ANRITSU CORPORATION

Annual Report 2009

For the year ended March 31, 2009

Stabilize, then Energize

Anritsu

Profile

Anritsu utilizes its "Original & High Level" technologies to provide measurement, quality assurance and information network solutions in the industrial electronics, security and other markets, with a focus on telecommunication networks and related markets. Anritsu will contribute to the realization of a safe, secure and comfortable society by creating better solutions together with its customers and partners through sincerity, harmony and enthusiasm. These solutions in turn will lead to improved customer value and creation of new demand.

Contents

Anritsu's Technologies

LTE [Long Term Evolution] Measurement

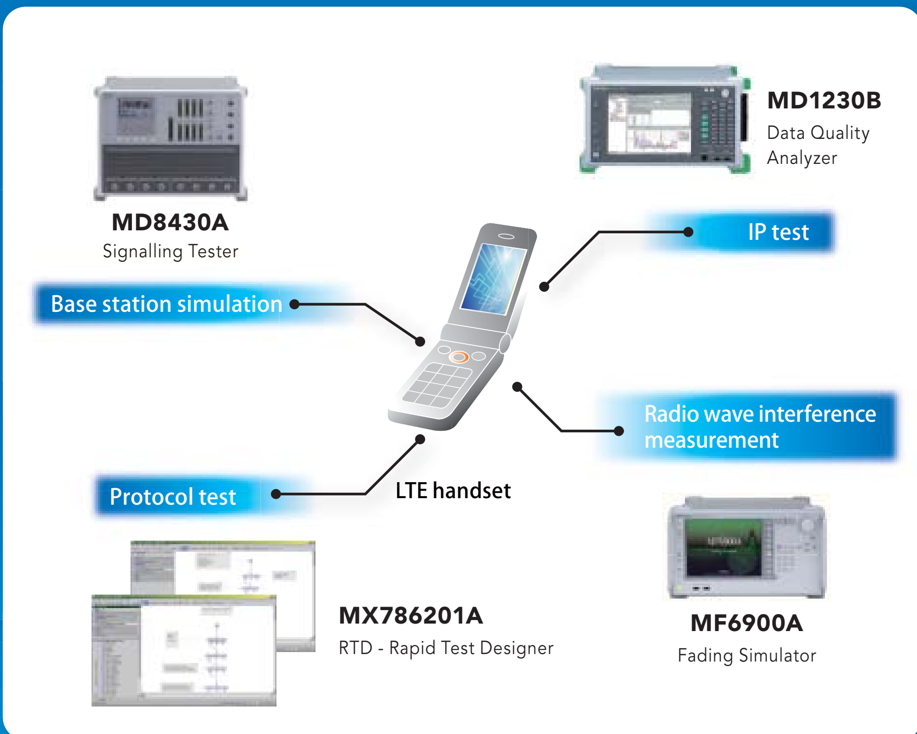
Long Term Evolution (LTE) is a communications protocol for 3.9G next-generation mobile phones. In addition to dramatically increasing data transmission speed, LTE is emerging as a key technology for realizing the seamless convergence of wireline and wireless networks because it is based on Internet Protocol (IP). LTE measurement is a substantial business opportunity with potential as a pillar of growth for the next ten years or more. Anritsu is leveraging the close relationships it has cultivated with customers in 3G to increase its presence as a key player.

General Purpose Measurement

General purpose measuring instruments are used in many fields, including communication equipment, handsets, devices, car electronics and intelligent home appliances. Anritsu provides measurement solutions such as signal generators, signal analyzers and IP measuring instruments in a wide range of areas, from the basic development of equipment and devices for wireline and wireless telecommunication networks to their production, installation and maintenance. We aim to expand our general purpose measurement business in telecommunication networks and other electronics fields in order to secure stable profitability.

Measurement Technologies

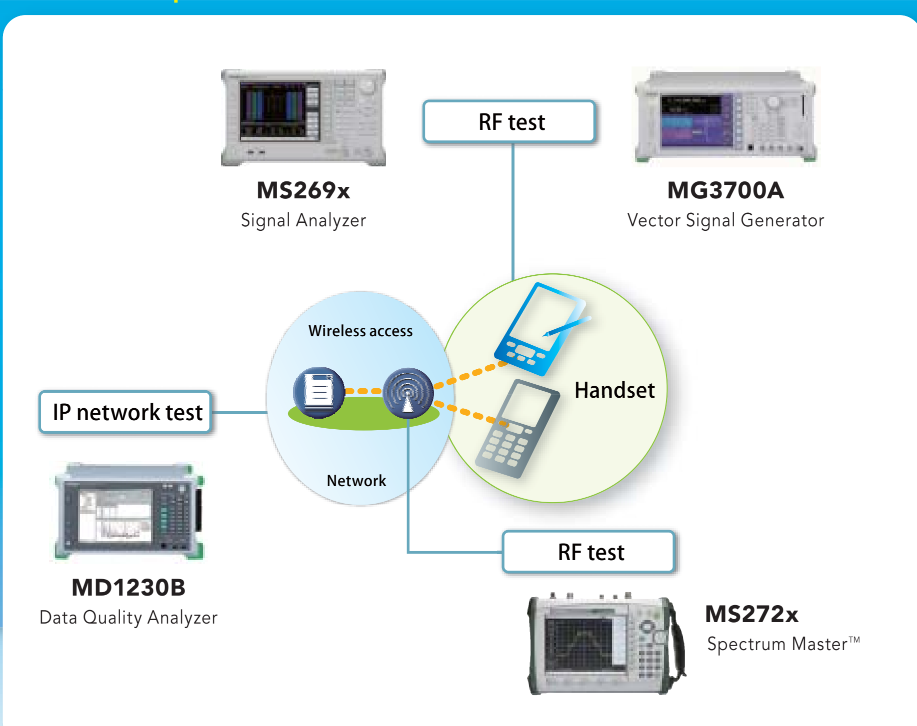
Measurement in LTE Handset Development



Demonstrations of LTE Handset and Base Station Development Using Simulators

Anritsu supports the early development of LTE handsets and base stations through protocol and connectivity testing using handset and base station simulators. Moreover, our general-purpose measuring instruments are used for IP measurement, which is indispensable to LTE development.

General Purpose Measurement in Telecommunication Networks



Use of General Purpose Measuring Instruments in Pro Football

In the NFL, the U.S. professional football league, wireless networks are used for in-game communication, television broadcasts and other purposes. Anritsu's small, lightweight handheld measuring instruments are used by the NFL during games to monitor the radio waves of the 400 or more channels criss-crossing the stadium and prevent interference.

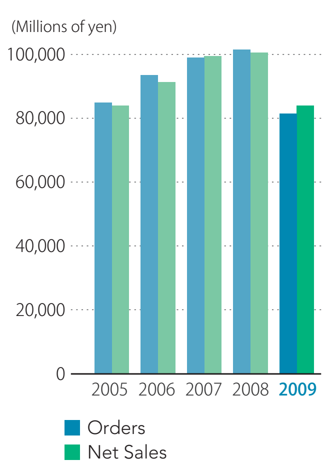
Financial Highlights

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31

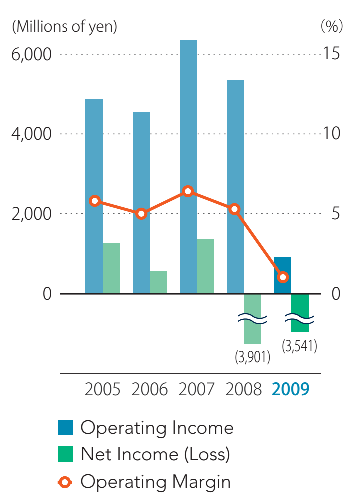
	Millions of yen			Change (%)	Thousands of U.S. dollars (Note 1)
	2009	2008	2007	2009/2008	2009
For the year:					
Net sales	¥ 83,940	¥100,486	¥ 99,446	(16.5)%	$ 854,525
Operating income	905	5,356	6,359	(83.1)	9,213
Net income (loss)	(3,541)	(3,901)	1,376	—	(36,048)
Depreciation and amortization	3,100	3,373	3,600	(8.1)	31,559
Capital expenditures	2,236	2,791	2,319	(19.9)	22,763
R&D expenses	11,704	14,115	14,072	(17.1)	119,149
At year-end:					
Total assets	¥100,983	¥124,917	¥140,395	(19.2)%	$1,028,026
Total net assets	37,525	52,845	61,619	(29.0)	382,012
Interest-bearing debt	43,606	47,010	53,033	(7.2)	443,917
Per share:	Yen			Change (%)	U.S. dollars (Note 1)
Net income (loss) (Note 2)					
Basic	¥ (27.78)	¥ (30.60)	¥ 10.79	— %	$ (0.28)
Diluted	—	—	9.72	—	—
Cash dividends	3.50	7.00	7.00	(50.0)	0.04

Notes: 1. The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥98.23 to U.S. $1.00, the approximate exchange rate on March 31, 2009.
2. The computations of basic net income per share are based on the weighted average number of shares outstanding during the relevant year. Diluted net income per share is computed based on the average number of shares of common stock and contingent issuances of common stock from convertible bonds or warrants.

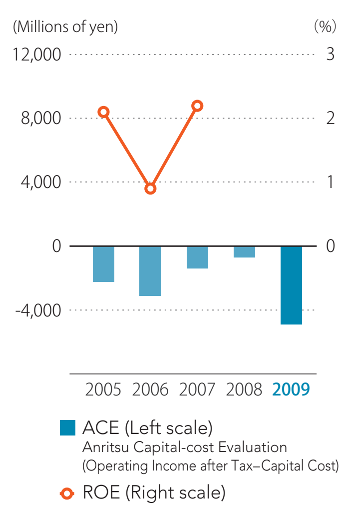
Orders/Net Sales



Operating Income/ Operating Margin/ Net Income (Loss)

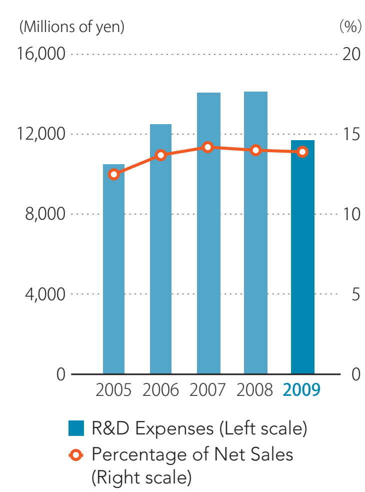


ACE/ROE



Note: ROE is not shown for 2008 and 2009 due to net loss.

R&D Expenses/ Percentage of Net Sales



Message from the Group CEO

The Anritsu Group is working in unison to create a profitable growth model to restore profitability in the fiscal year ending March 2010 and beyond.

Hiromichi Toda
Group CEO

For the fiscal year ended March 31, 2009, orders decreased 19.7 percent compared with the previous fiscal year to ¥81,470 million, and net sales decreased 16.5 percent to ¥83,940 million. Operating income decreased 83.1 percent compared with the previous fiscal year to ¥905 million, due to a decrease in sales of the Test and Measurement business and the impact of the strong yen, as well as a change in the accounting standard for inventories. Net loss totaled ¥3,541 million, compared with net loss of ¥3,901 million in the previous fiscal year. The net loss is partly a result of business structure improvement expenses including special retirement benefits incurred through the implementation of urgent management measures, as well as a special charge in the first year of applying the lower of cost or market method to inventories.

The economic environment changed dramatically during the fiscal year due to a downturn in the real economy stemming from turmoil in financial markets. Conditions turned especially severe in the second half as the global economy fell into recession following the collapse of Lehman Brothers.

In Anritsu's core business, test and measurement instruments for telecommunications, demand decreased in Japan for measuring instruments used in research and development of 3G and 3.5G services and in manufacturing of mobile handsets. Overseas, demand was firm in the first half for measuring instruments used in production of 3G handsets in Asia and for handheld measuring instruments used in updating infrastructure in North America. However, capital investment was notably curtailed from the second half, leading to decreased demand in every region, including Japan, and every business segment.

As the drop in demand continued, Anritsu rapidly implemented urgent management measures in January that were based on headcount reductions and the consolidation of production operations in the Test and Measurement segment in Japan and overseas. These measures were completed by March 2009. In addition, Anritsu's unified efforts since January 2008 to strengthen competitiveness and increase profitability under Management Innovation 2008, especially in the Test and Measurement business, are showing steady results. With these measures, we are changing to a robust operating structure with profits that are highly responsive to sales increases, which I believe will lead to a return to profitability from the current fiscal year ending March 31, 2010. Rather than ease up on our management innovations, we will improve businesses with low profitability and steadily grasp business opportunities in markets where we expect growth, including LTE (3.9G) measurement and 3G-related measurement in China, in our drive to build a profitable growth model.

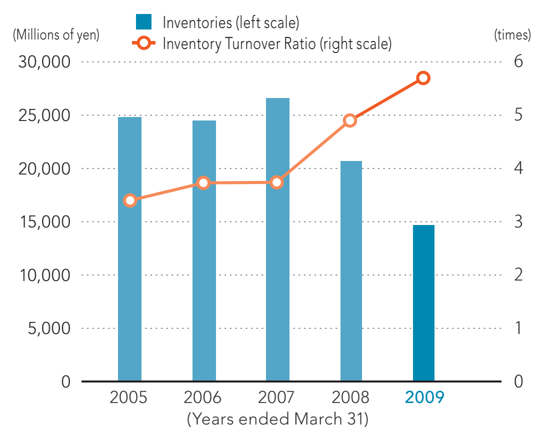
Note 1. CRM:
(Customer Relationship Management)
A management technique that places importance on building relationships with customers to improve customer satisfaction

Note 2. SCM:
(Supply Chain Management)
Comprehensive management from receipt of orders and material procurement to inventory management and product delivery.

Management Innovation 2008 and Urgent Management Measures: Results and Challenges

In response to rapid change in the operating environment, we have advanced Management Innovation 2008 and our urgent management measures to shape our earnings structure for greater profitability.

Inventories and Inventory Turnover Ratio



Amid rapid technological innovation and intensifying global competition, Anritsu has been working continuously on Management Innovation 2008 since launching it in January 2008 to strengthen competitiveness and improve profitability. We drew up Management Innovation 2008 to strengthen the Test and Measurement business, primarily in Japan, based on our projection that results for the year ending March 2009 would fall well short of the targets of net sales of ¥120 billion and operating income of ¥12.5 billion in our three-year Mid-Term Business Plan, Anritsu Global LP 2008. Specifically, we have reorganized test and measurement operations in Japan into four organizations by business process: Sales and CRM,[1] R&D, SCM,[2] and Corporate. To promote greater efficiency, we have set clear targets for each business process, including improving the ratios of cost of sales to orders and of cost of sales to net sales in Sales and CRM and promoting more efficient investment in development in R&D.

One initiative that has had particular success is reducing inventories. Through measures including improving SCM

Management Measures Implemented During the Year Ended March 31, 2009, and Medium-Term Direction

Outline of Management Innovation 2008
(Started January 2008)
Reconstruction of profitable growth strategy responding to global competition

Higher Profitability
- Improve return on R&D investment
- Reduce costs and increase inventory turnover
- Discontinue low-profit product lines

Stronger Competitiveness
- Strengthen marketing to promote customer value focus
- Raise efficiency of business processes and organization, and rationalize business bases
- Optimize human resource allocation

Urgent management measures
(January 2009 to March 2009)
Aim to increase profitability for the year ending March 31, 2010 and beyond

Employment structure reforms
- Headcount reductions in Japan and overseas
- Non-renewal of contracts with non-regular employees

Personnel costs
- Reduction

Stabilize

processes, reducing inventories of demonstration models held by the sales division and addressing unprofitable product lines, we reduced inventories by ¥5.9 billion from a year earlier to ¥14.7 billion, improving the turnover ratio to 5.7 times.

In addition, we are realizing cost reductions for the year ending March 31, 2010 and beyond by increasing efficiency and streamlining through revisions to the Test and Measurement segment's production operations, closure of production facilities at a French subsidiary and integration of the production planning and manufacturing engineering technology divisions of Anritsu with manufacturing subsidiary Tohoku Anritsu Co., Ltd.

Customers notably curtailed and postponed capital investment due to the sharp economic downturn that followed the collapse of Lehman Brothers. In these circumstances, in January 2009 Anritsu made the difficult decision to stake its ongoing survival from the year ending March 2010 on setting and implementing urgent management measures, centered on employment structure reforms. Based on the various measures implemented under Management Innovation 2008, the entire Anritsu Group is acting with a sense of urgency to increase profitability. The reforms brought considerable pain, but I was able to share my understanding of the situation with employees by explaining the environment that Anritsu is facing, and we completed the employment reforms in the three months ended March 2009. By reducing fixed costs through these measures we brought the breakeven point to ¥72.5 billion, thus making operating income much more responsive to increases in net sales. The entire Anritsu Group will work to return to profitability from the year ending March 31, 2010.

I believe that the economy and market environment will remain unpredictable. The many uncertainties present a high degree of risk for the premises underpinning medium-term numerical plans. Therefore, in the year ending March 31, 2010 we will place top priority on achieving our earnings targets based on our medium-term direction.

Note 3. ROI:
(Return on investment)
Gross profit /development investment cost

Note 4. SPS:
(Selling expenses per sale)
Total selling expenses / net sales

Note 5. CPO:
(Cost per order)
Sales companies' selling expenses / orders received

roduce management indicators:
• R&D: Development ROI[3]
• Sales and CRM: SPS[4] and CPO[5]
prove inventory turnover ratio: 5.7 times
(previous fiscal year: 4.9 times)
organize business bases: Close Test and Measurement
gment production facilities in France and integrate
ritsu's and Tohoku Anritsu's SCM divisions.

duction: Reduce the number of regular employees by 250
mpensation: Reduce compensation paid to directors; reduce salaries and bonuses
rk sharing: two holidays per month

Medium-Term Direction

Vision — Become a strong global Anritsu that consistently generates profits

Growth Drivers

Test and Measurement	Information and Communications	Industrial Automation	Services and Others
LTE (global) 3G (China) NGN (global)	Disaster prevention Information security Social infrastructure improvement	Food safety and security Globalization	Optical broadband Flat-panel displays High-density packaging and quality

Operating margin 10%

ROE 10%

Energize

Outlook for the Year Ending March 31, 2010 and Medium-Term Direction

We will take further steps to stabilize our financial structure by capturing demand related to future telecommunication standards LTE and 3G in China.

Test and Measurement

In the test and measurement market for the year ending March 31, 2010, we expect new demand from areas such as full-fledged development of LTE[6], a next-generation mobile phone system that will become a global standard, as well as 3G in China and upgrades of telecommunications infrastructure in emerging markets. However, we also foresee challenging conditions continuing for other existing businesses due to restrained capital investment by customers. We expect that sales of existing businesses will decrease 30 percent overall compared with the previous year in the first half and will remain at about the same level as the previous year in the second. We therefore estimate sales for the full fiscal year to decrease 11 percent to ¥51.0 billion.

1) LTE

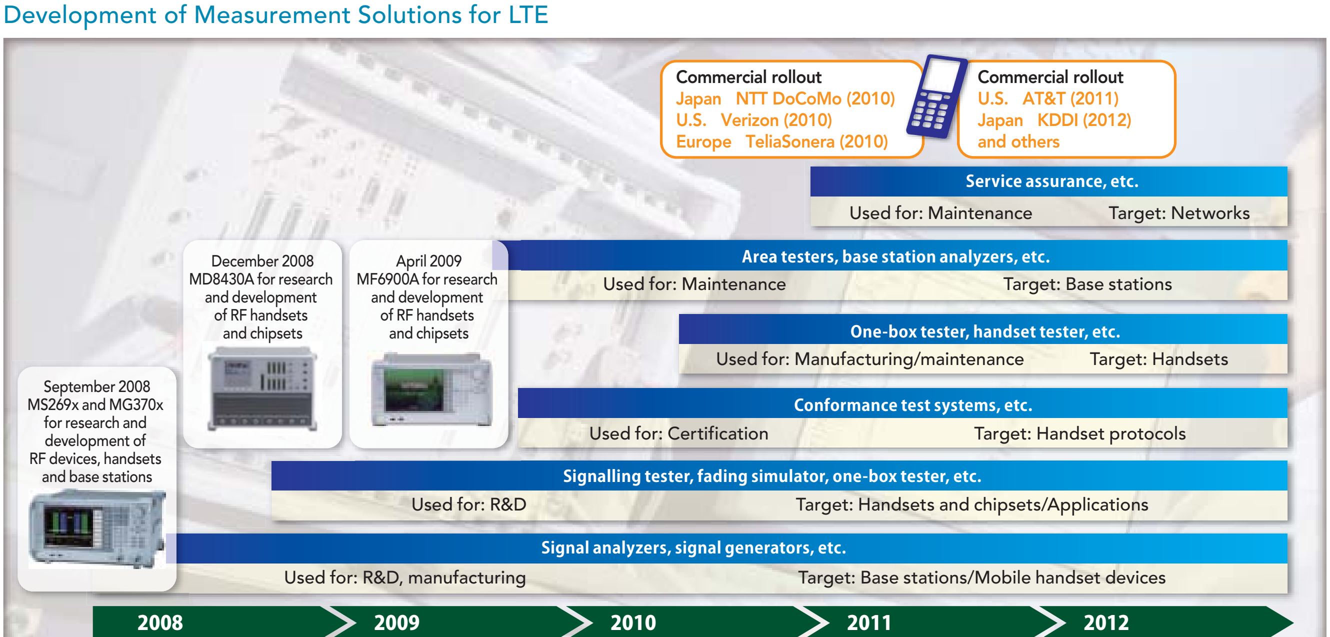
Handset and chipset[7] vendors are beginning development in response to the scheduled beginning of commercial LTE services in 2010 by companies including NTT DoCoMo in Japan and Verizon Wireless in the United States. LTE will spread globally as telecom carriers commercialize it starting in 2010.

