

Tektronix Company Overview

Markets, Strategy and Results



Rick Wills

Chairman, President
& Chief Executive Officer

September 2006

Safe Harbor Statement

- ▶ Comments during today's presentations may include forward looking statements. There are many risk factors that affect the company's business and its operational results that may cause the actual results in future periods to differ materially from those currently expected or desired. Please look at our company filings with the Securities and Exchange Commission, including the most recent forms 10Q and 10K, for discussion of these and other factors.



Agenda

- ▶ Test, measurement & monitoring market overview
- ▶ Tektronix overview
- ▶ Company strategy
- ▶ Key financial data



Well Positioned For Profitable Growth

- ▶ Targeting markets with long term growth opportunities – *"New Digital World"*
- ▶ Focused strategy should enable faster-than-market growth
 - Strategic investments have created a springboard for growth
- ▶ Proven business model drives leverage in earnings and cash flow



Test, Measurement & Monitoring

Technology-based tools that enable the design, manufacturing, and management of other technologies and products



General Purpose Test **\$3.8B**

- ▶ Products used for many electrical and electronic markets and applications
- ▶ Low to moderately cyclical



Communications Test **\$3.5B**

- ▶ Application-specific test products targeted at communication equipment manufacturers and network operators
- ▶ Moderately cyclical



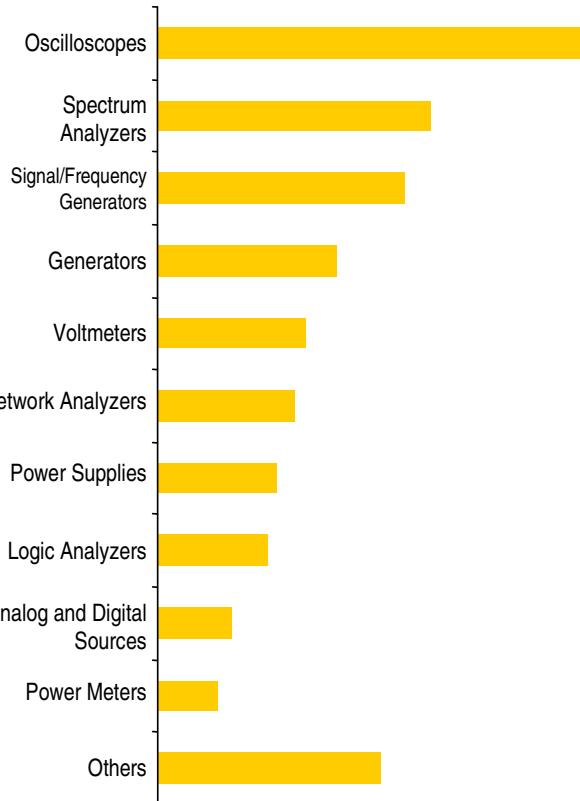
ATE **\$5.2B**

- ▶ Focused on manufacturing test for the semiconductor industry
- ▶ Highly cyclical
- ▶ Tektronix does not compete in this segment

\$12.5B

General Purpose T&M

\$3.8 Billion



Source: Prime Data 2004 Report

Tektronix Today

Tektronix is a leading supplier of test, measurement, and monitoring products, solutions and services

- ▶ Over \$1B in annual sales
- ▶ Strong market share positions
- ▶ Global footprint

