either or both corporations, and prior to the Effective Date of the Merger herein contemplated, and for any reason they may deem sufficient and proper, shall have the power and authority to abandon and refrain from making effective the contemplated merger as set forth herein; in which case this Plan of Merger shall thereby be canceled and become null and void.

TEKTRONIX, INC.

Date: October 27, 1987

By: EARL WANTLAND

Title: President and CEO

Date: October 22, 1987

By: R. ALLAN LEEDY, JR.

Title: Vice President, Secretary
and General Counsel
CAE SYSTEMS, INC.

Date: September 28, 1987

By: RICHARD

Title: President

Date: September 28, 1987

By: THOMAS J. SPENCE

Title: Secretary

ARTICLES OF AMENDMENT

OF

TEKTRONIX, INC.

Pursuant to the Oregon Business Corporation Act, these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is Tektronix, Inc.

2. On September 23, 1989, the following amendment to the Restated Articles of Incorporation, as amended, of the corporation was approved by shareholders:

ARTICLE III

1. The aggregate number of shares which the corporation shall have authority to issue is eighty-one million (81,000,000) shares, divided into eighty million (80,000,000) Common Shares, without par value, and one million (1,000,000) No Par Serial Preferred Shares, without par value.

2. Holders of Common Shares are entitled to one vote per share on any matter submitted to the shareholders. On dissolution of the corporation, after any preferential amount with respect to the No Par Serial Preferred Shares has been paid or set aside, the holders of Common Shares and the holders of any series of No Par Serial Preferred shares entitled to participate in the distribution of assets are entitled to receive the net assets of the corporation.

3. The corporation's board of directors is authorized, subject to limitations prescribed by the Oregon Business Corporation Act, as amended from time to time (the "Act"), and by the provisions of this Article, to provide for the issuance of No Par Serial Preferred Shares in series, to establish from time to time the number of shares to be included in each series and to determine the designations, relative rights, preferences and limitations of the shares of each series. The authority of the board of directors with respect to each series includes determination of the following:

(1) The number of shares in and the distinguishing designation of that series;

(2) Whether shares of that series shall have full, special, conditional, limited or no voting rights, except to the extent otherwise provided by the Act;

(3) Whether shares of that series shall be convertible and the terms and conditions of the conversion, including provision for adjustment of the conversion rate in circumstances determined by the board of directors;

(4) Whether shares of that series shall be redeemable and the terms and conditions of redemption, including the date or dates upon or after which they shall be redeemable and the amount per share payable in case of redemption, which amount may vary under different conditions or at different redemption dates;

(5) The dividend rate, if any, on shares of that series, the manner of calculating any dividends and the preferences of any dividends;

(6) The rights of shares of that series in the event of voluntary or involuntary dissolution of the corporation and the rights of priority of that series relative to the Common Shares and any other series of No Par Serial Preferred Shares on the distribution of assets on dissolution; and

(7) Any other rights, preferences and limitations of that series that are permitted by law to vary.

3. At the time of adoption of the amendment, there were 28,945,784 of the corporation's Common Shares, without par value, and no Preferred Shares, without par value, outstanding and entitled to vote on the amendment.

4. Of the total outstanding shares entitled to vote, 10,629,278 shares voted for the amendment and 10,364,301 shares voted against the amendment.

Dated: September 29, 1989.

TEKTRONIX, INC.

ARTICLES OF AMENDMENT

OF

TEKTRONIX, INC.

Pursuant to the Oregon Business Corporation Act, these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is Tektronix, Inc.

2. On August 16, 1990, the following amendment to the Restated Articles of Incorporation, as amended, of the corporation was duly adopted by the Board of Directors pursuant to ORS 60.134:

Article XIII is added to read as follows:

ARTICLE XIII

This Article XIII sets forth the designation, preferences, limitations and relative rights of a series of No Par Preferred Shares of the corporation as determined by the board of directors of the corporation pursuant to its authority under Oregon Revised Statutes 60.134 and Section 3 of Article III of these Restated Articles of Incorporation.

1. Designation and Amount. The shares of such series shall be designated as "Series A No Par Preferred Shares" and the number of shares constituting such

series shall be 80,000.

2. Dividends and Distributions.

(i) The holders of shares of Series A No Par Preferred Shares shall be entitled to receive, when and as declared by the board of directors, out of funds legally available for the purpose, dividends in an amount per share equal to 1,000 (the "Adjustment Number") multiplied by the aggregate per share amount of all cash dividends, and the Adjustment Number multiplied by the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in Common Shares or a subdivision of the outstanding Common Shares (by reclassification or otherwise), declared on the Common Shares, without par value, of the corporation (the "Common Shares") after the first issuance of any share or fraction of a share of Series A No Par Preferred Shares.

(ii) The corporation shall declare a dividend or distribution on the Series A No Par Preferred Shares as provided in subparagraph 2(1) at the same time that it declares a dividend or distribution on the Common Shares (other than a dividend payable in Common Shares).

(iii) Dividends shall not be cumulative. Unpaid dividends shall not bear interest. Dividends paid on the Series A No Par Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

3. Voting Rights. The holders of Series A No Par Preferred Shares shall have the following voting rights:

(i) Each Series A No Par Preferred Share shall entitle the holder thereof to the number of votes equal to the Adjustment Number then in effect on all matters submitted to a vote of the shareholders of the corporation.

(ii) Except as otherwise provided herein or by law, the holders of Series A No Par Preferred Shares and the holders of Common Shares shall vote together as one class on all matters submitted to a vote of shareholders of the corporation.

4. Certain Restrictions.

(i) Whenever dividends or distributions payable on the Series A No Par Preferred Shares as provided in Section 2 have not been declared or paid for any fiscal year, until all such dividends and distributions for such fiscal year on Series A No Par Preferred Shares outstanding shall have been declared and paid in full, the corporation shall not in such fiscal year

(a) declare or pay dividends on or make any other distributions on any shares of stock ranking junior or on a parity (either as to dividends or upon liquidation, dissolution or winding up) to the Series A No Par Preferred Shares except dividends paid ratably on the Series A No Par Preferred Shares and all such parity stock on which dividends are payable in proportion to the total amounts to which the holders of all such shares are then entitled and dividends or distributions payable in Common Shares;

(b) purchase or otherwise acquire for consideration any Series A No Par Preferred Shares or any shares of stock ranking on a parity with the Series A No Par Preferred Shares, except in accordance with a purchase offer made in writing or by publication (as determined by the board of directors) to all holders of such shares upon

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such terms as the board of directors, after consideration of the respective dividend rates and other relative rights and preferences of the respective series and classes, shall determine in good faith will result in fair and equitable treatment among the respective series or

classes.

(ii) The corporation shall not permit any subsidiary of the corporation to purchase or otherwise acquire for consideration any shares of stock of the corporation unless the corporation could, under subparagraph 4(i), purchase or otherwise acquire such shares at such time and in such manner.

5. Restriction on Issuance of Shares; Recquired Shares. The corporation shall not issue any Series A No Par Preferred Shares except upon exercise of rights (the "Rights") issued pursuant to the Rights Agreement dated as of August 16, 1990, between the corporation and First Chicago Trust Company of New York (the "Rights Agreement"), a copy of which is on file with the secretary of the corporation at its principal executive office and shall be made available to shareholders of record without charge upon written request. Any Series A No Par Preferred Shares purchased or otherwise acquired by the corporation in any manner whatsoever may be restored to the status of authorized but unissued shares after the acquisition thereof. All such shares shall upon any such restoration become authorized but unissued shares of Preferred Shares and may be reissued as part of a new series of Preferred Shares to be created by the board of directors, subject to the conditions and restrictions on issuance set forth herein.

6. Liquidation, Dissolution or Winding Up.

(i) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series A No Par Preferred Shares unless, prior thereto, the holders of shares of Series A No Par Preferred Shares shall have received the Adjustment Number multiplied by the per share amount to be distributed to holders of Common Shares, plus an amount equal to declared and unpaid dividends and distributions thereon to the date of such payment (the "Series A Liquidation Preference"). Following the payment of the full amount of the Series A Liquidation Preference, no additional distributions shall be made to the holders of shares of Series A No Par Preferred Shares.

(ii) In the event that there are not sufficient assets available to permit payment in full of the Series A Liquidation Preference and the liquidation preferences of all other series of Preferred Shares, if any, which rank senior to or on a parity with the Series A No Par Preferred Shares, then assets shall be distributed first to holders of any series of

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Preferred Shares ranking senior to the Series A No Par Preferred Shares to the extent of their liquidation preferences and such remaining assets shall be distributed ratably to the holders of Series A No Par Preferred Shares and such parity shares in proportion to their respective liquidation preferences.

7. Consolidation, Merger, etc. In case the corporation shall enter into any consolidation, merger, combination or other transaction in which the Common Shares are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the Series A No Par Preferred Shares shall at the same time be similarly exchanged or changed in an amount per share equal to the Adjustment Number multiplied by the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each Common Share is changed or exchanged.

8. Anti-Dilution Adjustments to Adjustment Number. In the event the corporation shall at any time after September 7, 1990 (the "Rights Declaration Date") (i) declare any dividend on Common Shares payable in shares of Common Shares, (ii) subdivide the outstanding Common Shares, or (iii) combine the outstanding Common Shares into a smaller number of shares, then in each such case the Adjustment Number for all purposes of this Article XIII shall be adjusted by multiplying the Adjustment Number then in effect by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares that were outstanding immediately prior to such event. In the event the corporation shall at any time after the Rights Declaration Date, fix a record date for the issuance of rights, options or warrants to all holders of Common Shares

entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares or securities convertible into Common Shares at a price per Common Shares (or having a conversion price per share, if a security convertible into Common Shares) less than the then Current Per Share Market Price of the Common Shares (as defined in Section 11(d) of the Rights Agreement) on such record date, then in each such case the Adjustment Number for all purposes of this Article XIII shall be adjusted by multiplying the Adjustment Number then in effect by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date plus the number of additional Common Shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible) and the denominator of which shall be the number of Common Shares outstanding on such record date plus the number of shares of Common Stock which the aggregate offering price of the total number of Common Shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such

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Current Per Share Market Price (as defined in Section 11(d) of the Rights Agreement). In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the board of directors. Common Shares owned by or held for the account of the corporation shall not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever such a record date is fixed. In the event that such rights, options or warrants are not so issued, the Adjustment Number shall be readjusted as if such record date had not been fixed; and to the extent such rights, options or warrants are issued but not exercised prior to their expiration, the Adjustment Number shall be readjusted to be the number which would have resulted from the adjustment provided for in this paragraph 8 if only the rights, options or warrants that were exercised had been issued.

9. No Redemption. The Series A No Par Preferred Shares shall not be redeemable at the option of the corporation or any holder thereof. Notwithstanding the foregoing sentence, the corporation may acquire Series A No Par Preferred Shares in any other manner permitted by law.

10. Amendment. Subsequent to the Distribution Date (as defined in the Rights Agreement) these articles of incorporation shall not be further amended in any manner which would materially alter or change the preferences, limitations and relative rights of the Series A

No Par Preferred Shares so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding Series A No Par Preferred Shares, voting separately as a class.

11. Fractional Shares. Series A No Par Preferred Shares may be issued in fractions of a share in integral multiples of one one-thousandth of a share, which shall entitle the holder, in proportion to such holders' fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series A No Par Preferred Shares.

Dated: August 30, 1990.

TEKTRONIX, INC.

By R. ALLAN LEEDY, JR.

R. Allan Leedy, Jr.
Vice President, Secretary
and General Counsel

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ARTICLES OF MERGER
OF THE GRASS VALLEY GROUP, INC.

WITH AND INTO
TEKTRONIX, INC.

The following Articles of Merger are filed pursuant to ORS 60.494 by Tektronix, Inc., an Oregon corporation, the surviving corporation in a merger of The Grass Valley Group, Inc., a California corporation and a wholly owned subsidiary of Tektronix, Inc., with and into Tektronix, Inc. (the "Subsidiary Merger"), pursuant to ORS 60.501 and ORS 60.491.

1. The name of the parent corporation is Tektronix, Inc. ("Parent"), an Oregon corporation.
2. The name of the subsidiary corporation is The Grass Valley Group, Inc. ("Sub"), a California corporation. Parent owns 100 percent of the 1,000 outstanding shares of Sub's common stock.
3. The plan of merger is attached hereto as Exhibit A and is incorporated herein by reference.
4. Shareholder approval of the Subsidiary Merger was not required, pursuant to ORS 60.491.
5. The effective date and time of the Subsidiary Merger shall be January 20, 1996, at 11:59 p.m.
6. The person to contact about this filing is:

Peter J. Bragdon
Telephone: (503) 294-9517

Dated: January 11, 1996

TEKTRONIX, INC.

By: CARL W. NEUN

Carl W. Neun,

EXHIBIT A

PLAN OF MERGER
OF
THE GRASS VALLEY GROUP, INC.
WITH AND INTO
TEKTRONIX, INC.

1. Parties.

- a. The name of the subsidiary corporation is The Grass Valley Group, Inc. ("Subsidiary"), a California corporation.
- b. The name of the parent corporation owning all of the outstanding shares of Subsidiary is Tektronix, Inc., an Oregon corporation.

2. Manner or Basis. The manner or basis of converting the shares of Subsidiary into shares, obligations, securities, cash or other property is as follows:

All of the 1,000 outstanding shares of Common Stock, no par value, of Subsidiary are held by Tektronix, Inc. prior to the merger and shall be cancelled in the merger.

ARTICLES OF MERGER
OF MICROWAVE LOGIC, INC.
WITH AND INTO
TEKTRONIX, INC.

The following Articles of Merger are filed pursuant to ORS 60.494 by Tektronix, Inc., an Oregon corporation, the surviving corporation in a merger of Microwave Logic, Inc., a Delaware corporation and a wholly owned subsidiary of Tektronix, Inc., with and into Tektronix, Inc. (the "Subsidiary Merger"), pursuant to ORS 60.501 and ORS 60.491.

1. The name of the parent corporation is Tektronix, Inc. ("Parent"), an Oregon corporation.
2. The name of the subsidiary corporation is Microwave Logic, Inc., a Delaware corporation ("Subsidiary"). Parent owns 100% of the 100 outstanding shares of Subsidiary's common stock.
3. The plan of merger is attached hereto as Exhibit A and is incorporated herein by reference.
4. Shareholder approval of the Subsidiary Merger was not required, pursuant to ORS 60.491.
5. The effective date of the Subsidiary Merger shall be May 25, 1996.
6. The person to contact about this filing is:

Margaret Hill Noto
Telephone: (503) 294-9348

TEKTRONIX, INC.

By: JOHN P. KARALIS
John P. Karalis
Senior Vice President and Secretary

EXHIBIT A

PLAN OF MERGER
OF
MICROWAVE LOGIC, INC.
WITH AND INTO
TEKTRONIX, INC.

Parties.

a. The name of the subsidiary corporation is Microwave Logic, Inc. (the "Subsidiary"), a Delaware corporation.

b. The name of the parent corporation owning all of the outstanding shares of the Subsidiary is Tektronix, Inc., an Oregon corporation.

2. Manner or Basis. The manner or basis of converting the shares of the Subsidiary into shares, obligations, securities, cash or other property is as follows:

All of the 100 outstanding shares of Common Stock, no par value, of the Subsidiary are held by Tektronix, Inc. prior to the merger and shall be cancelled in the merger.

3. Surviving Corporation. Tektronix, Inc. shall be the surviving corporation following the merger.

ARTICLES OF MERGER
OF LIGHTWORKS EDITING SYSTEM, INC.
WITH AND INTO
TEKTRONIX, INC.

The following Articles of Merger are filed pursuant to ORS 60.494 by Tektronix, Inc., an Oregon corporation, the surviving corporation in a merger of Lightworks Editing System, Inc., a California corporation and a wholly owned subsidiary of Tektronix, Inc., with and into Tektronix, Inc. (the "Subsidiary Merger"), pursuant to ORS 60.501 and ORS 60.491.

1. The name of the parent corporation is Tektronix, Inc., an Oregon corporation ("Parent").

2. The name of the subsidiary corporation is Lightworks Editing System, Inc., a California corporation (the "Subsidiary"). Parent owns 100 percent of the 1,000 outstanding shares of Subsidiary's common stock.