Anritsu has positioned LTE as a pillar of its growth. By sharing development road maps with leading global telecommunications equipment vendors, with whom we built close relationships during 3G mobile phone development, in December 2008 we became the first company to introduce a signalling tester for LTE development, the MD8430A. We won approximately ¥2.0 billion in orders for this product in the fourth quarter of the year

Note 6. LTE (Long Term Evolution)
Currently undergoing standardization, LTE is a wireless communications protocol that evolved from 3.5G.
For details, please refer to the "Measurement Technologies" section.

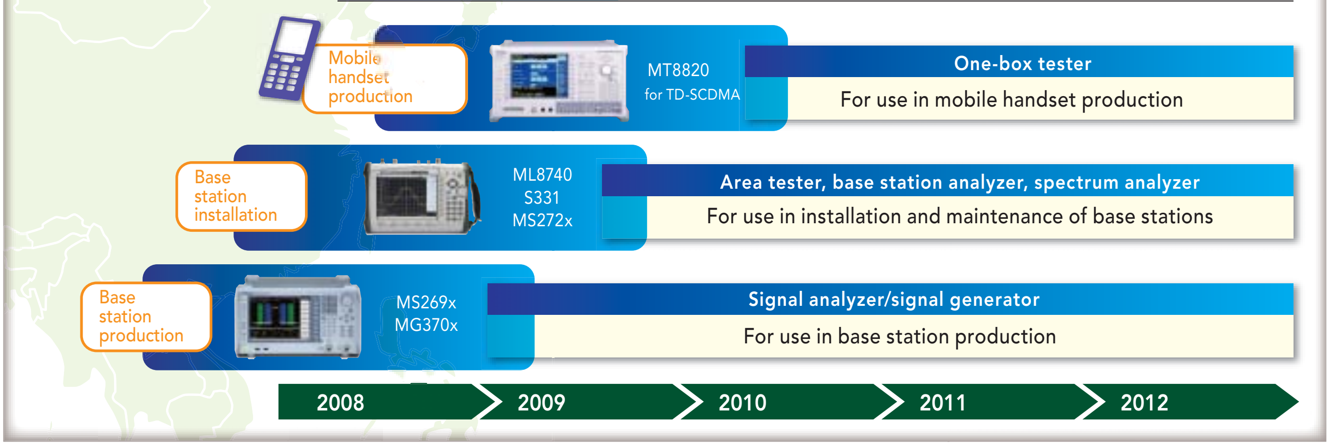
Note 7. Chipsets:
Sets that group together peripheral circuitry in mobile handsets and computers, such as CPUs, on multiple LSI chips.

Development of Measurement Solutions for LTE



Roadmap for 3G Mobile in China

Telecom company	China Mobile	China Unicom	China Telecom
Communication system	TD-SCDMA	W-CDMA	CDMA2000
Base stations to be installed in 2009	60,000	70,000	60,000



ended March 31, 2009. We will continue to roll out measurement solutions including handset conformance test systems, measuring instruments for handset production, and measuring instruments used in the construction and maintenance of wireless infrastructure in line with customers' TTM,[8] as we aim to be a top supplier.

2) 3G in China

Anritsu has developed its business in China for over 20 years, and now has business bases and service centers in more than 10 locations. China has approximately 650 million mobile phone subscribers, making it the world's largest cell phone market. In January 2009, the Chinese government issued 3G licenses to three mobile phone companies, China Mobile Limited, China Unicom Ltd. and China Telecom Corp. Amid growing demand for network construction, mobile phone production and maintenance in anticipation of the proliferation of 3G mobile phones, we expect new investment in test and measurement equipment on the order of ¥5.0 billion during the year ending March 31, 2010 as base station installation and other infrastructure upgrades begin. Anritsu is responding to demand from telecom carriers and equipment vendors with a focus on handheld measuring instruments, where the Company holds the top global market share.

China Mobile, which has the world's largest subscriber base, has adopted the TD-SCDMA standard, which China is promoting. The company is concentrating on upgrading infrastructure in the year ending March 31, 2010, including the installation of 60,000 base stations, to prepare for handset proliferation. Anritsu is leading competitors in the development of measuring instruments for TD-SCDMA development and production to provide products in a timely manner when demand begins.

Information and Communications

Anritsu provides social infrastructure system solutions such as video distribution and remote monitoring systems to Japanese government entities. The operating environment remains challenging as a result of the steady downward trend in public works spending. For the year ending March 31, 2010, we will secure profit by concentrating not only on business with government entities but also on increasing disaster communication system applications in cooper-

Note 8. TTM:
Time-to-market

ation with system integrators and expanding the private-sector market for bandwidth controllers for network quality assurance.

Industrial Automation

Anritsu provides quality control solutions for alien material detection, shape inspection and weighing, primarily to the food industry, which accounts for 80 percent of sales. The Japanese food market is mature, but we expect stable capital investment from sources including the renewal of production lines. We also expect growth in overseas demand for detection of alien materials in order to enhance food safety and security. For the year ending March 31, 2010, we will strengthen our position in the Japanese market by expanding our lineup of X-ray inspection systems and grow overseas sales.

The market environment for each business is extremely challenging, and we anticipate capital investment to generally remain constrained. Based on the initiatives of each sub-segment and the results of the urgent management measures implemented in the fourth quarter of the year ended March 31, 2009, Anritsu projects net sales for the year ending March 31, 2010 will decrease 9.5 percent compared with the previous fiscal year to ¥76.0 billion, operating income will increase 143.1 percent to ¥2.2 billion and net income will be ¥0.5 billion, compared with net loss of ¥3.5 billion in the previous fiscal year.

Medium-Term Direction

The entire Anritsu Group is striving to stabilize its financial structure by increasing profitability. We have already succeeded in bringing the Information and Communications segment into the black and generating stable profit in the Industrial Automation segment.

The Test and Measurement segment, which recorded an operating loss for the year ended March 31, 2009, aims to return to profitability for the year ending March 31, 2010 through three strategies: 1) capture LTE-related demand globally, 2) capture demand for 3G-related measurement in China in the areas of infrastructure upgrades by telecom carriers and development and production by handset vendors, and 3) steadily expand stable "base" businesses with large markets, including general purpose measuring instruments for production, installation and maintenance, and the Service Assurance business.

In the General Purpose sub-segment, we will expand the product lineup and applications to provide solutions that meet customer demand in each segment. In the Service Assurance business, we expect ongoing capital investment from our telecom carrier customers around the world. Anritsu considers the Service Assurance business a pillar of the Test and Measurement segment, and implemented restructuring in the fourth quarter of the year ended March 31, 2009 to return it to profitability. For the year ending March 31, 2010, we will expand this business with a focus on Europe, the Middle East and Africa (EMEA).

Through these initiatives, we aim to increase both the consolidated operating margin and return on equity to 10 percent or more over the medium-to-long term.

Financial Strategy

By implementing Management Innovation 2008 and urgent management measures, we have restructured our organization to generate profits even if sales decline.

For the year ended March 31, 2009, net loss was ¥3.5 billion due to business structure improvement expenses and other costs. Further, investments and other assets at fiscal year-end decreased from a year earlier due to an accounting change that resulted in the one-time amortization of goodwill at a U.S. subsidiary totaling ¥8.4 billion and R&D expenses at a Danish subsidiary totaling ¥1.9 billion that had previously been capitalized. Mainly as a result of these factors, retained earnings decreased approximately ¥14.7 billion. However, Anritsu continued to make progress in reducing interest-bearing debt, which decreased to ¥43.6 billion compared with ¥47.0 billion at the end of the previous fiscal year.

Through the implementation of Management Innovation 2008 and the urgent management measures in the year ended March 31, 2009, Anritsu has made a structural shift for current fiscal year so that the Company can be profitable even if net sales decrease. The Company will use increased cash flow generated by improvements in ACE[9] and asset turnover as well as enhanced capital efficiency resulting from measures including an internal Group cash management system to make further reductions in interest-bearing debt, improve the net debt-to-equity ratio,[10] enhance shareholders' equity and fortify its financial structure.

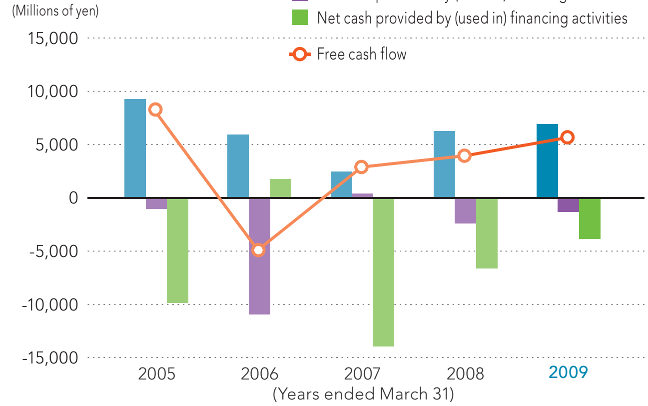
Shareholder Returns

I am confident that the Anritsu Group's unified efforts to increase earnings in the current fiscal year and beyond will lead to higher corporate value.

To return profits to shareholders, Anritsu's basic policy for paying dividends from surplus funds is to increase 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.

Regrettably, in view of the net loss that resulted from the rapid deterioration of earnings,

Cash Flows



Anritsu decided not to pay a year-end dividend for the fiscal year ended March 31, 2009, and thus dividends for the fiscal year totaled ¥3.50 per share, consisting of an interim dividend of ¥3.50 per share. For the year ending March 31, 2010, we expect challenging conditions to persist, and in an uncertain financing environment we will prioritize a stable financial structure. Consequently, we do not plan to pay dividends for the fiscal year, and ask our shareholders for their understanding.

Although the challenging operating environment continues, the Anritsu Group will put all of its efforts into increasing profitability for the year ending March 31, 2010 and beyond, and I believe that this will lead to higher corporate value.

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

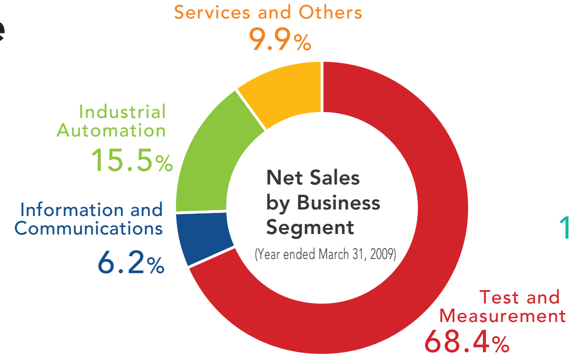
July 2009

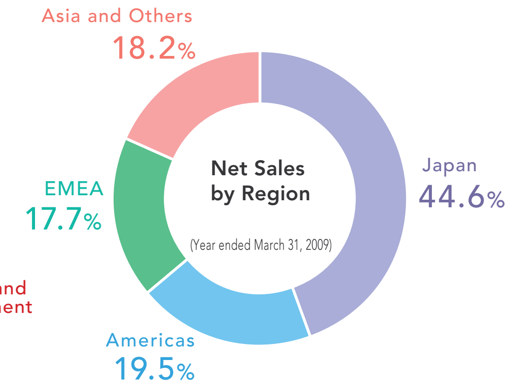
Hiromichi Toda
Group CEO

Note 9. ACE:
(Anritsu Capital-cost Evaluation)
Net operating profit after tax - Invested capital cost

Note 10. Net debt-to-equity ratio:
(Interest-bearing debt - Cash and cash equivalents)/Net assets

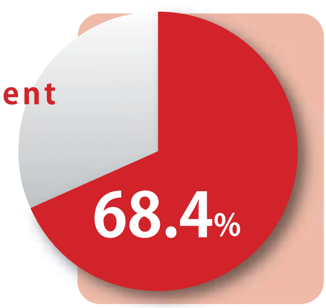
Anritsu at a Glance

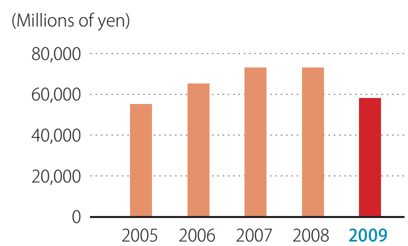


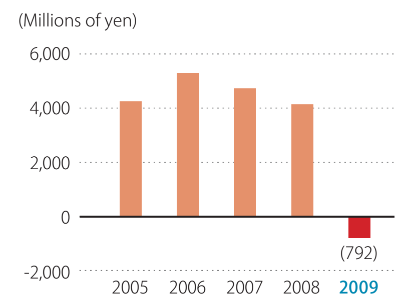


Percentage of Net Sales	Net Sales	Operating Income (Loss)

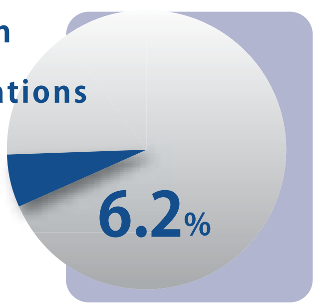
Test and Measurement

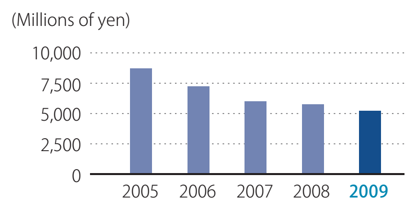


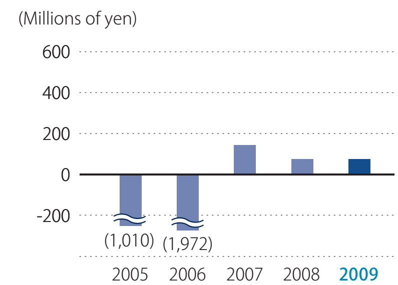




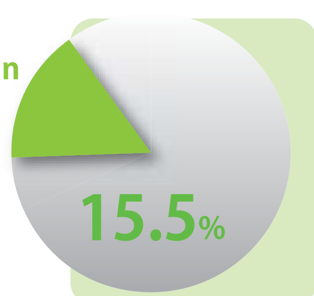
Information and Communications

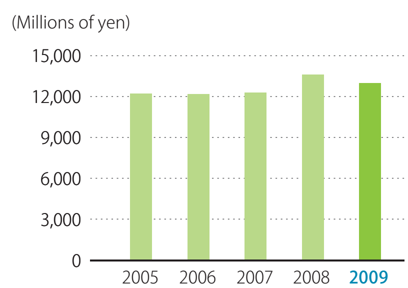


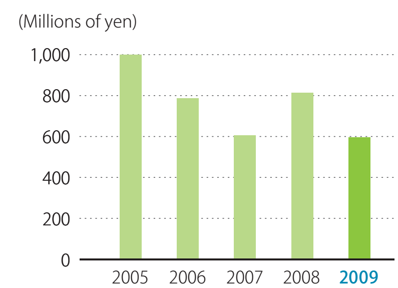




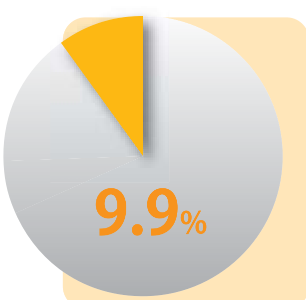
Industrial Automation

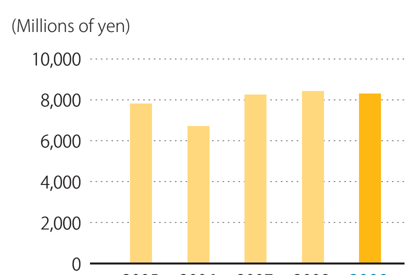


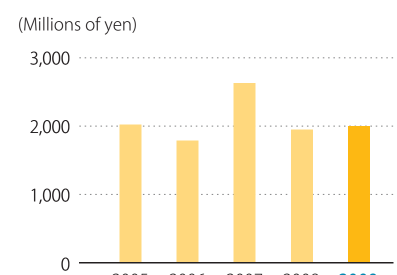




Services and Others







Anritsu's Core Business: Test and Measurement

▶ NGN & Infrastructure

Internet protocol (IP) networks, next-generation networks (NGN) and wireless networks are central to the accelerating shift to broadband. Anritsu provides optimum solutions in these areas based on advanced IP analysis technology, ultra-high-speed digital technology, wireless measurement technology and monitoring technology.

Customers: Telecom operators, companies that construct and maintain networks, and telecommunication equipment manufacturers.

▶ Mobile Handset

Addressing continuing advances in mobile telephones and mobile phone services, Anritsu supplies markets around the world with optimum measurement solutions for mobile handsets and their electronic components based on wireless measuring technology and protocol analysis by using global customer support.

Customers: Mobile handset manufacturers, chipset manufacturers, handset certification laboratories and telecom operators.

▶ General Purpose

Anritsu provides a broad array of test and measurement solutions to fields such as automobiles and electronics, including intelligent home appliances. Solutions include the design, production and evaluation of communication equipment and the electronic devices used in other electronic equipment.

Customers: Mobile handset manufacturers, electronic component manufacturers, electronics and home appliance manufacturers and research institutes, including universities.

Business Overview

Anritsu conducts business globally in its core Test and Measurement business with a focus on three fields:
1. NGN & Infrastructure
(Approximately 40 percent of segment sales)
2. Mobile Handset
(Approximately 30 percent)
3. General Purpose
(Approximately 30 percent)

Through cooperation with major system integrators and application of IP network technologies, Anritsu provides optimum system solutions for the establishment of safe and secure social infrastructure. We are also strengthening our presence in areas such as facility surveillance, video security systems, and maintenance and improvement of network quality using bandwidth controllers.

Anritsu employs extensive experience in developing measurement technologies, as well as digital signal and image processing technologies that use magnetism and X-rays, to provide quality assurance solutions for alien material inspection, missing parts inspection and weight management for food, pharmaceutical and cosmetics products. Anritsu is also strengthening operations in overseas markets, including Asia, Europe and the United States.

In addition to its main areas of business, Anritsu is active in the device business, precision measurement business and environment-related businesses, as well as distribution, employee welfare services, property rental and other businesses.

Major Product

MD8430A Signalling Tester

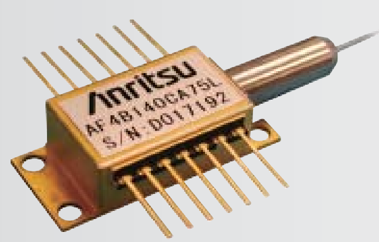
The MD8430A is essential for developing handsets and chipsets that support next-generation mobile communications systems using LTE. Anritsu is contributing to the development of commercial LTE services by offering base station simulators that operate the same as LTE base stations.

PureFlow® GS1 Bandwidth Controller

The PureFlow® GS1 prevents packet loss by smoothing the flow of traffic over IP networks with a high degree of accuracy. It contributes to network communication quality and more efficient use of bandwidth.

KD74-h Series X-ray Inspection Systems

These alien material inspection systems are used mainly in food production lines. In addition to delivering the highest detection performance in the industry, they inspect the shape of products to detect chips, breaks and other irregularities while using mass conversion to simultaneously check for underweight or missing items.



1.48μm FP-LD Optical Device

This Fabry-Perot laser diode (FP-LD) device is indispensable for optical signal amplification in optical communication and video distribution equipment. Incorporating Anritsu's accumulated semiconductor laser production technologies, it achieves a laser output level that is among the highest in the world.

Review of Operations

Test and Measurement

We aim to capture the number-one global market share in next-generation mobile communications system LTE with our measuring instruments used in development, an Anritsu strength. In addition, we are looking to expand business in the 3G mobile area in China, which we expect to be a growth market.

