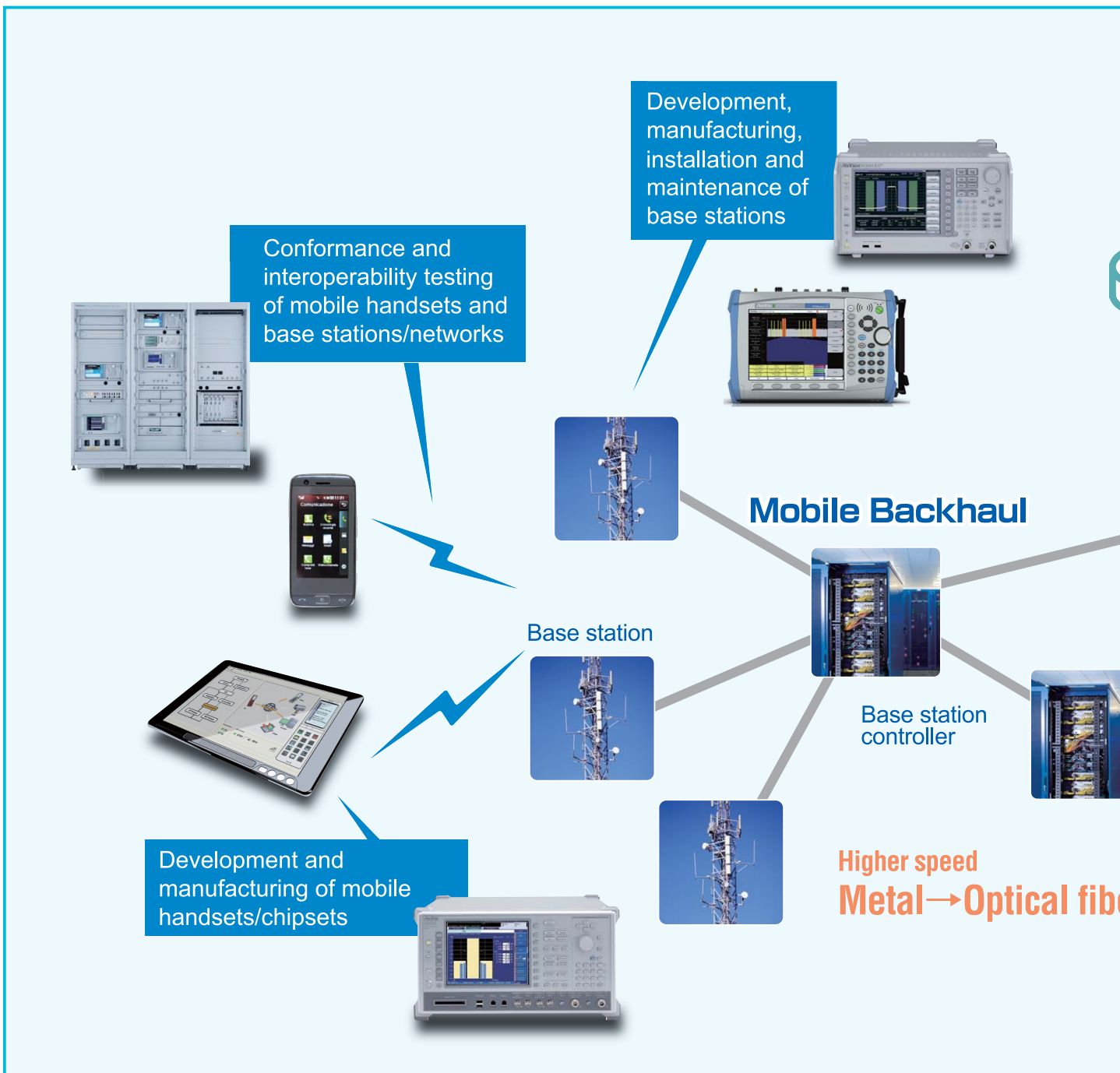


# Review of Operations

## Test and Measurement

Anritsu's test and measurement solutions cover all areas of communications, from development, manufacture, installation, and maintenance of mobile handsets such as smartphones, communications infrastructure, electronic components for telecommunications, and other products to network quality assurance. Anritsu has consistently captured expanding business opportunities in the development of mobile broadband services to improve its market position and achieve a powerful profit structure with the aim of global market leadership.