3. The plan of merger is attached hereto as Exhibit A and is incorporated herein by reference.

4. Shareholder approval of the Subsidiary Merger was not required, pursuant to ORS 60.491.

5. The effective date of the Subsidiary Merger shall be May 26, 1996.

6. The person to contact about this filing is:

Margaret Hill Noto

Telephone: (503) 294-9348

Dated: May 16, 1996

TEKTRONIX, INC.

By: JOHN P. KARALIS

John P. Karalis

Senior Vice President and Secretary

EXHIBIT A

PLAN OF MERGER OF LIGHTWORKS EDITING SYSTEM, INC. WITH AND INTO TEKTRONIX, INC.

1. Parties.

a. The name of the subsidiary corporation is Lightworks Editing System, Inc., a California corporation (the "Subsidiary").

b. The name of the parent corporation owning all of the outstanding shares of the Subsidiary is Tektronix, Inc., an Oregon corporation.

2. Manner or Basis of Conversion. The manner or basis of converting the shares of the Subsidiary into shares, obligations, securities, cash or other property is as follows:

All of the 1,000 outstanding shares of Common Stock of the Subsidiary are held by Tektronix, Inc. prior to the merger and shall be cancelled

in the merger.

3. Surviving Corporation. Tektronix, Inc. shall be the surviving corporation following the merger.

ARTICLES OF AMENDMENT

OF

TEKTRONIX, INC.

Pursuant to the Oregon Business Corporation Act, these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is Tektronix, Inc.

2. On September 24, 1998, the following amendment to the Restated Articles of Incorporation, as amended, of the corporation was approved by shareholders: Article III, Section 1 is amended to read as follows:

ARTICLE III

1. The aggregate number of shares which the corporation shall have authority to issue is two hundred one million (201,000,000) shares, divided into two hundred million (200,000,000) Common Shares, without par value, and one million (1,000,000) No Par Serial Preferred Shares, without par value."

3. At the time of adoption of the amendment, there were 49,638,025 of the corporation' s Common Shares, without par value, and no Preferred Shares, without par value, outstanding and entitled to vote on the amendment.

4. Of the total outstanding shares entitled to vote, 23,020,855 shares voted for the amendment and 18,373,131 shares voted against the amendment.

Dated: October 7, 1998.

TEKTRONIX, INC.

By: JAMES F. DALTON

James F. Dalton
Secretary

ARTICLES OF AMENDMENT OF TEKTRONIX, INC. ESTABLISHING SERIES B NO PAR PREFERRED SHARES

Pursuant to the Oregon Business Corporation Act, these Articles of Amendment were adopted by the undersigned corporation:

1. The name of the corporation is Tektronix, Inc.

2. On June 21, 2000, the following amendment to the Restated Articles of Incorporation, as amended, of the corporation was duly adopted by the Board of Directors pursuant to ORS 60.134:

Article XIV is added to read as follows:

ARTICLE XIV

This Article XIV sets forth, the designation, preferences, limitations and relative rights of a series of No Par Preferred Shares of the corporation as determined by the board of directors of the corporation pursuant to its authority under Oregon Revised Statutes 60.134 and Section 3 of Article III of these Restated Articles of Incorporation.

1. Designation and Amount. The shares of such series shall be designated as "Series B No Par Preferred Shares" and the number of shares constituting such series shall be 125,000.

2. Dividends and Distributions.

(i) The holders of shares of Series B No Par Preferred Shares shall be entitled to receive, when and as declared by the board of directors, out of funds legally available for the purpose, dividends in an amount per share equal to 1,000 (the "Adjustment Number") multiplied by the aggregate per share amount of all cash dividends, and the Adjustment Number multiplied by the aggregate per share amount (payable in kind) of all non-cash dividends or other distributions other than a dividend payable in Common Shares or a subdivision of the outstanding Common Shares (by reclassification or otherwise), declared on the Common Shares, without par value, of the corporation (the "Common Shares") after the first issuance of any share or fraction of a share of Series B No Par Preferred Shares.

(ii) The corporation shall declare a dividend or distribution on the Series B No Par Preferred Shares as provided in subparagraph 2 (i) at the same time that it declares a dividend or distribution on the Common Shares (other than a dividend payable in Common Shares).

(iii) Dividends shall not be cumulative. Unpaid dividends shall not bear interest. Dividends paid on the Series B No Par Preferred Shares in an amount less than the total amount of such dividends at the time accrued and payable on such shares shall be allocated pro rata on a share-by-share basis among all such shares at the time outstanding.

3. Voting Rights. The holders of Series B No Par Preferred Shares shall have the following voting rights:

(i) Each Series B No Par Preferred Share shall entitle the holder thereof to the number of votes equal to the Adjustment Number then in effect on all matters submitted to a vote of the shareholders of the corporation.

(ii) Except as otherwise provided herein or by law, the holders of Series B No Par Preferred Shares and the holders of common shares shall vote together as one class on all matters submitted to a vote of shareholders of the corporation.

4. Certain Restrictions.

(i) Whenever dividends or distributions payable on the Series B No Par Preferred Shares as provided in Section 2 have not been declared or paid for any fiscal year, until all such dividends and distributions for such fiscal year on Series B No Par Preferred Shares outstanding shall have been declared and paid in full, the corporation shall not in such fiscal year

(a) declare or pay dividends on or make any other distributions on any shares of stock ranking junior or on a parity (either as to dividends or upon liquidation, dissolution or winding up) to the Series B No Par Preferred shares except dividends paid ratably on the Series B No Par Preferred Shares and all such parity stock on which dividends are payable in proportion to the total amounts to which the holders of all such shares are then entitled and dividends or distributions payable in Common Shares;

(b) purchase or otherwise acquire for consideration any Series B No Par Preferred Shares or any shares of stock ranking on a parity with the Series B No Par Preferred Shares, except in accordance with a purchase offer made in writing or by publication (as determined by the board of directors) to all holders of such shares upon such terms as the board of directors, after consideration of the respective dividend rates and other relative rights and preferences of the respective series and classes, shall determine in

good faith will result in fair and equitable treatment among the respective series or classes.

(ii) The corporation shall not permit any subsidiary of the corporation to purchase or otherwise acquire for consideration any shares of stock of the corporation unless the corporation could, under subparagraph 4(i), purchase or otherwise acquire such shares at such time and in such manner.

5. Restriction on Issuance of Shares; Reacquired Shares. The corporation shall not issue any Series B No Par Preferred Shares except upon exercise of rights (the "Rights") issued pursuant to the Rights Agreement dated as of June 21, 2000, between the corporation and

ChaseMellon Shareholder Services, L.L.C., (the "Rights Agreement"), a copy of which is on file with the secretary of the corporation at its principal executive office and shall be made available to shareholders of record without charge upon written request. Any Series B No Par Preferred Shares purchased or otherwise acquired by the corporation in any manner whatsoever may be restored to the status of authorized but unissued shares after, the acquisition thereof. All such shares shall upon any such restoration become authorized but unissued shares of Preferred Shares and may be reissued as part of a new series of Preferred Shares to be created by the board of directors, subject to the conditions and restrictions on issuance set forth herein.

6. Liquidation, Dissolution or Winding Up.

(i) Upon any liquidation (voluntary or otherwise), dissolution or winding up of the corporation, no distribution shall be made to the holders of shares of stock ranking junior (either as to dividends or upon liquidation, dissolution or winding up) to the Series B No Par Preferred Shares unless, prior thereto, the holders of shares of Series B No Par Preferred Shares shall have received the Adjustment Number multiplied by the per share amount to be distributed to holders of Common Shares, plus an amount equal to declared and unpaid dividends and distributions thereon to the date of such payment (the "Series B Liquidation Preference"). Following the payment of the full amount of the Series B Liquidation Preference, no additional distributions shall be made to the holders of shares of Series B No Par Preferred Shares.

(ii) In the event that there are not sufficient assets available to permit payment in full of the Series B Liquidation Preference and the liquidation preferences of all other series of Preferred Shares, if any, which rank senior to or on a parity with the Series B No Par Preferred shares, then assets shall be distributed first to holders of any series of Preferred Shares ranking senior to the Series B No Par Preferred Shares to the extent of their liquidation preferences and such remaining assets shall be distributed ratably to the holders of Series B No Par Preferred Shares and such parity shares in proportion to their respective liquidation preferences.

7. Consolidation, Merger, etc. In case the corporation shall enter into any consolidation, merger, combination or other transaction in which the Common

Shares are exchanged for or changed into other stock or securities, cash and/or any other property, then in any such case the Series B No Par Preferred Shares shall at the same time be similarly exchanged or changed in an amount per share equal to the Adjustment Number multiplied by the aggregate amount of stock, securities, cash and/or any other property (payable in kind), as the case may be, into which or for which each Common Share is changed or exchanged.

8. Anti-Dilution, Adjustments to Adjustment Number. In the event the corporation shall at any time after September 7, 2000 (the "Rights Declaration Date") (i) declare any dividend on Common Shares payable in shares of Common Shares, (ii) subdivide the outstanding Common Shares, or (iii) combine the outstanding Common Shares into a smaller number of shares, then in each such case the Adjustment Number for all purpose of this Article XIV shall be adjusted by multiplying the Adjustment Number then in effect by a fraction, the numerator of which is the number of Common Shares outstanding immediately after such event and the denominator of which is the number of Common Shares that were outstanding immediately prior to such event. In the event the corporation shall at any time after the Rights Declaration Date, fix a record date for the issuance of rights, options or warrants to all holders of Common Shares entitling them (for a period expiring within 45 calendar days after such record date) to subscribe for or purchase Common Shares or securities convertible into Common Shares at a price per Common Shares (or having a conversion price per share, if a security convertible into Common Shares) less than the then Current Per Share Market Price (as defined in Section 11(d) of the Rights Agreement) of the Common Shares on such record date, then in each such case the Adjustment Number for all purposes of this Article XIV shall be adjusted by multiplying the Adjustment Number then in effect by a fraction, the numerator of which shall be the number of Common Shares outstanding on such record date plus the, number of additional Common Shares to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible) and the denominator of which shall be the number of common Shares outstanding on such record date plus the number of shares of Common Stock which the aggregate offering price of the total number of common Shares so to be offered (and/or the aggregate initial conversion price of the convertible securities so to be offered) would purchase at such Current Per Share Market Price (as defined in Section 11(d) of the Rights Agreement). In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be as determined in good faith by the board of directors. Common Shares owned by or held for the account of the corporation shall, not be deemed outstanding for the purpose of any such computation. Such adjustment shall be made successively whenever

such a record date is fixed. In the event that such rights, options or warrants are not so issued, the Adjustment Number shall be readjusted as if such record date had not been fixed; and to the extent such rights, options or warrants are issued but not exercised prior to their expiration, the Adjustment Number shall be readjusted to be the number which would have resulted from the adjustment provided for in this paragraph 8 if only the rights, options or warrants that were exercised had been issued.

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9. No Redemption. The Series B No Par Preferred Shares shall not be redeemable at the option of the corporation or any holder thereof. Notwithstanding the foregoing sentence, the corporation may acquire Series B No Par Preferred Shares in any other manner permitted by law.

10. Amendment. Subsequent to the Distribution Date (as defined in the Rights Agreement) these articles of incorporation shall not be further amended in any manner which, would materially alter or change the preferences, limitations and relative rights of the Series B No Par Preferred Shares so as to affect them adversely without the affirmative vote of the holders of a majority of the outstanding Series B No Par Preferred Shares, voting separately as a class.

10. Fractional Shares. Series B No Par Preferred Shares may be issued in fractions of a share in integral multiples of one one-thousandth of a share, which shall entitle the holder, in proportion to such holders' fractional shares, to exercise voting rights, receive dividends, participate in distributions and to have the benefit of all other rights of holders of Series B No Par Preferred Shares.

Dated: July 31, 2000

TEKTRONIX, INC.

By: /s/ JAMES F. DALTON

James F. Dalton, Secretary

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Executive Severance Agreement

Effective as of May 17, 2001

Richard H. Wills
 Tektronix, Inc.
 PO Box 500, M/S 55-795
 Beaverton, OR 97077-0001

Executive

Tektronix, Inc.,
 an Oregon corporation
 P.O. Box 500
 Beaverton, Oregon

Tektronix

Tektronix considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of Tektronix and its shareholders. In order to induce Executive to remain employed by Tektronix in the face of uncertainties about the long-term strategies of Tektronix and their potential impact on the scope and nature of Executive's position with Tektronix, this Agreement sets forth the severance benefits that Tektronix will provide to Executive in the event Executive's employment by Tektronix is terminated under the circumstances described in this Agreement.

1. **Employment Relationship.** Executive is currently employed by Tektronix as President and Chief Executive Officer. Executive and Tektronix acknowledge that either party may terminate this employment relationship at any time and for any reason, subject to the obligation of Tektronix to provide the benefits specified in this Agreement in accordance with the terms hereof.

Executive acknowledges that the purpose of this Agreement is to provide both for the retention of Executive and for flexibility in Tektronix's use of Executive's services. Consequently, Executive agrees that, for purposes of this Agreement, Executive's employment by Tektronix shall not be deemed terminated if Executive is assigned additional or different tasks and responsibilities from those currently held or assigned, provided that Executive continues as the Chief Executive Officer with substantial management responsibility consistent with that title.

2. **Release of Claims.** In consideration for the severance benefits outlined in this Agreement, Executive agrees to execute a Release of Claims in the form attached as Exhibit A ("Release of Claims"). Executive promises to execute and deliver the Release of Claims to Tektronix within the later of forty-five (45) days from the date Executive receives the Release of Claims or on the last day of Executive's active employment.
3. **Compensation Upon Termination.** In the event that Executive's employment is terminated at any time by Tektronix other than for Cause (as defined in Section 6.1 of this Agreement), death, or Disability (as defined in Section 6.2 of this Agreement), subject to Executive's execution of a Release of Claims and compliance with the terms of this agreement (including Section 7), Executive shall be entitled to the following benefits:

- 3.1** As severance pay and in lieu of any further pay for periods subsequent to the date termination, Tektronix shall pay Executive, in a single payment within the later of forty-five (45) days after termination of employment or eight days after execution of the Release of Claims, an amount in cash equal to
- 3.1.1 two times Executive' s annual base pay at the rate in effect immediately prior to the date of termination, or, if greater, an amount in cash equal to two times Executive' s average annual base pay for the three years ending with Executive' s last pay change preceding termination; and,
- 3.1.2 two times Executive' s targeted bonus under the Annual Performance Incentive Plan (APIP) for the fiscal year in which Executive' s employment is terminated.
- 3.2** Pursuant to COBRA, Executive is entitled to extend coverage under any group health plan in which Executive and Executive' s dependents are enrolled at the time of termination of employment for the 18-month statutory period, or so long as Executive remains eligible under COBRA.
- At the time of payment of the severance pay referenced in paragraph 3.1 above, Tektronix will pay Executive a lump sum payment in an amount equivalent to the reasonably estimated cost Executive may incur to extend for a period of eighteen (18) months under the COBRA continuation laws Executive' s group health and dental plan coverage in effect at the time of termination. Executive may use this payment, as well as any payment made under 3.1, for such COBRA continuation coverage or for any other purpose.
- 3.3** Tektronix will pay up to \$18,000 to a third party outplacement firm selected by Executive to provide career counseling assistance to Executive for a period of one (1) year following Executive' s termination date.
- 3.4** Tektronix will permit Executive to continue to participate in its Executive Financial Counseling Program through the remainder of the term of Executive' s current participation (which shall in no case be longer than one (1) year after the effective date of Executive' s termination).

4. Subsequent Employment. The amount of any payment provided for in this Agreement shall not be reduced, offset or subject to recovery by Tektronix by reason of any compensation earned by Executive as the result of employment by another employer after termination.