Business Trends and Review of the Year Ended March 31, 2009

Mobile phone-related investment is shifting from 3G and 3.5G to LTE (3.9G). In December 2008, Anritsu became the first company in the world to commercialize new measuring instruments for use in the research and development of LTE, responding flexibly to customer needs in a timely manner. Although this LTE-related demand is rising, segment sales were ¥57,449 million, a decrease of 21.0 percent from the previous fiscal year, as a result of a significant drop in sales of existing businesses. Despite initiatives under the Company's urgent management measures including fixed-cost reductions, this segment recorded an operating loss of ¥792 million, compared with operating income of ¥4,126 million in the previous fiscal year, due to the substantial decrease in segment sales.

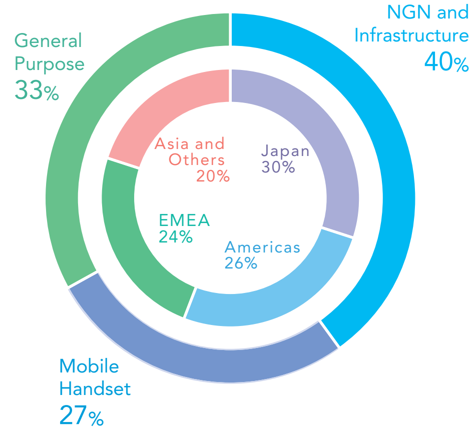
Business Strategy and Outlook for the Year Ending March 31, 2010

Based on the ongoing challenging operating environment, Anritsu will focus on telecommunications markets where measurement demand is increasing. These include the measurement business for LTE, where full-fledged development will start, and business related to 3G mobile in China, where there are many subscribers.

LTE is a next-generation wireless access technology that is spreading globally. Anritsu is focusing investment of resources throughout the Group on obtaining the top global market share in measurement solutions for LTE development in order to expand its business. At the same time, Anritsu will maintain and enhance the technological capabilities it has accumulated in 3G development and its relationships of trust with vendors in Japan and globally.

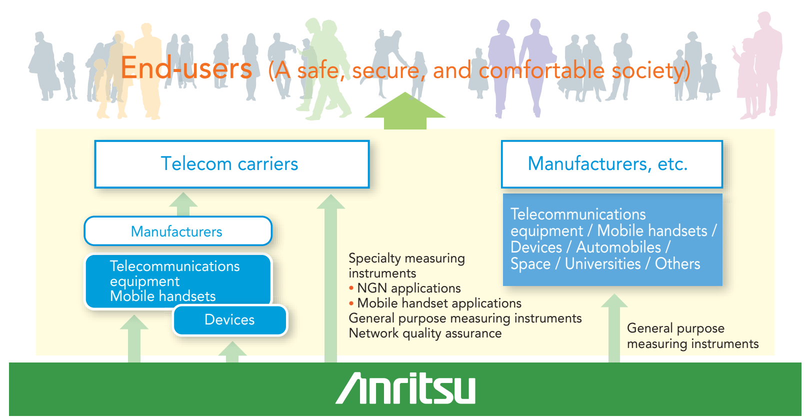
Full-fledged infrastructure upgrades for 3G mobile in all regions of China have started, and we expect mass production of mobile handsets to begin from the year ending March 31, 2011. Anritsu will secure the number-one market share in China in this area by expanding sales of handheld measuring instruments for use in base station installation and maintenance, which are indispensable to upgrading infrastructure. Moreover, we will provide timely solutions to customer needs associated with the roll-out of handsets that use the TD-SCDMA standard, which is being promoted in China.

Test and Measurement Sales by Region (Inner circle) and by Sub-Segment (Outer circle)



Areas of Focus, Customers and Market Rank by Business Area (Anritsu estimates)

	NGN and infrastructure		Mobile handset			General purpose	
	R&D applications	Installation and maintenance applications	R&D applications	Production applications	Installation and maintenance applications	R&D applications	Production applications
Areas of focus	40Gb/s,100Gb/s Optical transmission Optical modulators NGMN (Next generation mobile network)	Wireless base stations Installation of optical fiber Network quality assurance	3G/3.5G applications LTE TD-SCDMA (China)	3G/3.5G mobile handsets TD-SCDMA mobile handsets (China)	Repair and maintenance of mobile handsets	Radio frequency (RF) devices (LTE, Bluetooth, Wi-MAX, car electronics, etc.) Digital broadcasting Etc.	
Customers	Telecom carriers Telecommunication equipment vendors	Telecom carriers Telecom network construction companies	Mobile handset vendors Chipset vendors	Mobile handset vendors	Telecom carriers Mobil handset vendors	Electronic device and component vendors Telecommunications equipment vendors Mobile handset vendors Car electronics Etc.	
Market rank (global)	OTN (optical transport networks) No. 2 market share	Handheld measuring instruments for wireless base stations Top market share (70-80 percent)	3G mobile R&D Top market share (60-70 percent)	Production of 3G mobile handsets No. 3 market share	Top market share in Japan	No. 3 market share for spectrum analyzers & signal generators	



Although we expect that sales in markets related to LTE and to 3G in China will expand, we project net sales of ¥51.0 billion, a year-on-year decrease of 11 percent, due to a general decrease in sales in other areas. We project operating income of ¥1.3 billion, an improvement of ¥2.1 billion, due to cost reductions from our streamlined organizational structure and other factors.

NGN and Infrastructure

Anritsu is working to expand and stabilize its business by offering not only solutions for the research and development of telecommunications equipment, but also solutions in telecommunications infrastructure ranging from installation and monitoring to service quality assurance.

1) Optical, Digital and IP Measurement

The proliferation of music and video downloading, IPTV[1] and similar services for consumers, as well as the expansion of broadband connectivity for enterprise applications, is increasing data traffic. With the start of full-scale construction of 40Gbit/s ultra-high-speed networks and research and development for 100Gbit/s backbone network equipment, demand for related measuring equipment is expected to increase.

The cutting-edge technology necessary to develop test and measurement equipment in this field forms a high barrier to entry. Anritsu is working to bring measuring instruments to market in a timely manner while boosting product competitiveness and differentiation by applying its technologies in areas such as ultra-high-speed digital measurement, optical measurement and IP measurement.

Note 1. IPTV:
A television broadcasting service using IP networks.

CMA5000 field-use measurement system, which was used to support video distribution of the F1 Grand Prix 2008 held in Spain and Hungary.

2) Installation and Maintenance of Network Infrastructure

Anritsu also has assembled a wide array of handheld measuring instruments that take advantage of its excellent compact and high-density packaging technology and energy-saving technology to meet demand for installation and maintenance of diverse broadband access networks such as fiber optic communications, 3G, 3.5G, WiMAX[2] and digital broadcasting, and to increase profitability by responding to a wide range of customer requests. In the year ending March 2010, base stations for 3G mobile phones will be built on a large scale in China, representing a major business opportunity for Anritsu.

3) Service Assurance

In the Service Assurance business, which monitors networks and analyzes service quality, high demand growth can be expected from telecom operators looking to create billing management based on service quality. Anritsu will work to increase profits in the fiscal year ending March 2010 by expanding Service Assurance sales activities, centered on the EMEA region. We have positioned this as a strategic business because of its growth potential, and plan to expand it into a future pillar of the Group.

Note 2. **WiMAX**
(Worldwide Interoperability for Microwave access)

A standard for high-speed wireless access networks. WiMAX holds promise for providing wireless high-speed data transmission equal to that of wireline broadband access technologies such as ADSL and fiber optic cable.

Note 3. **3GPP:**

A project that considers and draws up specifications to standardize 3G systems.

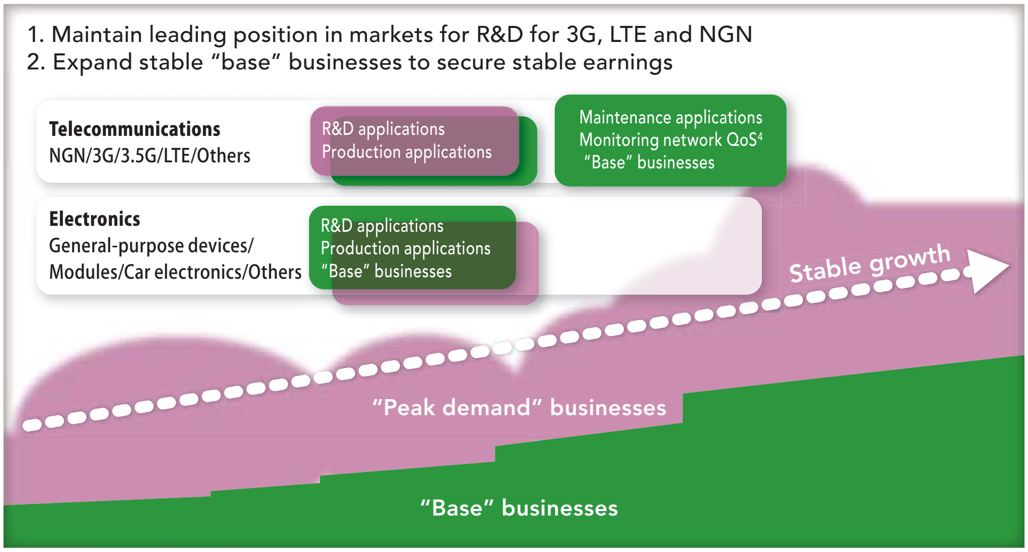
Mobile Handset

Anritsu will maintain the number-one global market share in growth driver LTE by quickly meeting demand for development-use measuring instruments and providing solutions that respond to customer needs. In addition, we are prepared for the start of new demand for the development and production of 3G handsets in China.

Anritsu expects that LTE services will begin throughout the world from 2010 in order to offer fiber-optic-quality broadband services for mobile phones. Through 3GPP,[3] which is promoting standardization of LTE protocols, Anritsu is actively involved in standardization work and is forming close relationships with customers by providing measurement solutions for 3G mobile handsets. We will share development road maps with customers while accurately assessing demand for measuring equipment for LTE, where full-scale development is starting. We will use this understanding to bring to market in a timely manner measuring instruments for development that respond to customer needs.

In China, which is a huge market for 3G mobile phones, three major telecom operators were each issued a license in January 2009 for one of three different 3G standards: TD-SCDMA, W-CDMA and CDMA2000. Anritsu has many measurement solutions for all the standards used in China, and particularly the government-promoted TD-SCDMA used by China Mobile Limited. We are preparing for the start of new demand from China Mobile, which has the world's largest subscriber base, while maintaining our competitive edge.

Test and Measurement "Peak Demand" and "Base" Businesses



Note 4. QoS
(Quality of Service)
Technologies that control network transmission quality in order to ensure service quality.

General Purpose

Anritsu provides measuring equipment widely used in the electronics industry, including telecommunications equipment and other electronic equipment. In order to generate stable earnings, Anritsu is aiming to increase market share by providing applications that meet customer needs.

Even though the short-term outlook for this sub-segment is unclear due to fluctuations in development demand and production volumes in telecommunications equipment and electronic components for automobiles and intelligent home appliances, over the long term we expect it to be a stable business with a large market.

Anritsu aims to capture stable demand by developing products that leverage its strengths in high-frequency testing and measurement technologies, as well as strengthening its line of handheld measuring instruments that incorporate compact, high-density packaging and energy-saving technologies. Anritsu will stabilize Test and Measurement business earnings by offering a wider range of applications for general purpose measuring instruments and expanding operations in general purpose measurement, which has a different investment cycle than the telecommunications market. In addition, we will increase market share by expanding indirect sales channels, including distributors.

In the Test and Measurement business, Anritsu will aim for stable growth by expanding "base" businesses such as measurement for manufacturing of telecommunications equipment and mobile handsets, installation and maintenance, and network monitoring, in addition to businesses that have peak demand, such as measurement for 3G handsets and LTE-related development.

Review of Operations

Information and Communications

The Information and Communications segment provides high-quality solutions that leverage IP network technologies, a strength of the Anritsu Group, and is further strengthening cost-reduction initiatives.

Business Trends and Review of the Year Ended March 31, 2009

The Information and Communications segment provides social infrastructure solutions including video monitoring systems for rivers and telemetering systems mainly to Japanese government and municipal offices. Despite demand related to disaster prevention and conversion of communication systems to IP networks, spending for public works projects is declining overall.

In the private-sector market, the segment provides equipment including video distribution solutions for telecom operators, Internet service providers and other customers. Moreover, demand is growing for bandwidth controllers for maintaining quality of service of IP networks by preventing degradation due to increased traffic.

For the fiscal year ended March 31, 2009, segment sales decreased 9.5 percent year on year to ¥5,201 million. Solid sales of remote monitoring systems to local governments and the private-sector market were offset by the disappointing performance of the video monitoring systems business, where bidding is becoming more competitive. Segment operating income decreased 7.3 percent to ¥71 million despite strict project selection and cost management.

Business Strategy and Outlook for the Year Ending March 31, 2010

Anritsu expects a challenging operating environment due to restraint in capital investment by government and municipal offices. Accordingly, we will continue our strict project selection and cost management from the previous fiscal year and will strive to expand the market for disaster communication systems, which are strategic projects.

In the private-sector market, we expect demand for bandwidth controllers, our core products, for security and communication quality applications because they streamline networks. In addition, we expect demand for bandwidth controllers in areas such as green IT.[1] Moreover, in May 2009 we completed development of the NN6001A analog/IP multiplexer, which enables connection of the analog lines in many enterprise systems to IP networks. We are now focusing on sales of this product. Going forward, we will bolster initiatives in the mainstay private-sector market by further strengthening our competitiveness in IP network solutions and promoting greater collaboration with system integrators.

Amid a challenging operating environment, for the year ending March 31, 2010, Anritsu expects this business to achieve sales of ¥5,000 million, a 3.9 percent decrease year on year. By conducting more thorough cost reductions we expect to break even with operating income of ¥0 million, a decrease of ¥70 million.

Note 1. Green IT

A comprehensive approach that applies the principle of environmental consciousness to information technology, including minimization of harmful material content and consideration of environmental impact and recyclability when manufacturing IT products.

The Telecommunication Equipment That Supports Network System Infrastructure

PureFlow® GS1
bandwidth controller

NN6001A
analog/IP multiplexer

Industrial Automation

The Industrial Automation segment is progressing in its strategy to increase the added value of its products and differentiate them, and is aiming to grow the business by accelerating overseas expansion. At the same time, it is working to further strengthen cost reduction initiatives and improve profitability.

Business Trends and Review of the Year Ended March 31, 2009

This segment's main products are inspection equipment such as X-ray inspection systems, metal detectors and checkweighers. The food industry business accounts for approximately 80 percent of segment sales. Backed by rising global needs for food safety and security, Anritsu's metal detectors and X-ray inspection systems have achieved leading shares in the market for inspection systems. In addition, our checkweighers are used to confirm quantities in the pharmaceutical industry, and our metal detectors and checkweighers are used in the cosmetics industry.

During the year ended March 31, 2009, we worked to enhance overseas businesses and strengthen price competitiveness. Initiatives included establishing and starting production at a development and manufacturing subsidiary in Thailand in June 2008. In addition, we strengthened our close business relationships with customers by holding seminars at their offices throughout Japan on the theme of quality control inspection solutions for production lines. Overall demand was firm in the first half. In the second half, however, there was a growing move among food manufacturers in Japan and overseas, particularly in Asia, to curtail capital investment as a result of the global economic slowdown. Consequently, segment sales decreased 4.5 percent compared with the previous fiscal year to ¥12,981 million. Operating income decreased 26.8 percent to ¥597 million due to factors including downward pressure on prices resulting from the strong yen.

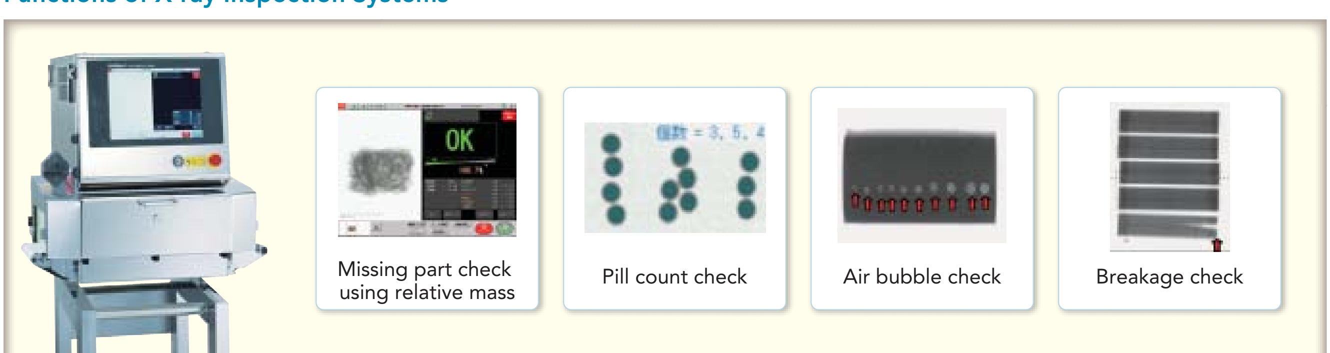
Business Strategy and Outlook for the Year Ending March 31, 2010

The food and cosmetics markets that this segment targets are stable and relatively unaffected by economic stagnation. Going forward, we will enhance applications by continuing to increase the sensitivity of our X-ray inspection systems for detecting alien materials in food and adding functions such as shape and unit count checking. In addition, we will work to improve profitability by strengthening cost-cutting initiatives through the revision of materials procurement and production processes.

Over the medium to long term, we will continue to promote a product strategy of higher added value and differentiation while accelerating our expansion in overseas markets through full-fledged overseas production.

Given the continuing uncertainty of the global economy, Anritsu projects that for the year ending March 31, 2010, segment sales will decrease 7.6 percent year on year to ¥12,000 million and operating income will decrease 33.0 percent to ¥400 million.

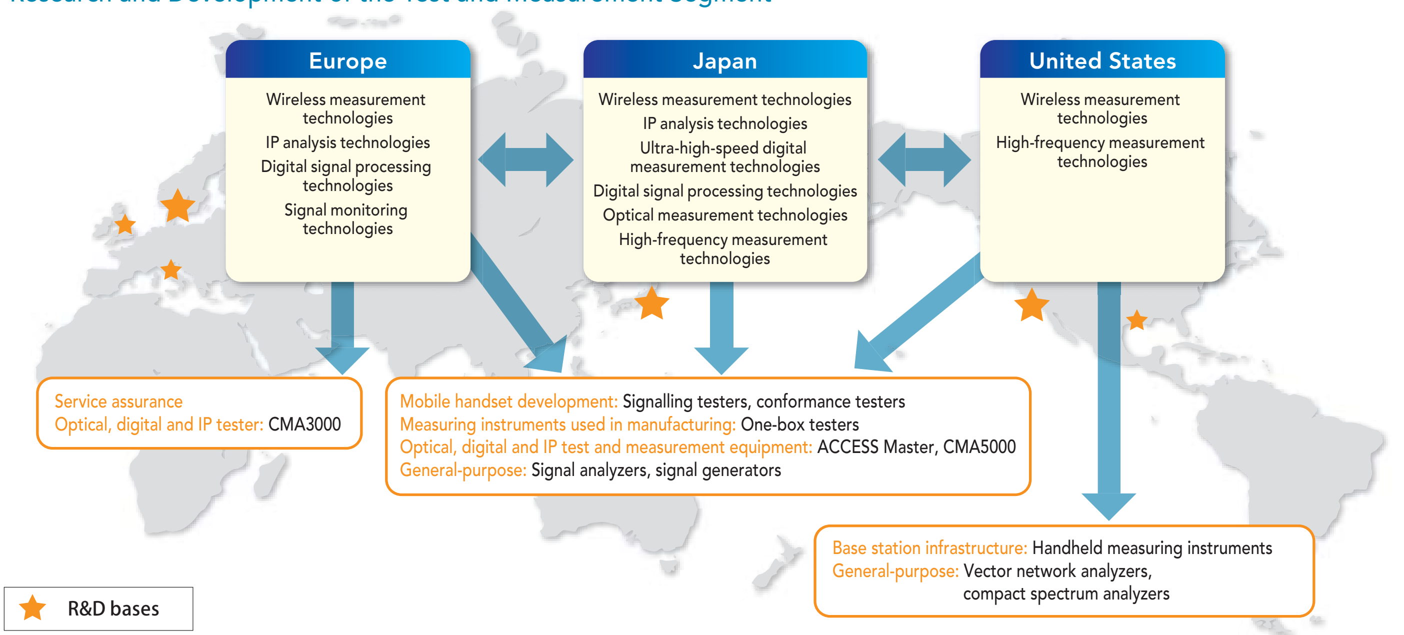
Functions of X-ray Inspection Systems



Research and Development

Anritsu seeks next-generation advanced technologies, so research and development is a source of its competitiveness. The Company promotes close relationships with major customers around the world to offer solutions that accommodate their TTM based on its Original & High Level technologies.

