

Test and Measurement

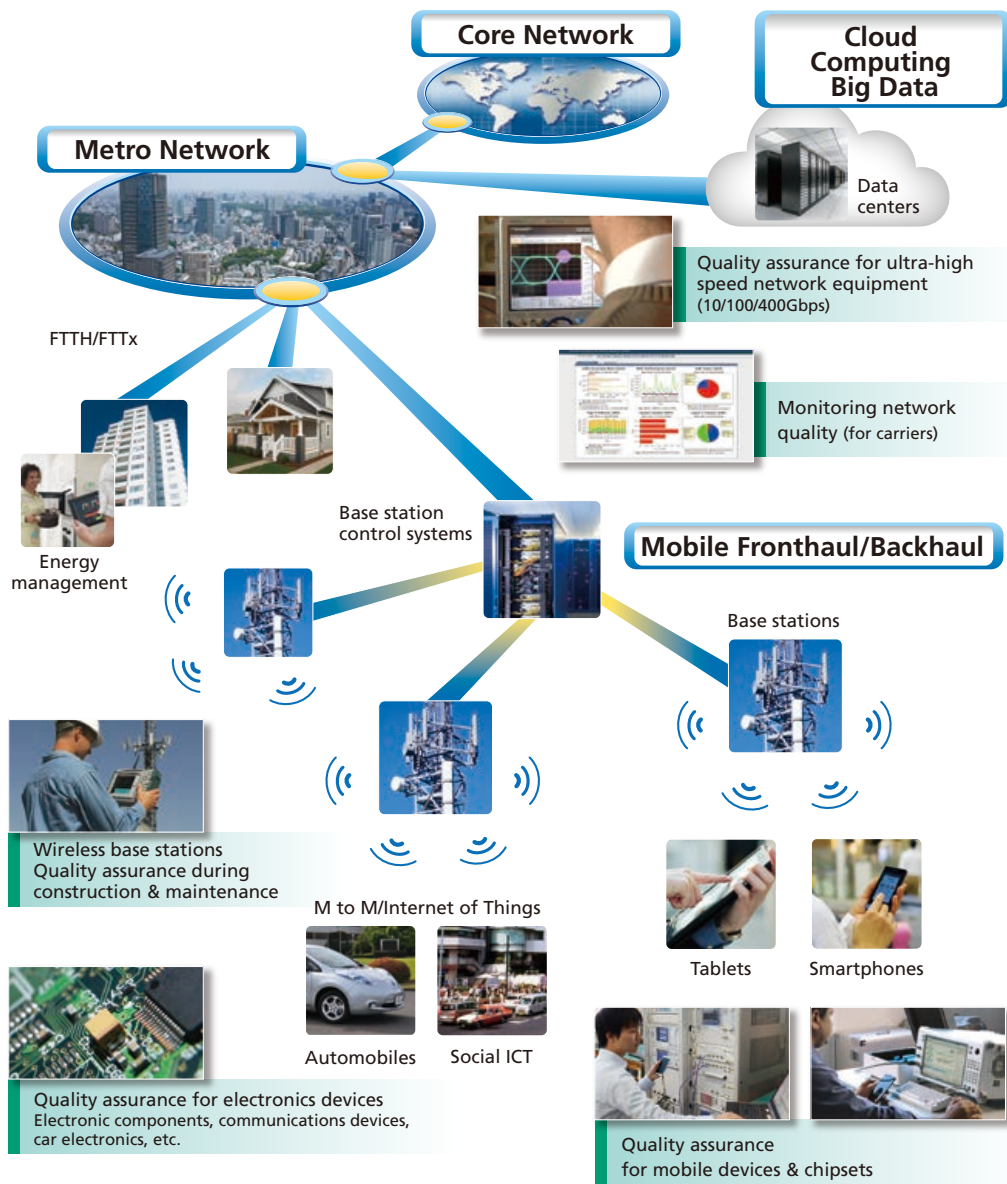
Making Our Lives More Convenient and Comfortable

Solutions that Support Social Innovation by Realizing Mobile Broadband and IoT

Business Areas

Telecommunications services that we can use at any time and anywhere have become an indispensable presence in our lives. The Test and Measurement business operates in the mobile market, including smartphones and other handsets, and in the network infrastructure market, including wireless base stations and optical communications networks. The segment also operates in the electronics market for telecom equipment and