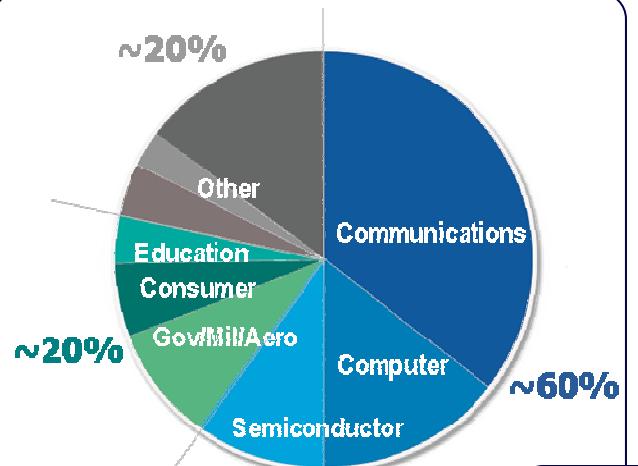


Core Strengths

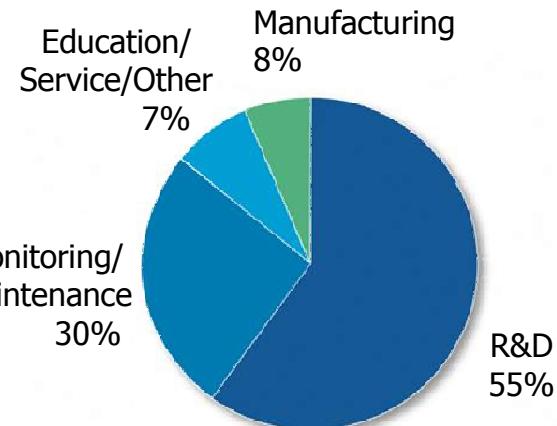
- ▶ Trusted Brand
- ▶ Innovative Technology
- ▶ Global Customer Reach
- ▶ Financial Strength
- ▶ Exceptional People

Industries, Applications, and Geographies

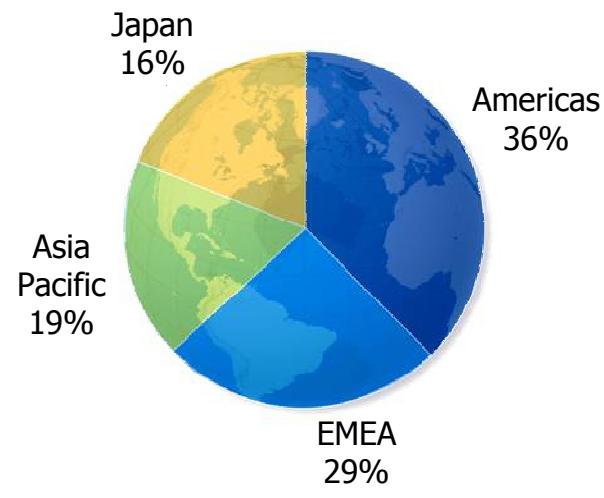
Industries



Applications



Regions



Source: Company Order Data – Market Model Process

Market Drivers – *New Digital World*

- ▶ Pervasiveness of wireless technologies and infrastructure
- ▶ Convergence and complexity of modern communications networks
- ▶ Growth in consumer electronics
- ▶ Emergence of new technologies and standards
- ▶ Government, military, and security utilization of technology
- ▶ Asian influence and expansion



Building on Two Platforms

General Purpose & Video Test Instruments

Oscilloscopes



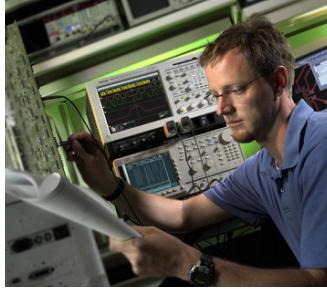
Logic Analyzers



Video Test



Signal Sources



Spectrum Analyzers



New product categories

Communications Test & Monitoring



Network Diagnostics



Network Management



Building on Two Platforms

General Purpose & Video Test Instruments

Oscilloscopes	Logic Analyzers	Video Test	Signal Sources	Spectrum Analyzers
\$1B Market #1 Position 40-45% of Sales	\$210M Market #1 Position 8-10% of Sales	\$250M Market #1 Position 10-13% of Sales	\$175M Market #2 Position 3-5% of Sales	\$600M Market New Entrant 2-4% of Sales

New product categories

Communications Test & Monitoring

\$420M Market #1 Position 10-12% of Sales	\$400M Market #2 Position 12-18% of Sales
Network Diagnostics	Network Management