Research and Development of the Test and Measurement Segment



Global R&D Structure

Anritsu has research and development bases in Japan, the United States and Europe, which apply component technologies and acquire and share new technologies while developing new products globally. In the measurement businesses, we combined our wireline and wireless divisions in Japan and integrated the development department of the R&D Center, which performed research and development of fundamental technologies, with the development departments of the business divisions. This improved development efficiency by concentrating research and development resources and responded to the advent of fixed-mobile convergence (FMC). Further, in 2009 we reorganized research and development into two groups: measurement for leading-edge technologies, such as LTE, and general purpose measurement, which generates stable profits. As a result, we are flexibly developing solutions that precisely meet market and customer needs in each area.

Original and High-Level Technologies and Know-How

Anritsu possesses various test and measurement technologies, including in wireless measurement, ultra-high-speed digital measurement, IP analysis, optical measurement, high-frequency measurement, digital signal processing, signal monitoring, network traffic measurement, bandwidth control and alien material inspection. Its proprietary key devices and fundamental technologies are the source of its product differentiation, and the Anritsu Group is expanding the application of these technologies and know-how in its products in response to customer needs. In 2008, the Group commercialized new products including the MD8430A signalling tester, which is indispensable in developing chipsets for LTE mobile handsets, and the MS464x series of general purpose vector network analyzers with applications including development of electronic devices in the aerospace and microwave fields. In addition, we are effectively using resources from inside and outside the Group on a global scale in order to promote efficient development of software, which is growing in relative importance.

Standardization Initiatives

Standardization initiatives are an important part of Anritsu's research and development activities. We are working to standardize communications protocols through participation in the international standards body ITU-T[1] and the next-generation network forum 3GPP. In mobile phone systems, Anritsu has been involved in determining communications protocols from the earliest stages. As a result, we have provided measuring equipment for the world's largest number of approved conformance tests of transmission protocols between base stations and mobile handsets. Manufacturers of mobile handsets and chipsets throughout the world use our measuring instruments to test mobile handsets because handsets that pass are recognized as 3GPP compatible. This contributes to the smooth spread of 3G mobile phone systems.

Anritsu continues to conduct similar activities in LTE as well. As Sub-Chair of a protocol conformance testing group, Anritsu is promoting the formulation of protocols for commercial LTE services scheduled to begin in 2010 in Japan and the United States.

In wireline systems, Anritsu has participated in ITU-T for approximately 20 years to promote standardization of jitter and wander[2] measurement technologies. Our initiatives have included proposals of measurement technologies for 10Gbit/s, 40Gbit/s and other optical communications systems that have set standards.

Leading global corporations in the telecommunications industry participate in each standards body. Anritsu will continue to use the relationships, knowledge and technologies gained from its aggressive standardization initiatives in product development in order to provide timely, competitive solutions.

Note 1. ITU-T:
(The International Telecommunication Union (ITU))
Telecommunication Standardization Sector, which sets standards for the telecommunications field as a bureau of the International Telecommunication Union.

Note 2. Jitter and wander:
Defined respectively as short- and long-term variations in signal reception rates in a digital network due to noise or other interference during transmission.

Anritsu Receives Award from the ITU Association of Japan

Anritsu employees were given an Award of Merit by the ITU Association of Japan (ITU-AJ). ITU-AJ Awards are presented every year to individuals who contribute to the ITU's standardization activities. The Award of Merit is the association's highest honor.

As *rapporteurs*, or chairpersons, of the ITU-AJ groups involved in the standardization of measurement for optical transmission systems and access networks, Anritsu employees contribute to standardizing protocols necessary for the construction of next-generation networks (NGN). The Award of Merit indicates the ITU-AJ's high regard for these initiatives.

Corporate Governance

Anritsu is working to upgrade its decision-making system and create an environment in which corporate governance can function effectively to enable a flexible and speedy response to changes in the operating environment and continuously raise corporate value.

Board of Directors

Anritsu has a corporate governance system centered on the Board of Directors and the Board of Corporate Auditors. The Board of Directors has a small number of people to facilitate prompt decision-making. It discusses matters for resolution and reports, and also holds free discussions of medium-to-long-term management issues. As a rule, the Board of Directors meets once a month, and met 12 times in the year ended March 31, 2009. Attendance at meetings was virtually 100 percent. Outside director Akira Kiyota attended 10 meetings, actively contributing to discussion.

Anritsu separates the decision-making and supervisory functions of the Board of Directors from the business execution functions of the executive officers. Important matters related to business execution are deliberated upon and resolved at the Management Strategy Conference, which is chaired by the president. Matters to be resolved at Board of Directors meetings are discussed in advance at the Management Strategy Conference to enhance the deliberation. The Management Strategy Conference is held once or twice each month.

The Compensation Advisory Committee is an advisory body to the Board of Directors. It deliberates the compensation system and specific evaluations of directors and executive officers. The majority of its members are from outside the Company, thus ensuring transparency.

Auditing System

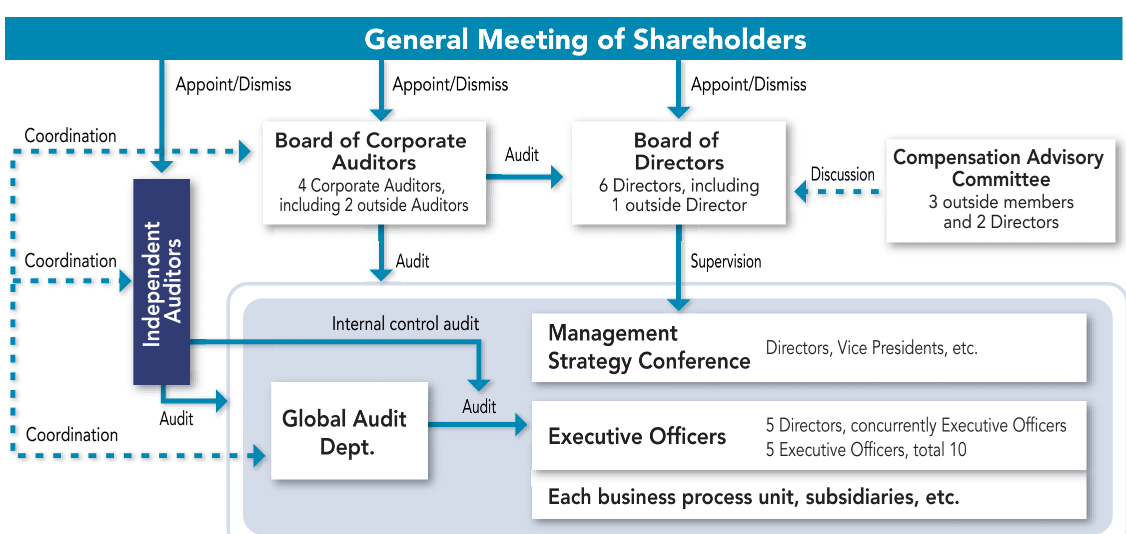
The Board of Corporate Auditors, composed of two full-time corporate auditors and two outside corporate auditors, conducts audits in accordance with audit policies determined by the Board of Corporate Auditors.

The full-time corporate auditors work to gather information through active participation in important internal meetings including Board of Directors Meetings and the Management Strategy Conference, while auditing Group companies in Japan and overseas.

The outside corporate auditors are Sukeaki Tatsuoka, formerly a judge and currently a lawyer and university professor; and Yasuo Matoi, who has extensive management experience as well as deep insight in the areas of taxation and accounting. Their auditing is thus based on a high level of expertise.

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 is working to strengthen its internal control system primarily through the Global Audit Dept. In the fiscal year ended March 31, 2009, Anritsu appointed managers in charge of internal audits in major Group companies. Responsible for internal control, they conducted independent evaluations and audits for their respective companies. In addition, points for improvement identified in the evaluation process were shared with the Internal Control Committee and appropriate measures were taken.

Anritsu is working to firmly establish its internal control system and increase cooperation with Group companies to promote ongoing improvement of internal controls throughout the Anritsu Group. Moreover, by applying its internal control improvements to management innovation activities, Anritsu aims to increase its corporate value by creating an organizational climate and framework that fosters commitment to management objectives.

Risk Management

Anritsu recognizes that its primary risks are

1) risk relating to decision making and execution of duties,
2) risk of non-compliance with the laws,
3) risk in preserving the environment,
4) risk to product/service quality,
5) risk associated with export/import control,
6) risk to information security, and
7) risk of hazards.

Anritsu clearly identifies who is responsible for control of each risk and carries out risk analysis and evaluation. The Management Strategy Conference discusses risks as necessary and reports to the Board of Directors. In the event of an incident with the potential to seriously impact its operations, Anritsu will establish a risk response headquarters led by the president, based on its risk management rules, and work to minimize damage and resume business quickly. Anritsu has a disaster response system including a recovery plan to respond swiftly and appropriately in the event of a disaster.

Compliance

The Corporate Ethics Promotion Committee plans and carries out company-wide measures designed to promote sound corporate conduct. In the fiscal year ended March 31, 2009, Anritsu promoted wider adoption of the Compliance Reinforcement Week and Corporate Ethics Month campaigns and the Anritsu Group Code of Conduct by subsidiaries in Japan and overseas, and published the Case Study Sheet with explanations in a Q&A format. The Committee carried out additional measures including education activities through level-specific instruction and events promoting compliance, and the Ethics Survey to determine the degree of establishment of the compliance system and the ethical awareness level of employees.

In addition, Anritsu provides a Helpline that accepts reports, information and requests for advice from within the Company, as well as outside legal counsel, to prevent ethical and legal violations and aim for a better work environment.

Assessment by External Organizations

Anritsu's corporate governance efforts are also evaluated highly by external organizations.

Japan Corporate Governance Research Institute, Inc., Report on JCG Index Survey 2008

Anritsu placed 24th among 252 companies listed on the Tokyo Stock Exchange First Section that responded.

Directors, Corporate Auditors and Executive Officers (As of July 1, 2009)

Directors

Representative Director, President
Hiromichi Toda
1971 Joined the Company
2004 Director
2005 Representative Director, President

Representative Director
Hirokazu Hashimoto
1973 Joined the Company
2002 Director
2007 Representative Director

Director
Shigehisa Yamaguchi
1975 Joined the Company
2003 Director

Director
Yasuyuki Oguma
1974 Joined the Company
2009 Director

Director
Kenji Tanaka
1974 Joined the Company
2009 Director

Director (Outside Director)
Akira Kiyota
(Chairman of the Board, Daiwa Securities Group Inc.)
2005 Director

Corporate Auditors

Full-time Corporate Auditor
Kohei Ono
1970 Joined the Company
2009 Full-time Corporate Auditor

Full-time Corporate Auditor
Goro Saito
1970 Joined the Company
2007 Full-time Corporate Auditor

Outside Corporate Auditor
Sukeaki Tatsuoka
(Professor, Gakushuin University, Graduate School of Law)
2007 Outside Corporate Auditor

Outside Corporate Auditor
Yasuo Matoi
(Advisor, NEC Corporation; Outside Director, Meidensha Corporation)
2007 Outside Corporate Auditor

Executive Officers

*Concurrently serving as Board Member

President

Group CEO
Hiromichi Toda*

Executive Vice President

Chief Financial and Corporate Officer, Global Audit Dept., Legal Dept., Security Trade Control Dept., Accounting and Control Dept., Network Sales Div.
Hirokazu Hashimoto*

Senior Vice President

Chief Sales and CRM Strategy Officer, Global Sales Administration Dept., Americas Sales Center, EMEA Sales Center, APAC Sales Center, Service Assurance Div.
Shigehisa Yamaguchi*

Vice Presidents

Deputy Chief Sales and CRM Strategy Officer, President of Anritsu U.S. Holding, Inc. (U.S.A.), President of Anritsu Company (U.S.A.)
Frank Tiernan

Chief Business Planning Officer, Chief Information Officer, Chief Environmental Officer, Management Strategy Center, Environmental Promotion Center, Management Information System Dept., Corporate Communication Dept.
Yasuyuki Oguma*

Chief Marketing Officer, Marketing Div., Head of GP T&M Business Development
Kenji Tanaka*

Chief SCM Strategy Officer, Koriyama Business Office, SCM Center
Junkichi Shirono

Chief Technology Officer, R&D Group, Head of Leading Edge T&M Business Development
Toshihiko Takahashi

Chief Human Resource and Administration Officer, Human Resource and Administration Dept.
Toshisumi Taniai

Chief Japan Sales Officer
Measurement Solution Sales Div.
Nobuo Funahashi

Kenji Tanaka | Yasuyuki Oguma | Hirokazu Hashimoto | Hiromichi Toda | Akira Kiyota | Shigehisa Yamaguchi

Corporate Social Responsibility

The Anritsu Group's philosophy is to create corporate value with sincerity, harmony, and enthusiasm by providing Original & High Level solutions as a company whose growth and development are appreciated by all members of society.

CSR Activities

Anritsu established the CSR Promotion Committee as a group-wide organization to lead CSR activities, addressing the formation of critical objectives and resolving specific issues regarding CSR. The Committee also promotes CSR activities in areas including customer satisfaction, quality control, human rights, the environment, philanthropic activities and other functions primarily through people in charge of these areas at Anritsu and Group companies.

Anritsu has set medium-to-long-term CSR Goals to set a clear direction for the CSR activities carried out by each division throughout the year. Among ongoing CSR initiatives, Anritsu Company, a Group company in the United States, received a Sustainable Quality Award from the Morgan Hill Chamber of Commerce in California for taking proactive responsibility as a local company for the sustainability of the natural environment and local society. In Japan, Anritsu's active contributions to local communities included holding Fun Science Laboratory for elementary schoolchildren.

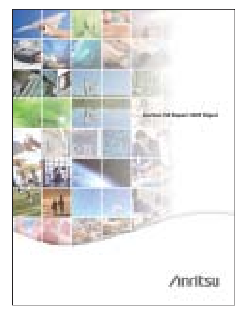
Assessment by External Organizations

Anritsu carries out communication activities to promote shareholder and investor understanding of the Company, including publication of the CSR Report as well as information disclosure and dialogue.

We provide a full range of information through our website on an ongoing basis, including business results, financial overviews and stock information. The site has won the Daiwa Investor Relations Co., Ltd. "Award for Excellence in Internet Investor Relations" for eight consecutive years. In addition, as of April 2009 Anritsu is included in the Morningstar Socially Responsible Investment Index (MS-SRI) of Morningstar Japan K.K.

While carrying out fair and timely information disclosure, Anritsu will work to give shareholders and investors a deeper understanding of the Company's activities by further enhancing the content of disclosure.

CSR Report



Anritsu CSR Report 2009 Digest

Anritsu promotes better understanding of the Anritsu Group's CSR activities through brochures and its website by explaining the Group's initiatives and relationships with its stakeholders from various perspectives, including the environment, human rights, labor and contribution to communities.

For details, please visit the website below.

http://www.anritsu.com/AboutAnritsu/csr/

Fun-filled Science Experiment Classroom

To counter growing disinterest in science among young people, Anritsu Corporation and other companies in and near Atsugi City conduct a city-sponsored joint program called Fun Science Laboratory. In the year ended March 31, 2009, Anritsu contributed by holding classes about batteries at Atsugi elementary schools.

Fourth grade students enjoyed learning how batteries worked by conducting an experiment using salt water, a stainless steel spoon and aluminum foil to turn themselves into a battery to power an electric music box. Letters we received from them afterward were filled with remarks about how much fun the experiment was and the excitement they felt when the music box played.

Financial Section

11-YEAR SUMMARY OF SELECTED FINANCIAL DATA

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31

	2009	2008	2007	2006
For the year:				
Net sales	**¥ 83,940**	¥100,486	¥ 99,446	¥ 91,262
Cost of sales	**52,005**	56,474	55,787	55,205
Gross profit	**31,935**	44,012	43,659	36,057
Selling, general and administrative expenses	**31,030**	38,656	37,300	31,508
Operating income (loss)	**905**	5,356	6,359	4,549
Net income (loss)	**(3,541)**	(3,901)	1,376	563
Depreciation and amortization	**3,100**	3,373	3,600	3,453
Capital expenditures	**2,236**	2,791	2,319	2,699
R&D expenses	**11,704**	14,115	14,072	12,509
At year-end:				
Total assets	**¥100,983**	¥124,917	¥140,395	¥152,359
Net assets	**37,525**	52,845	61,619	60,940
Interest-bearing debt	**43,606**	47,010	53,033	65,590

Per share:				
Net income (loss)				
Basic	**¥ (27.78)**	¥ (30.60)	¥ 10.79	¥ 3.76
Diluted (Note 2)	**—**	—	9.72	3.39
Cash dividends	**3.50**	7.00	7.00	7.00
Total net assets	**294.29**	414.16	483.25	477.51
Key financial indicators:				
Operating income margin (%)	**1.1**	5.3	6.4	5.0
Return on equity (%)	**—**	—	2.2	0.9
Anritsu Capital-cost Evaluation (Note 3) (Millions of yen / thousands of U.S. dollars)	**(4,937)**	(750)	(1,397)	(3,121)
Return on assets (%)	**—**	—	0.9	0.4
Free cash flow (Millions of yen / thousands of U.S. dollars)	**5,590**	3,878	2,909	(5,015)
Net debt-to-equity ratio (times) (Note 4)	**0.67**	0.57	0.54	0.57
Interest coverage ratio (times)	**1.6**	6.5	5.5	4.3
Dividend payout ratio (%) (Note 5)	**—**	—	64.9	186.2
Dividends on equity (%) (Note 6)	**1.0**	1.6	1.5	1.5

Notes: 1. The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥98.23 to U.S. $1.00, the approximate exchange rate on March 31, 2009.
2. The computations of basic net income (loss) per share are based on the weighted average number of shares outstanding during the relevant year. Diluted net income per share for 2000 is not presented since the result of the computation was anti-dilutive, and that for 2003 and 1999 is not presented due to net loss. Diluted net income per share is computed based on the average number of shares of common stock and contingent issuances of common stock from convertible bonds or warrants.
3. Anritsu Capital-cost Evaluation: Net operating profit after tax - Invested capital cost
4. Net debt-to-equity ratio: (Interest-bearing debt - cash and cash equivalents) / (Net assets - Reservation rights on common stock)
5. Dividend payout ratio: Total cash dividends / Net income
6. Dividends on equity: Total cash dividends / Net assets

	Millions of yen						Thousands of U.S. dollars (Note 1)
2005	2004	2003	2002	2001	2000	1999	**2009**
¥ 84,040	¥ 78,396	¥ 78,554	¥131,578	¥159,056	¥115,068	¥113,268	**$ 854,525**
53,666	54,249	58,036	85,694	98,112	78,960	78,173	**529,421**
30,374	24,147	20,518	45,884	60,944	36,108	35,095	**325,104**
25,512	22,339	31,267	38,298	37,110	30,832	31,910	**315,891**
4,862	1,808	(10,749)	7,586	23,834	5,276	3,185	**9,213**
1,280	1,101	(32,761)	2,567	9,635	399	(725)	**(36,048)**
3,400	4,257	5,829	6,522	5,328	5,139	5,410	**31,559**
1,870	1,530	2,868	9,677	8,308	5,320	6,944	**22,763**
10,515	9,887	13,222	15,222	15,385	12,532	10,949	**119,149**
¥142,111	¥148,353	¥144,131	¥198,780	¥207,544	¥170,601	¥170,127	**$1,028,026**
—	—	—	—	—	—	—	**382,012**
61,384	70,033	63,164	73,179	45,038	44,027	51,121	**443,917**
	Yen						U.S. dollars
¥ 9.31	¥ 8.38	¥ (256.90)	¥ 20.10	¥ 75.70	¥ 3.15	¥ (5.73)	**$ (0.28)**
8.22	7.77	—	18.81	68.02	—	—	**—**
7.00	4.50	—	9.00	12.00	4.50	9.00	**0.04**
472.16	470.28	467.21	737.78	732.94	676.71	678.49	**3.00**
	% except where noted						
5.8	2.3	(13.7)	5.8	15.0	4.6	2.8	
2.1	1.8	—	2.7	10.7	0.5	—	
(2,230)	(5,283)	(15,563)	(3,770)	11,146	(1,862)	(3,794)	**(50,260)**
0.9	0.8	—	1.3	5.1	0.2	—	
8,231	10,373	(14,324)	(9,368)	258	7,688	—	**56,907**
0.46	0.58	0.62	—	—	—	—	
5.3	1.7	—	6.5	23.8	4.7	3.1	
75.2	53.7	—	44.8	15.9	142.9	—	
1.5	1.0	—	1.2	1.6	0.7	1.3	

Management's Discussion and Analysis

Changes in the Scope of Consolidation

During the fiscal year ended March 31, 2009, the Anritsu Group added two subsidiaries to the scope of consolidation, Anritsu Precision Co., Ltd. and Anritsu Industrial Solutions (Thailand) Co., Ltd., and liquidated two consolidated subsidiaries, Anritsu FSC and NetTest (Hong Kong) Ltd. As a result, the Anritsu Group comprised 43 consolidated subsidiaries at the end of the fiscal year, unchanged from a year earlier.