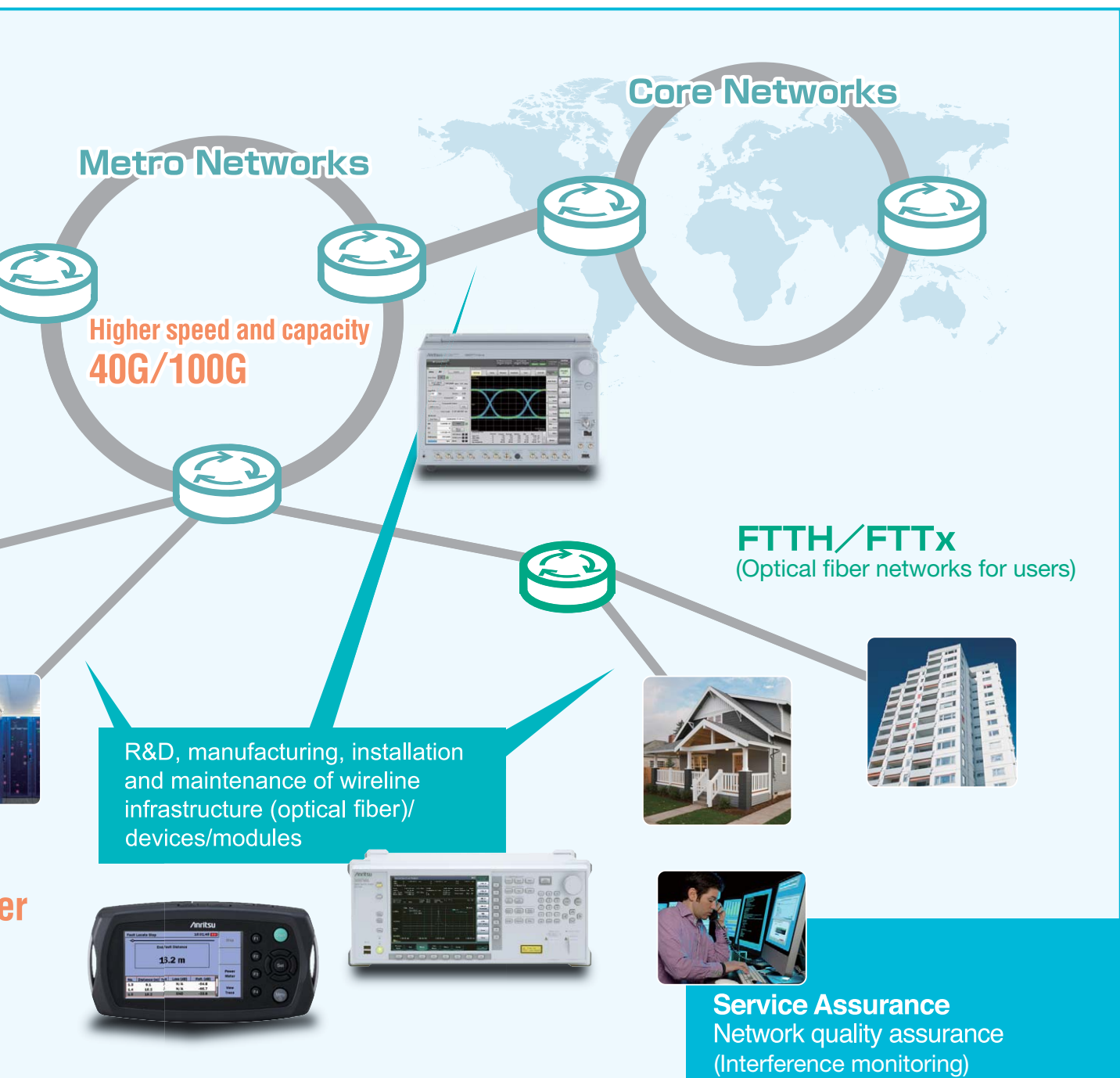
### Measurement Solutions for Communications Networks



## Business Areas

Anritsu's Test and Measurement segment operates in the mobile communications market including mobile phones and smartphones; the network infrastructure market including optical fiber networks and wireless base stations; and the electronics market including electronic components for telecommunications used in various equipment and telecommunications equipment.

Anritsu's technological capabilities cover all areas of telecommunications, whether wireless or wireline. Development bases in Japan, the United States and Europe and a broadly based global support system are strengths. Anritsu's test and measurement solutions meet leading-edge market needs and contribute to the development of mobile broadband services.