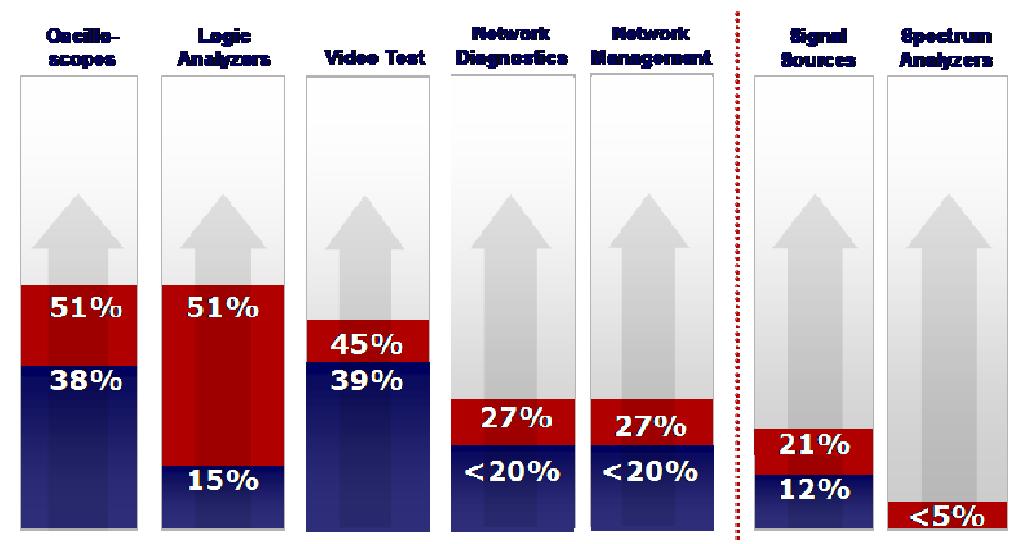
Growth Strategy



Focused strategy to enable faster-than-market growth

Be a market leader in the categories in which we choose to participate by:

- ▶ Growing market share in core product categories
- ▶ Expanding our addressable market
- ▶ Leveraging our core strengths into adjacent categories



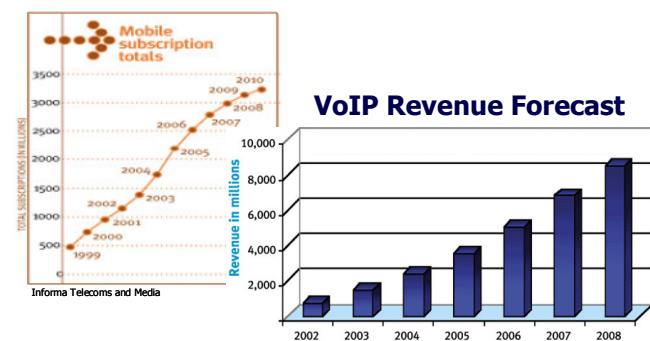
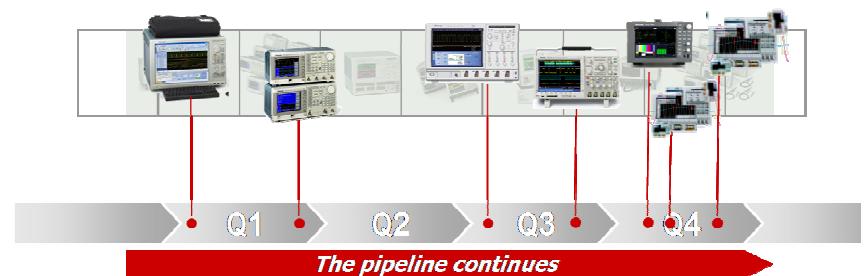
Source: Prime Data 2004 Report