Sales and Income

In the field of communication networks, the shift to broadband with various systems and the move toward integration in wireline and wireless networks progressed, as did the numerous diverse services using these networks. In the field of mobile communications, investment in the development of Long-Term Evolution (LTE), a next-generation worldwide platform, has begun in earnest. While expansion of demand generated by new technologies and services is leading to the creation of new companies, the trend toward realignment and mergers among existing companies is accelerating.

In these conditions, the Anritsu Group worked toward the targets of the initial plan for the fiscal year by promoting measures to enhance profitability and strengthen competitiveness based on Management Innovation 2008, which restructures Anritsu's strategy for profitable growth. In addition, Anritsu established a base in Russia, a growth market, and introduced new products to the market including measuring instruments for research and development to promote LTE.

Moreover, in January, 2009 Anritsu implemented urgent management measures in response to increasingly cataclysmic changes in its operating environment brought on by the financial crisis and the deepening global economic recession. Committed to improving profitability for the fiscal year ending March 31, 2010 and beyond, Anritsu implemented measures including headcount reductions, integration of the production organization for the Test and Measurement segment in Japan and reorganization of production and development bases overseas.

However, customers increasingly postponed or curtailed capital investment, especially in the core Test and Measurement segment in the second half. Consequently, for the fiscal year ended March 31, 2009, net sales decreased 16.5 percent to ¥83,940 million. Operating income decreased 83.1 percent year on year to ¥905 million due to the drop in sales in the Test and Measurement segment and the impact of the appreciation of the yen. Net loss totaled ¥3,541 million, compared with net loss of ¥3,901 million in the previous fiscal year, because Anritsu recognized loss on devaluation of inventories due to the application of "Accounting Standard for Measurement of Inventories" (Accounting Standards Board of Japan (ASBJ) Statement No. 9), and incurred business structure improvement expenses, including special retirement benefits, due to the implementation of the urgent management measures.

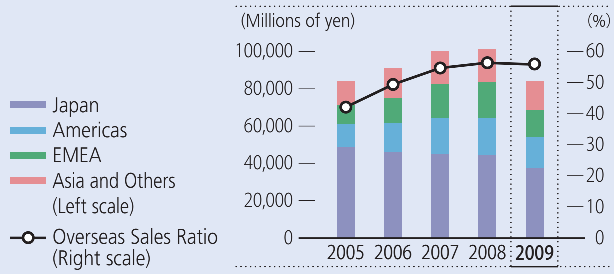
Net Sales

For the fiscal year ended March 31, 2009, net sales decreased 16.5 percent, or ¥16,546 million, year on year to ¥83,940 million. Sales in all segments decreased as customers postponed or curtailed capital investment because of the global recession from the second half, and the appreciation of the yen also contributed to lower sales.

On a regional basis, sales decreased substantially in Europe and the Americas, where the impact of the recession was pronounced. In Asia, where demand for measuring instruments used in mobile handset manufacturing had been firm in China, sales decreased as demand for measuring instruments declined during the second half. In Japan, sales declined due to factors including waning demand for measuring instruments used in third-generation (3G) and 3.5-generation (3.5G) research and development and in mobile handset manufacturing. Consequently, overseas sales decreased 17.3 percent year on year to ¥46,481 million, and the ratio of overseas sales to net sales decreased 0.5 percentage points to 55.4 percent from 55.9 percent.

In comparison, sales in Japan decreased 15.4 percent year on year to ¥37,459 million. In the device business in the Services and Other segment, sales of optical communications devices in the video distribution market were strong. Moreover, overall demand for inspection equipment such as X-ray inspection systems remained solid due to heightened consciousness of food safety and security. However, higher sales in these businesses did not fully compensate for decreased sales in the Test and Measurement and the Information and Communications segments.

Net Sales by Region and Overseas Sales Ratio



Note: The former Europe segment has been changed to EMEA from the year ended March 31, 2007. In addition, Middle East and Africa, which had been part of the Asia and Others segment, are now included in the EMEA segment.

Cost of Sales and Gross Profit

Cost of sales decreased 7.9 percent, or ¥4,469 million, compared with the previous fiscal year to ¥52,005 million, and the ratio of cost of sales to net sales increased 5.8 percentage points to 62.0 percent. The decrease in sales of the profitable Test and Measurement segment and loss on devaluation of inventories included in cost of sales as the result of the adoption of the new accounting standard for inventories were factors causing gross profit to decrease 27.4 percent, or ¥12,077 million, compared with the previous fiscal year to ¥31,935 million. The ratio of gross profit to net sales decreased 5.8 percentage points to 38.0 percent.

Selling, General and Administrative (SG&A) Expenses and Operating Income

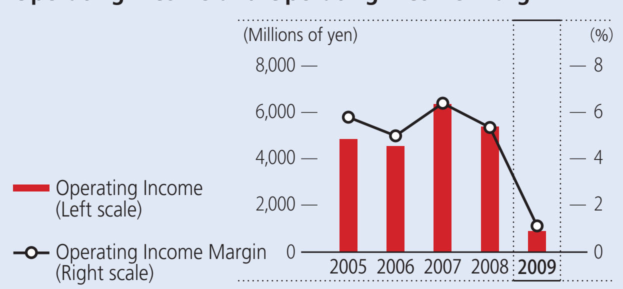
SG&A expenses decreased 19.7 percent year on year to ¥31,030 million. This decrease was the result of Anritsu's efforts to reduce costs through its urgent management measures, including the early rationalization of headcount in Europe and the Americas, work-sharing, reduction of director compensation and executive salaries, consolidation of operating bases, and reduction of testing research expenses.

Research and development expenses, which are included in cost of sales and SG&A expenses, decreased 17.1 percent compared with the previous fiscal year to ¥11,704 million. The ratio of research and development expenses to net sales decreased 0.1 percentage point to 13.9 percent. As a result of the above, operating income decreased 83.1 percent, or ¥4,451 million, year on year to ¥905 million. The ratio of operating income to net sales decreased 4.2 percentage points to 1.1 percent. Of note, the reclassification of certain expenses from non-operating to operating expenses due to the application of the "Accounting Standard for Measurement of Inventories" reduced operating income by ¥886 million.

SG&A Expenses (Millions of yen)

	2009	2008	Change (%)
Salaries and bonuses	**11,659**	14,277	(18.3)
Advertising	**1,184**	2,003	(40.9)
Pensions	**1,310**	1,083	21.0
Travel and transportation	**1,572**	2,135	(26.4)
Depreciation	**810**	1,002	(19.1)
Testing research	**5,700**	7,444	(23.4)

Operating Income and Operating Income Margin



Other Income (Expenses), Income before Income Taxes, and Net Income

Other expenses, net totaled ¥3,141 million, compared to ¥8,513 million for the previous fiscal year. Loss on devaluation of inventories totaled ¥1,358 million, compared to ¥3,221 million for the previous fiscal year, as a portion of loss on devaluation of inventories is now included in cost of sales due to the application of the "Accounting Standard for Measurement of Inventories." Moreover, management innovation implementation expenses totaling ¥1,156 million in the previous fiscal year and loss on disposal of inventories totaling ¥2,427 million in the previous fiscal year did not recur. Anritsu also recognized a gain on revision of retirement benefit plan totaling ¥1,202 million. However, Anritsu incurred business structure improvement expenses totaling ¥2,214 million in connection with the implementation of urgent management measures during the fiscal year ended March 31, 2009.

As a result of the above, loss before income taxes totaled ¥2,236 million, compared with loss before income taxes of ¥3,157 million for the previous fiscal year. Net loss totaled ¥3,541 million, compared with net loss of ¥3,901 million for the previous fiscal year. Net loss per share totaled ¥27.78, compared with net loss per share of ¥30.60 for the previous fiscal year.

Costs, Expenses and Income as a Percentage of Net Sales (%)

	2009	2008	2007
Net Sales	**100.0%**	100.0%	100.0%
Cost of Sales	**62.0**	56.2	56.1
Gross Profit	**38.0**	43.8	43.9
SG&A Expenses	**37.0**	38.5	37.5
R&D Expenses	**13.9**	14.0	14.2
Net Income	—	—	1.4

Shareholder Return Policies

Dividend Policy

Anritsu considers the return of profits to shareholders a management priority. Its basic policy for paying dividends from surplus funds is to increase 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 current fiscal year and beyond. The Anritsu Group will use internal capital resources to make capital investments and conduct research and development to respond to rapid advances in technology and changes in market structure.

Cash Dividends per Share

Based on the above policy, Anritsu regrettably decided not to pay a year-end cash dividend. Cash dividends therefore totaled ¥3.50 per share for the fiscal year ended March 31, 2009.

Business Segments

The Anritsu Group classifies operations into the segments of Test and Measurement, Information and Communications, Industrial Automation, and Services and Others.

Test and Measurement

During the fiscal year ended March 31, 2009, segment sales decreased due to factors including waning demand in Japan for measuring instruments used in research and development of 3G and 3.5G services and mobile handset manufacturing. Moreover, previously strong demand in areas such as the United States dropped rapidly as customers postponed or curtailed capital investment because of the global recession from the second half. Moreover, the appreciation of the yen versus other currencies reduced sales.

Consequently, segment sales decreased 21.0 percent compared with the previous fiscal year to ¥57,449 million. Operating loss was ¥792 million, compared with operating income of ¥4,126 million for the previous fiscal year, as efforts to raise efficiency in R&D investment and SG&A expenses through implementation of Management Innovation 2008 did not fully offset the substantial decrease in net sales. The reclassification of certain items from other expenses to operating expenses due to the application of the "Accounting Standard for Measurement of Inventories" reduced segment operating income by ¥869 million.

The Test and Measurement segment accounts for approximately 70 percent of Anritsu Group net sales, and is divided into three sub-segments: NGN and Infrastructure; Mobile Handset; and General Purpose.

1. NGN and Infrastructure

The NGN and Infrastructure sub-segment includes network construction, maintenance, monitoring and service quality assurance solutions for wireline and wireless service providers, and solutions for communication equipment manufacturers in areas including design, production and testing.

In this sub-segment, with the proliferation of broadband network services, new services such as cloud computing are now being offered in addition to broadband services such as music and video downloading and internet protocol television (IPTV). Furthermore, internet access via mobile phones is growing rapidly. As a result, demand for higher-speed networks is rising with increasing data traffic, as is demand to curtail the resulting constant growth in electricity consumption to protect the environment. In backbone networks, with the start of full-scale construction of 40Gbps networks that respond to the rapid increase in high-speed traffic and optical networks aimed at reducing energy consumption, as well as full-fledged research and development for 100Gbps network equipment, demand for related measuring equipment is expected to increase. At the same time, establishment of NGN through IP networks is progressing worldwide, and Anritsu anticipates demand for related equipment due to the growth of this market.

In service assurance, increased demand is anticipated for solutions that ensure service quality due to the development of new services using networks as platforms. Demand for professional services is also expected in this market due to the shortage of network engineers.

The NGN and Infrastructure sub-segment is working to expand and stabilize business by providing comprehensive solutions from constructing and monitoring communications infrastructure to ensuring service quality in addition to research and development solutions for telecommunications equipment.

2. Mobile Handset

The Mobile Handset sub-segment includes measuring instruments for mobile phone acceptance testing by mobile phone service operators, and for design, production, function and performance verification, and maintenance of mobile phone handsets by manufacturers of mobile phones, IC chipsets and relevant components.

Demand in this sub-segment tends to be influenced by factors including technological innovations in mobile phone services, the degree of diffusion, and the number of new subscribers, new mobile phone models and mobile phones shipped.

Amid the accelerating popularity of broadband services for mobile phones, full-scale development has begun for IC chipsets and mobile handsets supporting LTE, the 3.9 generation (3.9G) technology, as LTE services are expected to begin in each region in 2010 or later. Anritsu expects demand for related measuring equipment to expand as a result, and worked to increase orders by promptly launching new products for research and development of LTE handsets. Furthermore, the Company is working to enhance its portfolio of solutions for the LTE handset market and maintain and expand its market position by optimally employing the technologies gained in this process to continue developing and launching competitive products to meet expected demand for conformance testing of LTE handsets and measuring equipment for use in development. Mobile handset unit sales are expected to decrease in 2009 compared with the previous year. However, new demand is expected due to factors including stimulation of the handset manufacturing market by the start of 3G services in China. Anritsu will work to further expand business by accurately meeting this demand with competitive products such as measuring equipment for manufacturing 3G handsets, including TD-SCDMA.

3. General Purpose

The General Purpose sub-segment includes measuring instruments widely used in the electronics industry, particularly for design, production and evaluation of electronic devices used in telecommunications network-related communications equipment and other electronic equipment.

Demand in this sub-segment is expected to grow in the long term, but the short-term outlook is unclear due to the cutback in production of electronic components used in telecommunications equipment, automobiles and intelligent home appliances. Sales of handheld measuring instruments incorporating compact, high-density packaging and energy-saving technologies, an Anritsu strength, are growing even amid challenging market conditions. Anritsu will offer a wider range of applications for these markets, and work to further expand the business in this sub-segment by enhancing its lineup of network analyzers, spectrum analyzers and signal generators.

Information and Communications

For the fiscal year ended March 31, 2009, sales of equipment such as remote monitoring systems for local governments were solid, but overall segment sales decreased substantially due to lower sales in the video monitoring systems business, where bidding is becoming more competitive. Consequently, segment sales decreased 9.5 percent compared with the previous fiscal year to ¥5,201 million. Segment operating income decreased 7.3 percent from the previous fiscal year to ¥71 million. Segment operating income decreased at a lower rate than segment sales due to successful efforts to be selective in accepting orders and reduce cost of sales.

The Information and Communications business accounts for about 6 percent of the Anritsu Group's net sales. It is easily influenced by the budgets of the national and local governments because a high proportion of its sales are for delivery to the government market. In addition, because of the connection with customers' budget implementation periods, approximately 50 percent or more of its sales tend to be concentrated in the fourth quarter.

In the government market, although investment related to disaster prevention and IP infrastructure development continues to increase, overall spending for public works projects is declining. In the private-sector market, demand is increasing for bandwidth controllers for maintaining Quality of Service (QoS) due to expansion of video distribution and other services.

To address these factors, the Anritsu Group will work to expand sales and improve profitability by offering high-quality solutions based on IP network technologies, an Anritsu Group strength, while further promoting its model of business cooperation with system integrators. The Information and Communications business is conducted by Anritsu Networks Co., Ltd., a wholly owned subsidiary of the Company.

Industrial Automation

During the fiscal year ended March 31, 2009, overall demand for food inspection equipment, including detectors for foreign substances, was firm in the first half due to rising concern for food safety and security. In the second half, however, there was a growing move among food manufacturers in Japan and overseas in general to curtail capital investment as a result of the global economic slowdown. Consequently, segment sales decreased 4.5 percent compared with the previous fiscal year to ¥12,981 million. Operating income decreased 26.8 percent to ¥597 million due to the decrease in sales and downward pressure on prices.

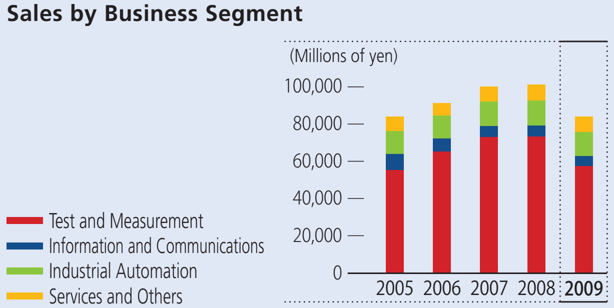
The Industrial Automation business accounts for about 15 percent of the Anritsu Group's net sales. Since approximately 80 percent of segment sales are made to food manufacturers, this segment is substantially influenced by economic growth rates and changes in consumer spending levels due to their impact on food manufacturers' business results. Its core products, metal detectors and X-ray inspection systems, have achieved the leading share in the market for inspection systems due to their high speed and high precision in detecting metal fragments and other alien materials in the food processing process. Promoting investment aimed at expanding market share in Asia, the United States and Europe resulted in an overseas sales ratio of approximately 30 percent.

Demand for quality control inspection solutions is expected to remain comparatively firm due to continuing interest among manufacturers as food safety and security incidents have occurred in Japan and overseas. However, concerns in this business include curtailed capital investment by food manufacturers in Japan and overseas against a background of uncertainty about the future of the economy, and a decline in cost competitiveness in overseas markets due to the strong yen. To address these factors, Anritsu will begin full-scale overseas production aimed at lowering production and distribution costs, and continue working to strengthen the price competitiveness of this business segment by commoditizing and standardizing basic units and reducing costs. The Industrial Automation business is conducted by Anritsu Industrial Solutions Co., Ltd., a wholly owned subsidiary of the Company.

Services and Others

During the fiscal year ended March 31, 2009, demand was strong for optical communications devices for the video distribution market in the device business. In the precision measurement business, demand was firm for 3-D optical displacement sensors used in flat-panel display (FPD) inspection systems, but demand decreased for solder paste inspection systems used in high-density packaging lines because customers curtailed capital investment. As a result, segment sales decreased 1.3 percent compared with the previous fiscal year to ¥8,309 million. Operating income increased 3.6 percent compared with the previous fiscal year to ¥1,995 million. The precision measurement business is conducted as Anritsu Precision Co., Ltd., a wholly owned subsidiary of the Company established on April 1, 2008.

Sales by Business Segment



Geographical Segments

Japan

In the domestic Test and Measurement segment, demand waned for measuring instruments used in research and development of 3G and 3.5G services and mobile handset manufacturing. Moreover, sales of NGN-related test and measurement equipment decreased due to factors including reduced capital investment among customers because of the recession. In the Information and Communications segment, sales of equipment such as remote monitoring systems for local governments were solid, but overall segment sales decreased substantially due to lower sales in the video monitoring systems business, where bidding is becoming more competitive. In the Industrial Automation segment, overall demand for X-ray inspection systems and other food inspection equipment was firm, reflecting rising concern for food safety and security. In the Services and Others segment, demand was strong for optical communications devices for the video distribution market in the device business. In the precision measurement business, demand decreased for solder paste inspection systems because customers curtailed capital investment.

As a result, sales in Japan decreased 14.2 percent year on year to ¥43,056 million, and operating income decreased 98.5 percent to ¥37 million.

Americas

In the Test and Measurement segment, sales of handheld measuring instruments used in base station construction and maintenance were solid in the first half because of continued investment in wireless infrastructure. However, overall sales in the Americas decreased because telecom and other companies responded to the recession by curtailing capital investment in the second half.

As a result, sales in the Americas decreased 19.5 percent year on year to ¥16,443 million, and operating income decreased 22.9 percent to ¥2,675 million.

Europe

In the Test and Measurement segment, sales were comparatively solid in the General Purpose sub-segment. However, service assurance sales decreased substantially because telecom companies responded to the recession by curtailing, halting or postponing capital investment.

As a result, sales in Europe decreased 22.5 percent year on year to ¥14,931 million. Operating loss was ¥2,098 million, compared with operating loss of ¥1,925 million for the previous fiscal year.

Asia and Others

In the Test and Measurement segment, demand for measuring instruments used in manufacturing mobile handsets was firm in China during the first half. In the second half, however, sales decreased as the global recession led to restrained capital investment and overall demand stagnated, including demand for measuring instruments used in manufacturing mobile handsets. In the Industrial Automation segment, demand decreased in Southeast Asia for products such as checkweighers.

As a result, sales decreased 10.4 percent year on year to ¥9,510 million, and operating income decreased 72.4 percent to ¥120 million.

Liquidity and Financial Condition

Fund Procurement and Liquidity Management

The Anritsu Group's funding requirements consist primarily of working capital such as material purchase costs and operating expenses incurred in product manufacturing, sales and marketing, as well as capital investment funds and research and development expenses. Anritsu supplements internal capital resources by directly and indirectly procuring funds from external sources to secure sufficient liquidity. In addition, despite a deepening worldwide economic and financial crisis and concomitant contraction in credit triggered by the subprime mortgage problem in the United States, the Anritsu Group established a committed ¥15,000 million line of credit in April 2008 that will be available until March 2011, thus securing stable financing. In addition, in the fiscal year ended March 31, 2008 Anritsu procured a ¥7,000 million long-term syndicated loan from multiple financial institutions that carries financial covenants. While preparing for unforeseen financial risks, both domestic and overseas, in a dramatically changing market environment, the Anritsu Group will swiftly and flexibly meet its capital requirements for working capital, repayment of long-term borrowings and business growth.