5. Other Agreements.

- 5.1** This Agreement supercedes and replaces the Severance Agreement dated January 20, 2000 between Executive and Tektronix.
- 5.2** In the event that severance benefits are payable to Executive under any other agreement with Tektronix in effect at the time of termination, the benefits provided in this Agreement shall not be payable to Executive. Executive may, however, elect to receive all of the benefits provided for in this Agreement in lieu of all of the benefits provided in all such Other Agreements. Any such election shall be made with respect to the Other Agreements as a whole, and Executive cannot select some benefits from one agreement and other benefits from this Agreement. For purposes of this Section 5.2, "Other Agreement" shall include, but not limited to, any change of control, "golden parachute" or employment agreement, but shall exclude any stock option agreement or stock bonus agreement or stock appreciation right agreement that may provide for accelerated vesting or related benefits upon the occurrence of a change in control.
- 5.3** The vesting or accrual of stock options, restricted stock, stock bonuses, or any other stock awards shall not continue following termination. Any agreements between Executive and Tektronix that relate to stock awards (including but not limited to stock

options, long term incentive program, stock bonuses and restricted stock) shall be governed by such agreements and shall not be affected by this Agreement, except that Executive may exercise any unexercised, vested options until the earlier of

5.3.1 two years following the date of Executive' s termination of employment, or

5.3.2 the date the options terminate under the terms of the option grant agreements.

6. Definitions.

6.1 *Cause.* Termination by Tektronix of Executive' s employment for "Cause" shall mean termination upon (a) the willful and continued failure by Executive to perform substantially Executive' s reasonably assigned duties with Tektronix (other than any such failure resulting from Executive' s incapacity due to physical or mental illness) after a demand for substantial performance is delivered to Executive by the Chairman of the Board of Directors or the President of Tektronix which specifically identifies the manner in which such executive believes that Executive has not substantially performed Executive' s duties, or (b) the willful engaging by Executive in illegal conduct which is materially and demonstrably injurious to Tektronix. For purposes of this Section 6.1, no act, or failure to act, on Executive' s part shall be considered "willful" unless done, or omitted to be done, by Executive in knowing bad faith and without reasonable belief that Executive' s action or omission was in, or not opposed to, the best interests of Tektronix. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for Tektronix shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of Tektronix.

6.2 *Disability.* Termination by Tektronix of Executive' s employment based on "Disability" shall mean termination because of Executive' s absence from Executive' s duties with Tektronix on a full-time basis for one hundred eighty (180) consecutive days as a result of Executive' s incapacity due to physical or mental illness, unless within thirty (30) days after notice of termination by Tektronix following such absence Executive shall have returned to the full-time performance of Executive' s duties.

7. **Non-Solicitation.** Executive agrees that for 18 months after Executive' s employment with Tektronix terminates for any reason, with or without cause, whether by Tektronix or Executive, Executive shall not recruit, attempt to hire, solicit, or assist others in recruiting or hiring, any person who is an employee of Tektronix, or any of its subsidiaries, in each case as of the date of employment termination, or induce or attempt to induce any such employee to terminate his or her employment with Tektronix or any of its subsidiaries. In addition to other remedies that may be available to Tektronix, Tektronix shall have no obligation to pay any benefits to Executive pursuant to this Agreement, and Executive shall repay to Tektronix all benefits paid under this Agreement, if Executive violates this Section 7.

8. Successors; Binding Agreement.

8.1 This Agreement shall be binding on and inure to the benefit of Tektronix and its successors and assigns.

8.2 This Agreement shall inure to the benefit of and be enforceable by Executive and

Executive' s legal representatives, executors, administrators and heirs.

9. **Resignation of Corporate Offices.** Executive will resign Executive' s office, if any, as a director, officer or trustee of Tektronix, its subsidiaries or affiliates, effective as of the date of termination of employment. Executive agrees to provide Tektronix such written resignation(s) upon request.

- 10. Governing Law, Arbitration; Remedies for Breach.** This Agreement shall be construed in accordance with and governed by the laws of the State of Oregon. Any dispute or controversy arising under or in connection with this Agreement or the breach thereof, shall be settled exclusively by arbitration in Portland, Oregon in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction thereof. Nothing in this Agreement shall preclude either party from seeking injunctive relief from any court of competent jurisdiction, including a temporary restraining order and a preliminary injunction, to preserve the status quo or prevent irreparable harm. Executive acknowledges and agrees that a violation of Section 7 of this Agreement may cause irreparable harm for which Tektronix may not be fully or adequately compensated by recovery of monetary damages.
- 11. Fees and Expenses.** In the event that either party initiates arbitration under the circumstances described in this Agreement to obtain or enforce any right or benefit provided by this Agreement, the Arbitrator shall determine the prevailing party and shall award to the prevailing party, and the other party shall pay, the prevailing parties reasonable attorneys' fees and costs incurred in connection with such proceeding.
- 12. Amendment.** No provision of this Agreement may be modified unless such modification is agreed to in a writing signed by Executive and Tektronix.

TEKTRONIX, INC.

By: /s/ JAMES F. DALTON

/s/ RICHARD H. WILLS

Richard H. Wills

Title: Vice President

Exhibit A

RELEASE OF CLAIMS

This Release of Claims (the "Release") is made and executed by _____ in connection with the termination of my employment with Tektronix, Inc. ("Tektronix") and in consideration of my receiving valuable severance pay and benefits as provided for in the Executive Severance Agreement ("Agreement"). These benefits are substantial consideration to which I am not otherwise entitled.

On behalf of myself and my spouse, heirs, administrators and assigns, and to the fullest extent possible under applicable law, I hereby release Tektronix, its parent and related corporations, affiliates and joint ventures, all predecessors and successors for all such entities, and all officers, directors, employees, agents, shareholders, representatives and insurers of the aforementioned (collectively, the "Company") from any and all liability, damages or causes of action, whether known or unknown relating to my employment with the Company or the termination of that employment, including but not limited to any claims for additional compensation in any form, or damages or for personal injuries or attorneys' fees. This release specifically includes, but is not limited to, all claims for relief or remedy under any common law theories, including but not limited to, breach of contract or tort or tort-like theories and under any local, state or federal civil rights, labor and employment laws, including but not limited to, Employee Retirement Income Security Act (ERISA), Title VII of the Civil Rights Act of 1964, the Post-Civil War Civil Rights Acts (42 USCA §§ 1981-1988), the Civil Rights Act of 1991, the Equal Pay Act, the Age Discrimination in Employment Act, the Older Workers' Benefit Protection Act, the Americans with Disabilities Act, the Worker Adjustment and Retraining Notification Act, the Contract Work Hours and Safety Standards Act, the Walsh-Healy Act, the Rehabilitation Act of 1973, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Vietnam Era Veterans Readjustment Assistance Act, the Fair Labor

Standards Act, Executive Order 11,246, the Family and Medical Leave Act, and all comparable local and state laws, all as amended, and including any regulations or guidelines thereunder.

This Release shall not affect any rights which I may have under any medical insurance, disability, workers' compensation, unemployment compensation or retirement plans maintained by the Company.

I acknowledge that I have been given at least 45 days to consider whether to execute this Release of Claims and accept benefits under the Executive Severance Agreement; that I have been advised of my right to consult with an attorney or financial advisor of my choice and at my own expense; that the Executive Severance Agreement gives me severance pay and benefits which the Company would otherwise have no obligation to give me; and that I voluntarily enter into the Release of Claims.

I understand that the Release of Claims is to be signed within 45 days from the date I received it or on my last day of employment, whichever is later, and that I may revoke the Release of Claims, provided I do so in writing within seven (7) days of signing the Release. I understand and agree that the Company will have no obligation to pay me any benefits under the Agreement until the expiration of the revocation period, provided I have not revoked the Release of Claims. I understand that if I revoke the Release of Claims my termination will nonetheless remain in full force and effect and I will not be entitled to any benefits under the Agreement.

I acknowledge that I have had time to consider the alternatives and consequences of my election to receive benefits under the Agreement and of signing the Release; that I am aware of my right to consult an attorney or financial advisor at my own expense; and that, in consideration for executing this Release and my election to receive benefits under the Agreement, I have received additional benefits and compensation of value to which I would not otherwise be entitled.

Every provision of this Release is intended to be severable. In the event any term or provision contained in this Release is determined to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect the other terms and provisions of this Release which shall continue in full force and effect.

I HAVE READ THE FOREGOING RELEASE. I UNDERSTAND THE EFFECT OF THIS RELEASE. I UNDERSTAND THAT I AM RELEASING LEGAL RIGHTS, AND I VOLUNTARILY ENTER INTO THE RELEASE.

Date Signed: _____, 2001

Effective Date: _____, 2001
(8th Day Following Date Signed)

(Employee Name)

(Employee Signature)

Return to:
Tektronix, Inc.
General Counsel, 55-720

Exhibit B

NOTICE TO ELIGIBLE PARTICIPANTS

The following sets forth our understanding of certain conditions required by the Older Workers Benefit Protection Act for "knowing and willing" release of certain claims by employees over forty (40) years of age. Tektronix, Inc. ("Tektronix") is providing the same information and time frames in seeking a Release of Claims from all employees offered severance benefits under an Executive Severance Agreement.

PLEASE READ THE FOLLOWING INFORMATION BEFORE SIGNING THE RELEASE OF CLAIMS.

- A. Consultation of Attorney: You have the right to consult with an attorney of your choice before you sign the Release of Claims. No one in the Company is authorized to give you advice on whether or not to consult with an attorney or whether or not to sign the Release of Claims ("Release"). The decision whether to consult an attorney or not is yours alone. Except as provided for in the Executive Severance Agreement, Tektronix does not pay for legal fees.
- B. Period of Consideration: You have at least forty-five (45) calendar days to consider the offer of severance benefits under the Executive Severance Agreement and whether to accept the benefits and sign the Release of Claims. This means that you may wait until the end of the 45 day period to sign these documents and be entitled to receive severance benefits, provided you meet all other conditions of the Executive Severance Agreement. You may accept benefits by signing the Release at any time on or before the last day of the 45-day period. Please note that if you do not sign the Release by that day, you will not be eligible for the severance benefits offered.
- C. Period of Revocation: After you have signed the Release, you have seven (7) calendar days to revoke both your acceptance of benefits and the Release. By revoking the Release, you are exercising your right to change your mind. If you revoke the Release, though, you will not be eligible to receive the severance benefits.
- D. Exchange for Consideration: The Release is in exchange for "consideration" (benefits) which exceeds anything to which you may have been entitled. This means that you will receive severance benefits that you would not otherwise receive from Tektronix. Severance benefits are extra, in part, because you signed the Release.

Additional Information: In the case of a separation program offered to a group of employees, we are required to make available to you certain information. The required information is listed below, with the Company's response included in parenthesis:

- (1) the class or group of employees covered by the program

Direct reports to the Company's Chief Executive Officer

- (2) the eligibility factors for the program

See Executive Severance Agreement

- (3) time limits for the program;

All persons being offered benefits under a Release of Claims must sign the agreement and return it to Tektronix at the address indicated on the Release of Claims within 45 days after receiving the Release of Claims. If you decide to sign the Release of Claims and return it to the Company, you have 7 days from the date of your signature to revoke the Release of Claims.

- (4) the job titles and ages of employees eligible or selected for the program;

See list maintained by the Company's Vice President, Human Resources.

- (5) the ages of employees in the same classification either not eligible or not selected

See list maintained by the Company's Vice President, Human Resources.

PLEASE READ THE RELEASE AND GIVE IT CAREFUL CONSIDERATION BEFORE SIGNING.

**LIST OF NAMED EXECUTIVE OFFICERS
WITH WHOM TEKTRONIX HAS EXECUTIVE
SEVERANCE AGREEMENTS IN SUBSTANTIALLY
THE FORM ATTACHED.**

James F. Dalton

Colin L. Slade

David E. Coreson

Richard D. McBee

Executive Severance Agreement

Effective as of _____

(Name)

(Address)

Executive

Tektronix, Inc.,

an Oregon corporation

P.O. Box 500

Beaverton, Oregon

Tektronix

Tektronix considers the establishment and maintenance of a sound and vital management to be essential to protecting and enhancing the best interests of Tektronix and its shareholders. In order to induce Executive to remain employed by Tektronix in the face of uncertainties about the long-term strategies of Tektronix and their potential impact on the scope and nature of Executive's position with Tektronix, this Agreement sets forth the severance benefits that Tektronix will provide to Executive in the event Executive's employment by Tektronix is terminated under the circumstances described in this Agreement.

- 1. Employment Relationship.** Executive is currently employed by Tektronix as *[TITLE]*. Executive and Tektronix acknowledge that either party may terminate this employment relationship at any time and for any reason, subject to the obligation of Tektronix to provide the benefits specified in this Agreement in accordance with the terms hereof.

Executive acknowledges that the purpose of this Agreement is to provide both for the retention of Executive and for flexibility in Tektronix's use of Executive's services. Consequently, Executive agrees that, for purposes of this Agreement, Executive's employment by Tektronix shall not be deemed terminated if Executive is assigned additional or different titles, and/or tasks and responsibilities from those currently held or assigned, provided, that any changes leave Executive with substantial management responsibility, consistent with Executive's areas of professional expertise.

- 2. Release of Claims.** In consideration for the severance benefits outlined in this Agreement, Executive agrees to execute a Release of Claims in the form attached as Exhibit A ("Release of Claims"). Executive promises to execute and deliver the Release of Claims to Tektronix within the later of forty-five (45) days from the date Executive receives the Release of Claims or on the last day of Executive's active employment.

3. Compensation Upon Termination. In the event that Executive's employment is terminated at any time by Tektronix other than for Cause (as defined in Section 6.1 of this Agreement), death, or Disability (as defined in Section 6.2 of this Agreement), subject to Executive's execution of a Release of Claims and compliance with the terms of this agreement (including Section 7), Executive shall be entitled to the following benefits:

3.1 As severance pay and in lieu of any further pay for periods subsequent to the date of termination, Tektronix shall pay Executive, in a single payment within the later of forty-five (45) days after termination of employment or eight days after execution of the Release of Claims, an amount in cash equal to Executive's annual base pay at the rate in effect immediately prior to the date of termination, or, if greater, an amount in cash equal to Executive's average annual base pay for the three years ending with Executive's last pay change preceding termination.

3.2 Pursuant to COBRA, Executive is entitled to extend coverage under any group health plan in which Executive and Executive's dependents are enrolled at the time of termination of employment for the 18-month statutory period, or so long as Executive remains eligible under COBRA.

At the time of payment of the severance pay referenced in paragraph 3.1 above, Tektronix will pay Executive a lump sum payment in an amount equivalent to the reasonably estimated cost Executive may incur to extend for a period of eighteen (18) months under the COBRA continuation laws Executive's group health and dental plan coverage in effect at the time of termination. Executive may use this payment, as well as any payment made under 3.1, for such COBRA continuation coverage or for any other purpose.

3.3 Unless Executive's employment terminates at the end of the fiscal year, and except as provided in Section 5, Executive shall be entitled to a portion of the benefits under any incentive plans in effect at the time of termination (including the Annual Performance Improvement Plan), prorated for the portion of the plan year during which Executive was a participant. For purposes of this Agreement, Executive's participation in the Annual Performance Improvement Plan will be considered to have ended on Executive's last day of active employment. Prorated awards shall not be due and payable by Tektronix to Executive until the date that all awards are paid after the close of the incentive period. Unless the applicable plan provides for a greater payment for a participant whose employment terminates prior to the end of an incentive period (in which case the applicable plan payment shall be made), the proration shall be calculated pursuant to this Section 3.3. The payment, if any, that would have been made under Executive's award had Executive been made a participant for the full incentive period shall be calculated at the end of the incentive period. Such amount shall be divided by the total number of days in the incentive period and the result multiplied by the actual number of days Executive participated in the plan.

3.4 Tektronix will pay up to \$18,000 to a third party outplacement firm selected by

Executive to provide career counseling assistance to Executive for a period of one (1) year following Executive's termination date.

3.5 Tektronix will permit Executive to continue to participate in its Executive Financial Counseling Program through the remainder of the term of Executive's current participation (which shall in no case be longer than one (1) year after the effective date of Executive's termination).