Be disciplined in execution

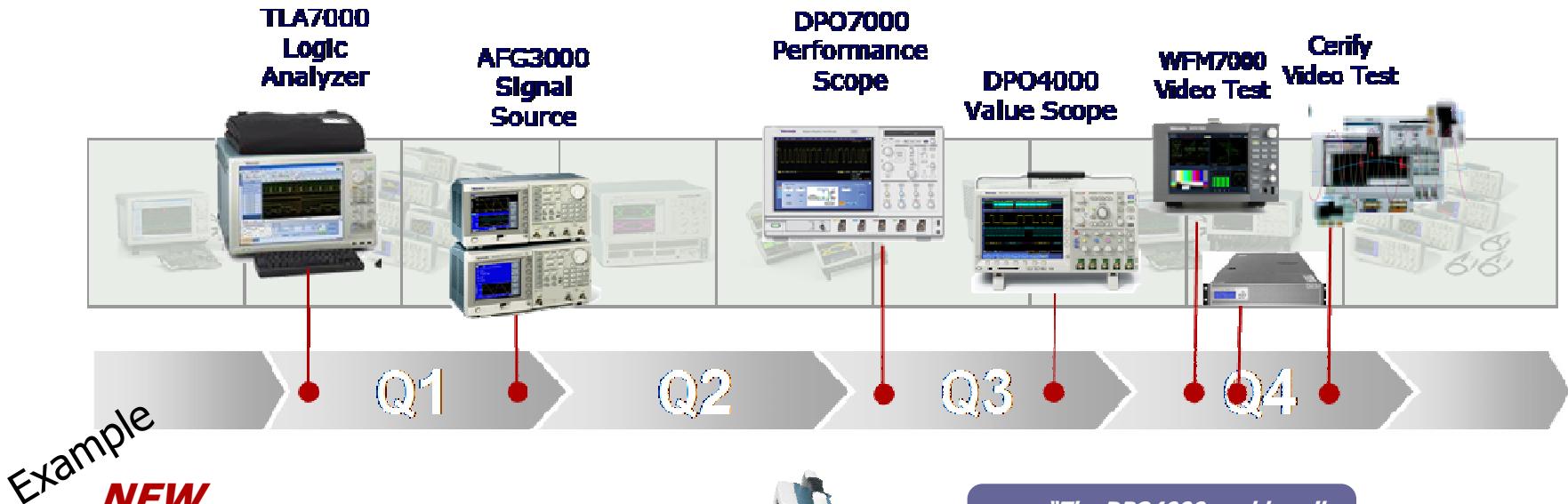
Inflection Point For Growth

Strategic investments result in two near term growth drivers

- ▶ Unprecedented pipeline of leadership products in instruments
- ▶ Ability to win in the transition to modern networks in communications



Unprecedented Pipeline of new Products



NEW

Tektronix DPO4000

- Uncompromised performance
- Innovative Wave Inspector
- Integrated serial data acquisition
- Form Factor



"The DPO4000 could easily become a de facto standard for this class of oscilloscope."

- Mathew Jacob, Application Engineering Manager, National Semiconductor

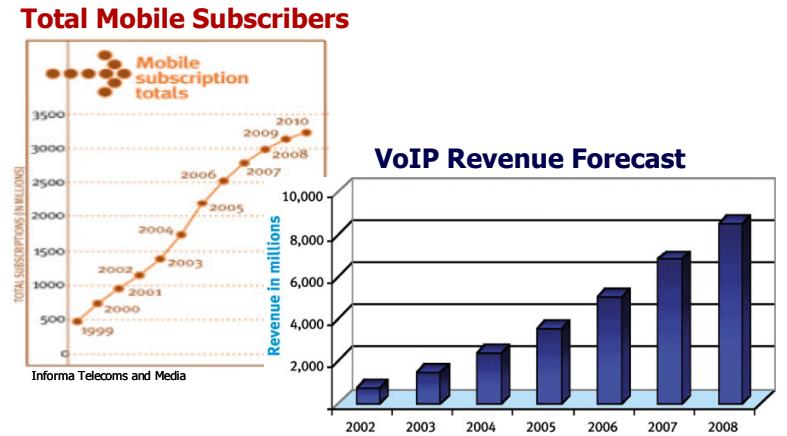
"Wave Inspector is essentially ... to waveform management what search engines are to the Internet."

- Galen Wampler, President, Prime Data

The pipeline continues

Winning in the transition to Modern Networks

- ▶ Significant growth and investment in modern networks driven by triple play
- ▶ Tektronix is the clear and undisputed market leader for monitoring modern IP and Mobile Data Networks



Example

- ▶ BT Selected Tektronix for Performance Management in the Migration to 21st Century Network (March 2006)



"As BT works to simplify and streamline the creation, delivery and operations of existing and new services .. Tektronix will help to support the migration to 21CN,"
Kevin Simmons, Head of Network Assurance, BT