In the year ended March 31, 2009, Anritsu continued to reduce interest-bearing debt. Total interest-bearing debt as of March 31, 2009 decreased ¥3,404 million from a year earlier to ¥43,606 million. However, the net debt-to-equity ratio[1] increased to 0.67 from 0.57 at the previous fiscal year-end because net assets decreased. The debt-to-equity ratio[2] was 1.16, compared with 0.89 at the previous fiscal year-end.

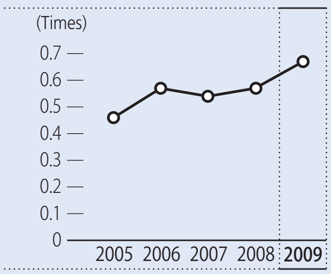
The Company will use increased cash flow generated by improvements in Anritsu Capital-cost Evaluation[3] and asset turnover as well as enhanced capital efficiency resulting from measures including an internal Group cash management system to make further reductions in interest-bearing debt, improve the net debt-to-equity ratio, enhance shareholders' equity and fortify its financial structure. At the end of March 2009, Rating and Investment Information, Inc. (R&I) rated Anritsu's short-term debt a-2, and its long-term debt BBB. Anritsu will continue working to enhance its financial stability in order to improve its debt rating.

Note 1: Net debt-to-equity ratio: (Interest-bearing debt - cash and cash equivalents) / (Net assets - Reservation rights on common stock)

Note 2: Debt-to-equity ratio: Interest-bearing debt / (Net assets - Reservation rights on common stock)

Note 3: Anritsu Capital-cost Evaluation (ACE): Net operating profit after tax - Invested capital cost

Net Debt-to-Equity Ratio



Cash Flow

Cash and cash equivalents as of March 31, 2009 increased ¥1,853 million from the end of the previous fiscal year to ¥18,538 million. Free cash flow, defined as the sum of net cash provided by operating activities and net cash provided by or used in investing activities, increased to ¥5,590 million from ¥3,878 million for the previous fiscal year.

Net cash provided by operating activities totaled ¥6,916 million, compared with ¥6,251 million in the previous fiscal year. Main factors included reduction of notes and accounts receivable–trade. In addition, Anritsu enhanced its effectiveness at reducing inventories through measures under Management Innovation 2008 to raise its efficiency in managing products used as demos for sales promotion. Depreciation and amortization was ¥3,181 million, a decrease of ¥167 million compared with the previous fiscal year.

Net cash used in investing activities was ¥1,326 million, compared with ¥2,373 million in the previous fiscal year. The primary factor was a reduction of ¥526 million year on year in acquisition of property, plant and equipment to ¥1,912 million.

Net cash used in financing activities was ¥3,848 million, compared with ¥6,625 million in the previous fiscal year. Primary uses of cash included payment of cash dividends and reduction of debt at overseas subsidiaries. In the fiscal year ended March 31, 2008, Anritsu issued the fourth series of unsecured bonds totaling ¥10,000 million and procured a syndicated loan totaling ¥7,000 million with the objective of repaying a ¥7,000 million syndicated loan and redeeming the third series of unsecured bonds totaling ¥15,000 million.

Assets, Liabilities and Net Assets

As of March 31, 2009, total assets decreased 19.2 percent, or ¥23,934 million, from a year earlier to ¥100,983 million. Primary factors included the application of "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ Practical Issues Task Force No. 18), which reduced intangible fixed assets at overseas subsidiaries.

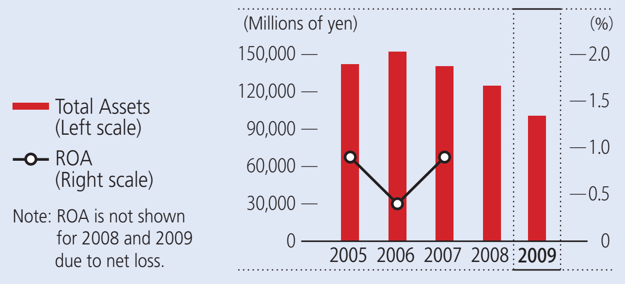
Current assets decreased 17.7 percent, or ¥13,373 million, from a year earlier to ¥62,286 million. Primary factors included a ¥7,188 million decrease in notes and accounts receivable - trade, and a ¥5,923 million decrease in inventories as a result of supply chain management process improvements and reduction of demonstration product assets among sales divisions.

The inventory turnover ratio improved to 5.7 times from 4.9 times for the previous fiscal year. One of the Anritsu Group's near-term objectives is to increase the inventory turnover ratio to 6.0 times.

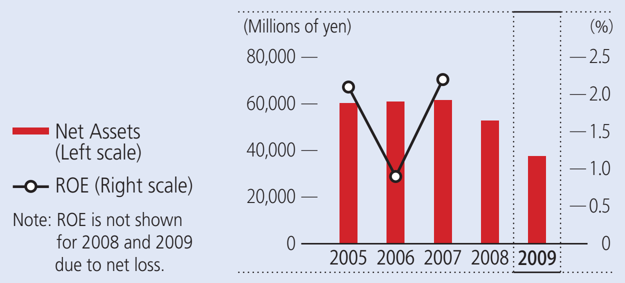
Property, plant and equipment net of accumulated depreciation decreased 4.4 percent, or ¥959 million, from a year earlier to ¥20,987 million. Investments and other assets decreased 35.2 percent, or ¥9,602 million, from a year earlier to ¥17,710 million. Factors included an ¥8,995 million reduction in goodwill, net of amortization, due primarily to the one-time amortization of goodwill totaling ¥8,354 million from the acquisition of the Wiltron Company in the United States, and a ¥1,912 million reduction in other assets due to the one-time amortization of capitalized testing research expenses at Anritsu A/S.

As of March 31, 2009, total liabilities decreased 12.0 percent, or ¥8,614 million, from a year earlier to ¥63,458 million. Current liabilities increased 2.3 percent, or ¥627 million, from a year earlier to ¥28,062 million. The current ratio was 222.0 percent, compared to 275.8 percent a year earlier. Working capital totaled ¥34,224 million as of March

Total Assets and ROA



Net Assets and ROE



31, 2009, compared to ¥48,224 million a year earlier.

Long-term liabilities decreased 20.7 percent, or ¥9,241 million, from a year earlier to ¥35,396 million. Long-term debt decreased ¥8,730 million from a year earlier to ¥32,004 million because ¥7,800 million in long-term debt pending repayment shifted to long-term debt due within one year under current assets. Total interest-bearing debt decreased ¥3,404 million from a year earlier to ¥43,606 million.

Net assets decreased 29.0 percent, or ¥15,320 million, from a year earlier to ¥37,525 million. The ratio of net assets to total assets was 37.1 percent, compared to 42.3 percent a year earlier.

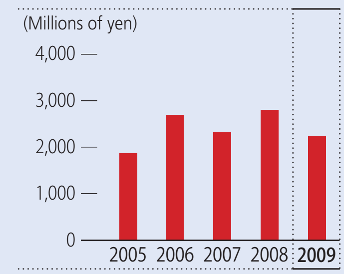
Capital Expenditures

For the fiscal year ended March 31, 2009, capital expenditures decreased 19.9 percent compared with the previous fiscal year to ¥2,236 million. The Anritsu Group is concentrating resources in fields related to the ongoing evolution of communication network quality and high performance, including the integration of wireline and wireless communications, increasing network speed and the development of next-generation networks using IP networks. During the year ended March 31, 2009, the Anritsu Group concentrated capital expenditures in the core Test and Measurement segment with the primary objectives of enhancing research and development efficiency and rationalizing its production network.

Overview of Capital Expenditures (Millions of yen)

	2009	Change (%)
Test and Measurement	¥1,391	64.3%
Information and Communications	56	67.9
Industrial Automation	162	84.2
Services and Others	544	191.3
Sub-total	2,153	79.1
Eliminations or corporate	83	120.1
Total	¥2,236	80.1%

Capital Expenditures



Research and Development

The Anritsu Group conducts research and development under the Group corporate philosophy of developing Original & High Level products that contribute to the realization of an affluent ubiquitous network society. The Anritsu Group is promoting new product research and development with a focus on leading-edge technology fields including IP networks and mobile communication systems.

An overview of research and development expenditures in the year ended March 31, 2009 follows below.

(Millions of yen)

	2009	Ratio to Segment Sales (%)
Test and Measurement	¥ 8,762	15.3%
Information and Communications	351	6.8
Industrial Automation	1,078	8.3
Services and Others	340	4.1
Basic Research	1,172	—
Total	¥11,704	13.9%

Note: The "Total" line shows the ratio to net sales.

The results of research and development in each business segment are outlined below.

1. Test and Measurement

1) MD8430A Signalling Tester: Development of a base station simulator for developing and verifying LTE handsets and chipsets

LTE[4] is a 3.9G mobile communication system that will enable high-speed communication equivalent to fixed optical lines. Services using LTE are expected to begin in 2010 in Japan and the United States, and the world's telecom companies have indicated that they will adopt it as well. Anritsu has developed the MD8430A signalling tester to simulate LTE-capable base stations, which will help the world's telecom companies to begin offering LTE services.

Note 4: LTE: 3GPP is the abbreviation for the Third Generation Partnership Project, which promotes standards for next-generation mobile phone systems, while LTE is the abbreviation for Long-Term Evolution. The objective of LTE is the realization of high-speed communications with downlink faster than 100Mbit/s and uplink faster than 50Mbit/s, which is known as 3.9 Generation, or 3.9G.

2) MT8820B/MT8815B Radio Communication Analyzer: Development of measurement software and videophone testing

Anritsu has strengthened the functionality of the MT8820B/8815B Radio Communication Analyzer to enhance its ability to handle TD-SCDMA,[5] which is one of the 3G mobile phone systems being promoted in China. A single unit enables both HSDPA[6] and videophone function testing, and raises efficiency in developing and manufacturing mobile handsets using the TD-SCDMA system.

Note 5: TD-SCDMA: A 3G mobile phone system that has been developed exclusively in China, TD-SCDMA is the acronym for time division synchronous code division multiple access. This communication system separates uplink and downlink on the same frequency using time-division duplexing (TDD) technology, and reassembles them using code division multiple access (CDMA) technology.

Note 6: HSDPA (High Speed Downlink Packet Access): a system for accelerating data downlink from base station to mobile handset for music and video downloads and other purposes.

2. Information and Communications

Development of the EC27x0A Multi-Interface Controller

Compact and offering excellent environmental resistance, the EC27x0A Multi-Interface Controller incorporates various types of sensors that enable the construction of IP network monitoring systems. Networks have been moving toward IP in recent years, necessitating the incorporation of existing monitoring equipment into IP networks. However, the EC27x0A facilitates various monitoring systems ranging from meteorological systems that measure temperature, humidity and wind speed to systems for monitoring rivers and roads.

3. Industrial Automation

Development of high-speed alien material inspection systems

Over the past several years society has become increasingly concerned about food safety and security, which has created demand for inspection equipment that goes beyond simply inspecting for alien materials in ways such as inspecting for missing items, underweight items and packaging problems.

During the fiscal year ended March 31, 2009, Anritsu enhanced its lineup with the KD74-h Series of X-ray inspection systems, which can detect minute metal particles as small as 0.2 mm, and the Super Mepoli III duw-h Series of metal detectors, which is three times more sensitive than previous models and offers superior detection consistency. Anritsu also moved to enhance support for the increasingly rigorous and diverse quality control among customers.

Management Objectives and Indicators

Anritsu's target for the year ended March 31, 2009 was to become a highly profitable company with consolidated ACE of ¥5 billion and a ratio of consolidated operating income to net sales of 10 percent or higher. However, Anritsu's progress did not meet initial plans. Anritsu therefore initiated Management Innovation 2008 in January 2008 as management innovation measures to overcome the current conditions. Moreover, Anritsu also formulated urgent management measures in January 2009 to reduce fixed costs. While working to improve profitability and strengthen competitiveness, Anritsu will restructure its strategies for profitable growth.

Outlook and Management Issues for the Year Ending March 31, 2010

For the year ending March 31, 2010, the global economy is expected to continue deteriorating. Anritsu will need to keep a careful watch on factors including financial system concerns and exchange rate trends and the resulting worsening of corporate profitability. In this severe market environment, the Anritsu Group will deploy the following measures.

In the Test and Measurement segment, Anritsu aims to raise profitability by implementing the measures in Management Innovation 2008 announced in January 2008 and the urgent management measures announced in January 2009. In the Mobile Handset sub-segment, Anritsu will focus on enhancing the lineup of measuring instruments used for LTE handsets, which are becoming mainstream. Anritsu will continue to promote the launch of new products that match market needs by getting closer to customers through sharing development road maps with key customers and strengthening its product planning ability. The Company will also take additional steps to reduce costs by increasing management efficiency through the integration of production organizations in Japan and overseas.

In the Information and Communications segment, Anritsu will work to increase profitability by boosting the competitiveness of its IP network solutions and strengthening cooperation with system integrators.

In the Industrial Automation segment, while strengthening cost-cutting to improve profitability, Anritsu aims to expand business by promoting a product strategy of higher added value and differentiation, as well as accelerating business development in overseas markets, including the beginning of full-scale overseas production.

Anritsu must appropriately manage and address risk factors that might inhibit the steady execution of these management plans, and transform them into a source of competitiveness. To do so, Anritsu will continuously improve its risk management system in coordination with the system of internal controls Anritsu is now energetically constructing in working to achieve management objectives.

Anritsu seeks to increase corporate value through sincere corporate activities, and proactively carries out its corporate social responsibility (CSR) program. While Anritsu believes that its most important CSR activities involve contributing to the creation of a safe, secure society through its products and services, it is also reviewing Anritsu Group activities in CSR areas including compliance, corporate governance, environmental protection, human rights and risk management as a means of further improving its management infrastructure. The Anritsu Group believes that consistently conducting CSR activities to become the kind of company it aspires to be will contribute to increasing the value of Anritsu to customers, shareholders, employees and all other stakeholders, and will thus support the achievement of management objectives.

Anritsu will work to expand sales by focusing on areas such as LTE and markets related to 3G in China, but forecasts that overall net sales will decrease because customers will continue to curtail capital investment in other test and measurement sectors. Anritsu's forecast for operating income incorporates the effect of fixed cost reductions under Management Innovation 2008 and the urgent management measures implemented in 2009.

As a result of the above, as of April 27, 2009 Anritsu forecasts that for the year ending March 2010, net sales will decrease 9.5 percent year on year to ¥76,000 million and operating income will increase 143.1 percent year on year to ¥2,200 million.

Risk Information

The following are among the operational and management issues presented in this annual report that have the potential to materially affect investor decisions. Forward-looking statements reflect the Anritsu Group's judgment as of March 31, 2009.

(1) Inherent Risks in the Anritsu Group's Technology and Marketing Strategies

The Anritsu Group works to deploy its well-developed technological capabilities to quickly provide leading-edge products and services that offer value to customers. However, the rapid pace of technological innovation in the Anritsu Group's core information and communication markets and the Anritsu Group's ability to deliver products and services to meet the needs and wants of customers are factors that have the potential to exert a material impact on the Anritsu Group's results. Amid advances in mobile phone and internet protocol (IP) technologies, an especially important point is the ability to provide customers with timely solutions based on an accurate understanding of trends in service and research and development investment for quadruple play services incorporating voice, video, internet and mobile, as well as Fixed-Mobile Convergence (FMC) and next-generation networks (NGN).

(2) Market Fluctuation Risk

External factors including changes in the economy or market conditions and technological innovation affect the profitability of product lines the Group develops and have the potential to exert a significant material impact on the Anritsu Group's results.

The Test and Measurement segment derives a large percentage of its sales from the telecommunications market, and changes in capital investment among telecom companies, telecommunications equipment manufacturers and related electronic component manufacturers may affect results in this segment. The telecommunications industry is introducing new technologies to support rapid expansion in data traffic, but is also promoting shared network use and open networks to reduce capital investment and raise the efficiency of service development in response to the global recession. Moreover, demand for mobile communications measuring instruments, the cornerstone of earnings for the Anritsu Group, is affected by such factors as technological innovation in mobile phone services, penetration rate, the number of subscribers and changes in mobile handset replacement rate. In addition, Anritsu's earnings are affected by changes in development techniques in areas such as mobile handset software and platform creation, and also by intensified price competition for measuring instruments for production of mobile phones.

The Information and Communications segment has a high proportion of sales to government entities, and the scale and implementation status of government and municipal budgets for disaster prevention and IP networks may exert a material impact on its performance.

In the Industrial Automation segment, sales to food manufacturers constitute about 80 percent of sales. Economic growth rates, consumer spending and raw material price trends have the potential to impact performance, capital investment and other issues among food manufacturers and materially influence this segment's performance.

(3) Global Business Development Risks

The Anritsu Group markets its products globally, and conducts business in the Americas, Europe, Asia and elsewhere. In particular, the overseas sales ratio for the Test and Measurement business is about 70 percent, and many customers likewise operate on a global scale. As a result, economic trends in countries worldwide, international conditions and progress in the Anritsu Group's global strategy have the potential to exert a material impact on earnings. Of particular importance are the changes in the competitive landscape of the telecommunications industry because of mergers, acquisitions and realignments actively taking place on a global scale due to the global recession that began in the United States. Significant changes in capital investment resulting from this trend have the potential to exert a material impact on the Anritsu Group's operating results.

(4) Foreign Exchange Risk

The Anritsu Group's sales outside Japan account for 55.4 percent of consolidated net sales. The Anritsu Group hedges foreign exchange risk using instruments including forward foreign exchange contracts for foreign exchange transactions that occur upon collection of accounts receivable and other events. However, rapid changes in foreign exchange rates have the potential to exert a material impact on the Anritsu Group's performance.

(5) Long-term Inventory Obsolescence Risk

Anritsu Group works to provide products and services that precisely meet customer needs and wants. However, particularly in the test and measuring instruments market, product lines are subject to rapid change in technology, which can easily result in obsolescence of products and parts, and cause inventory held for long periods to lose its value. These factors have the potential to exert a material impact on the Anritsu Group's financial condition.

(6) Risk of Impairment of Goodwill

As of March 31, 2009, the balance sheets of the Anritsu Group included goodwill resulting from the acquisition of an overseas company in order to expand the scope of business of the Test and Measurement segment. The impact on earnings of the Test and Measurement business from changes in the global economy and markets, intensifying competition and other factors has the potential to cause the Group to recognize impairment of goodwill.

Consolidated Balance Sheets

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Assets			
Current assets:			
Cash	**¥ 18,538**	¥ 17,385	**$ 188,720**
Notes and accounts receivable — trade	**20,428**	27,616	**207,961**
Allowance for doubtful accounts	**(344)**	(419)	**(3,502)**
Inventories (Note 7)	**14,729**	20,652	**149,944**
Deferred tax assets (Note 10)	**7,542**	9,071	**76,779**
Other current assets	**1,393**	1,354	**14,181**
Total current assets	**62,286**	75,659	**634,083**
Property, plant and equipment:			
Land	**4,380**	4,398	**44,589**
Buildings and structures	**45,005**	44,891	**458,160**
Machinery and equipment	**23,305**	28,557	**237,249**
Construction in progress	**1**	158	**10**
	72,691	78,004	**740,008**
Accumulated depreciation	**(51,704)**	(56,058)	**(526,356)**
Net property, plant and equipment	**20,987**	21,946	**213,652**
Investments and other assets:			
Investment securities (Note 6)	**1,448**	1,613	**14,741**
Goodwill, net of amortization	**3,523**	12,518	**35,865**
Long-term prepaid expense	**8,319**	7,615	**84,689**
Deferred tax assets (Note 10)	**2,985**	1,849	**30,388**
Other assets	**1,470**	3,741	**14,964**
Allowance for doubtful accounts	**(35)**	(24)	**(356)**
Total investments and other assets	**17,710**	27,312	**180,291**
Total assets	**¥100,983**	¥124,917	**$1,028,026**

See accompanying notes.