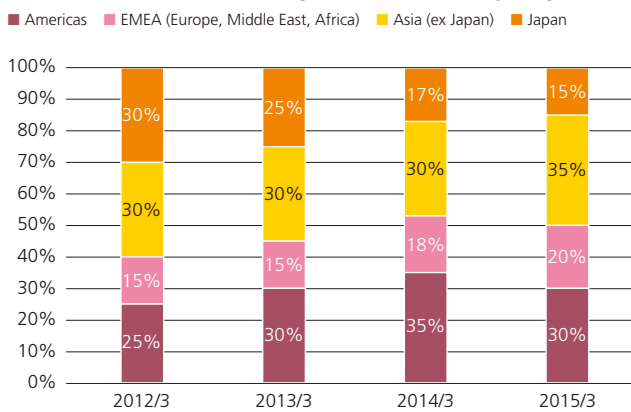
telecom-use electronic components, which are used in a variety of devices. In both wireline and wireless, Anritsu covers all telecommunications areas with its advanced technology and its strong global development and support structure. Through this, in the midst of the fast-changing communications industry, we contribute to the development of mobile broadband service by offering testing solutions for leading-edge market needs and are contributing to the advance of IoT services.



Review of Fiscal 2014 and GLP2014

In our Test and Measurement business, where the principal market is mobile communications, from fiscal 2012 through fiscal 2014, dramatic changes in the business environment took place, including intensification of competition among mobile market players and industry realignments, such as mergers and acquisitions. Other changes included the increasing sophistication and wider penetration of mobile units at an accelerating pace. In addition, by geographical area, conditions in Asia held generally firm, but there were signs of stagnation

Test and Measurement Segment Revenue by Region



Business Environment in Fiscal 2015 and Points to Watch

In the Test and Measurement segment, we will continue to focus on three markets. In the mobile market, which is expanding worldwide, we will introduce advanced solutions, which are our strength, as quickly as possible, while also strengthening our technological support functions to tighten our relationships with customers and consolidate our competitive position.

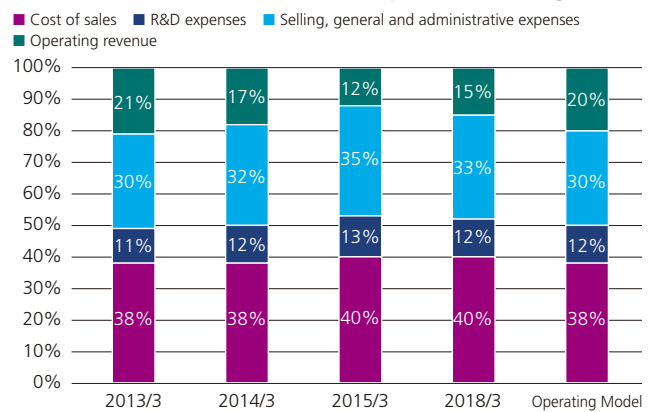
In the network infrastructure market, base station networks are expanding, and their density (coverage) is rising along with the expansion of small cell stations (with lower output power and smaller coverage range). We are readying products to respond to this trend toward strengthening networks on a global scale.

In the electronics market, where the range of transmission methods is expanding, we will make timely introductions in the electronic components market, where major growth is expected going forward to support M2M and the Internet of

in the Japanese market. Investment behavior among our customers continued to be uncertain, and we focused our efforts on product development markets that require cutting-edge functions and responded aggressively to manufacturing markets where increased efficiency is demanded. Overseas, we also continued to invest in strengthening our customer support functions in areas where market growth is expected.

Revenue for the fiscal year ended March 31, 2015 (fiscal 2014) amounted to ¥73,443 billion, a decrease of 3.3%, and operating profit was ¥8,944 million, a decline of 31.3%.

T&M Business: Profit Structure Improvement Targets



Things (IoT). We will also raise our profile by making well-timed launches of millimeter wave solutions in the 5G field, including the automotive area.

Other areas of focus will be structuring a global procurement system, and making active progress in increasing the efficiency of our R&D and customer support, as we also work to increase profitability.