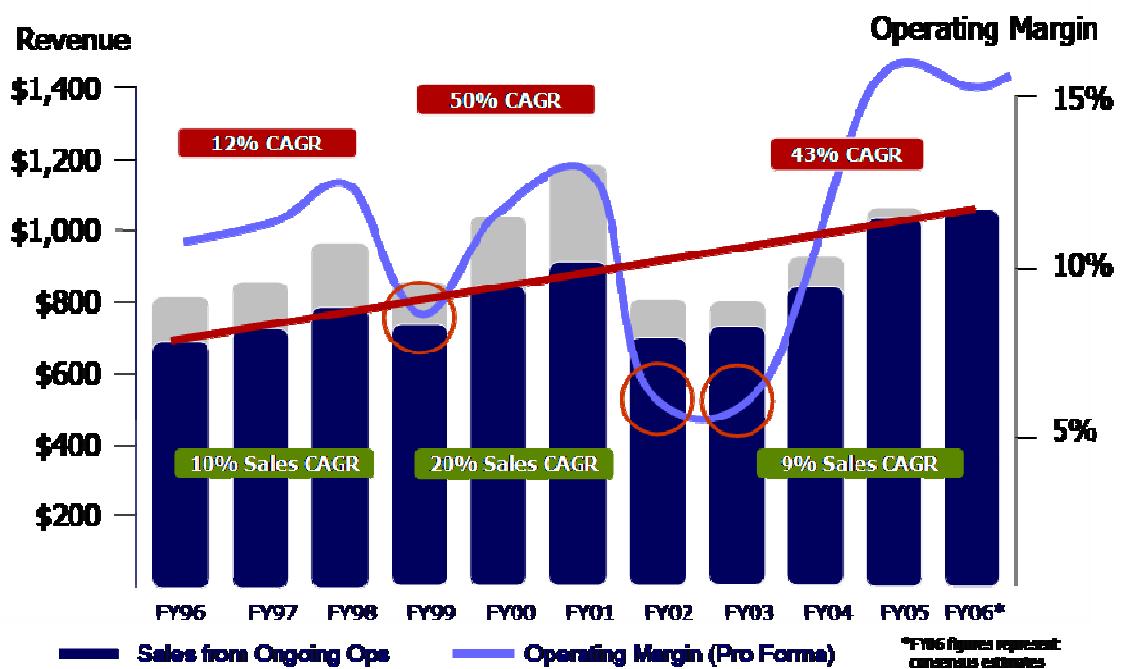
Tektronix has won over 75% of targeted contracts for modern networks

Financial Results



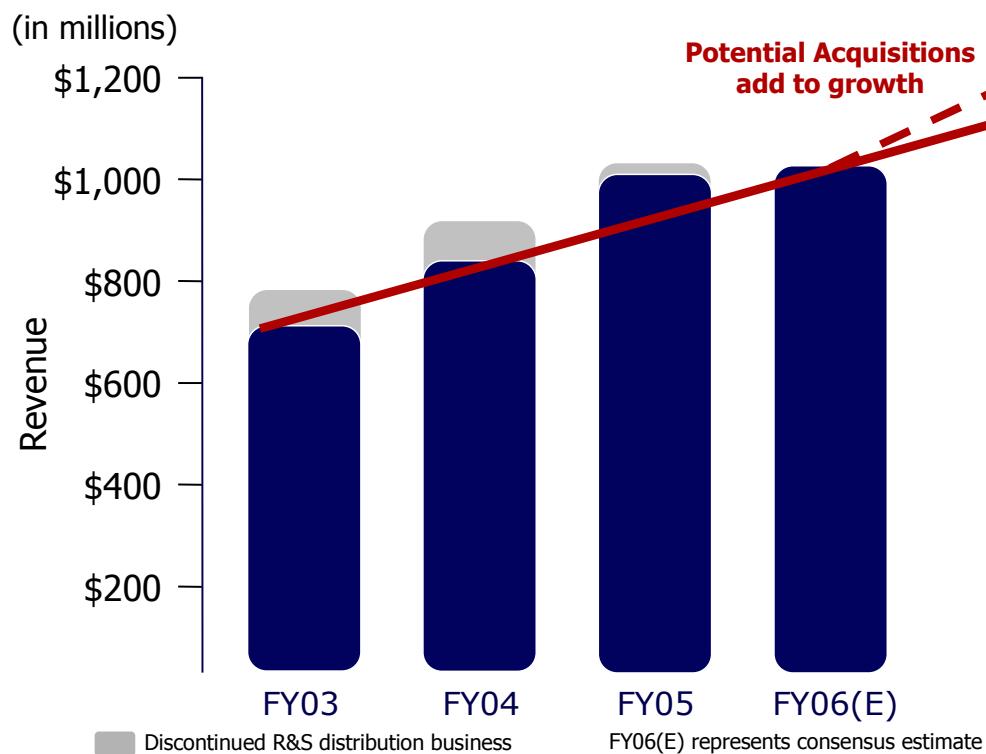
History of disciplined financial performance

- ▶ Long-term growth in core portfolio of businesses
 - ▶ Remained profitable in all market conditions
 - ▶ Demonstrated leverage in operating model
 - ▶ Generated excellent operating cash flow each year