4. **Subsequent Employment.** The amount of any payment provided for in this Agreement shall not be reduced, offset or subject to recovery by Tektronix by reason of any compensation earned by Executive as the result of employment by another employer after termination.
5. **Other Agreements.**
- 5.1 In the event that severance benefits are payable to Executive under any other agreement with Tektronix in effect at the time of termination, the benefits provided in this Agreement shall not be payable to Executive. Executive may, however, elect to receive all of the benefits provided for in this Agreement in lieu of all of the benefits provided in all such Other Agreements. Any such election shall be made with respect to the Other Agreements as a whole, and Executive cannot select some benefits from one agreement and other benefits from this Agreement. For purposes of this Section 5.1, "Other Agreement" shall include, but not limited to, any change of control, "golden parachute" or employment agreement, but shall exclude any stock option agreement or stock bonus agreement or stock appreciation right agreement that may provide for accelerated vesting or related benefits upon the occurrence of a change in control.
- 5.2 The vesting or accrual of stock options, restricted stock, stock bonuses, or any other stock awards shall not continue following termination. Any agreements between Executive and Tektronix that relate to stock awards (including but not limited to stock options, long term incentive program, stock bonuses and restricted stock) shall be governed by such agreements and shall not be affected by this Agreement.
6. **Definitions.**
- 6.1 *Cause.* Termination by Tektronix of Executive's employment for "Cause" shall mean termination upon (a) the willful and continued failure by Executive to perform substantially Executive's reasonably assigned duties with Tektronix (other than any such failure resulting from Executive's incapacity due to physical or mental illness) after a demand for substantial performance is delivered to Executive by the Chairman of the Board of Directors or the President of Tektronix which specifically identifies the manner in which such executive believes that Executive has not substantially performed Executive's duties, or (b) the willful engaging by Executive in illegal conduct which is materially and demonstrably injurious to Tektronix. For
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- purposes of this Section 6.1, no act, or failure to act, on Executive's part shall be considered "willful" unless done, or omitted to be done, by Executive in knowing bad faith and without reasonable belief that Executive's action or omission was in, or not opposed to, the best interests of Tektronix. Any act, or failure to act, based upon authority given pursuant to a resolution duly adopted by the Board of Directors or based upon the advice of counsel for Tektronix shall be conclusively presumed to be done, or omitted to be done, by Executive in good faith and in the best interests of Tektronix.
- 6.2 *Disability.* Termination by Tektronix of Executive's employment based on "Disability" shall mean termination because of Executive's absence from Executive's duties with Tektronix on a full-time basis for one hundred eighty (180) consecutive days as a result of Executive's incapacity due to physical or mental illness, unless within thirty (30) days after notice of termination by Tektronix following such absence Executive shall have returned to the full-time performance of Executive's duties.
7. **Non-Solicitation.** Executive agrees that for 18 months after Executive's employment with Tektronix terminates for any reason, with or without cause, whether by Tektronix or Executive, Executive shall not recruit, attempt to hire, solicit, or assist others in recruiting or hiring, any person who is an employee of Tektronix, or any of its subsidiaries, in each case as of the date of employment termination, or induce or attempt to induce any such employee to terminate his or her employment with Tektronix or any of its subsidiaries. In addition

to other remedies that may be available to Tektronix, Tektronix shall have no obligation to pay any benefits to Executive pursuant to this Agreement, and Executive shall repay to Tektronix all benefits paid under this Agreement, if Executive violates this Section 7.

8. Successors; Binding Agreement.

8.1 This Agreement shall be binding on and inure to the benefit of Tektronix and its successors and assigns.

8.2 This Agreement shall inure to the benefit of and be enforceable by Executive and Executive's legal representatives, executors, administrators and heirs.

9. Resignation of Corporate Offices. Executive will resign Executive's office, if any, as a director, officer or trustee of Tektronix, its subsidiaries or affiliates, effective as of the date of termination of employment. Executive agrees to provide Tektronix such written resignation(s) upon request.

10. Governing Law, Arbitration; Remedies for Breach. This Agreement shall be construed in accordance with and governed by the laws of the State of Oregon. Any dispute or controversy arising under or in connection with this Agreement or the breach thereof, shall be settled exclusively by arbitration in Portland, Oregon in accordance with the Commercial Arbitration Rules of the American Arbitration Association, and judgment upon the award rendered by the Arbitrator may be entered in any court having jurisdiction

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thereof. Nothing in this Agreement shall preclude either party from seeking injunctive relief from any court of competent jurisdiction, including a temporary restraining order and a preliminary injunction, to preserve the status quo or prevent irreparable harm. Executive acknowledges and agrees that a violation of Section 7 of this Agreement may cause irreparable harm for which Tektronix may not be fully or adequately compensated by recovery of monetary damages.

11. Fees and Expenses. In the event that either party initiates arbitration under the circumstances described in this Agreement to obtain or enforce any right or benefit provided by this Agreement, the Arbitrator shall determine the prevailing party and shall award to the prevailing party, and the other party shall pay, the prevailing parties reasonable attorneys' fees and costs incurred in connection with such proceeding.

12. Amendment. No provision of this Agreement may be modified unless such modification is agreed to in a writing signed by Executive and Tektronix.

TEKTRONIX, INC.

By: _____

(Employee Signature)

Title:

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Exhibit A

RELEASE OF CLAIMS

This Release of Claims (the "Release") is made and executed by _____ in connection with the termination of my employment with Tektronix, Inc. ("Tektronix") and in consideration of my receiving valuable severance pay and benefits as provided for in the Executive Severance Agreement ("Agreement"). These benefits are substantial consideration to which I am not otherwise entitled.

On behalf of myself and my spouse, heirs, administrators and assigns, and to the fullest extent possible under applicable law, I hereby release Tektronix, its parent and related corporations, affiliates, or joint ventures, all predecessors and successors for all such entities, and all officers, directors, employees, agents, shareholders, representatives and insurers of the aforementioned (collectively the "Company") from any and all liability, damages or causes of action, whether known or unknown relating to my employment with the Company or the termination of that employment, including but not limited to any claims for additional compensation in any form, or damages or for personal injuries or attorneys' fees. This release specifically includes, but is not limited to, all claims for relief or remedy under any common law theories, including but not limited to, breach of contract or tort or tort-like theories and under any local, state or federal civil rights, labor and employment laws, including but not limited to, Employee Retirement Income Security Act (ERISA), Title VII of the Civil Rights Act of 1964, the Post-Civil War Civil Rights Acts (42 USCA §§ 1981-1988), the Civil Rights Act of 1991, the Equal Pay Act, the Age Discrimination in Employment Act, the Older Workers' Benefit Protection Act, the Americans with Disabilities Act, the Worker Adjustment and Retraining Notification Act, the Contract Work Hours and Safety Standards Act, the Walsh-Healy Act, the Rehabilitation Act of 1973, the Uniformed Services Employment and Reemployment Rights Act of 1994, the Vietnam Era Veterans Readjustment Assistance Act, the Fair Labor Standards Act, Executive Order 11,246, the Family and Medical Leave Act, and all comparable local and state laws, all as amended, and including any regulations or guidelines thereunder.

This Release shall not affect any rights which I may have under any medical insurance, disability, workers' compensation, unemployment compensation or retirement plans maintained by the Company.

I acknowledge that I have been given at least 45 days to consider whether to execute this Release of Claims and accept benefits under the Executive Severance Agreement; that I have been advised of my right to consult with an attorney or financial advisor of my choice and at my own expense; that the Executive Severance Agreement gives me severance pay and benefits which the Company would otherwise have no obligation to give me; and that I voluntarily enter into the Release of Claims.

I understand that the Release of Claims is to be signed within 45 days from the date I received it or on my last day of employment, whichever is later, and that I may revoke the Release, provided I do so in writing within seven (7) days of signing the Release. I understand and agree that the

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Company will have no obligation to pay me any benefits under the Agreement until the expiration of the revocation period, provided I have not revoked the Release of Claims. I understand that if I revoke the Release of Claims my termination will nonetheless remain in full force and effect and I will not be entitled to any benefits under the Agreement.

I acknowledge that I have had time to consider the alternatives and consequences of my election to receive benefits under the Agreement and of signing the Release; that I am aware of my right to consult an attorney or financial advisor at my own expense; and that, in consideration for executing this Release and my election to receive benefits under the Agreement, I have received additional benefits and compensation of value to which I would not otherwise be entitled.

Every provision of this Release is intended to be severable. In the event any term or provision contained in this Release is determined to be illegal, invalid or unenforceable, such illegality, invalidity or unenforceability shall not affect the other terms and provisions of this Release which shall continue in full force and effect.

I HAVE READ THE FOREGOING RELEASE. I UNDERSTAND THE EFFECT OF THIS RELEASE. I UNDERSTAND THAT I AM RELEASING LEGAL RIGHTS, AND I VOLUNTARILY ENTER INTO THE RELEASE.

Dated Signed: _____, 2000 Effective Date: _____, 2000

Employee Name

Employee Signature

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Exhibit B

NOTICE TO ELIGIBLE PARTICIPANTS

The following sets forth our understanding of certain conditions required by The Older Workers Benefit Protection Act for "knowing and willing" release of certain claims by employees over forty (40) years of age. Tektronix, Inc. ("the Company") is providing the same information and time frames in seeking a Release of Claims from all employees offered severance benefits under an Executive Severance Agreement.

**PLEASE READ THE FOLLOWING INFORMATION BEFORE SIGNING THE
RELEASE OF CLAIMS.**

- A. Consultation of Attorney: You have the right to consult with an attorney of your choice before you sign the Release of Claims. No one in the Company is authorized to give you advice on whether or not to consult with an attorney or whether or not to sign the Release of Claims ("Release"). The decision whether to consult an attorney or not is yours alone. Except as provided for in the Executive Severance Agreement, Tektronix does not pay for legal fees.
- B. Period of Consideration: You will have at least forty-five (45) calendar days to consider this offer of severance benefits under the Executive Severance Agreement and whether to accept the benefits and sign the Release of Claims. This means that you may wait until the end of the 45 day period to sign these documents and be entitled to receive severance benefits, provided you meet all other conditions of the Executive Severance Agreement. You may accept benefits by signing the Release at any time on or before the last day of the 45-day period. Please note that if you do not sign the Release by that day, you will not be eligible for the severance benefits offered.
- C. Period of Revocation: After you have signed the Release, you have seven (7) calendar days to revoke both your acceptance of benefits and the Release. By revoking the Release, you are exercising your right to change your mind. If you revoke the Release, though, you will not be eligible to receive the severance benefits.
- D. Exchange for Consideration: The Release is in exchange for "consideration" (benefits) which exceeds anything to which you may have been entitled. This means that you will receive severance benefits that you would not otherwise receive from Tektronix. Severance benefits are extra, in part, because you signed the Release.

Additional Information: In the case of a separation program offered to a group of employees, we are required to make available to you certain information. The required information is listed below, with the Company's response included in parenthesis:

(1) the class or group of employees covered by the program

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Direct reports to the Company's Chief Executive Officer

(2) the eligibility factors for the program

See Executive Severance Agreement

(3) time limits for the program;

All persons being offered benefits under a Release of Claims must sign the agreement and return it to Tektronix at the address indicated on the Release of Claims within 45 days after receiving the Release of Claims. If you decide to sign the Release of Claims and return it to the Company, you have 7 days from the date of your signature to revoke the Release of Claims.

(4) the job titles and ages of employees eligible or selected for the program;

See list maintained by the company's Vice President, Human Resources

(5) the ages of employees in the same classification either not eligible or not selected

See list maintained by the Company's Vice President, Human Resources

PLEASE READ THE RELEASE AND GIVE IT CAREFUL CONSIDERATION BEFORE SIGNING.

Tektronix, Inc.

Corporate Headquarters

14200 SW Karl Braun Drive

P.O. Box 500 M/S 55-720

Beaverton, Oregon 97077-0001

503 627-6700

503 627-6776 Fax

Paul C. Ely

Chairman,

Organization and

Compensation Committee

EXHIBIT 10.(ix)

October 23, 2000

PERSONAL AND CONFIDENTIAL

Jerome J. Meyer

24790 SW Big Fir Road

West Linn, OR 97068

Dear Jerry:

As you know, with the restructuring of the Company completed in FY00, and the appointment of Rick Wills as CEO, your employment with Tektronix changed from Chairman, CEO and President to Chairman of the Board. We understand that you wish to retire from the Company as an active employee while still continuing your service as Chairman of the Board in a non-executive officer status. It is therefore appropriate to document changes in your contractual employment relationship with the Company.

1. **Tektronix Employment.** You will remain an employee of Tektronix through your retirement date, which will be October 31, 2000.

SERP Benefit. Upon your retirement, pursuant to the terms of the Supplemental Executive Retirement Agreement dated October 24, 1990, as amended October 6, 1993 and June 16, 1998 ("SERP"), you are eligible to receive an annual SERP benefit paid by the

2. Company in the amount of \$1,035,789. A lump sum benefit payment in the amount of \$6,098,345 calculated based on the October 31, 2000, retirement date, and the terms of the SERP Agreement and associated split-dollar life insurance policy will be paid to you on a mutually agreed payment schedule, but not prior to January 1, 2001, in a lump sum(s).

For the month of October, in addition to your current Tektronix salary, you will be paid an additional sum of \$24,232.42 to make up for the SERP vs. salary differential for the month of October. From October 31, 2000, until the lump sum(s) is paid in full, you will be paid a monthly unfunded SERP benefit of \$78,072.50 [monthly value of \$1,035,789 annual SERP benefit less Tek REP, cash balance and Honeywell offsets]. For each month the lump sum is not paid and instead the monthly unfunded SERP payment is made, the monthly payment will be credited against the total lump sum payment.

Split-Dollar Life Insurance. The company will make split-dollar life insurance premium payments ("grossed up" for income tax

3. purposes) to Standard Insurance Company until policy maturity at August 8, 2003. The Company will also pay interest payments on the SIP loan used to acquire the policy, but may prepay the loan at its discretion.

Jerome J. Meyer

October 23, 2000

Page 2

4. **Salary.** Upon your retirement, you will not be paid any salary and will instead receive retirement benefits.

5. **Employment Benefits.** You will be eligible to receive normal Tektronix employee benefits during your continued service as an employee, and will be entitled to standard retiree benefits upon your retirement.

6. **Long Term Disability Insurance.** The long-term disability policies for your benefit with Standard Insurance and Peterson International will be terminated upon your retirement.
7. **Financial Counseling.** As long as you continue to serve as a director, you will be entitled to participate in the Tektronix executive financial counseling program administered by Brownson, Rehmus & Foxworth at Company expense.
8. **Tax Preparation.** As long as continue to serve as a director, you will be entitled to participate in the Tektronix executive tax preparation services by Deloitte & Touche LLP at Company expense.
9. **Expense Reimbursement.** Ordinary and necessary business expenses incurred as Chairman of the Board will be reimbursable by the Company and will be annually reviewed by the O&C Committee and subject to audit by Deloitte & Touche LLP.
10. **Office.** The Company will provide an office and administrative and technical support for your use at Company Headquarters.
11. **SERP.** The Supplemental Executive Retirement Agreement dated October 24, 1990, as amended June 16, 1998, is amended in form attached as Exhibit A. The SERP is amended to:
 - a) Freeze the eligible final average pay fiscal year to the three highest of five years ending FY00.
 - b) Freeze the Benefit month multiplier at 84 months (your post age 55 months of service at age 62).
12. **Executive Severance Agreement.** You have been a party to an Executive Severance Agreement dated September 22, 1993, as amended October 6, 1993, which is terminated immediately and is of no further force and effect.
13. **Change in Control Agreement.** You have been a party to a Change of Control Agreement dated October 24, 1990, which is terminated immediately and is of no further force and effect.
14. **Indemnity Agreement.** The Indemnity Agreement dated October 24, 1990, remains in full force and effect as long as you remain an employee or director of the Company.

Jerome J. Meyer
October 23, 2000
Page 3

15. **Tektronix Stock Option Vesting.** You have the following outstanding stock options:

<u>Option Date</u>	<u>Vested</u>	<u>Unvested</u>	<u>Total Outstanding</u>
1/13/99	15,000	15,000	30,000
6/22/99		40,000	40,000
1/20/00	50,000		50,000
			<hr/> 120,000

Notwithstanding your retirement as a regular employee, because of your continued service as a director, you will continue to vest according to the underlying terms of the relevant option grants. After you terminate serving as a director, vesting and termination of outstanding options will be governed by the terms of the applicable plans.

16. **LTIP.** All restricted shares previously awarded under the Long Term Incentive Plan ("LTIP") for all fiscal years have been released in accordance with the terms of the relevant plans. You have no outstanding LTIP shares at this time.