Test and Measurement Segment—New Products

Radio Communication Analyzer: MT8821C



First in the industry to make possible assessment of 3CC and 2 x 2 MIMOs

Network Master Series: MT1000A and MT1100A



Responds to needs in the development, manufacturing, construction, and maintenance areas

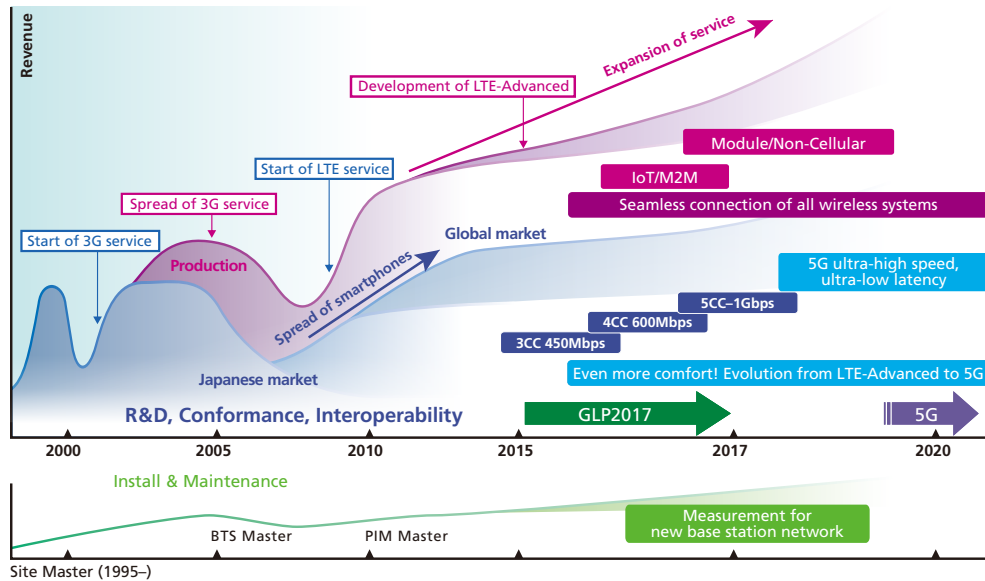
Mid- to Long-term Business Environment and Anritsu Initiatives

—Realizing a safe, secure, and comfortable society always and everywhere

Under GLP2017, the strategy and growth opportunities in the Test and Measurement business are due to technical progress that will permit the realization of a broadband environment that will create social value and customer experience value by providing “a safe, secure, and comfortable society always and everywhere.”

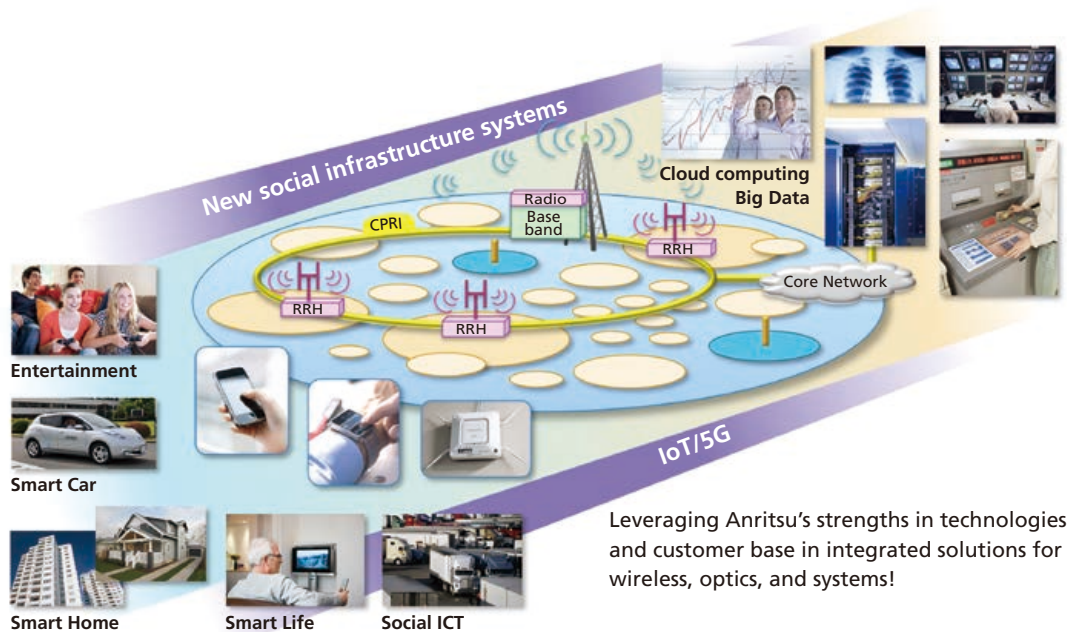
Mobile Business Strategy

Going forward, the mobile business area is expected to expand to include services on many more kinds of devices. The LTE system will evolve into the LTE-Advanced, and growth will continue in preparation for “5G” that is scheduled for commercialization in 2020.