Looking forward, positioned for strong growth

- ▶ Pipeline of leadership products in instruments
- ▶ Winning customers in the transition to modern communications networks

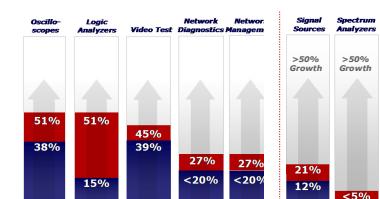


***Targeting high single-
low double digit
sales growth***

Focused strategy to enable faster-than-market growth

Be a market leader in the categories in which we choose to participate by:

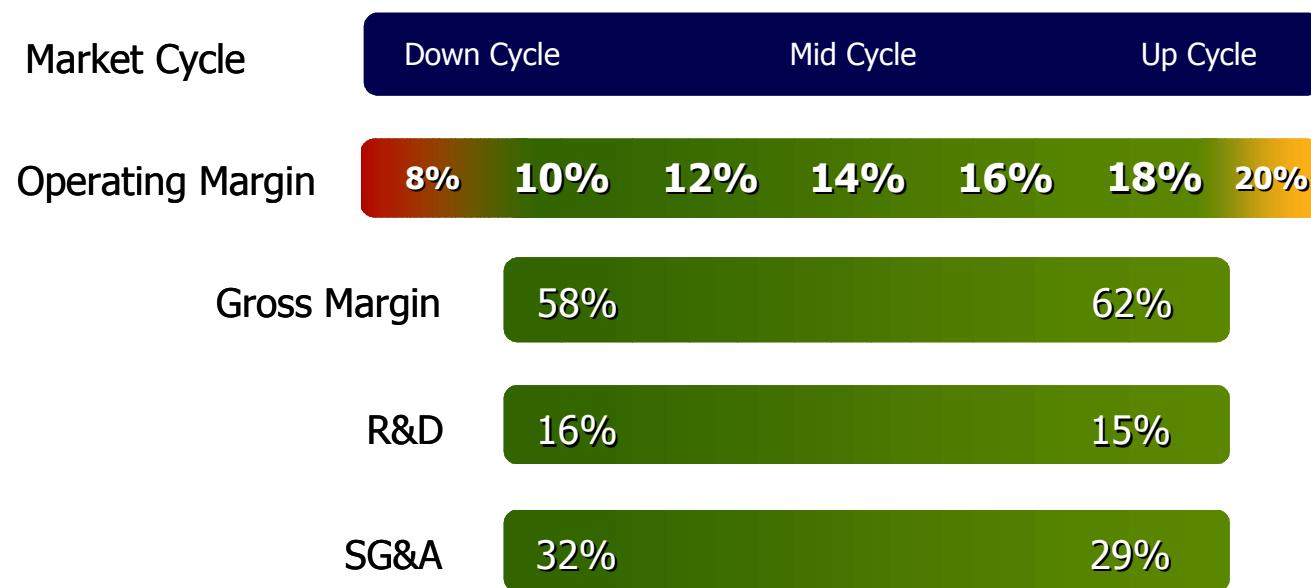
- ▶ Growing market share in core product categories
- ▶ Expanding our addressable market
- ▶ Leveraging our core strengths into adjacent categories



Be disciplined in execution

Model will drive faster earnings growth

- ▶ Leveraged operating model will enable earnings to grow faster than sales



- Each incremental sales dollar targeted to increase operating income by \$0.30-\$0.40 ...
- Resulting in mid to high teens EPS growth on high single digit sales growth

Generating continued strong cash flow

Average free cash flow ~\$85M per year over last 5 years

- ▶ Utilize cash for organic growth and strategic acquisitions
- ▶ Targeted cash balance between \$200M-\$300M
 - Provides for working capital, cushion against protracted downturn, and when combined with debt capacity, sufficient flexibility for strategic acquisitions
- ▶ Return “excess” free cash to shareholders
 - Opportunistic Share Buy Back Program
 - ▶ Repurchased \$758M at \$24.30
 - ▶ \$192M Open Authorization
 - Dividend (\$0.24 /year, 20-30% of FCF)



Well Positioned For Profitable Growth

- ▶ Targeting markets with long term growth opportunities – *"New Digital World"*
- ▶ Focused strategy should enable faster-than-market growth
 - Delivering a pipeline of leadership products in instruments
 - Winning in the transition to modern communications networks
- ▶ Proven business model drives leverage in earnings and cash flow



