Message from the Group CEO

The Anritsu Group will bolster its competitiveness and improve profitability by steadily implementing Management Innovation 2008.

Hiromichi Toda
Group CEO

Performance and Initiatives for the Year Ended March 31, 2008

In July 2006, Anritsu formulated a Mid-term Business Plan, Anritsu Global LP 2008, with the aim of becoming a company that contributes to the realization of a safe, secure, and comfortable society. Under the plan, the entire Anritsu Group is working to achieve profitable growth and an operating margin of 10 percent or more.

For the year ended March 31, 2008, the second year of the three-year Mid-term Business Plan, the Anritsu Group worked to expand the product lineup and strengthen its sales and customer support framework. However, net sales and operating income fell short of initial targets due to factors including delays in introducing new products and, since the beginning of 2008, notable customer restraint in capital investment due to the worsening business environment, as well as growing currency translation losses due to the weak dollar.

Responding to these circumstances, in the fiscal year ended March 31, 2008, Anritsu decided to implement Management Innovation 2008, a set of measures to improve profitability and bolster our competitiveness for the year ending March 31, 2009 and beyond. These measures include discontinuing unprofitable products and reforming inefficient divisions.

As a result, net sales increased 1.0 percent compared with the previous fiscal year to ¥100,485 million, operating income decreased 15.8 percent to ¥5,356 million and the operating margin was 5.3 percent. The Anritsu Group recorded a net loss of ¥3,900 million due to non-operating expenses that included losses on disposal and devaluation of inventories totaling ¥5,648 million and restructuring expense of ¥1,156 million.

Issues and Initiatives for the Year Ending March 31, 2009

We anticipate that the market environment for the information and communications network sector will remain severe for the year ending March 31, 2009 and beyond, but we will strive to improve profitability for the core Test and Measurement segment by steadily implementing Management Innovation 2008.

Measures Implemented in the Year Ended March 31, 2008	Initiatives for the Year Ending March 31, 2009
Expand the product lineup	**Implement Management Innovation 2008**
• Launched general purpose signal analysis measuring instruments	• Strengthen marketing capabilities focused on product planning center
• Expanded range of handheld measuring instruments	• Reduce costs by improving supply chain management (SCM)
• Strengthened functions of measuring instruments for mobile handsets	• Improve investment efficiency of R&D spending
Strengthen sales and customer support framework	**Launch new products that match market needs**
• Restructured operating framework for EMEA regions	• Launch new measuring products for next-generation mobile communications
• Established the Mexico office	• Strengthen functions of general purpose measuring instruments
Promote strategic businesses	**Promote strategic businesses**
• Expanded Service Assurance business	• Further expand Service Assurance business
Formulate and implement Management Innovation 2008	• Expand overseas business of Industrial Automation segment
• Discontinued unprofitable products and reformed inefficient divisions	• Start and expand a separate precision measurement business

In sales, Anritsu will continue to expand sales channels to move closer to its customers who operate globally and promote the launch of new products that match market needs through sharing development road maps with key customers.

For the year ending March 31, 2009, Anritsu thus plans net sales of ¥100,000 million, operating income of ¥4,500 million* and net income of ¥1,000 million.

*Note: Operating income represents a 16 percent decrease compared with the year ended March 31, 2008 because loss on devaluation of inventories will be included in cost of sales instead of other expenses beginning in the year to March 31, 2009.

Shareholder Return and Capital Policies

Anritsu's basic policy for returning profits to shareholders is to pay dividends from surplus funds, based on a commitment to increasing the ratio of dividends on consolidated equity (DOE) to reflect the level of income during the consolidated period while taking into general account factors such as the operating environment and the outlook for results in the year ending March 31, 2009 and beyond. Our policy is to make two dividend distributions annually, consisting of a fiscal year-end dividend by resolution of the General Meeting of Shareholders and an interim dividend approved by the Board of Directors.

To thank our shareholders for their continuing support, Anritsu paid total dividends of ¥7.00 per share, including an interim dividend of ¥3.50 per share, for the fiscal year ended March 31, 2008. Anritsu plans to maintain dividends at this level for the fiscal year ending March 31, 2009. The Company's policy on retained earnings is to use them in research and development and capital investment to respond to rapid technological innovation and changes in market structures.

We are counting on the continuing support and guidance of our shareholders.

July 2008

Hiromichi Toda

Hiromichi Toda
Group CEO