Network Infrastructure Business Strategy

In the network infrastructure business, looking ahead, a huge number of small cells will be layered over traditional macrocells, and optical fiber will be used for connections. Anritsu will respond to the emerging needs of its customers by leveraging its superior in-house optical and wireless technologies as well as its record of performance and its customer base as a top supplier for wireless measurement devices.



Message from the Test and Measurement Group President—Working to Attain Objectives of GLP2017



Kenji Tanaka
Senior Executive Vice President
Test and Measurement Business
Group President

Looking Back on GLP2014

The mobile measurement business underwent substantial change over the course of our GLP2014 Mid-term Business Plan. We moved from a period when smartphones and other devices were competing on functions to a period when the competition has shifted to enhancing the customer experience. As a result, the players in this market changed significantly. Anritsu launched two initiatives to transform its approach. First, we strengthened our partnerships with the leading players in the market and with new chip vendors. Second, we reinforced our global support systems. Based on our actions over the past three years, we were able to enhance our systems to respond promptly to the diverse needs of customers who are world leaders and were able to build a solid foundation for the next stage of growth.

Initiatives to Achieve GLP2017 Goals without Fail

We are working to realize the objectives of our next medium-term business plan GLP2017. To do so, we will continue to provide high-value-added solutions to capture global business opportunities, and are committed to attaining this new plan's goals without fail. Our GLP2017

plan also marks a milestone on our way to the goal of our 2020 VISION, which is to consolidate our position as a global market leader. On the cutting edge of mobile communications technology, LTE-Advanced will evolve to provide even faster and higher-quality performance. Clearly, we have built bonds of trust with our customers who are world leaders in this field, and are offering them timely test and measurement solutions, including carrier aggregation and advanced antenna technology (MIMO, Multiple Input Multiple Output), which are component technologies for LTE-Advanced systems. Through such initiatives, we are making a significant contribution to the development of next-generation mobile communications technologies.

The volume of data transmission is rising sharply along with the wider use of smartphones and tablets. The forecast calls for the construction of new base station networks and installation of small cells. The number of mobile bases linked with optical fiber is likely to increase rapidly. We anticipate that demand for optical time domain reflectometers (OTDRs) and other optical fiber network test and measurement equipment will rise apace.

Moreover, as a result of the wider use of LTE systems around the world, communications functions featuring low cost and low power consumption for use in IoT applications are appearing, and there is a growing movement toward using LTE

systems in network bases. We are moving forward with strengthening our capabilities in this area. We will aim for expanding sales in the M2M/IoT markets, where a dramatic rise in demand is expected.

Along with changes in the market environment, growth in Asian markets outside Japan, including China, has been exceptionally robust. We believe that major growth-related issues will be strengthening our support systems in Asia, expanding our customer base, and making sure we capture demand for test and measurement equipment related to research and development as well as to manufacturing in the mobile device field.

If we look forward to the year 2020, commercialization of 5G systems will be in sight. Both LTE-Advanced systems and new network stations are component technologies that will merge in the future with 5G systems that are currently under development. A key in this area will be the realization of 5G for use with micro- and milli-wave technology, which is an area of competitive advantage for Anritsu.

One of Anritsu's assets is its ability to flexibly respond to dynamic changes in the market environment. We at Anritsu are dedicated to fielding as quickly as possible cutting-edge solutions that reflect emerging transformations in the marketplace.

envision : ensure Sharing dreams with our customers and realizing business opportunities

Where Anritsu offers solutions, business opportunities expand.