17. **Board of Directors' Compensation.** In recognition of your service as Chairman of the Board and performing certain additional duties, on January 20, 2000, you were granted a special 50,000 share stock option award with immediate vesting. Commencing with the November, 2001 Board meeting, you will receive standard Board of Directors retainer and meeting attendance compensation, except that you will not receive the September, 2000, 5,000 share option grant. You will commence participation in the Tektronix non-employee directors stock compensation plan on October 31, 2000.

On behalf of the Committee and the entire Board, I look forward to continuing to work with you.

Cordially,

/s/ PAUL C. ELY

Paul C. Ely
Chairman, O&C Committee

gb

ACKNOWLEDGED AND AGREED:

/s/ J. J. MEYER
Jerome J. Meyer

Date: 10/27/00

**AMENDMENT NO 3
TO
SUPPLEMENTAL EXECUTIVE RETIREMENT AGREEMENT**

The Supplemental Executive Retirement Agreement dated October 24, 1990 between Jerome J. Meyer ("Executive") and Tektronix, Inc. ("Tektronix") is hereby amended by agreement of the parties as follows:

1. Final Average Pay

In order to reduce the number of years in which Final Average Pay is measured and freeze it as of the end of the 1999-2000 fiscal year, Paragraph 3.1(d) is rewritten as follows:

(d) "Final Average Pay" means the average of the Executive's total cash compensation in the three fiscal years of Tektronix out of the five fiscal years ending with the 1999-2000 fiscal year in which such average is the highest. The fiscal years included in such average need not be consecutive. Total cash compensation for this purpose consists of base pay, profit share and any incentive compensation, plus any amounts deferred at the election of Executive under any deferred compensation plan of Tektronix.

2. Benefit Months

In order to eliminate the accrual of additional benefits based on Benefit Months after age 62, the following changes are made:

2.1 Paragraph 3.1(c) is rewritten as follows:

(c) "Supplemental Accruals" is 50 percent of Final Average Pay (FAP) less \$225,000 as follows:

$$\text{Supp Acc} = (50\% \times \text{FAP}) - \$225,000$$

2.2 Paragraph 3.1(e) is deleted and Paragraphs (f) through (j) are renumbered as (e) through (i) and cross-references to them are renumbered accordingly.

2. Effective Date

This Amendment shall be effective September 1, 2000.

TEKTRONIX, INC.

By /s/ PAUL C. ELY

/s/ J. J. MEYER

Paul C. Ely
Chair, O&C Committee

Jerome J. Meyer

TEKTRONIX, INC.

DEFERRED COMPENSATION PLAN

Restated June 1, 2001

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TEKTRONIX, INC.

DEFERRED COMPENSATION PLAN

Article I—Purpose and Effective Date

The purpose of this Deferred Compensation Plan is to provide current tax planning opportunities as well as supplemental funds upon the retirement or death of Directors and certain employees of Employer. It is intended that the Plan will aid in attracting and retaining Directors and employees of exceptional ability by providing them with these benefits. The Plan shall be effective as of May 27, 2001. This Plan is restated as of June 1, 2001 to include Directors as eligible Plan Participants.

Article II—Definitions

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Account

"Account" means the device used by Employer to measure and determine the amounts to be paid to a Participant under the Plan. Separate subaccounts may be maintained to properly reflect the Participant's balance and earnings thereon. A Participant's Account shall not constitute or be treated as a trust fund of any kind.

2.2 Administrative Committee

"Administrative Committee" means the committee appointed to administer the Plan pursuant to Article VII.

2.3 Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant's death.

2.4 Board

"Board" means the Board of Directors of the Company.

2.5 Bonus

"Bonus" means any incentive compensation that is payable to a Participant in addition to the Participant's Salary.

PAGE 1 - DEFERRED COMPENSATION PLAN

2.6 Change in Control

A "Change in Control" shall occur when:

(a) The shareholders of the Company approve one (1) of the following ("Approved Transactions") and either (x) such Approved Transaction is consummated or (y) the Board determines that consummation of such Approved Transaction is likely:

(i) Any consolidation, merger or plan of exchange involving the Company ("Merger") in which the Company is not the continuing or surviving corporation or pursuant to which Stock would be converted into cash, securities or other

property, other than a Merger involving the Company in which the holders of Stock immediately prior to the Merger have the same proportionate ownership of Stock of the surviving corporation after the Merger; or

(ii) Any sale, lease, exchange, or other transfer (in one (1) transaction or a series of related transactions) of all or substantially all of the assets of the Company or the adoption of any plan or proposal for the liquidation or dissolution of the Company; or

(b) A tender or exchange offer, other than one made by the Company, is made for Stock (or securities convertible into Stock) and such offer results in a portion of those securities being purchased and the offeror after the consummation of the offer is the beneficial owner (as determined pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), directly or indirectly, of at least twenty percent (20%) of the outstanding Stock (an "Offer"); or

(c) During any period of twelve (12) months or less, individuals who at the beginning of such period constituted a majority of the Board cease for any reason to constitute a majority thereof unless the nomination or election of such new directors was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such period.

The terms used in this 2.6 and not defined elsewhere in the Plan shall have the same meanings as such terms have in the Exchange Act and the rules and regulations adopted thereunder.

2.7 Company

"Company" means Tektronix, Inc., an Oregon corporation, or any successor to the business thereof.

2.8 Compensation

"Compensation" means the Salary and Bonus or Director Fees that the Participant earns for services rendered to the Company.

2.9 Deferral Commitment

"Deferral Commitment" means an election to defer Compensation made by a Participant pursuant to Article III and for which a separate Participation Agreement has been submitted by the Participant to the Administrative Committee.

PAGE 2 - DEFERRED COMPENSATION PLAN

2.10 Deferral Period

For Directors, "Deferral Period" means a twelve (12)-month period beginning September 1 and ending August 31.

For employees, it means a calendar year, except the initial Deferral Period shall begin May 27, 2001 and end December 31, 2001.

2.11 Determination Date

"Determination Date" means the last day of each calendar month.

2.12 Director

"Director" means a member of the Company's Board of Directors.

2.13 Director Fees

"Director Fees" means all Board retainer and committee meeting fees earned by a Participant and payable in cash (before reduction for amounts deferred under this Plan or under the Stock Deferral Plan). Director Fees do not include expenses, reimbursements, or any form of noncash compensation or benefits.

2.14 Disability

"Disability" means a physical or mental condition which, in the opinion of the Administrative Committee, prevents the Participant from satisfactorily performing the Participant's usual duties for the Company. The Administrative Committee's decision as to Disability will be based upon medical reports and/or other evidence satisfactory to the Administrative Committee.

2.15 Earnings Index

"Earnings Index" means a portfolio or fund selected by the Administrative Committee from time to time to be used as an index in calculating Rate of Return.

2.16 Elective Deferred Compensation

"Elective Deferred Compensation" means the amount of Compensation that a Participant elects to defer pursuant to a Deferral Commitment.

2.17 Employer

"Employer" means the Company or any successor to the business thereof, and any affiliated or subsidiary corporations designated by the Administrative Committee.

2.18 Participant

"Participant" means any eligible individual who has elected to defer Compensation under this Plan.

PAGE 3 - DEFERRED COMPENSATION PLAN

2.19 Participation Agreement

"Participation Agreement" means the agreement submitted by a Participant (including the Benefit Payment Election Form) to the Administrative Committee prior to the beginning of the Deferral Period, with respect to a Deferral Commitment made for such Deferral Period.

2.20 Plan

"Plan" means this Tektronix, Inc. Deferred Compensation Plan, as amended from time to time.

2.21 Rate of Return

"Rate of Return" means the rate used to determine the amount credited monthly to a Participant's Account under Article IV. Such rate shall be determined by the Administrative Committee based upon the net performance of the Earnings Indices selected by the Participant.

2.22 Retirement

"Retirement" means an employee's termination of employment with Employer on or after the employee's attainment of age fifty-five (55) or after five (5) years of service, or a Board member's termination after age fifty-five (55).

2.23 Salary

"Salary" means the Employee's base salary for the Plan Year. Salary excludes any other form of compensation such as restricted stock, proceeds from stock options or stock appreciation rights, severance payments, moving expenses, car or other special allowance, or any other amounts included in an Eligible Employee's taxable income that is not compensation for services. Deferral elections shall be computed before taking into account any reduction in taxable income by Salary reduction under Code Sections 125 or 401(k), or under this Plan.

2.24 Unforeseen Emergency

"Unforeseen Emergency" means a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Internal Revenue Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and unforeseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but in any case, payment may not be made to the extent that such hardship is or may be relieved:

(a) Through reimbursement or compensation by insurance or otherwise,

(b) By liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or

(c) By cessation of deferrals under the Plan.

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Article III—Participation and Deferral Commitments

3.1 Eligibility and Participation

(a) **Eligibility.** Eligibility to participate in the Plan is limited to Board members and executives who are Vice Presidents and above and any other highly compensated employee selected by the Administrative Committee.

(b) **Participation.** Eligible employees may elect to participate in the Plan with respect to any Deferral Period by submitting a Participation Agreement to the Administrative Committee by the December 31 immediately preceding the Deferral Period, except an election to participate in the Plan with respect to the initial Deferral Period shall be timely if made by May 18, 2001. Eligible Directors may elect to participate in the Plan with respect to any Deferral Period by submitting a Participation Agreement to the Administrative Committee by the August 31 immediately preceding the Deferral Period.

(c) **Part-Year Participation.** When a Director or an employee first becomes eligible to defer Compensation during a Deferral Period, a Participation Agreement must be submitted to the Administrative Committee no later than thirty (30) days following notification to the Participant of eligibility to defer, and such Participation Agreement shall be effective only with regard to Compensation earned or payable following the submission of the Participation Agreement to the Administrative Committee.

3.2 Form of Deferral

A Participant may elect Deferral Commitments in the Participation Agreement as follows:

(a) **Salary Deferral Commitment.** A Salary Deferral Commitment shall be related to the Salary payable by Employer to a Participant during the Deferral Period. The amount to be deferred shall be stated as a flat percentage or dollar amount.

(b) **Bonus Deferral Commitment.** A Bonus Deferral Commitment shall be related to any Bonus payable to the Participant during the Deferral Period. The amount to be deferred shall be stated as a flat percentage or dollar amount.

(c) **Director Fees Deferral Commitment.** A Director Fees Commitment shall relate to the Director Fees earned by the Company to a Participant during the Deferral Period. The amount to be deferred shall be stated as a flat percentage or dollar amount.

3.3 Limitations on Deferral Commitments

The following limitations shall apply to Deferral Commitments:

(a) **Minimum.** The minimum deferral amount shall be five thousand dollars (\$5,000) per year. This minimum may be met by participation in this Plan or the Tektronix Stock Deferral Plan, or in a combination thereof.

(b) **Maximum.** The maximum deferral amount shall be ninety percent (90%) of Salary and one hundred percent (100%) of Bonus or Director Fees. However, when combined, the Deferred Compensation Plan and the Stock Deferral Plan deferrals may not exceed ninety percent (90%) of Salary and one hundred percent (100%) of Bonus or Director Fees.

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(c) **Changes in Minimum or Maximum.** The Administrative Committee may change the minimum or maximum deferral amounts from time to time by giving written notice to all Participants. No such change may affect a Deferral Commitment made prior to the Administrative Committee's action.

3.4 Commitment Limited by Termination

If a Participant terminates employment with Employer or Board service prior to the end of the Deferral Period, the Deferral Period and the Deferral Commitment shall end at the date of termination.

3.5 Modification of Deferral Commitment

Participants may reduce or suspend their Deferral Commitments based on an Unforeseen Emergency in accordance with rules established by the Administrative Committee, provided that the modification applies only to a Salary, Bonus or Director Fee Deferral payment that is not yet payable.

3.6 Beginning Account Balances

All Directors who are participating in the Tektronix Non-Employee Director Deferred Compensation Plan, 1999 Restatement, shall have a beginning balance in this Plan as of September 1, 2001 equal to the September 1, 2001 balance in that plan.

Any executive who becomes eligible to participate in this Plan shall have a beginning Account balance equal to any existing account balance(s) under the former Tektronix Deferred Compensation Plan, 1992 Restatement, as of the date the executive is eligible to defer under this Plan. However, any amount converted into this Plan, and/or into the Tektronix Stock Deferral Plan, will be converted in the proportions you elect, but no more than one hundred percent (100%) of the total balance available for conversion.

Article IV—Deferred Compensation Accounts

4.1 Accounts

For record keeping purposes only, an Account shall be maintained for each Participant. Separate subaccounts shall be maintained to the extent necessary to properly reflect the Participant's election of Earnings Indices and total vested or nonvested Account balances. The Account shall be a bookkeeping device utilized for the sole purpose of determining the benefits payable under the Plan and shall not constitute a separate fund of assets.

4.2 Elective Deferred Compensation

A Participant's Elective Deferred Compensation shall be credited to the Participant's Account at the same time the corresponding nondeferred portion of the Compensation becomes or would have become payable. Any withholding of taxes or other amounts with respect to deferred Compensation which is required by state, federal or local law shall be withheld from the Participant's nondeferred Compensation to the maximum extent possible with any excess reducing the amount to be credited to the Participant's Account.

4.3 Matching Contribution

The Employer shall credit a matching contribution to the Participant's Account equal to any matching contribution which would have been credited to the Participant's 401(k) Savings Plan but for the Participant's participa-

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tion in this Plan. However, when combined with any credit to the Participant's subaccount in the Tektronix Stock Deferral Plan, the total amount credited shall be no more than one hundred percent (100%) of the eligible matching contribution.

4.4 Pension Makeup

The Employer shall restore an amount equal to any reduction in a Participant's Qualified Pension Plan benefits resulting from deferrals under this Plan to the extent that the Qualified Pension Plan benefits are not restored by any other plan or agreement provided by the Employer. Such restoration shall be made by crediting to the Participant's Account the amount by which the Participant's cash balance credit under the Qualified Pension Plan is lower than the amount that would have been credited in the absence of deferrals under this Plan. Such amount shall be credited to the Account within ninety (90) days after the corresponding cash balance credit would have been made under the Qualified Pension Plan. However, when combined with any credit to the Participant's subaccount in the Tektronix Stock Deferral Plan, the total amount credited shall be no more than one hundred percent (100%) of the eligible Qualified Pension Plan makeup.

4.5 Allocation of Elective Deferred Compensation

(a) At the time a Participant completes a Deferral Commitment for a Deferral Period, the Participant shall also select the Earnings Index or Indices in which the Participant wishes to have the deferrals deemed invested. The Participant may select any combination of Earnings Indices as long as at least five percent (5%), in whole percentages, is credited to each of the Earnings Indices selected.

(b) A Participant may change the amounts allocated to the Earnings Indices on the first day of each calendar quarter, provided that the Participant submitted notice of the change at least five (5) days before the first day of the calendar quarter. The change may apply to prospective deferrals only or may include current account balances.

(c) **Changes in Notice and Frequency.** The Administrative Committee may change the notice requirement and frequency by which Participants can reallocate their accounts from time to time by giving written notice to all Participants.

4.6 Determination of Accounts

Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation credited during the period, plus earnings calculated using the Rate of Return, minus the amount of any distributions made since the immediately preceding Determination Date.

4.7 Vesting of Accounts

Each Participant shall be one hundred percent (100%) vested at all times in the Participant's Elective Deferred Compensation and any earnings thereon. Any matching contributions under Section 4.3 or Qualified Pension Plan makeup under 4.4 shall vest pursuant to the vesting schedule of the underlying qualified plan.

4.8 Statement of Accounts

The Administrative Committee shall give to each Participant a statement setting forth the balances in the Participant's Account on a quarterly basis and at such other times as may be determined by the Administrative Committee.

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Article V—Plan Benefits

5.1 Distributions Prior to Termination of Employment

A Participant's Account may be distributed to the Participant prior to termination of employment as follows:

(a) **Scheduled Early Withdrawals.** A Participant may elect in a Participation Agreement to withdraw all or any portion of the amount deferred (and earnings thereon) pursuant to that Participation Agreement in a single lump sum or from two (2) to five (5) substantially equal annual installments commencing the first January and on each subsequent January following the date specified in the election. Such date shall not be sooner than three (3) years after the date the Deferral Period commences in which the scheduled early withdrawal was initially elected. Upon a Participant's termination, any balance subject to a Scheduled Early Withdrawal election shall be distributed in a lump sum within sixty (60) days.