## Review of the Fiscal Year Ended March 31, 2012

During the fiscal year ended March 31, 2012, smartphones spread rapidly in the mobile phone market and commercial LTE services expanded. Against this backdrop, demand expanded significantly for measuring instruments for mobile handset manufacturing, centered on Asia, and for measuring instruments for LTE R&D, centered on North America and Japan. In the network infrastructure market, demand was solid for measuring instruments for installation and maintenance to upgrade and

expand infrastructure in North America and Asia. As a result, segment sales increased 31.9 percent compared with the previous fiscal year to ¥70,531 million. Operating income increased 172.0 percent compared with the previous fiscal year to ¥13,736 million, driven by expanded sales of highly profitable measuring instruments for the mobile market and more efficient management of investments and expenditures.

### Features and Global Market Share of the Test and Measurement Business (Anritsu estimates)

#### Test and Measurement for LTE Development:

Share of over **50%**

#### Test and Measurement for 3G Manufacturing:

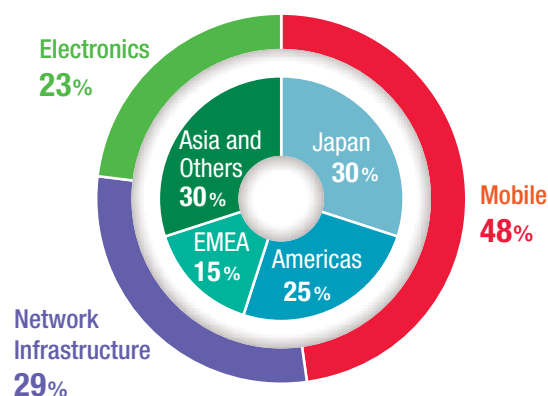
Share of **30–40%**

#### Test and Measurement for Base Station Installation and Maintenance:

Share of over **70%**

Covers all areas of telecommunications, from wireless to wireline. Now developing service assurance business.

### Test and Measurement Sales by Region (inner circle) and by Sub-Segment (outer circle)



## Operating Environment and Initiatives under Mid-Term Plan GLP2014

### Mid-to-Long-Term Growth Targets

**Net sales growth rate** 7% or higher

**Operating income margin** 20% or higher

### Numerical Targets for the Fiscal Year Ending March 31, 2015

**Net sales** ¥80.0 billion

**Operating income** ¥16.0 billion

### Growth Drivers

#### ① Mobile Broadband Services Market

- ▶ Development and manufacture of 3G & LTE smartphones
- ▶ Higher speed network infrastructure
- ▶ Devices for short-range wireless

#### ② Asian Markets

- ▶ Manufacture of 3G smartphones
- ▶ Network infrastructure upgrades and expansion

### Key Initiatives

- ① **Maintain LTE development market position**
- ② **Build position in the handset manufacturing market by expanding installed base**
- ③ **Expand business in the device market**

Mid-Term Plan GLP2014 targets for the Test and Measurement segment for the fiscal year ending March 31, 2015 are sales of \$1.0 billion (¥80.0 billion) and operating income of ¥16.0 billion. In the global telecommunications market, smartphones will spread, the number of third-generation (3G) mobile phone users will increase, and the introduction of LTE services will expand. In addition, mobile broadband services will expand with the spread of smartphones, and infrastructure upgrades will respond to increases in data traffic. Telecommunication functions will also be incorporated into various devices including home appliances and automobiles. Anritsu has business opportunities and expects growth over the mid-to-long term in all areas including mobile, telecommunications infrastructure, and electronics markets. Anritsu sees the development of mobile broadband services as a growth driver. Business development in Asian markets will be a particular emphasis because the world's mobile handset development and manufacturing bases are located there and network infrastructure upgrades and expansion are expected.

Anritsu will maintain its position as a top supplier to the LTE development market. We will also expand our installed base in sectors including global mobile handset manufacturers and EMS in the mobile handset production market in order to establish a powerful market position.

Anritsu will also work to expand its business in the telecommunication device market, including the increasingly popular and growing short-range wireless market.

Anritsu will steadily capture business opportunities by taking advantage of its comprehensive test and measurement technologies that range from wireless to wireline, and from development, manufacturing and maintenance of test and measurement solutions for all telecommunications areas to the service assurance business that provides end-to-end network quality assurance. Moreover, Anritsu is committed to achieving the targets of GLP2014 by continuing to manage investments and expenditures more efficiently through the use of KPI management in enhancing initiatives to build a powerful profit structure.