	Millions of yen		Thousands of U.S. dollars (Note 1)
	2009	2008	2009
Liabilities and net assets			
Current liabilities:			
Short-term borrowings (Note 8)	**¥ 3,802**	¥ 6,208	**$ 38,705**
Long-term debt due within one year (Note 8)	**7,800**	68	**79,405**
Notes and accounts payable — trade	**5,020**	7,270	**51,105**
Accrued liabilities	**5,082**	5,098	**51,736**
Accrued expenses	**1,360**	2,299	**13,845**
Income taxes payable	**890**	830	**9,060**
Other current liabilities	**4,108**	5,662	**41,820**
Total current liabilities	**28,062**	27,435	**285,676**
Long-term liabilities:			
Long-term debt (Note 8)	**32,004**	40,734	**325,807**
Employees' severance and retirement benefits (Note 13)	**1,631**	1,866	**16,604**
Severance and retirement benefits for directors and corporate auditors	**20**	33	**204**
Accrued bonuses	**—**	9	**—**
Deferred tax liabilities (Note 10)	**660**	865	**6,719**
Other long-term liabilities	**1,081**	1,130	**11,004**
Total long-term liabilities	**35,396**	44,637	**360,338**
Commitments and contingent liabilities (Note 15)			
Net assets (Note 14):			
Common stock, no par value			
Authorized — 400,000,000 shares			
Issued — 128,037,848 shares in 2009 and 2008	**14,050**	14,050	**143,032**
Additional paid-in capital	**23,000**	23,000	**234,144**
Retained earnings	**7,594**	22,323	**77,308**
Treasury stock, at cost	**(833)**	(832)	**(8,480)**
Net unrealized holding gains on securities	**259**	184	**2,637**
Deferred gain or loss on hedged transactions	**(21)**	(23)	**(214)**
Foreign currency translation adjustments	**(6,544)**	(5,911)	**(66,619)**
Reservation rights on common stock	**20**	54	**204**
Total net assets	**37,525**	52,845	**382,012**
Total liabilities and net assets	**¥100,983**	¥124,917	**$1,028,026**

Consolidated Statements of Operations

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	2009
Net sales (Note 17)	**¥83,940**	¥100,486	¥99,446	**$854,525**
Cost of sales (Note 17)	**52,005**	56,474	55,787	**529,421**
Gross profit	**31,935**	44,012	43,659	**325,104**
Selling, general and administrative expenses (Note 16)	**31,030**	38,656	37,300	**315,891**
Operating income (Note 17)	**905**	5,356	6,359	**9,213**
Other income (expenses):				
Interest and dividends income	**211**	293	434	**2,148**
Interest expenses	**(707)**	(888)	(1,235)	**(7,197)**
Foreign exchange gain (loss)	**(266)**	(259)	(465)	**(2,708)**
Gain on liquidation of subsidiary	**—**	—	167	**—**
Gain on expiration of warrants	**—**	—	160	**—**
Gain on reversal of subscription rights to shares	**35**	—	—	**356**
Loss on disposal of inventories	**—**	(2,427)	(542)	**—**
Loss on devaluation of inventories	**(1,358)**	(3,221)	(1,112)	**(13,825)**
Loss on disposal of fixed assets	**(58)**	(127)	(122)	**(590)**
Loss on disposal of software	**—**	—	—	**—**
Loss on devaluation of investment securities	**(170)**	(30)	(40)	**(1,731)**
Management innovation implementation expenses	**—**	(1,156)	—	**—**
Special retirement benefits	**—**	—	(332)	**—**
Gain on revision of retirement benefit plan (Note 3)	**1,202**	—	—	**12,237**
Compensation income for expropriation	**99**	—	—	**1,008**
Business structure improvement expenses	**(2,214)**	—	—	**(22,539)**
Other, net	**85**	(698)	(171)	**865**
	(3,141)	(8,513)	(3,258)	**(31,976)**
Income (loss) before income taxes	**(2,236)**	(3,157)	3,101	**(22,763)**
Provision for income taxes (Note 10):				
Current	**1,176**	436	2,216	**11,972**
Deferred	**129**	308	(491)	**1,313**
	(3,541)	(3,901)	1,376	**(36,048)**
Net income (loss)	**¥ (3,541)**	¥ (3,901)	¥ 1,376	**$ (36,048)**

	Yen			U.S. dollars
	2009	2008	2007	2009
Amount per share of common stock:				
Net income (loss):				
Basic	**¥ (27.78)**	¥ (30.60)	¥ 10.79	**$ (0.28)**
Diluted	**—**	—	9.72	**—**
Cash dividends applicable to the year	**3.50**	7.00	7.00	**0.04**

See accompanying notes.

Consolidated Statements of Changes in Net Assets

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2009, 2008 and 2007

		Millions of yen								
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gain or loss on hedged transactions	Foreign currency translation adjustments	Reservation rights on common stock	Total
Balance at March 31, 2006	128,037,848	¥14,050	¥23,000	¥ 26,654	¥(805)	¥ 708	¥(31)	¥(2,636)	¥ —	¥ 60,940
Cash dividends paid	—	—	—	(829)	—	—	—	—	—	(829)
Bonuses to directors and corporate auditors	—	—	—	(83)	—	—	—	—	—	(83)
Net income	—	—	—	1,376	—	—	—	—	—	1,376
Purchases of treasury stock	—	—	—	—	(21)	—	—	—	—	(21)
Disposition of treasury stock	—	—	—	(1)	1	—	—	—	—	0
Net changes during the year	—	—	—	—	—	—	—	—	14	14
Net unrealized holding gain on securities	—	—	—	—	—	(2)	—	—	—	(2)
Deferred gain or loss on hedged transactions	—	—	—	—	—	—	30	—	—	30
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	—	194	—	194
Balance at March 31, 2007	128,037,848	¥14,050	¥23,000	¥ 27,117	¥(825)	¥ 706	¥ (1)	¥(2,442)	¥ 14	¥ 61,619
Cash dividends paid	—	—	—	(892)	—	—	—	—	—	(892)
Net income (loss)	—	—	—	(3,901)	—	—	—	—	—	(3,901)
Purchases of treasury stock	—	—	—	—	(10)	—	—	—	—	(10)
Disposition of treasury stock	—	—	—	(1)	3	—	—	—	—	2
Net changes during the year	—	—	—	—	—	—	—	—	40	40
Net unrealized holding gain on securities	—	—	—	—	—	(522)	—	—	—	(522)
Deferred gain or loss on hedged transactions	—	—	—	—	—	—	(22)	—	—	(22)
Adjustments from translation of foreign currency financial statements	—	—	—	—	—	—	—	(3,469)	—	(3,469)
Balance at March 31, 2008	128,037,848	¥14,050	¥23,000	¥ 22,323	¥(832)	¥ 184	¥(23)	¥(5,911)	¥ 54	¥ 52,845
Cash dividends paid	**—**	**—**	**—**	**(892)**	**—**	**—**	**—**	**—**	**—**	**(892)**
Net income (loss)	**—**	**—**	**—**	**(3,541)**	**—**	**—**	**—**	**—**	**—**	**(3,541)**
Purchases of treasury stock	**—**	**—**	**—**	**—**	**(8)**	**—**	**—**	**—**	**—**	**(8)**
Disposition of treasury stock	**—**	**—**	**—**	**(5)**	**7**	**—**	**—**	**—**	**—**	**2**
Net changes during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(34)**	**(34)**
Net unrealized holding gain on securities	**—**	**—**	**—**	**—**	**—**	**75**	**—**	**—**	**—**	**75**
Deferred gain or loss on hedged transactions	**—**	**—**	**—**	**—**	**—**	**—**	**2**	**—**	**—**	**2**
Adjustments from translation of foreign currency financial statements	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(633)**	**—**	**(633)**
Effect of unification of accounting policies applied to foreign subsidiaries	**—**	**—**	**—**	**(10,291)**	**—**	**—**	**—**	**—**	**—**	**(10,291)**
Balance at March 31, 2009	**128,037,848**	**¥14,050**	**¥23,000**	**¥ 7,594**	**¥(833)**	**¥ 259**	**¥(21)**	**¥(6,544)**	**¥ 20**	**¥ 37,525**

		Thousands of U.S. dollars (Note 1)								
	Number of shares issued	Common stock	Additional paid-in capital	Retained earnings	Treasury stock, at cost	Net unrealized holding gains (losses) on securities	Deferred gain or loss on hedged transactions	Foreign currency translation adjustments	Reservation rights on common stock	Total
Balance at March 31, 2008	128,037,848	$143,032	$234,144	$ 227,252	$(8,470)	$1,873	$(234)	$(60,175)	$ 550	$ 537,972
Cash dividends paid	**—**	**—**	**—**	**(9,081)**	**—**	**—**	**—**	**—**	**—**	**(9,081)**
Net income (loss)	**—**	**—**	**—**	**(36,048)**	**—**	**—**	**—**	**—**	**—**	**(36,048)**
Purchases of treasury stock	**—**	**—**	**—**	**—**	**(81)**	**—**	**—**	**—**	**—**	**(81)**
Disposition of treasury stock	**—**	**—**	**—**	**(51)**	**71**	**—**	**—**	**—**	**—**	**20**
Net changes during the year	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(346)**	**(346)**
Net unrealized holding gain on securities	**—**	**—**	**—**	**—**	**—**	**764**	**—**	**—**	**—**	**764**
Deferred gain or loss on hedged transactions	**—**	**—**	**—**	**—**	**—**	**—**	**20**	**—**	**—**	**20**
Adjustments from translation of foreign currency financial statements	**—**	**—**	**—**	**—**	**—**	**—**	**—**	**(6,444)**	**—**	**(6,444)**
Effect of unification of accounting policies applied to foreign subsidiaries	**—**	**—**	**—**	**(104,764)**	**—**	**—**	**—**	**—**	**—**	**(104,764)**
Balance at March 31, 2009	**128,037,848**	**$143,032**	**$234,144**	**$ 77,308**	**$(8,480)**	**$2,637**	**$(214)**	**$(66,619)**	**$ 204**	**$ 382,012**

See accompanying notes.

Consolidated Statements of Cash Flows

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars (Note 1)
	2009	2008	2007	2009
Cash flows from operating activities				
Net income (loss)	**¥ (3,541)**	¥ (3,901)	¥ 1,376	**$ (36,048)**
Adjustments to reconcile net income (loss) to net cash provided by operating activities				
Depreciation and amortization	**3,181**	3,348	3,670	**32,383**
Amortization expense of goodwill	**641**	641	641	**6,526**
Gain on sales of investment securities	**(5)**	—	(1)	**(51)**
Gain on sales of property, plant and equipment	**(2)**	(74)	(199)	**(20)**
Loss on devaluation of investment securities	**170**	30	40	**1,731**
Deferred income taxes	**129**	308	(491)	**1,313**
Other — net	**(16)**	(112)	(279)	**(163)**
Changes in assets and liabilities:				
Notes and accounts receivable — trade	**5,812**	(1,590)	1,218	**59,167**
Inventories	**5,635**	4,962	(1,790)	**57,365**
Other current assets	**(191)**	335	1,389	**(1,944)**
Notes and accounts payable — trade	**(1,225)**	1,035	(1,853)	**(12,471)**
Income taxes payable and receivable	**135**	(290)	629	**1,374**
Provision for retirement benefits	**(946)**	1	79	**(9,630)**
Other current liabilities	**(2,339)**	(549)	310	**(23,811)**
Other — net	**(522)**	2,107	(2,251)	**(5,315)**
Net cash provided by operating activities	**6,916**	6,251	2,488	**70,406**
Cash flows from investing activities				
Purchases of marketable securities and investment securities	**(3)**	(3)	(10)	**(31)**
Proceeds from sales of marketable securities and investment securities	**5**	—	2,854	**51**
Acquisition of property, plant and equipment	**(1,912)**	(2,438)	(2,219)	**(19,465)**
Proceeds from sales of property, plant and equipment	**34**	133	321	**346**
Net decrease (increase) in long-term loans receivable	**(14)**	(2)	0	**(143)**
Other — net	**564**	(63)	(526)	**5,743**
Net cash provided by (used in) investing activities	**(1,326)**	(2,373)	420	**(13,499)**
Cash flows from financing activities				
Proceeds from long-term debt	**—**	7,640	7,800	**—**
Payment of long-term debt	**(975)**	(8,120)	(4,168)	**(9,926)**
Proceeds from issue of bonds	**—**	10,000	—	**—**
Redemption of bonds	**—**	(15,000)	(14,793)	**—**
Net increase (decrease) in short-term borrowings	**(1,791)**	(244)	(1,965)	**(18,233)**
Payments on acquisition of treasury stock	**(8)**	(10)	(21)	**(81)**
Cash dividends paid	**(892)**	(892)	(829)	**(9,081)**
Other — net	**(182)**	1	1	**(1,852)**
Net cash provided by (used in) financing activities	**(3,848)**	(6,625)	(13,975)	**(39,173)**
Effect of exchange rate changes on cash and cash equivalents	**111**	(515)	144	**1,130**
Net decrease in cash	**1,853**	(3,262)	(10,923)	**18,864**
Cash at beginning of year	**16,685**	19,947	30,870	**169,856**
Cash at end of year (Note 5)	**¥18,538**	¥ 16,685	¥ 19,947	**$ 188,720**
Supplemental information of cash flows:				
Cash paid during the year for:				
Interest	**¥ 707**	¥ 1,008	¥ 1,291	**$ 7,197**
Income taxes	**(1,137)**	(879)	(1,943)	**(11,575)**
Cash received during the year for:				
Income taxes	**97**	153	355	**987**

See accompanying notes.

Notes to Consolidated Financial Statements

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES
Years ended March 31, 2009, 2008 and 2007

1. BASIS OF PRESENTING CONSOLIDATED FINANCIAL STATEMENTS

The accompanying consolidated financial statements have been prepared in accordance with the provisions set forth in "the Financial Instruments and Exchange Law" and its related accounting regulations, and in conformity with accounting principles generally accepted in Japan ("Japanese GAAP"), which are different in certain respects as to application and disclosure requirements of International Financial Reporting Standards.

Prior to the year ended March 31, 2009, the accounts of overseas subsidiaries were based on their accounting records maintained in conformity with generally accepted accounting principles prevailing in the respective countries of domicile. As discussed in Note 2, the accounts of overseas subsidiaries for the year ended March 31, 2009 are prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles, with adjustments for the specified six items as applicable. The accompanying consolidated financial statements have been restructured and translated into English from the consolidated financial statements of the Company prepared in accordance with Japanese GAAP and filed with the appropriate Local Finance Bureau of the Ministry of Finance as required by the Financial Instruments and Exchange Law. Certain supplementary information included in the statutory Japanese language consolidated financial statements, but not required for fair presentation, is not presented in the accompanying consolidated financial statements.

The translation of the Japanese yen amounts into U.S. dollars is included solely for the convenience of readers outside Japan, using the prevailing exchange rate at March 31, 2009, which was ¥98.23 to U.S.$1. The convenience translations should not be construed as representations that the Japanese yen amounts have been, could have been, or could in the future be, converted into U.S. dollars at this or any other rate of exchange.

2. CHANGES IN ACCOUNTING POLICIES

Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements

On March 17, 2006, the Accounting Standards Board of Japan issued ASBJ Practical Issues Task Force No.18 "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" ("PITF No. 18"). PITF No. 18 requires that accounting policies and procedures applied by a parent company and its subsidiaries to similar transactions and events under similar circumstances should, in principle, be unified for the preparation of the consolidated financial statements. PITF No. 18, however, as a tentative measure, allows a parent company to prepare consolidated financial statements using foreign subsidiaries' financial statements prepared in accordance with either International Financial Reporting Standards or U.S. generally accepted accounting principles. In this case, adjustments for the following six items are required in the consolidation process so that their impacts on net income are accounted for in accordance with Japanese GAAP unless the impact is not material.

(a) Goodwill not subjected to amortization
(b) Actuarial gains and losses of defined benefit plans recognized outside profit or loss
(c) Capitalized expenditures for research and development activities
(d) Fair value measurement of investment properties, and revaluation of property, plant and equipment, and intangible assets
(e) Retrospective treatment of a change in accounting policies
(f) Accounting for net income attributable to minority interests

As a result of adopting PITF No. 18, effective April 1, 2008, retained earnings at April 1, 2008 was decreased by ¥10,291 million ($104,764 thousand).

New accounting standard for inventories

On July 5, 2006, the Accounting Standards Board of Japan issued ASBJ Statement No. 9, "Accounting Standard for Measurement of Inventories." As permitted under the superseded accounting standard, the Company and consolidated domestic subsidiaries previously stated inventories at cost (unless market value of inventories declined significantly and not deemed recoverable, in such cases costs were reduced to recoverable amounts). The new accounting standard requires that inventories held for sale in the ordinary course of business be measured at the lower of cost or net realizable value, which is defined as selling price less additional estimated manufacturing costs and estimated direct selling expenses. Replacement cost may be used in place of the net realizable value, if appropriate. As a result of this adoption, gross profit and operating income decreased by ¥885 million ($9,009 thousand), and income before income taxes decreased by ¥1,530 million ($15,576 thousand) for the year ended March 31, 2009.

Change in depreciation method

As of the current fiscal year the Company and its domestic consolidated subsidiaries have changed the depreciation method for tangible fixed assets acquired on or after April 1, 2007 based on the revised Corporation Tax Law in accordance with revisions to that law ((Partial Amendment to the Income Tax Law, March 30, 2007, Law No. 6) and (Partial Amendment to the Corporation Tax Enforcement Ordinance, March 30, 2007, Ordinance No. 83)).

As a result, gross profit and operating income decreased by ¥74 million and ¥86 million, respectively, and loss before income taxes increased by ¥86 million, in comparison with the figures derived using the conventional accounting method for the year ended March 31, 2008.

New accounting standards for lease transactions as lessee

Prior to April 1, 2008, the Company and consolidated domestic subsidiaries accounted for finance leases which did not transfer ownership of the leased property to the lessee as operating leases with disclosure of certain "as if capitalized" information in a note to the consolidated financial statements.

On March 31, 2007, the Accounting Standards Board of Japan issued ASBJ Statement No. 13, "Accounting Standard for Lease Transactions" and ASBJ Guidance No. 16, "Guidance on Accounting Standard for Lease Transactions." The new accounting standards require that all finance leasing transactions should be capitalized.

Effective April 1, 2008, the Company and consolidated domestic subsidiaries adopted the new accounting standards for finance leases commencing after March 31, 2008 and capitalized assets used under such leases, except for certain immaterial or short-term finance leases, which are accounted for as operating leases.

The adoption of accounting method had no impact on the consolidated statements of operations for the year ended March 31, 2009.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements include the accounts of Anritsu Corporation (the "Company") and all its subsidiaries (43 subsidiaries in 2009 and 2008, and 45 subsidiaries in 2007). There are no minority interests in the balance sheet because all consolidated subsidiaries are wholly owned by the Company. Intercompany account balances and transactions have been eliminated.

Investment in a significant affiliated company is accounted for by the equity method.

Investment in the other affiliated company is stated at cost, because the income or losses of the company is not significant for the Company's equity.

In the elimination of investments in subsidiaries, the assets and liabilities of the subsidiaries are evaluated using the fair value at the time the Company acquired control of the respective subsidiaries.

Statements of cash flows

In preparing the consolidated statements of cash flows, cash on hand, readily available deposits and short-term highly liquid investments with maturities not exceeding three months at the time of purchase are considered to be cash and cash equivalents.

Securities

The Company and its consolidated subsidiaries (the "Companies") assessed the intent of holding each security and classified those securities as (a) securities held for trading purposes (hereafter, "trading securities"), (b) debt securities intended to be held to maturity (hereafter, "held-to-maturity debt securities"), (c) equity securities issued by subsidiaries and affiliated companies, and (d) all other securities that are not classified in any of the above categories (hereafter, "available-for-sale securities").

No trading securities and held-to-maturity debt securities have been owned by the Companies. Equity securities issued by subsidiaries have been eliminated upon consolidation. Equity security issued by an affiliated company is stated at cost as described in "Consolidation." Available-for-sale securities with fair market value are stated at fair market value. Unrealized gains and losses on these securities are reported, net of applicable income taxes, as a separate component of the net assets. Realized gain on sale of such securities is computed using the moving-average cost.

Debt securities with no fair market value are stated at the amortized cost, net of the amount considered uncollectible. Other securities with no fair market value are stated at the moving-average cost.

If the market value of equity securities issued by an affiliated company, and available-for-sale securities, declines significantly, such securities are stated at fair market value and the difference between fair market value and the carrying amount is recognized as loss in the period of the decline.

If the fair market value of equity securities issued by an affiliated company is not readily available, such securities should be written down to net asset value in the event net asset value significantly declines. Unrealized losses on these securities are reported in the consolidated statement of income.

Inventories

Prior to April 1, 2008, inventories of the Company and consolidated subsidiaries were stated at cost determined principally using the specific identification method (unless market value of inventories declines significantly and is not expected to recover to cost, in such cases costs are reduced to net realizable values). As discussed in Note 2, effective April 1, 2008, the Company and consolidated domestic subsidiaries adopted the new accounting standard for measurement of inventories and stated the inventories at the lower of cost or net realizable values.