Developing environments that are dramatically more convenient and comfortable

Offering high-level services to society

Systems that expand business

(Business model)

Key word for differentiating our services
Customer Experience

Development of mobile broadband

Incorporating communications modules in all service delivery modes

From "people to people" to "between people and things" (M2M/IoT)

Industrial Automation

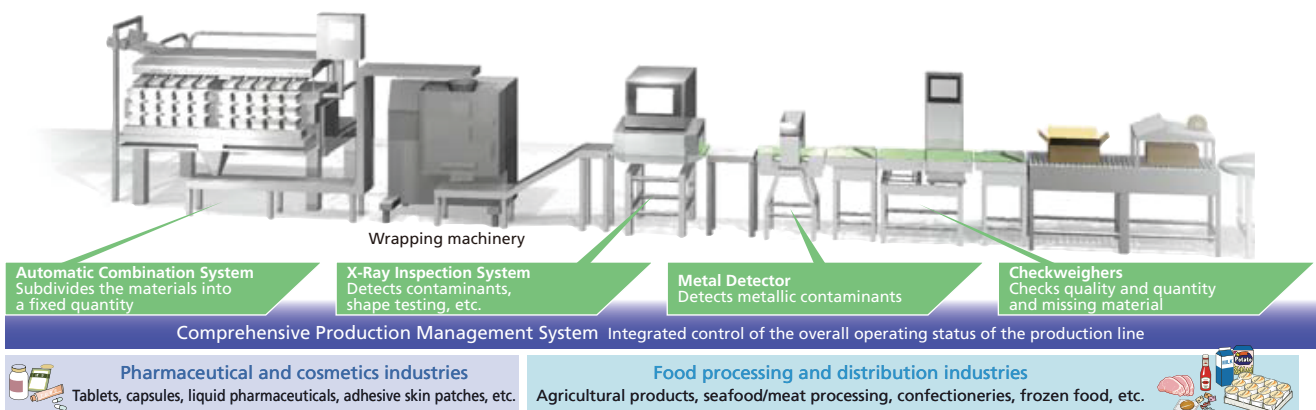
Living Safely Everyday

Supporting safety and security through contaminant detectors

Business Areas

One of mankind's common desires is for safety and security of the foods we eat and the pharmaceuticals we take. The Industrial Automation business provides X-ray inspection systems to detect foreign-matter contamination, metal detectors, and checkweighers that weigh at high speed and high

precision. We provide these products to the food production, pharmaceutical, and cosmetics industries. About 80% of our business is to the food production industry, which is relatively resistant to demand changes due to the business cycle. This has afforded us the opportunity to conduct business in markets where stable growth is expected.



Review of Fiscal 2014 and GLP2014

During the first half of fiscal 2014, ended March 31, 2015, customers in Japan appeared to be adopting a cautious stance toward capital investment, but sales proceeded smoothly in the second half. Overseas markets, especially in North America, held firm. In addition, to capture investment demand in Japan and expand revenue overseas, we made investments in R&D and conducted aggressive marketing activities. As a result, revenue amounted to ¥16,198 million (a decrease of 4.3% from the previous fiscal year), and operating profit was ¥824 million, a 31.8% decline.

Under GLP2014, to expand our business activities in overseas markets that are expected to grow, we strengthened our local manufacturing and sales support systems. As a consequence, overseas revenue of the Industrial Automation

business expanded from 30% of total revenue in fiscal 2010 to 40% in fiscal 2014.

Business Environment in Fiscal 2015 and Points to Watch

Achieved deeper market penetration through increasing product value added and differentiation

In growth markets overseas, we are working to optimize our supply chain by implementing a strategy of producing locally for local sales. We are also strengthening the competitiveness of our products, price competitiveness, and local engineering functions. We will also deepen ties with global food product manufacturers and develop business with new customers.

Environment and Initiatives under GLP2017

Growth drivers in industrial automation will be the desire for greater safety, security, and health improvement

Drawing on the position we have built as a top player in the advanced Japanese market, we will work to expand our market share in North America and the rest of Asia, both of which are expected to become enormous markets in the years to come. Our long-term goal is to raise the percentage of overseas revenue in total revenue to 50% and expand our overseas management resources.