## Users

Enable continuous use of services and applications worldwide



## Operators/Vendors

Ensure high-quality network environments/Provide attractive handsets and services



## Anritsu

Test and  
measurement  
solutions

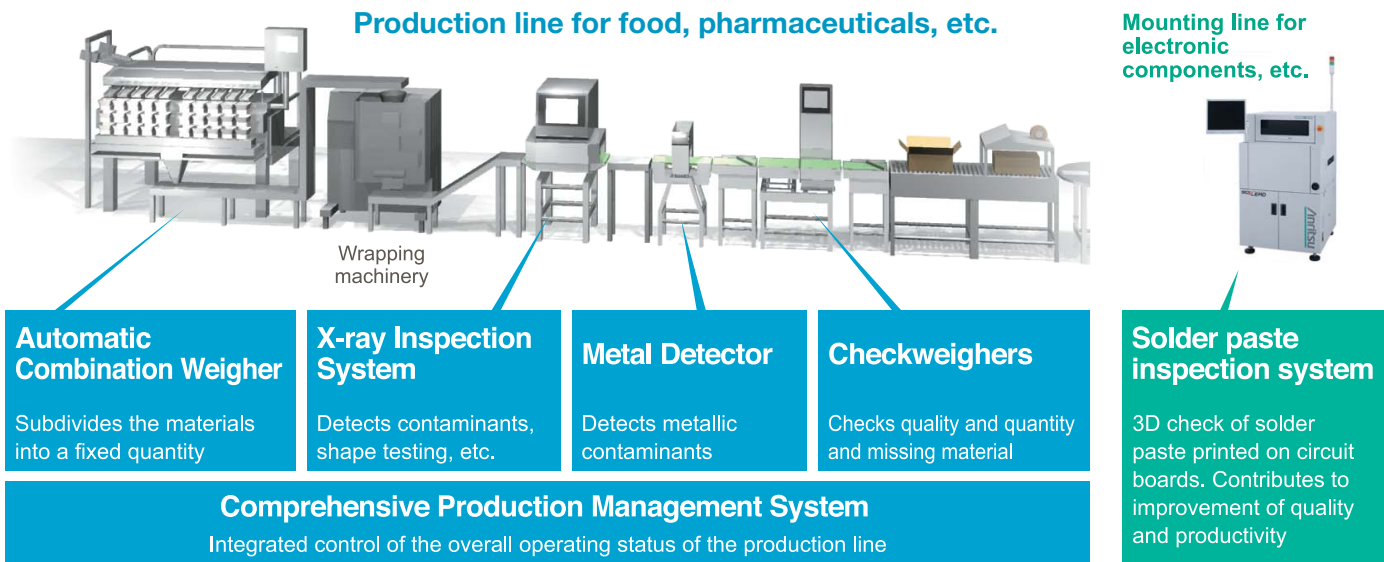
Assure end-to-end network quality  
Respond to evolving technologies and applications

### Competitive Advantages

- Technological strength: wireless to wireline, each network layer and protocol
- Global operations
- Close relationships with customers

# Industrial Automation

Anritsu will expand operations and improve profitability by optimizing its supply chain, including procurement and a sales and support organization overseas.