(b) **Hardship Withdrawals.** Upon a finding that a Participant has suffered an Unforeseen Emergency, the Administrative Committee may, in its sole discretion, make distributions from the Participant's Account. The amount of such a withdrawal shall be limited to the amount the Administrative Committee determines to be reasonably necessary to meet the Participant's needs resulting from the Unforeseen Emergency. If any payment is made due to Unforeseen Emergency, any existing Deferral Commitment shall be null and void and the Participant shall not be permitted to make any Deferral Commitment for twelve (12) months. Any such hardship withdrawal distribution shall be payable in a single lump sum within thirty (30) days after the Administrative Committee approves such payment.

5.2 Distributions Following Termination of Service

(a) **Retirement or Disability Benefit.**

(i) **Benefit Amount.** If a Participant terminates service with Employer due to Retirement or Disability, Employer shall pay to the Participant a benefit equal to the balance in the Participant's Account.

(ii) **Form of Benefit.** Subject to Section 5.2(a)(iii), benefits under this Section 5.2(a) shall be paid in the form or forms selected by the Participant in the Participation Agreement. Optional forms of payment include a lump-sum payment or substantially equal annual installments of the Account amortized over a period of up to fifteen (15) years. The initial payment shall be as elected by the Participant, either within sixty (60) days of termination or in January following termination, and all subsequent payments, if any, shall be in subsequent Januarys. In order to provide substantially equal installments, the Committee shall assume a rate of return during the period of payment and may, at its discretion, adjust the assumed rate and the size of future installments based on the actual experience of Earnings Indices.

(iii) **Mandatory Lump-Sum Payments.** Notwithstanding Section 5.2(a)(ii), if an employee terminates employment before age fifty-five (55), or with less than five (5) years of service, or if a Director terminates Board service before age fifty-five (55), or if a Participant's Account is less than fifty thousand dollars (\$50,000) on the Retirement date, a lump-sum payment will be made regardless of the benefit payment the Participant elected.

(iv) **Change in Form of Payment.** Notwithstanding the above, a Participant may elect to change the form or forms of payment designation which shall supersede the form of payment designations in all prior Participation Agreements and prior elected changes. If the Participant's most re-

cent change of payment designation has not been filed thirteen (13) calendar months prior to the date of employment termination, the prior election shall be used to determine the form of payment.

(v) **Termination Benefit.** If a Participant terminates employment or Board service with Employer for any reason other than Retirement, Disability, or death, Employer shall pay to the Participant a lump-sum benefit equal to the balance in the Participant's Account.

(b) **Death Benefit.**

(i) **Preretirement.** If a Participant terminates employment or Board service with Employer due to death, Employer shall pay to the Participant's Beneficiary a lump-sum benefit equal to the vested balance in the Participant's Account.

(ii) **Postretirement.** If a Participant dies following the Participant's Retirement, Employer shall continue to pay any remaining benefit payments to the Participant's Beneficiary in the form previously elected by the Participant for Retirement benefits.

5.3 Benefit Commencement

Benefits shall commence as soon as practical after termination but in no case more than sixty (60) days after termination.

5.4 Accelerated Distribution

Notwithstanding any other provision of the Plan, at any time a Participant shall be entitled to receive, upon written request to the Administrative Committee, a lump-sum distribution equal to ninety percent (90%) of the Account balance as of the Determination Date immediately preceding the date on which the Administrative Committee receives the written request. The remaining balance shall be forfeited by the Participant. The amount payable under this section shall be paid in a lump sum within thirty (30) days following the receipt of the notice by the Administrative Committee from the Participant. Such Participant shall not be eligible to participate in the Plan for a period of one (1) year from the date of distribution.

5.5 Deferred Payment of Benefit

If part of a Participant's compensation is not deductible under IRC Section 162(m), then Tektronix may require the Participant to defer payment of benefits under this Article to avoid the limitation set forth in Section 162(m). Any deferred benefits under this Section shall be distributed to the Participant in the first calendar year such amounts would not exceed the limitation as set out in IRC Section 162(m).

5.6 Withholding for Taxes

To the extent required by the law in effect at the time payments are made, Employer shall withhold from payments made hereunder any taxes required to be withheld by the federal or any state or local government, including any amounts which the Employer determines are reasonably necessary to pay any generation-skipping transfer tax which is or may become due. A beneficiary, however, may elect not to have withholding of federal income tax pursuant to Section 3405 of the Internal Revenue Code, or any successor provision thereto.

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5.7 Valuation and Settlement

The amount of a lump-sum payment and the initial installment payment shall be based on the value of the Participant's Account on the Determination Date immediately preceding the lump-sum payment or commencement of installment payments.

5.8 Payment to Guardian

The Administrative Committee may direct payment to the duly appointed guardian, conservator, or other similar legal representative of a Participant or Beneficiary to whom payment is due. In the absence of such a legal representative, the Administrative Committee may, in its sole and absolute discretion, make payment to a person having the care and custody of a minor, incompetent or person incapable of handling the disposition of property upon proof satisfactory to the Administrative Committee of incompetency, minority, or incapacity. Such distribution shall completely discharge the Administrative Committee from all liability with respect to such benefit.

Article VI–Beneficiary Designation

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate a Beneficiary (both primary as well as contingent) to whom benefits under this Plan shall be paid if a Participant dies prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the Administrative Committee, and will be effective only when filed with the Administrative Committee during the Participant's lifetime.

6.2 Changing Beneficiary

Any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Administrative Committee. The filing of a new Beneficiary designation shall cancel all Beneficiary designations previously filed. If a Participant's Compensation is community property, any Beneficiary Designation shall be valid or effective only as permitted under applicable law.

6.3 No Beneficiary Designation

In the absence of an effective Beneficiary Designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

6.4 Effect of Payment

Payment to the Beneficiary shall completely discharge Employer's obligations under this Plan.

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Article VII–Administration

7.1 Committee; Duties

The Plan shall be administered by an Administrative Committee consisting of three (3) members as may be appointed from time to time by the Board. The Administrative Committee shall have the authority to interpret and enforce all appropriate rules and regulations for the administration of the Plan and decide or resolve any and all questions, including determination of eligibility and interpretations of the Plan, as may arise in such administration. A majority vote of the Administrative Committee members in office at the time of the vote shall control any decision. The required majority action may be taken either by a vote at a meeting or without a meeting by a signed memorandum. Meetings may be conducted by telephone conference call. The Administrative Committee may, by majority action, delegate to one or more of its members the authority to execute and deliver in the name of the Administrative Committee all communications and documents which the Administrative Committee is required or authorized to provide under this Plan. Any party shall accept and rely upon any document executed in the name of the Administrative Committee. Members of the Administrative Committee may be Participants under this Plan.

7.2 Agents

The Administrative Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

7.3 Binding Effect of Decisions

The decision or action of the Administrative Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

7.4 Indemnity of Committee

The Company shall indemnify and hold harmless the members of the Administrative Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such person's service on the Administrative Committee, except in the case of gross negligence or willful misconduct.

Article VIII—Claims Procedure

8.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Administrative Committee which shall respond in writing within thirty (30) days.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

- (a) The reason for denial, with specific reference to the Plan provisions on which the denial is based.

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- (b) A description of any additional material or information required and an explanation of why it is necessary.

- (c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

(a) Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Administrative Committee. The claim or request shall be reviewed by the Administrative Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

(b) Such notice shall be made within the lesser of ninety (90) days of notice of denial or one hundred twenty (120) days of the original written claim.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reason and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

Article IX—Amendment and Termination of Plan

9.1 Amendment

(a) The Company may amend the Plan at any time and from time to time by written instrument. Except as provided in (b) below, the power to amend may be executed only by the Board.

(b) The Administrative Committee may adopt any technical, clerical, conforming or clarifying amendment or other change, provided:

(i) The Administrative Committee deems it necessary or advisable to:

(A) Correct any defect, supply any omission or reconcile any inconsistency in order to carry out the intent and purposes of the Plan;

(B) Maintain the Plan's status as a "top-hat" plan for purposes of ERISA; or

(C) Facilitate the administration of the Plan;

(ii) The amendment or change does not, without the consent of the Board, materially increase the cost to the Employer of maintaining the Plan; and

(iii) Any amendment adopted by the Administrative Committee shall be in writing, signed by a member of the Committee and promptly reported to the Board.

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(c) To the extent permitted under subsection (e) below, amendments may have an immediate, prospective or retroactive effective date.

(d) Amendments do not require the consent of any Participant or Beneficiary.

(e) Amendments are subject to the following limitations:

(i) **Preservation of Account Balance.** No amendment shall reduce the amount credited or to be credited to any Account as of the date notice of the amendment is given to Participants.

(ii) **Changes in Earnings Rate.** If the Plan is amended so that the Earnings Index is not used to calculate the Rate of Return, the rate of earnings to be credited to the Participant's Account shall not be less than the monthly equivalent of the average nominal annual yield on three (3) month Treasury bills for the applicable Determination Period.

(iii) **After a Change in Control.** No amendment shall change the methodology used to calculate the Rate of Return in any way which will lower the Participant's returns on any amounts deferred under Deferral Commitments filed prior to the Change in Control.

All amounts deferred under Deferral Commitments filed prior to a Change in Control shall be paid as originally elected by the Participant unless the Participant voluntarily changes such distribution elections in accordance with 5.2(a)(iv).

9.2 Employer's Right to Terminate

The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of Employer.

(a) **Partial Termination.** The Board may partially terminate the Plan by instructing the Administrative Committee not to accept any additional Deferral Commitments. If such a partial termination occurs, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such partial termination.

(b) **Complete Termination.** The Board may completely terminate the Plan by instructing the Administrative Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. If such a complete termination occurs, the Plan shall cease to operate and Employer shall pay out each Account. Payment shall be made in a lump sum or in the installment schedule elected by the Participant for payment upon Retirement, as decided by the Company, except as follows. If a Change in Control has occurred prior to the termination of the Plan, payment shall be made in the installment schedule elected by the Participant for payment upon Retirement.

Payments shall commence within sixty (60) days after the Board terminates the Plan and earnings shall continue to be credited on the unpaid Account balance.

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Article X–Miscellaneous

10.1 Unfunded Plan

As to employees, this Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly-compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. As to Directors, this Plan is not subject to ERISA because it does not provide benefits for employees.

10.2 Unsecured General Creditor

Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of Employer or any other party for payment of benefits under this Plan. Any life insurance policies, annuity contracts or other property purchased by Employer in connection with this Plan shall remain its general, unpledged and unrestricted assets. Employer's obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

10.3 Trust Fund

At its discretion, the Employer may establish one (1) or more trusts, with such trustees as the Employer may approve, for the purpose of providing for the payment of benefits owed under the Plan. Although such a trust shall be irrevocable, its assets shall be held for payment of all the Company's general creditors in the event of insolvency or bankruptcy. To the extent any benefits provided under the Plan are paid from any such trust, Employer shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of Employer.

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 Not a Contract of Employment

This Plan shall not constitute a contract of employment between Employer and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of Employer or to interfere with the right of Employer to discipline or discharge a Participant at any time.

10.6 Protective Provisions

A Participant will cooperate with Employer by furnishing any and all information requested by Employer in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Employer may deem necessary and taking such other action as may be requested by Employer.

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10.7 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

10.8 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.9 Notice

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Administrative Committee shall be directed to the Company' s address. Mailed notice to a Participant or Beneficiary shall be directed to the individual' s last known address in Employer' s records.

10.10 Successors

The provisions of this Plan shall bind and inure to the benefit of Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Employer, and successors of any such corporation or other business entity.

TEKTRONIX, INC.

By: /s/ JAMES F. DALTON

Its:

Dated: July 25,
2001

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TEKTRONIX, INC.

STOCK DEFERRAL PLAN

Restated June 1, 2001

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TEKTRONIX, INC.

STOCK DEFERRAL PLAN

Article I-Purpose and Effective Date

The purpose of this Stock Deferral Plan is to provide current tax planning opportunities as well as supplemental funds upon the retirement or death of certain Directors and employees of Employer. It is intended that the Plan will aid in attracting and retaining Directors and employees of exceptional ability by providing them with these benefits. The Plan shall be effective as of May 27, 2001. The Plan is restated as of June 1, 2001 to include Directors as eligible Plan Participants.

Article II—Definitions

For the purposes of this Plan, the following terms shall have the meanings indicated, unless the context clearly indicates otherwise:

2.1 Account

"Account" means the device used by Employer to measure and determine the amounts to be paid to a Participant under the Plan. Separate subaccounts may be maintained to properly reflect the Participant's balance and earnings thereon. A Participant's Account shall not constitute or be treated as a trust fund of any kind.

2.2 Administrative Committee

"Administrative Committee" means the committee appointed to administer the Plan pursuant to Article VII.

2.3 Beneficiary

"Beneficiary" means the person, persons or entity entitled under Article VI to receive any Plan benefits payable after a Participant's death.

2.4 Board

"Board" means the Board of Directors of the Company.

2.5 Bonus

"Bonus" means any incentive compensation that is payable to a Participant in addition to the Participant's Salary.

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2.6 Change in Control

A "Change in Control" shall occur when:

(a) The shareholders of the Company approve one (1) of the following ("Approved Transactions") and either (x) such Approved Transaction is consummated or (y) the Board determines that consummation of such Approved Transaction is likely:

(i) Any consolidation, merger or plan of exchange involving the Company ("Merger") in which the Company is not the continuing or surviving corporation or pursuant to which Stock would be converted into cash, securities or other property, other than a Merger involving the Company in which the holders of Stock immediately prior to the Merger have the same proportionate ownership of Stock of the surviving corporation after the Merger; or

(ii) Any sale, lease, exchange, or other transfer (in one (1) transaction or a series of related transactions) of all or substantially all of the assets of the Company or the adoption of any plan or proposal for the liquidation or dissolution of the Company; or

(b) A tender or exchange offer, other than one made by the Company, is made for Stock (or securities convertible into Stock) and such offer results in a portion of those securities being purchased and the offeror after the consummation of the offer is

the beneficial owner (as determined pursuant to Section 13(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act")), directly or indirectly, of at least twenty percent (20%) of the outstanding Stock (an "Offer"); or

(c) During any period of twelve (12) months or less, individuals who at the beginning of such period constituted a majority of the Board cease for any reason to constitute a majority thereof unless the nomination or election of such new directors was approved by a vote of at least two-thirds (2/3) of the directors then still in office who were directors at the beginning of such period.

The terms used in this 2.6 and not defined elsewhere in the Plan shall have the same meanings as such terms have in the Exchange Act and the rules and regulations adopted thereunder.

2.7 Company

"Company" means Tektronix, Inc., an Oregon corporation, or any successor to the business thereof.

2.8 Compensation

"Compensation" means the Salary, Bonus, Directors' Fees, and Option Gain that the Participant earns for services rendered to the Company.

2.9 Deferral Commitment

"Deferral Commitment" means an election to defer Compensation made by a Participant pursuant to Article III and for which a separate Participation Agreement has been submitted by the Participant to the Administrative Committee.

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2.10 Deferral Period

For Directors, "Deferral Period" means a twelve (12)-month period beginning September 1 and ending August 31.

For employees, it means a calendar year, except the initial Deferral Period shall begin May 27, 2001 and end December 31, 2001.

2.11 Determination Date

"Determination Date" means the last day of each calendar month.

2.12 Director

"Director" means a member of the Company's Board of Directors.

2.13 Director Fees

"Director Fees" means all Board retainer and committee meeting fees earned and payable in cash or stock payable to a Participant plus Eligible Stock Option gains (before reduction for amounts deferred under this Plan or under the Deferred Compensation Plan). Director Fees do not include expenses, reimbursements, or benefits.

2.14 Disability

"Disability" means a physical or mental condition which, in the opinion of the Administrative Committee, prevents the Participant from satisfactorily performing the Participant's usual duties for the Company. The Administrative Committee's decision as to Disability will be based upon medical reports and/or other evidence satisfactory to the Administrative Committee.

2.15 Earnings Index

"Earnings Index" means the Tektronix Common Shares to be used as an index in calculating Rate of Return.

2.16 Elective Deferred Compensation

"Elective Deferred Compensation" means the amount of Compensation that a Participant elects to defer pursuant to a Deferral Commitment.

2.17 Eligible Stock Option

"Eligible Stock Option" means one (1) or more nonqualified stock option(s) under a Company stock option plan that is determined by the Committee to be eligible for gain deferral pursuant to this Plan.

