

Corporate Governance

Anritsu strives to continuously raise corporate value as its highest management priority. As a global corporation, Anritsu is working to upgrade its decision-making system for flexible and speedy response to changes in the operating environment and to create an environment and framework in which corporate governance can function effectively.

Board of Directors

Anritsu has a corporate governance structure centered on the Board of Directors and Board of Corporate Auditors, and in 2000 introduced an executive officer system.

With the introduction of the executive officer system, the Board of Directors streamlined its structure to energize discussion. As a rule, the Board of Directors meets once a month to discuss matters for resolution and reports, as well as holding free discussions of medium-to-long-term management issues.

The Compensation Advisory Committee is an advisory body to the Board of Directors. The majority of its members are from outside the company, thus bringing objectivity to the compensation system and specific evaluations of directors, executive officers and senior corporate staff.

In 2005, Anritsu welcomed Akira Kiyota, an individual with extensive management experience, as an outside director to enhance opinion from outside the company, including receiving advice on the formulation of the Mid-Term Business Plan.

Management Strategy Conference

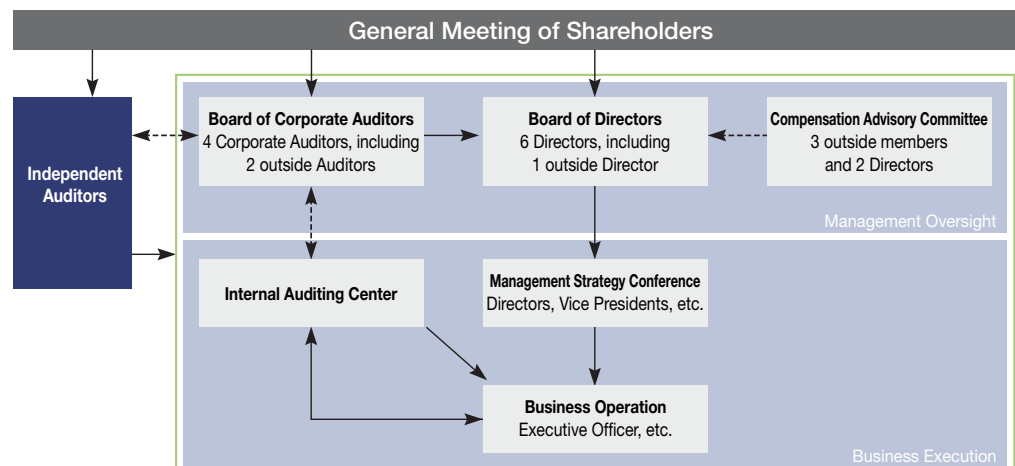
Important matters related to business execution are deliberated upon and resolved at the Management Strategy Conference, in which executive officers with relevant interests participate, and the results of the decisions made are shared with senior management. Matters to be resolved at Board of Directors meetings are discussed in advance in the Management Strategy Conference to enhance the deliberation. The Management Strategy Conference is held once or twice each month.

Audit System

Anritsu has appointed four corporate auditors.

The full-time corporate auditors attend Board of Directors meetings and the Management Strategy Conference, actively participate in important internal meetings and conduct audits in accordance with audit policies determined by the Board of Corporate Auditors.

The outside corporate auditors are Sukeaki Tatsuoka, for-



merly a judge and currently a lawyer and university professor; and Yasuo Matoi, who has extensive management experience as well as insight in the areas of taxation and accounting. Their auditing is based on a high level of expertise.

Upgrading the Internal Control System

To comprehensively understand and evaluate business risks affecting corporate growth and achievement of related management targets, and to manage such risks throughout the organization, Anritsu established the Internal Control Improvement Center in April 2006 to expedite the upgrading of its internal control system and is carrying out activities to strengthen the system.

Selected members have been promoting documentation of important business processes, including at overseas group companies. Looking forward, the Center will ensure the accuracy and reliability of financial reports through evaluations of control effectiveness and through audits conducted by the independent auditors. The Center will also further upgrade overall internal control through activities to improve legal compliance and the efficiency of internal affairs as recognized from analysis and evaluation of current processes.

Export control is an extremely important theme in Anritsu's compliance, as all of the Anritsu Groups products and technologies are subject to Catch-All Controls⁶. Risks related to export control are growing as export quantity increases to all regions of the world.

Anritsu has long been developing its export control system. In addition to the daily monitoring system of the Security

Trade Control Department and related departments at subsidiaries, Anritsu has established the Global Export Control Committee (GECC), upgrading global export control system, among other efforts, as it actively works for smooth operations and ongoing improvement of processes.

In addition, Anritsu's active contributions in related fields include representing Japan as a company with excellent export control and lecturing at seminars held in February 2007 in Thailand and the Philippines for local industry by the Ministry of Economy, Trade and Industry and the Center for Information on Security Trade Control (CISTEC).

(Note 6) The Catch-All Controls are export control regulations, the scope of application of which was expanded in 2002 to prevent the proliferation of weapons of mass destruction. The controls consist of predefined procedures that must be taken to export products.

Assessment by External Organizations

Anritsu's corporate governance efforts are also evaluated by external organizations. The Company placed 14th among 312 companies on the Tokyo Stock Exchange First Section that submitted responses to the 5th JCGR Index Survey in 2006, conducted by the Japan Corporate Governance Research Institute, Inc. (JCGR).

Moreover, since November 2006 the Company has been included in the corporate governance fund (68 companies as of May 2007) set up by the Pension Fund Association. This fund invests in companies chosen for their excellent governance.

Adoption of Countermeasures to Attempted Large-scale Purchases of Company Stock (Anti-takeover Defense Measures)

To ensure and improve corporate value and the common interests of our shareholders, Anritsu adopted the Countermeasures to Attempted Large-scale Purchases of Company Stock (Anti-takeover Defense Measures) by resolution of its General Meeting of Shareholders in June 2007.

In the event of an attempted large-scale purchase aimed at 20 percent or greater ownership of Anritsu shares or other securities, in order to ensure necessary and sufficient information and time for our shareholders to make appropriate judgments, the Anti-takeover Defense Measures require observance of Large-scale Purchase Rules set by the Board of Directors. These rules concern ensuring the provision of information regarding the large-scale purchase and time for the Board of Directors to evaluate and consider it.

In the event a large-scale purchaser should appear, an independent committee made up of outside directors, outside auditors and outside committee members will conduct evaluation and discussion. If the independent committee decides that the large-scale purchaser is not observing the Large-scale Purchase Rules, the Board of Directors, respecting the opinion of the independent committee to the maximum extent possible, may as necessary issue stock acquisition rights by the method of gratuitous allotment as a countermeasure. In addition to establishing the aforementioned independent committee and guaranteeing fairness and rationality through the advice of outside experts and other means, the Anti-takeover Defense Measures create a mechanism to reject the arbitrary decisions of the Board of Directors.