New Products in Industrial Automation

X-ray inspection systems: XR75 Series

Restrains maintenance expenses and lowers total life-cycle costs



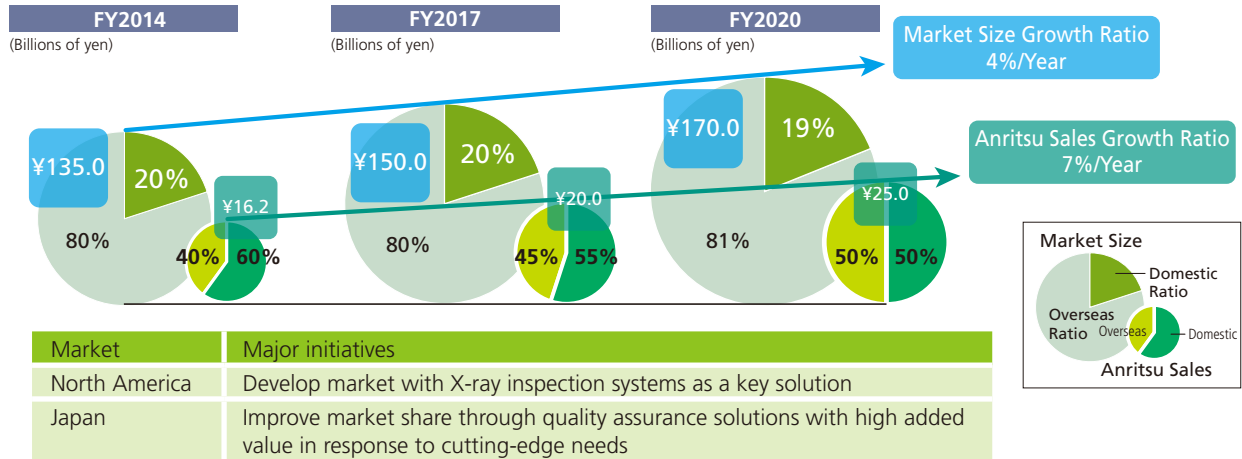
Metal detector: M5 Series

High cost performance



Industrial Solutions business: Expanding overseas businesses

The quality assurance market for food and pharmaceutical products will remain stable with an average annual growth rate of 4% (Anritsu's estimates).



Message from the Industrial Solutions Business Group President
—Working to Attain the Objectives of GLP2017



Fumihiro Tsukasa
Senior Vice President
Industrial Solutions Business Group
President

**Industrial Solutions Business Group
Vision and Initiatives**

The Industrial Solutions Business Group has set targets for fiscal 2020 of ¥25.0 billion in revenues and an operating profit ratio of 12%. We are at work enhancing our business base to make the transition from an exporter business model to a “produce locally for local sale” business model. In terms of production systems, the Industrial Solutions Business Group aims to structure a global supply chain that combines optimal

production and local production effectively to meet requirements for quality, delivery schedules, and cost minimization.

Our principal markets are food products and pharmaceuticals. From a global perspective, both of these markets are growing steadily as a result of technological progress in process packaging and expansion in the distribution of processed foods in small-lot packages. As a top company in the market, the biggest issue for us is to provide stable supplies of quality-assured products. In addition, demand for our products is demonstrating sustained growth not only among large companies, but also among medium-sized enterprises, both in the industrialized markets and emerging markets as well.

As a milestone along the way to reaching our 2020 VISION plan, in our Mid-term Business Plan GLP2017 we have set a revenue target of ¥20.0 billion in fiscal 2017.

Our core strategies for reaching these targets are (1) to create a growth spiral through strengthening our own value chain by solving quality assurance issues among customers in the industrialized

countries and (2) to differentiate our quality assurance solutions via utilization of sensing technologies and leveraging of workplace experience. We are planning to build on the value we have created from our position in Japan, which features the most-advanced quality assurance issues. Going forward, we will focus on expanding business opportunities in the North American market by differentiating Anritsu from competitors in terms of the originality and high level of our products, services, and responsiveness to customers.

In October 2015, we will change the name of our subsidiary Anritsu Industrial Solutions Co., Ltd., to Anritsu Infivis Co., Ltd. The aim of this name change for the core company in Anritsu’s Industrial Automation business is to introduce the concept of “infi(nite)” (infinite from here on) and “vis” (or sharing vision with customers). At the same time, we will also change the name of the business segment to Product Quality Assurance.

Through initiatives such as these, we aim to establish a brand that symbolizes “quality assurance solutions that are recognized by customers around the world.”