2.18 Employer

"Employer" means the Company or any successor to the business thereof, and any affiliated or subsidiary corporations designated by the Administrative Committee.

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2.19 Option Gain

"Option Gain" means the amount by which the fair market value of exercised Tektronix Common Share options exceeds the exercise price.

2.20 Participant

"Participant" means any eligible individual who has elected to defer Compensation under this Plan.

2.21 Participation Agreement

"Participation Agreement" means the agreement submitted by a Participant (including the Benefit Payment Election Form) to the Administrative Committee prior to the beginning of the Deferral Period, with respect to a Deferral Commitment made for such Deferral Period.

2.22 Plan

"Plan" means this Tektronix, Inc. Stock Deferral Plan, as amended from time to time.

2.23 Rate of Return

"Rate of Return" means the rate used to determine the amount credited monthly to a Participant's Account under Article IV. Such rate shall be determined by the Administrative Committee based upon the net performance of the Earnings Index of the Tektronix Common Shares.

2.24 Retirement

"Retirement" means an employee's termination of employment with Employer on or after the employee's attainment of age fifty-five (55) or after five (5) years of service, or a Board member's termination after age fifty-five (55).

2.25 Salary

"Salary" means the Employee's base salary for the Plan Year. Salary excludes any other form of compensation such as restricted stock, proceeds from stock options or stock appreciation rights, severance payments, moving expenses, car or other special allowance, or any other amounts included in an Eligible Employee's taxable income that is not compensation for services. Deferral elections shall be computed before taking into account any reduction in taxable income by Salary reduction under Code Sections 125 or 401(k), or under this Plan.

2.26 Stock

"Stock" means Tektronix, Inc. Common Shares.

2.27 Stock Option Deferral

"Stock Option Deferral" means a stock-for-stock exercise of an Eligible Stock Option having an aggregate fair market value in excess of the total stock purchase price necessary to exercise such options.

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2.28 Stock Option Deferral Amount

"Stock Option Deferral Amount" means the amount of a Participant's Option Gains deferred in connection with an Eligible Stock Option exercise and Stock Option Deferral in accordance with Section 4.2(c) of this Plan.

2.29 Unforeseen Emergency

"Unforeseen Emergency" means a severe financial hardship to the Participant resulting from a sudden and unexpected illness or accident of the Participant or of a dependent (as defined in Section 152(a) of the Internal Revenue Code) of the Participant, loss of the Participant's property due to casualty, or other similar extraordinary and un-foreseeable circumstances arising as a result of events beyond the control of the Participant. The circumstances that will constitute an unforeseeable emergency will depend upon the facts of each case, but in any case, payment may not be made to the extent that such hardship is or may be relieved:

(a) Through reimbursement or compensation by insurance or otherwise,

(b) By liquidation of the Participant's assets, to the extent the liquidation of such assets would not itself cause severe financial hardship, or

(c) By cessation of deferrals under the Plan.

Article III—Participation and Deferral Commitments

3.1 Eligibility and Participation

(a) **Eligibility.** Eligibility to participate in the Plan is limited to Board Directors and Vice Presidents and above and any other highly compensated employee selected by the Administrative Committee.

(b) **Participation.** Eligible employees and Board members may elect to participate in the Plan with respect to any Deferral Period by submitting a Participation Agreement to the Administrative Committee by the December 31 immediately preceding the Deferral Period, except an election to participate in the Plan with respect to the initial Deferral Period shall be timely if made by May 18, 2001. Eligible Directors may elect to participate in the Plan with respect to any Deferral Period by submitting a Participation Agreement to the Administrative Committee by the August 31 immediately preceding the Deferral Period.

(c) **Part-Year Participation.** When a Director or an employee first becomes eligible to defer Compensation during a Deferral Period, a Participation Agreement must be submitted to the Administrative Committee no later than thirty (30) days

following notification to the Participant of eligibility to defer, and such Participation Agreement shall be effective only with regard to Compensation earned or payable following the submission of the Participation Agreement to the Administrative Committee.

3.2 Form of Deferral

A Participant may elect Deferral Commitments in the Participation Agreement as follows:

(a) **Salary Deferral Commitment.** A Salary Deferral Commitment shall be related to the Salary payable by Employer to a Participant during the Deferral Period. The amount to be deferred into the Participant's Stock subaccount shall be stated as a flat percentage or dollar amount.

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(b) **Bonus Deferral Commitment.** A Bonus Deferral Commitment shall be related to any Bonus payable to the Participant during the Deferral Period. The amount to be deferred into the Participant's Stock subaccount shall be stated as a flat percentage or dollar amount.

(c) **Stock Option Deferral Commitment.** To the extent permitted by the Committee, a Participant may elect to defer into his or her Stock subaccount all or a portion of his or her Option Gain, subject to such terms and conditions as the Committee may establish.

(d) **Director Fees Deferral Commitment.** A Director Fees Commitment shall relate to the payment of stock for Board services, Eligible Stock Option gains and Board fee payable in cash earned by a Participant during the Deferral Period. The amount to be deferred into the Participant's Stock subaccount shall be stated as a flat percentage or dollar amount.

3.3 Limitations on Deferral Commitments

The following limitations shall apply to Deferral Commitments:

(a) **Minimum.** The minimum deferral amount shall be five thousand dollars (\$5,000) per year. This minimum may be met by participation in this Plan or in the Tektronix Deferred Compensation Plan, or in a combination thereof.

(b) **Maximum.** The maximum deferral amount shall be ninety percent (90%) of Salary and one hundred percent (100%) of Bonus or Director Fees. However, when combined, deferrals into the Stock Deferral Plan and the Deferred Compensation Plan may not exceed ninety percent (90%) of Salary and one hundred percent (100%) of Bonus, or Director Fees.

(c) **Changes in Minimum or Maximum.** The Administrative Committee may change the minimum or maximum deferral amounts from time to time by giving written notice to all Participants. No such change may affect a Deferral Commitment made prior to the Administrative Committee's action.

3.4 Commitment Limited by Termination

If a Participant terminates employment or Board service with Employer prior to the end of the Deferral Period, the Deferral Period and the Deferral Commitment shall end at the date of termination.

3.5 Modification of Deferral Commitment

Participants may reduce or suspend their Deferral Commitments based on an Unforeseen Emergency in accordance with rules established by the Administrative Committee, provided that the modification applies only to a Director's Fee, Salary, Bonus or Stock Option Deferral payment that is not yet payable.

3.6 Beginning Account Balances

Any Director who becomes eligible to participate in this Plan shall have a Beginning Account Balance equal to any existing stock account balance(s) as of September 1, 2001 under the former Tektronix Non-Employee Directors' Stock Compensation Plan.

Any executive who becomes eligible to participate in this Plan shall have a beginning Account balance equal to any existing account balance(s) under the former Tektronix Deferred Compensation Plan, 1992 Restatement, as of the date the executive is eligible to defer under this Plan. However, any amount converted into this plan,

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and/or into the Tektronix Deferred Compensation Plan, will be converted in the proportions you elect, but no more than one hundred percent (100%) of the total balance available for conversion.

Article IV—Deferred Compensation Accounts

4.1 Accounts

For record keeping purposes only, an Account shall be maintained for each Participant. Separate subaccounts shall be maintained to the extent necessary to properly reflect the Participants' Tektronix Common Share total vested or nonvested Account balances. The Account shall be a bookkeeping device utilized for the sole purpose of determining the benefits payable under the Plan and shall not constitute a separate fund of assets.

4.2 Elective Deferred Compensation

(a) A Participant's Elective Deferred Compensation shall be credited to the Participant's Account with shares of phantom stock with a value equal to the corresponding Compensation deferred and at the same time the nondeferred portion of the Compensation becomes or would have been payable. Any withholding of taxes or other amounts with respect to deferred Compensation which is required by state, federal or local law shall be withheld from the Participant's nondeferred Compensation to the maximum extent possible with any excess reducing the amount to be credited to the Participant's Account.

(b) As soon as practicable after Stock would have otherwise been issued to the Participant in connection with the exercise of an Eligible Stock Option, the Committee shall credit a Stock subaccount of the Participant's Account with shares of phantom stock with a value equivalent to the Option Gain which has been deferred by the Participant in accordance with the Participant's election; that is, the portion of the Participant's Option Gain that the Participant has elected to defer shall be credited to the Stock subaccount of the Participant's Account.

4.3 Matching Contribution

The Employer shall credit a matching contribution to the Participant's Account equal to any matching contribution which would have been credited to the Participant's 401(k) Savings Plan but for the Participant's participation in this Plan. However, when combined with any credit to the Participant's subaccount in the Tektronix Deferred Compensation Plan, the total amount credited shall be no more than one hundred percent (100%) of the eligible matching contribution.

4.4 Pension Makeup

The Employer shall restore an amount equal to any reduction in a Participant's Qualified Pension Plan benefits resulting from deferrals under this Plan to the extent that the Qualified Pension Plan benefits are not restored by any other plan or agreement provided by the Employer. Such restoration shall be made by crediting to the Participant's Account the amount by which the Participant's cash balance credit under the Qualified Pension Plan is lower than the amount that would have been credited in the absence of deferrals under this Plan. Such amount shall be credited to the Account within ninety (90) days after the corresponding cash balance credit would have been made under the Qualified Pension Plan. However, when combined with any credit to the Participant's subaccount in the Tektronix Deferred Compensation Plan, the total amount credited shall be no more than one hundred percent (100%) of the Qualified Pension Plan makeup.

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4.5 Determination of Accounts

Each Participant's Account as of each Determination Date shall consist of the balance of the Participant's Account as of the immediately preceding Determination Date, plus the Participant's Elective Deferred Compensation credited during the period, plus earnings calculated using the Rate of Return, minus the amount of any distributions made since the immediately preceding Determination Date.

4.6 Vesting of Accounts

Each Participant shall be one hundred percent (100%) vested at all times in the Participant's Elective Deferred Compensation and any earnings thereon. Any matching contributions under Section 4.3 or Qualified Pension Plan makeup under 4.4 shall vest pursuant to the vesting schedule of the underlying qualified plan.

4.7 Statement of Accounts

The Administrative Committee shall give to each Participant a statement setting forth the balances in the Participant's Account on a quarterly basis and at such other times as may be determined by the Administrative Committee.

Article V—Plan Benefits

5.1 Distributions Prior to Termination of Employment

A Participant's Account may be distributed to the Participant prior to termination of employment as follows:

(a) **Scheduled Early Withdrawals.** A Participant may elect in a Participation Agreement to withdraw all or any portion of the amount deferred (and earnings thereon) pursuant to that Participation Agreement in a single lump sum or from two (2) to five (5) substantially equal annual installments commencing the first January and on each subsequent January following the date specified in the election. Such date shall not be sooner than three (3) years after the date the Deferral Period commences in which the scheduled early withdrawal was initially elected. Upon a Participant's termination, any balance subject to a Scheduled Early Withdrawal election shall be distributed in a lump sum within sixty (60) days.

(b) **Hardship Withdrawals.** Upon a finding that a Participant has suffered an Unforeseen Emergency, the Administrative Committee may, in its sole discretion, make distributions from the Participant's Account. The amount of such a withdrawal shall be limited to the amount the Administrative Committee determines to be reasonably necessary to meet the Participant's needs resulting from the Unforeseen Emergency. If any payment is made due to Unforeseen Emergency, any existing Deferral Commitment shall be null and void and the Participant shall not be permitted to make any Deferral Commitment for twelve (12) months. Any such hardship withdrawal distribution shall be payable in a single lump sum within thirty (30) days after the Administrative Committee approves such payment.

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5.2 Distributions Following Termination of Service

(a) Retirement or Disability Benefit.

(i) **Benefit Amount.** If a Participant terminates service with Employer due to Retirement or Disability, Employer shall pay to the Participant a benefit equal to the balance in the Participant's Account.

(ii) **Form of Benefit.** Subject to Section 5.2(a)(iii), benefits under this Section 5.2(a) shall be paid in the form or forms selected by the Participant in the Participation Agreement. Optional forms of payment include a lump-sum payment or substantially equal annual installments of the Account amortized over a period of up to fifteen (15) years. The initial payment shall be as elected by the Participant, either within sixty (60) days of termination or in January following termination, and all subsequent payments, if any, shall be in subsequent Januarys. In order to provide substantially equal installments, the Committee shall assume

a rate of return during the period of payment and may, at its discretion, adjust the assumed rate and the size of future installments based on the actual experience of Earnings Index of the Tektronix Common Shares.

(iii) **Mandatory Lump-Sum Payments.** Notwithstanding Section 5.2(a)(ii), if an employee terminates employment before age fifty-five (55), or with less than five (5) years of service, or if a Director terminates Board service before age fifty-five (55), or if a Participant's Account is less than fifty thousand dollars (\$50,000) on the Retirement date, a lump-sum benefit will be made regardless of the distribution method the Participant elected.

(iv) **Change in Form of Payment.** Notwithstanding the above, a Participant may elect to change the form or forms of payment designation which shall supersede the form of payment designations in all prior Participation Agreements and prior elected changes. If the Participant's most recent change of payment designation has not been filed thirteen (13) calendar months prior to the date of employment termination, the prior election shall be used to determine the form of payment.

(v) **Termination Benefit.** If a Participant terminates employment or Board service with Employer for any reason other than Retirement, Disability, or death, Employer shall pay to the Participant a lump-sum benefit equal to the balance in the Participant's Account.

(b) Death Benefit.

(i) **Preretirement.** If a Participant terminates employment or Board service with Employer due to death, Employer shall pay to the Participant's Beneficiary a lump-sum benefit equal to the vested balance in the Participant's Account.

(ii) **Postretirement.** If a Participant dies following the Participant's Retirement, Employer shall continue to pay any remaining benefit payments to the Participant's Beneficiary in the form previously elected by the Participant for Retirement benefits.

(c) All balances in a Participant's Stock subaccount shall be paid in Stock.

5.3 Benefit Commencement

Benefits shall commence as soon as practical after termination but in no case more than sixty (60) days after termination.

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5.4 Accelerated Distribution

Notwithstanding any other provision of the Plan, at any time a Participant shall be entitled to receive, upon written request to the Administrative Committee, a lump-sum distribution equal to ninety percent (90%) of the Account balance as of the Determination Date immediately preceding the date on which the Administrative Committee receives the written request. The remaining balance shall be forfeited by the Participant. The amount payable under this section shall be paid in a lump-sum benefit within thirty (30) days following the receipt of the notice by the Administrative Committee from the Participant. Such Participant shall not be eligible to participate in the Plan for a period of one (1) year from the date of distribution.

5.5 Deferred Payment of Benefit

If part of a Participant's compensation is not deductible under IRC Section 162(m), then Tektronix may require the Participant to defer payment of benefits under this Article to avoid the limitation set forth in Section 162(m). Any deferred benefits under this Section shall be distributed to the Participant in the first calendar year such amounts would not exceed the limitation as set out in IRC Section 162(m).

5.6 Withholding for Taxes

To the extent required by the law in effect at the time payments are made, Employer shall withhold from payments made hereunder any taxes required to be withheld by the federal or any state or local government, including any amounts which the Employer determines are reasonably necessary to pay any generation-skipping transfer tax which is or may become due. A beneficiary, however, may elect not to have withholding of federal income tax pursuant to Section 3405 of the Internal Revenue Code, or any successor provision thereto.

5.7 Valuation and Settlement

The amount of a lump-sum payment and the initial installment payment shall be based on the value of the Participant's Account on the Determination Date immediately preceding the lump-sum payment or commencement of installment payments.

5.8 Payment to Guardian

The Administrative Committee may direct payment to the duly appointed guardian, conservator, or other similar legal representative of a Participant or Beneficiary to whom payment is due. In the absence of such a legal representative, the Administrative Committee may, in its sole and absolute discretion, make payment to a person having the care and custody of a minor, incompetent or person incapable of handling the disposition of property upon proof satisfactory to the Administrative Committee of incompetency, minority, or incapacity. Such distribution shall completely discharge the Administrative Committee from all liability with respect to such benefit.

Article VI–Beneficiary Designation

6.1 Beneficiary Designation

Each Participant shall have the right, at any time, to designate a Beneficiary (both primary as well as contingent) to whom benefits under this Plan shall be paid if a Participant dies prior to complete distribution to the Participant of the benefits due under the Plan. Each Beneficiary designation shall be in a written form prescribed by the

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Administrative Committee, and will be effective only when filed with the Administrative Committee during the Participant's lifetime.