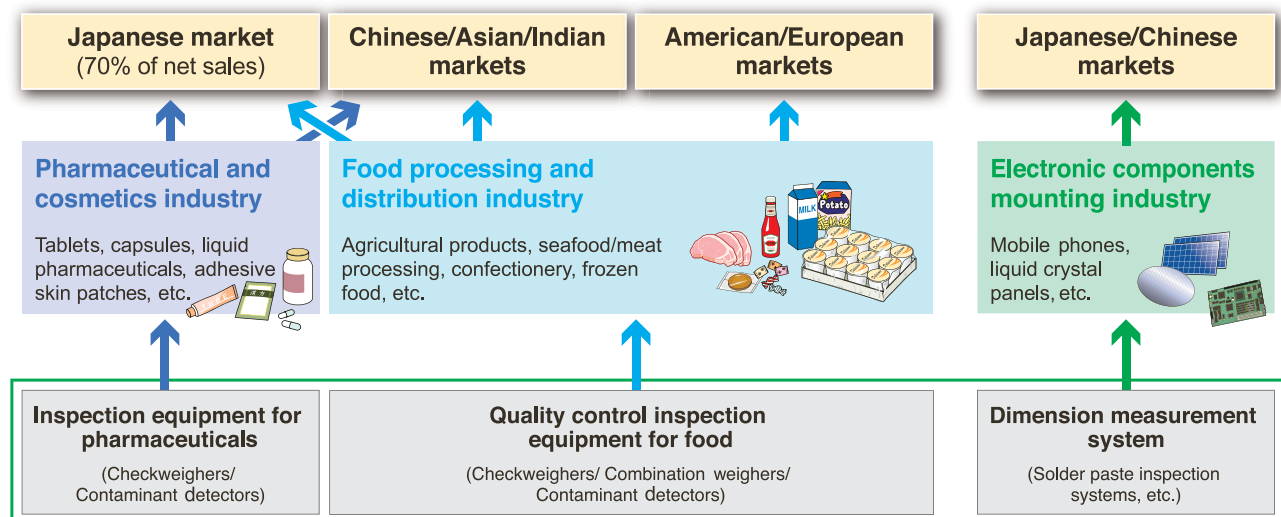


## Business Areas

The Industrial Automation segment provides production management and quality assurance systems for the food, pharmaceutical and cosmetics industries. Its main products include X-ray inspection systems and metal detectors that detect alien materials in food and checkweighers that perform high-speed, accurate weighing on production lines. Products for the food industry account for approximately 80 percent of this segment's business. Consequently, its business operations are stable, as

this is a market with relatively little change in demand due to economic trends.

Geographically, the Japanese market accounts for 70 percent of business. However, overseas business is expanding, reflecting food safety consciousness in newly industrialized countries and annually rising demand for high-precision quality inspection in the American and European markets.



## Review of the Fiscal Year Ended March 31, 2012

In the fiscal year ended March 31, 2012, business in the food industry benefited from reconstruction demand in Japan and firm demand in North America and other overseas markets for food-related quality inspection. As a result, segment sales increased 15.4 percent compared with the previous fiscal year to ¥14,222 million. Operating income decreased 19.8 percent compared

with the previous fiscal year to ¥529 million due to a change in accounting policies.

Overseas sales accounted for approximately 30 percent of segment sales as a result of continuous investment targeting increased market share in Asia, the United States and Europe.

## Operating Environment and Initiatives under Mid-Term Plan GLP2014

### Mid-to-Long-Term Growth Targets

Net sales growth rate 7% or higher

Operating income margin 12% or higher

### Numerical Targets for the Fiscal Year Ending March 31, 2015

Net sales ¥18.0 billion

Operating income ¥1.5 billion

### Growth Drivers

- ① **Asia: Seafood processing plants, meat processing plants**  
(Focus on metal detectors and checkweighers)
- ② **North America: Meat processing plants**  
(Focus on x-ray inspection systems)

### Key Initiatives

- ① **Establish the Anritsu brand in major food markets**
- ② **Localize operations, including procurement, sales and support systems in emerging countries**

Mid-Term Plan GLP2014 targets for the Industrial Automation segment for the fiscal year ending March 31, 2015 are sales of ¥18.0 billion and operating income of ¥1.5 billion. Anritsu will maintain or increase its market position in the Japanese market, which is forecast to grow steadily, while expanding its business in overseas markets, which Anritsu forecasts will grow at an average annual rate of 6 percent due to rising awareness of food safety and security.