6.2 Changing Beneficiary

Any Beneficiary designation may be changed by a Participant without the consent of the previously named Beneficiary by the filing of a new Beneficiary designation with the Administrative Committee. The filing of a new Beneficiary designation shall cancel all Beneficiary designations previously filed. If a Participant's Compensation is community property, any Beneficiary Designation shall be valid or effective only as permitted under applicable law.

6.3 No Beneficiary Designation

In the absence of an effective Beneficiary Designation, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's benefits, the Participant's designated Beneficiary shall be deemed to be the Participant's estate.

6.4 Effect of Payment

Payment to the Beneficiary shall completely discharge Employer's obligations under this Plan.

Article VII–Administration

7.1 Committee; Duties

The Plan shall be administered by an Administrative Committee consisting of three (3) members as may be appointed from time to time by the Board. The Administrative Committee shall have the authority to interpret and enforce all appropriate rules and regulations for the

administration of the Plan and decide or resolve any and all questions, including determination of eligibility and interpretations of the Plan, as may arise in such administration. A majority vote of the Administrative Committee members in office at the time of the vote shall control any decision. The required majority action may be taken either by a vote at a meeting or without a meeting by a signed memorandum. Meetings may be conducted by telephone conference call. The Administrative Committee may, by majority action, delegate to one or more of its members the authority to execute and deliver in the name of the Administrative Committee all communications and documents which the Administrative Committee is required or authorized to provide under this Plan. Any party shall accept and rely upon any document executed in the name of the Administrative Committee. Members of the Administrative Committee may be Participants under this Plan.

7.2 Agents

The Administrative Committee may, from time to time, employ agents and delegate to them such administrative duties as it sees fit, and may from time to time consult with counsel who may be counsel to the Company.

7.3 Binding Effect of Decisions

The decision or action of the Administrative Committee with respect to any question arising out of or in connection with the administration, interpretation and application of the Plan and the rules and regulations promulgated hereunder shall be final, conclusive and binding upon all persons having any interest in the Plan.

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7.4 Indemnity of Committee

The Company shall indemnify and hold harmless the members of the Administrative Committee against any and all claims, loss, damage, expense or liability arising from any action or failure to act with respect to this Plan on account of such person's service on the Administrative Committee, except in the case of gross negligence or willful misconduct.

Article VIII—Claims Procedure

8.1 Claim

Any person claiming a benefit, requesting an interpretation or ruling under the Plan, or requesting information under the Plan shall present the request in writing to the Administrative Committee which shall respond in writing within thirty (30) days.

8.2 Denial of Claim

If the claim or request is denied, the written notice of denial shall state:

- (a) The reason for denial, with specific reference to the Plan provisions on which the denial is based.
- (b) A description of any additional material or information required and an explanation of why it is necessary.
- (c) An explanation of the Plan's claim review procedure.

8.3 Review of Claim

(a) Any person whose claim or request is denied or who has not received a response within thirty (30) days may request review by notice given in writing to the Administrative Committee. The claim or request shall be reviewed by the Administrative Committee who may, but shall not be required to, grant the claimant a hearing. On review, the claimant may have representation, examine pertinent documents, and submit issues and comments in writing.

(b) Such notice shall be made within the lesser of ninety (90) days of notice of denial or one hundred twenty (120) days of the original written claim.

8.4 Final Decision

The decision on review shall normally be made within sixty (60) days. If an extension of time is required for a hearing or other special circumstances, the claimant shall be notified and the time limit shall be one hundred twenty (120) days. The decision shall be in writing and shall state the reason and the relevant plan provisions. All decisions on review shall be final and bind all parties concerned.

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Article IX—Amendment and Termination of Plan

9.1 Amendment

(a) The Company may amend the Plan at any time and from time to time by written instrument. Except as provided in (b) below, the power to amend may be executed only by the Board.

(b) The Administrative Committee may adopt any technical, clerical, conforming or clarifying amendment or other change, provided:

(i) The Administrative Committee deems it necessary or advisable to:

(A) Correct any defect, supply any omission or reconcile any inconsistency in order to carry out the intent and purposes of the Plan;

(B) Maintain the Plan's status as a "top-hat" plan for purposes of ERISA; or

(C) Facilitate the administration of the Plan;

(ii) The amendment or change does not, without the consent of the Board, materially increase the cost to the Employer of maintaining the Plan; and

(iii) Any amendment adopted by the Administrative Committee shall be in writing, signed by a member of the Committee and promptly reported to the Board.

(c) To the extent permitted under subsection (e) below, amendments may have an immediate, prospective or retroactive effective date.

(d) Amendments do not require the consent of any Participant or Beneficiary.

(e) Amendments are subject to the following limitations:

(i) **Preservation of Account Balance.** No amendment shall reduce the amount credited or to be credited to any Account as of the date notice of the amendment is given to Participants.

(ii) **Changes in Earnings Rate.** If the Plan is amended so that the Earnings Index is not used to calculate the Rate of Return, the rate of earnings to be credited to the Participant's Account shall not be less than the monthly equivalent of the average nominal annual yield on three (3) month Treasury bills for the applicable Determination Period.

(iii) **After a Change in Control.** No amendment shall change the methodology used to calculate the Rate of Return in any way which will lower the Participant's returns on any amounts deferred under Deferral Commitments filed prior to the Change in Control.

All amounts deferred under Deferral Commitments filed prior to a Change in Control shall be paid as originally elected by the Participant unless the Participant voluntarily changes such distribution elections in accordance with 5.2(a)(iv).

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9.2 Employer's Right to Terminate

The Board may at any time partially or completely terminate the Plan if, in its judgment, the tax, accounting or other effects of the continuance of the Plan, or potential payments thereunder would not be in the best interests of Employer.

(a) **Partial Termination.** The Board may partially terminate the Plan by instructing the Administrative Committee not to accept any additional Deferral Commitments. If such a partial termination occurs, the Plan shall continue to operate and be effective with regard to Deferral Commitments entered into prior to the effective date of such partial termination.

(b) **Complete Termination.** The Board may completely terminate the Plan by instructing the Administrative Committee not to accept any additional Deferral Commitments, and by terminating all ongoing Deferral Commitments. If such a complete termination occurs, the Plan shall cease to operate and Employer shall pay out each Account. Payment shall be made in a lump sum or in the installment schedule elected by the Participant for payment upon Retirement, as decided by the Company, except as follows. If a Change in Control has occurred prior to the termination of the Plan, payment shall be made in the installment schedule elected by the Participant for payment upon Retirement.

Payments shall commence within sixty (60) days after the Board terminates the Plan and earnings shall continue to be credited on the unpaid Account balance.

Article X—Miscellaneous

10.1 Unfunded Plan

As to employees, this Plan is an unfunded plan maintained primarily to provide deferred compensation benefits for a select group of "management or highly compensated employees" within the meaning of Sections 201, 301 and 401 of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and therefore is exempt from the provisions of Parts 2, 3 and 4 of Title I of ERISA. As to Directors, this Plan is not subject to ERISA because it does not provide benefits for employees.

10.2 Unsecured General Creditor

Participants and Beneficiaries shall be unsecured general creditors, with no secured or preferential right to any assets of Employer or any other party for payment of benefits under this Plan. Any life insurance policies, annuity contracts or other property purchased by Employer in connection with this Plan shall remain its general, unpledged and unrestricted assets. Employer's obligation under the Plan shall be an unfunded and unsecured promise to pay money in the future.

10.3 Trust Fund

At its discretion, the Employer may establish one (1) or more trusts, with such trustees as the Employer may approve, for the purpose of providing for the payment of benefits owed under the Plan. Although such a trust shall be irrevocable, its assets shall be held for payment of all the Company's general creditors in the event of insolvency or bankruptcy. To the extent any benefits provided under the Plan are paid from any such trust, Employer shall have no further obligation to pay them. If not paid from the trust, such benefits shall remain the obligation of Employer.

10.4 Nonassignability

Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt the amounts, if any, payable hereunder, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and nontransferable. No part of the amounts payable shall, prior to actual payment, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

10.5 Not a Contract of Employment

This Plan shall not constitute a contract of employment between Employer and the Participant. Nothing in this Plan shall give a Participant the right to be retained in the service of Employer or to interfere with the right of Employer to discipline or discharge a Participant at any time.

10.6 Protective Provisions

A Participant will cooperate with Employer by furnishing any and all information requested by Employer in order to facilitate the payment of benefits hereunder, and by taking such physical examinations as Employer may deem necessary and taking such other action as may be requested by Employer.

10.7 Governing Law

The provisions of this Plan shall be construed and interpreted according to the laws of the State of Oregon, except as preempted by federal law.

10.8 Validity

In case any provision of this Plan shall be held illegal or invalid for any reason, said illegality or invalidity shall not affect the remaining parts hereof, but this Plan shall be construed and enforced as if such illegal and invalid provision had never been inserted herein.

10.9 Notice

Any notice required or permitted under the Plan shall be sufficient if in writing and hand delivered or sent by registered or certified mail. Such notice shall be deemed as given as of the date of delivery or, if delivery is made by mail, as of the date shown on the postmark on the receipt for registration or certification. Mailed notice to the Administrative Committee shall be directed to the Company's address. Mailed notice to a Participant or Beneficiary shall be directed to the individual's last known address in Employer's records.

10.10 Successors

The provisions of this Plan shall bind and inure to the benefit of Employer and its successors and assigns. The term successors as used herein shall include any corporate or other business entity which shall, whether by

merger, consolidation, purchase or otherwise acquire all or substantially all of the business and assets of Employer, and successors of any such corporation or other business entity.

By: /s/ JAMES F. DALTON

Its:

Dated: July 25, 2001

PAGE 16- STOCK DEFERRAL PLAN

EXHIBIT 21

SUBSIDIARIES OF TEKTRONIX, INC.

Name of Subsidiary and Jurisdiction in Which Organized	Percentage of Voting Securities Owned by Immediate Parent
Tektronix Australia Pty. Limited (Australia)	100%
Tektronix Ges.m.b.H. (Austria)	100
Tektronix N.V. (Belgium)	100
Tektronix Industria e Comercio Ltda. (Brazil)	100
Gage Applied Inc. (Canada)	100
Tektronix Canada Inc. (Canada)	100
Tektronix Electronics (China) Co., Ltd. (China)	100
Tektronix (Yangzhong) Co., Ltd. (China)	100
Gage Applied Sciences (U.S.) Inc. (Delaware)	100
Tektronix A/S (Denmark)	100
Tektronix Oy (Finland)	100
Tektronix S.A.(France)	100
Tektronix Berlin GmbH & Co., KG (Germany)	100
Tektronix Berlin Verwaltungs GmbH (Germany)	100
Tektronix GmbH (Germany)	100
Tektronix Foreign Sales Corporation (Guam)	100
Tektronix Hong Kong Limited (Hong Kong)	100
Tektronix Engineering Development (India) Limited (India)	100
Tektronix Padova S.p.A. (Italy)	100
Tektronix S.p.A. (Italy)	100
Tektronix Korea, Ltd. (Korea)	100
Tektronix, S.A. de C.V. (Mexico)	100
Tektronix Holland N.V. (The Netherlands)	100
Tektronix Norge A/S (Norway)	100
Maxtek Components Corporation (Oregon)	100
Tektronix Asia, Ltd. (Oregon)	100
Tektronix Development Company (Oregon)	100
Tektronix Export, Inc. (Oregon)	100
Tektronix Federal Systems, Inc. (Oregon)	100
Tektronix International, Inc. (Oregon)	100
VideoTele.com, Inc. (Oregon)	100
Tektronix Polska Sp. z o.o. (Poland)	100

Tektronix Southeast Asia Pte Ltd (Singapore)	100
Tektronix Espanola, S.A. (Spain)	100
Tektronix AB (Sweden)	100
Tektronix International A.G. (Switzerland)	100
Tektronix Taiwan, Ltd. (Taiwan)	100
Tektronix Cambridge Limited (formerly Adherent Systems Ltd.) (United Kingdom)	100
Tektronix Europe Ltd. (United Kingdom)	100
Tektronix U.K. Limited (United Kingdom)	100
Tektronix U.K. Holdings Limited (United Kingdom)	100

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Subsidiaries - Less than 100% Ownership

(Parent Company/Oregon Corp. listed above):

Tektronix (India) Limited (India)	95
Sony/Tektronix Corporation (Japan)	50

INDEPENDENT AUDITORS' CONSENT

We consent to the incorporation by reference in Registration Statement Nos. 33-59171, 33-58511, 333-42413, 333-68607, 333-51080, 333-60668, and 333-94347 of Tektronix, Inc. on Form S-8 and Registration Statement Nos. 33-58635, 33-58513, and 33-59648 of Tektronix, Inc. on Form S-3 of our report dated June 21, 2001, included in this Annual Report on Form 10-K of Tektronix, Inc. for the year ended May 26, 2001.

/s/ DELOITTE & TOUCHE LLP

DELOITTE & TOUCHE LLP

Portland, Oregon

July 30, 2001

POWER OF ATTORNEY

The undersigned constitutes and appoints RICHARD H. WILLS, COLIN L. SLADE and JAMES F. DALTON and each of them, as the undersigned' s true and lawful attorneys and agents, with full power of substitution and resubstitution for the undersigned and in the undersigned' s name, place and stead, in any and all capacities, to sign the Tektronix, Inc. Annual Report on Form 10-K for the year ended May 26, 2001 and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys and agents, and each of them, full power and authority to do any and all acts and things necessary or advisable to be done, as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys and agents or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

DATED: July 25, 2001

/S/ PAULINE LO ALKER
(Signature)

Pauline Lo Alker

POWER OF ATTORNEY

The undersigned constitutes and appoints RICHARD H. WILLS, COLIN L. SLADE and JAMES F. DALTON and each of them, as the undersigned' s true and lawful attorneys and agents, with full power of substitution and resubstitution for the undersigned and in the undersigned' s name, place and stead, in any and all capacities, to sign the Tektronix, Inc. Annual Report on Form 10-K for the year ended May 26, 2001 and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys and agents, and each of them, full power and authority to do any and all acts and things necessary or advisable to be done, as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys and agents or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

DATED: July 27, 2001

/S/ A. GARY AMES

A. Gary Ames

POWER OF ATTORNEY

The undersigned constitutes and appoints RICHARD H. WILLS, COLIN L. SLADE and JAMES F. DALTON and each of them, as the undersigned' s true and lawful attorneys and agents, with full power of substitution and resubstitution for the undersigned and in the undersigned' s name, place and stead, in any and all capacities, to sign the Tektronix, Inc. Annual Report on Form 10-K for the year ended May 26, 2001 and any and all amendments thereto, and to file the same, with all exhibits thereto, and other documents in connection

therewith, with the Securities and Exchange Commission, granting unto said attorneys and agents, and each of them, full power and authority to do any and all acts and things necessary or advisable to be done, as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys and agents or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

DATED: July 26, 2001

/S/ GERRY B. CAMERON
(Signature)

Gerry B. Cameron

POWER OF ATTORNEY

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DATED: July 26, 2001

/S/ D. CAMPBELL
(Signature)

David N. Campbell

POWER OF ATTORNEY

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DATED: July 26, 2001

/S/ PAUL C. ELY, JR.
(Signature)

Paul C. Ely, Jr.

POWER OF ATTORNEY

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DATED: July 25, 2001

/S/ FRANK C. GILL
(Signature)

Frank C. Gill

POWER OF ATTORNEY

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DATED: July 26, 2001

/S/ MERRILL A. McPEAK
(Signature)

Merrill A. (Tony) McPeak

POWER OF ATTORNEY

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to do any and all acts and things necessary or advisable to be done, as fully and to all intents and purposes as the undersigned might or could do in person, hereby ratifying and confirming all that said attorneys and agents or either of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof.

DATED: July 26, 2001

/S/ J.J. MEYER
(Signature)

Jerome J. Meyer

POWER OF ATTORNEY

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DATED: July 26, 2001

/S/ RALPH V. WHITWORTH
(Signature)

Ralph V. Whitworth

POWER OF ATTORNEY

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DATED: July 26, 2001

/S/ RICHARD H. WILLS
(Signature)