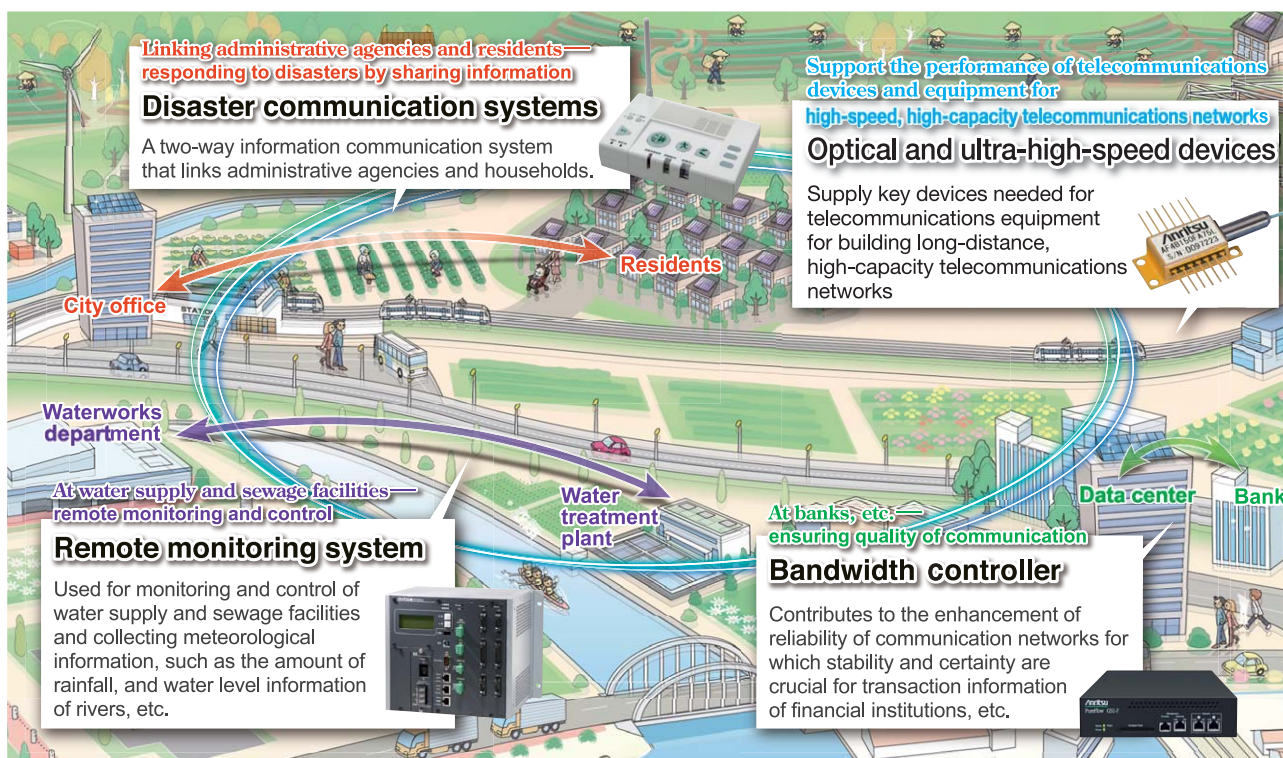
The Industrial Automation segment will achieve the targets of GLP2014 by developing and supplying quality inspection solutions that respond appropriately to global customer needs to establish the Anritsu brand in overseas markets. We will also optimize our supply chain with local component procurement, sales and support

with the aim of expanding our business and increasing profitability. In addition, we have set a mid-to-long term target of increasing the overseas sales ratio to 50 percent, and we are expanding overseas management resources and accelerating business development in China and ASEAN, which is developing into a massive market, and the North American market, where demand for high-precision quality inspection is rising.

Through these initiatives, Anritsu aims to be the best partner for food and pharmaceutical quality assurance solutions in order to support affluent lifestyles and communities that are safe, secure and healthy.

## Others

(Beginning the fiscal year ending March 31, 2013, the Information and Communications business is included in the Others segment.)



## Business Areas

The Others segment centers on the Information and Communications business, which supplies products such as remote monitoring systems for applications including waterworks and rivers, and bandwidth controllers that support highly reliable networks for companies such as financial institutions and video

distributors; and the device business, which supplies optical and ultra-high-speed devices that are indispensable to the telecommunications equipment that makes up high-speed, high-capacity networks. It also includes businesses such as logistics and welfare services.

## Review of the Fiscal Year Ended March 31, 2012

Demand weakened in the Information and Communications business during the fiscal year ended March 31, 2012 due to the impact of cutbacks in investment in the public-sector market, which accounts for a large proportion of sales. In the device business, firm demand during the previous fiscal year for optical devices for the domestic video distribution market waned. As a result, information and communication business sales decreased 20.5 percent compared with the previous fiscal year to ¥3,276

million and operating loss was ¥104 million, compared with operating income of ¥69 million for the previous fiscal year. Sales in the device business and other areas including logistics and welfare services decreased 21.5 percent compared with the previous fiscal year to ¥5,558 million and operating income after corporate expenses and elimination of intersegment transactions decreased 82.6 percent compared with the previous fiscal year to ¥255 million.

## Operating Environment and Initiatives under Mid-Term Plan GLP2014

Mid-Term Plan GLP2014 targets for the Others segment for the fiscal year ending March 31, 2015 are sales of ¥12.0 billion and operating income of ¥1.5 billion.

Anritsu implemented a management restructuring of the Information and Communications business that included business portfolio revisions due to the contraction of this business. The Information and Communications business will achieve the targets of GLP2014 by strengthening initiatives to generate new growth

with a focus on the private-sector market, developing new business using its strength in areas such as IP network technology, and developing business overseas.

The device business will raise market competitiveness with leading-edge technology development and high-quality production technology. It will also promote entry into non-telecommunications markets by applying its optical device technology in areas such as healthcare and the environment in working to expand its business.