Allowance for doubtful accounts

Allowance for doubtful accounts is provided principally for amounts sufficient to cover possible losses on collection. It consists of the estimated uncollectible amount with respect to specific items, and possible losses on collection computed by applying a percentage based on collection experience to the remaining items.

Property, plant and equipment and depreciation

Property, plant and equipment are stated at cost.

The Company and consolidated domestic subsidiaries depreciate buildings acquired after March 31, 1998 using the straight-line method and the other property, plant and equipment using the declining-balance method at rates based on the useful lives of the assets. Consolidated foreign subsidiaries compute depreciation principally using the straight-line method over the estimated useful lives.

Property, plant and equipment used under finance lease arrangements are capitalized and depreciated over the estimated useful lives or the lease terms of the respective assets.

Goodwill

Goodwill and negative goodwill is amortized by the straight-line method over the estimated recovery periods not exceeding a twenty-year period of the respective investments.

Goodwill arising from the acquisition of Anritsu A/S is amortized over a nine-year period.

Software costs

Software costs, which are included in other assets, are amortized based on the straight-line method over their estimated useful lives (five years).

Accounting for lease transactions as lessee

Finance leases, except for certain immaterial or short-term leases, are capitalized and depreciated over the estimated useful lives or lease terms, as applicable.

Accrued bonuses

The Company accrued the estimated amounts of bonuses for managers based on estimated amounts to be paid at the end of each evaluation period.

Accrued bonuses to directors and corporate auditors

Accrued bonuses are stated at an estimated amount of the bonuses to be paid to directors and corporate auditors, based on their services for the current fiscal period.

The accounting standard requires that directors' bonuses be accounted for as an expense of the accounting period in which such bonuses were accrued.

Severance and retirement benefits

As of April 1, 2008, the Company and its consolidated domestic subsidiaries had three types of pension plans for employees, i.e., lump-sum payment plan, cash-balance pension plan (market interest reflecting type) and tax-qualified post-employment benefit plan.

On March 1, 2009, the tax-qualified post-employment benefit plan was terminated and a part of the pension plan was transferred to a defined contribution plan. So as of March 31, 2009, the Company and its domestic consolidated subsidiaries have three types of pension plan for employees, i.e., a lump-sum payment plan, a cash-balance pension plan (market interest reflecting type) and a defined distribution plan. Under the lump-sum payment plan and cash-balance pension plan, all eligible employees are entitled to benefits based on the level of wages and salaries at the time of retirement or termination, length of service and certain other factors. The Company has adopted a trust fund for pension payments.

Allowance and expenses for the lump-sum payment plan and cash-balance pension plan are determined based on the amount actuarially calculated using certain assumptions.

Prior service cost is recognized as expense as incurred. Actuarial gains and losses are also recognized as expense using the straight-line method over a certain period (primarily 13 years) within the estimated average remaining service life commencing from the succeeding period.

The Board of Directors and corporate auditors of the Company made a resolution in June 2004, that severance and retirement benefits for directors and corporate auditors would not be paid thereafter. The balance of severance and retirement benefits for directors and corporate auditors as of March 31, 2009 and 2008 were for directors and corporate auditors who had been in service since before the resolution. Previously, severance and retirement benefits for directors and corporate auditors were recorded at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

Severance and retirement benefits for directors and corporate auditors of the consolidated domestic subsidiaries were recorded at the amount that would be required if all directors and corporate auditors retired at each balance sheet date.

As a result of the transfer to defined contribution plan, ¥1,202 million gain on revision of retirement benefit plan was recognized, according to "Guidance on Accounting for Transfer between Retirement Benefit Plans" (ASBJ Guidance No. 1).

Income taxes

The provision for income taxes is computed based on the pretax income included in the consolidated statements of operations. The asset and liability approach is used to recognize deferred tax assets and liabilities for the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. The Company and its domestic subsidiaries have adopted consolidated tax system since April 1, 2005.

Derivative transactions and hedge accounting

The accounting standard for financial instruments requires companies to state derivative financial instruments at fair value and to recognize changes in the fair value as gains or losses unless derivative financial instruments are used for hedging purposes.

If derivative financial instruments are used as hedges and meet certain hedging criteria, the Companies defer recognition of gains or losses resulting from changes in fair value of derivative financial instruments until the related losses or gains on the hedged items are recognized.

However, in cases where forward foreign exchange contracts are used as hedges and meet certain hedging criteria, forward foreign exchange contracts and hedged items are accounted for in the following manner:

1. If a forward foreign exchange contract is executed to hedge an existing foreign currency receivable or payable,

1-(a) the difference, if any, between the Japanese yen amount of the hedged foreign currency receivable or payable translated using the spot rate at the inception date of the contract and the book value of the receivable or payable is recognized in the consolidated statements of operations in the period which includes the inception date, and

1-(b) the discount or premium on the contract (that is, the difference between the Japanese yen amount of the contract translated using the contracted forward rate and that translated using the spot rate at the inception date of the contract) is recognized over the term of the contract.

2. If a forward foreign exchange contract is executed to hedge a future transaction denominated in foreign currency, the future transaction will be recorded using the contracted forward rate, and no gains or losses on the forward foreign exchange contract are recognized.

Also, if interest rate swap contracts are used as hedge and meet certain hedging criteria, the net amount to be paid or received under the interest rate swap contract is added to or deducted from the interest on the assets or liabilities for which the swap contract was executed.

The interest rate swaps which qualify for hedge accounting and meet specific matching criteria are not remeasured at market value but the differential paid or received under the swap agreements is recognized and included in interest expense or income.

Translation of foreign currency

Receivables and payables denominated in foreign currencies are translated into Japanese yen at the exchange rate prevailing on the balance sheet date, and the resulting gains and losses are charged to income.

Translation of foreign currency financial statements

The assets and liabilities are translated into Japanese yen at the year-end rate and the revenues and expenses are translated at the monthly average rate of the relevant year. The resulting foreign currency translation adjustments are reflected as a separate component of the net assets in the consolidated balance sheets.

Amounts per share of common stock

The computations of basic net income per share are based on the weighted average number of shares outstanding during the relevant year.

Cash dividends per share represent the cash dividends declared applicable to the respective year including dividends paid after the end of the year.

Financial covenants

A syndicated loan (¥7,000 million) of the Company's long-term debts includes financial covenants whose summary is as follows;

(1) On a consolidated basis, borrower will maintain net assets, excluding Deferred gain or loss on hedged transactions and Reservation rights on common stock, not less than ¥46,200 million at the end of each financial year and each financial half year. But deducted amount of net assets by "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements" (ASBJ PITF No. 18) is added to the balance of net assets.

(2) On a stand alone basis, borrower will maintain net assets, excluding Deferred gain or loss on hedged transactions and Reservation rights on common stock, not less than ¥53,300 million at the end of each financial year and each financial half year.

(3) On a consolidated basis, borrower shall not suffer from any operating losses in more than two consecutive fiscal years.

(4) On a stand alone basis, borrower shall not suffer from any operating losses in more than two consecutive fiscal years.

(5) Borrower's long-term, unsecured debt rating from Rating and Investment Information, Inc., shall not fall below "BBB-".

Reclassification and restatement

Certain prior year amounts have been reclassified to conform to the current year presentation.

4. ADDITIONAL INFORMATION

Effective in the year ended March 31, 2009, the Company and consolidated domestic subsidiaries shortened the useful lives of machinery and equipment based on the reassessment of the useful lives in light of the change in the Corporation Tax Code of Japan. The change had no significant impact on the consolidated statements of operations for the year ended March 31, 2009.

Pursuant to an amendment to the Corporation Tax Law, after having fully depreciated tangible fixed assets acquired on and before March 31, 2007 up to 5% of the acquisition cost, based on the prior Corporation Tax Law, the Company and its domestic consolidated subsidiaries have depreciated the difference between 5% of the acquisition cost and the memorandum price, using a straight-line method over 5 years and expensed as "Depreciation and amortization." The straight-line depreciation starts from the next year, when the book value of tangible assets acquired on and before March 31, 2007 reaches 5% of the acquisition cost.

As a result, gross profit and operating income decreased by ¥178 million and ¥196 million, respectively, and loss before income taxes increased by ¥196 million each in comparison with the figures derived using the conventional depreciation method, for the year ended March 31, 2008.

5. CASH AND CASH EQUIVALENTS

Cash and cash equivalents at March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Cash	**¥18,538**	¥17,385	**$188,720**
Time deposits due over three months	**—**	(700)	**—**
	¥18,538	¥16,685	**$188,720**

6. SECURITIES

The following tables summarize acquisition costs and book values of securities with fair value as of March 31, 2009 and 2008:

	Millions of yen		
Year ended March 31, 2009	Acquisition cost	Book value	Difference
Available-for-sale securities:			
Securities with fair value exceeding book value:			
Equity securities	**¥797**	**¥1,109**	**¥312**
	¥797	**¥1,109**	**¥312**

	Thousands of U.S. dollars		
Year ended March 31, 2009	Acquisition cost	Book value	Difference
Available-for-sale securities:			
Securities with fair value exceeding book value:			
Equity securities	**$8,114**	**$11,290**	**$3,176**
	$8,114	**$11,290**	**$3,176**

	Millions of yen		
Year ended March 31, 2008	Acquisition cost	Book value	Difference
Available-for-sale securities:			
Securities with fair value exceeding book value:			
Equity securities	¥911	¥1,153	¥242
	¥911	¥1,153	¥24

The following tables summarize book values of securities without fair value as of March 31, 2009 and 2008

	Millions of yen
Year ended March 31, 2009	Book value
Available-for-sale securities:	
Non-listed equity securities	**¥144**
	¥144

	Thousands of U.S. dollars
Year ended March 31, 2009	Book value
Available-for-sale securities:	
Non-listed equity securities	**$1,466**
	$1,466

	Millions of yen
Year ended March 31, 2008	Book value
Available-for-sale securities:	
Non-listed equity securities	¥214
	¥214

Total sales of available-for-sale securities in the year ended March 31, 2009, amounted to ¥5 million ($51 thousand) and the net gains amounted to ¥5 million ($51 thousand).

No sales of available-for-sale securities in the year ended March 31, 2008.

7. INVENTORIES

Inventories at March 31, 2009 and 2008, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Finished goods	**¥ 6,030**	¥ 9,019	**$ 61,387**
Raw materials	**5,024**	6,430	**51,145**
Work in process	**3,675**	5,203	**37,412**
	¥14,729	¥20,652	**$149,944**

8. SHORT-TERM BORROWINGS AND LONG-TERM DEBT

Short-term borrowings consisted principally of bank loans. Short-term bank loans at March 31, 2009 and 2008, were represented by overdrafts, generally matured in the period up to six months. The annual interest rates of short-term bank loans ranged from 1.05% to 6.66% at March 31, 2009 and 2008.

Long-term debt at March 31, 2009 and 2008, consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
0.0% unsecured bonds with stock acquisition rights convertible into common stock at ¥1,070 ($11) per share due 2010	**¥15,000**	¥15,000	**$152,703**
1.87% unsecured bonds due 2012	**10,000**	10,000	**101,802**
Unsecured bank loans due to 2009 at interest rates ranging from 3.5% to 6.1%	**—**	997	**—**
Unsecured bank loans due to 2010 and 2013 at interest rates ranging from 0.9% to 4.0%	**7,804**	7,805	**79,446**
Unsecured bank loans due to 2009 at interest rates ranging from 1.49% to 1.51%	**7,000**	7,000	**71,261**
Total	**39,804**	40,802	**405,212**
Less current portion	**(7,800)**	(68)	**(79,405)**
	¥32,004	¥40,734	**$325,807**

At March 31, 2009, the number of common stock issuable upon full conversion of outstanding convertible bonds and exercise of outstanding warrants was 14,019 thousand shares.

The annual maturities of long-term debt at March 31, 2009, are as follows:

Year ending March 31,	Millions of yen	Thousands of U.S. dollars
2010	¥ 7,800	$ 79,405
2011	15,004	152,744
2012	—	—
2013	17,000	173,063
2014	—	—
2015	—	—
Thereafter	—	—

9. STOCK OPTION PLAN

The Company had the following stock option plans in accordance with the Law:

	2007 Plan
Date of resolution	June 27, 2007
Grantees	Company's directors, certain employees and subsidiaries' directors
Type of stock	Common stock
Number of shares granted	213,000
Exercise price	¥566
Exercisable period	August 14, 2009 -August 13, 2012

	2007 Plan	2006 Plan
Non-vested (number of shares)		
Outstanding at the beginning of the year	213,000	229,000
Granted during the year	—	—
Forfeited during the year	—	229,000
Vested during the year	—	—
Outstanding at the end of the year	213,000	—
Vested (number of shares)		
Outstanding at the beginning of the year	—	—
Vested during the year	—	—
Exercised during the year	—	—
Forfeited during the year	—	—
Outstanding at the end of the year	—	—
Weighted-average market price	—	—
Fair evaluated price	¥92	¥151

10. INCOME TAXES

The Company and its domestic subsidiaries are subject to several taxes based on income, which are corporate tax, inhabitants taxes and enterprise tax. The aggregate normal effective tax rate on income before income taxes in Japan was approximately 41% for the years ended March 31, 2009, 2008 and 2007.

Significant components of deferred tax assets and liabilities as of March 31, 2009 and 2008, were as follows:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Deferred tax assets:			
Inventories	**¥ 11,802**	¥ 11,220	**$ 120,147**
Net operating loss carried forward	**4,309**	5,836	**43,866**
Software	**2,176**	2,387	**22,152**
Accrued expenses	**569**	997	**5,793**
Investment securities on affiliated companies	**2,667**	689	**27,151**
Investment securities	**640**	571	**6,515**
Research and development expenses	**527**	508	**5,365**
Others	**1,230**	699	**12,521**
Subtotal deferred tax assets	**23,920**	22,907	**243,510**
Valuation allowance	**(12,681)**	(11,630)	**(129,095)**
Total deferred tax assets	**11,239**	11,277	**114,415**
Deferred tax liabilities:			
Retirement benefits	**1,318**	951	**13,417**
Net unrealized holding gains on securities	**54**	59	**550**
Others	**—**	279	**—**
Subtotal deferred tax liabilities	**1,372**	1,289	**13,967**
Net deferred tax assets	**¥ 9,867**	¥ 9,988	**$ 100,448**

Difference between the normal effective tax rate and the Companies' effective tax rate is not presented due to loss before income taxes for the years ended March 31, 2009 and 2008.

11. DERIVATIVE FINANCIAL INSTRUMENTS AND HEDGING TRANSACTIONS

The Companies utilize derivative financial instruments such as foreign currency forward contracts, and interest rate swap contracts to reduce market risks of fluctuations in foreign currency exchange rates and interest rates on assets and liabilities. The Companies do not hold or issue derivative financial instruments for trading purposes.

The Companies are exposed to credit risk in the event of nonperformance by counterparties to derivative financial instruments but such risk is considered minor because of the high credit rating of the counterparties.

The Companies enter into foreign currency forward contracts, generally maturing within one year, as hedges for existing assets and liabilities denominated in foreign currencies (principally U.S. dollar and EURO) arising from operations. And also the Companies enter into interest rate swap contracts to manage their interest rate exposures. Interest rate swaps effectively convert certain floating rate debt to fixed rate debt.

The derivative transactions are executed and managed by the Company's Accounting Department in accordance with the established policies and within the specified limit on the amounts of derivative transactions allowed. The Manager of the Accounting Department reports information on derivative transactions to the Officer in charge of the Accounting Department on a semi-annual basis.

The Companies evaluate hedge effectiveness semi-annually by comparing the cumulative changes in cash flows from or the changes in fair value of hedged items and the corresponding changes in the hedging derivative instruments.

12. RELATED PARTY TRANSACTION

During the years ended March 31, 2009 and 2008, the Company had no important transaction with NEC Corporation which owned 22.00% of the shares of the Company.

The Company has no outstanding balance of receivable due from NEC Corporation as of March 31, 2009 and 2008.

13. SEVERANCE AND PENSION BENEFITS

Allowance and expenses for employees' severance and pension benefits are determined based on the amounts obtained by actuarial calculations.

Allowance for severance and pension benefits included in the liability section of the consolidated balance sheet as of March 31, 2009 and 2008 consisted of the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Projected benefit obligation	**¥ 28,373**	¥ 31,478	**$ 288,843**
Unrecognized actuarial differences	**(13,983)**	(10,660)	**(142,350)**
Less fair value of pension assets	**(21,054)**	(26,535)	**(214,334)**
Allowance for employees' severance and pension benefits	**(6,664)**	(5,717)	**(67,841)**
Prepaid pension expense	**8,295**	7,583	**84,445**
Allowance for directors' severance and pension benefits	**20**	33	**203**
	¥ 1,651	¥ 1,899	**$ 16,807**

Included in the consolidated statements of operations for the years ended March 31, 2009 and 2008 was severance and pension benefit expense comprising the following:

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Service costs-benefits earned during the year	¥ 826	¥ 835	$ 8,409
Interest cost on projected benefit obligation	740	744	7,533
Expected return on plan assets	(686)	(758)	(6,984)
Amortization of actuarial gains or losses	1,438	995	14,639
Amortization of prior service cost	(1,282)	—	(13,050)
Severance and pension benefit expense	¥ 1,036	¥1,816	$10,547

For the years ended March 31, 2009 and 2008, the discount rate and the rate of expected return on plan assets used by the Company were 2.5% and 3.0%, respectively. The estimated amount of all retirement benefits to be paid at the future retirement date is allocated equally to each service year using the estimated number of total service years. Actuarial gains or losses are recognized as income or expense using the straight-line method over primarily 13 years from the succeeding period.

14. NET ASSETS

Under the Japanese Corporation Law ("the Law") and regulations, the entire amount paid for new shares is required to be designated as common stock. However, a company may, by a resolution of the Board of Directors, designate an amount not exceeding one-half of the price of the new shares as additional paid-in capital, which is included in capital surplus.

In cases where dividend distribution of surplus is made, the smaller of an amount equal to 10% of the dividend or the excess, if any, of 25% of common stock over the total of additional paid-in capital and legal earnings reserve must be set aside as additional paid-in capital or legal earnings reserve.

Legal earnings reserve is included in retained earnings in the accompanying consolidated balance sheets.

Additional paid-in capital and legal earnings reserve may not be distributed as dividends. However, all additional paid-in capital and all legal earnings reserve may be transferred to other capital surplus and retained earnings, respectively, which are potentially available for dividends.

The maximum amount that the Company can distribute as dividends is calculated based on the non-consolidated financial statements of the Company in accordance with the Law.

15. COMMITMENTS AND CONTINGENT LIABILITIES

(1) Assets used under capitalized finance leases

As discussed in Note 2, the Company and consolidated domestic subsidiaries adopted the new accounting standards for lease. Capitalized property, plant and equipment and fixed assets used under finance lease arrangement for the year ended March 31, 2009 are classified into Machinery and Equipment and Other assets.

Lease expenses under non-capitalized finance leases for the years ended March 31, 2008 and 2007 aggregated approximately ¥174 million and ¥210 million, respectively.

(2) Contingent liabilities at March 31, 2009 were as follows:

	Millions of yen	Thousands of U.S. dollars
	2009	2009
Loan guarantees and items of a similar nature		
Employees	¥796	$8,103

16. RESEARCH AND DEVELOPMENT EXPENSES

Research and development expenses are charged to income as incurred.

The amounts charged to income for the years ended March 31, 2009, 2008 and 2007 were ¥11,704 million ($119,149 thousand), ¥14,115 million and ¥14,072 million, respectively.

17. SEGMENT INFORMATION

Information by **industry segment** for the years ended March 31, 2009, 2008 and 2007 is as follows:

	Millions of yen						
Year ended March 31, 2009	Test and Measurement	Information and Communications	Industrial Automation	Services and Others	Total	Eliminations or corporate	Consolidated
Net sales:							
Outside customers	**¥57,449**	**¥5,201**	**¥12,981**	**¥ 8,309**	**¥83,940**	**¥ —**	**¥ 83,940**
Inter-segment	**165**	**0**	**20**	**2,821**	**3,006**	**(3,006)**	**—**
Total	**57,614**	**5,201**	**13,001**	**11,130**	**86,946**	**(3,006)**	**83,940**
Operating expenses	**58,406**	**5,130**	**12,404**	**9,135**	**85,075**	**(2,040)**	**83,035**
Operating income (loss)	**¥ (792)**	**¥ 71**	**¥ 597**	**¥ 1,995**	**¥ 1,871**	**¥ (966)**	**¥ 905**
Identifiable assets	**¥63,580**	**¥6,847**	**¥10,309**	**¥15,016**	**¥95,752**	**¥ 5,231**	**¥100,983**
Depreciation and amortization	**2,053**	**85**	**205**	**597**	**2,940**	**160**	**3,100**
Capital expenditures	**1,391**	**56**	**162**	**544**	**2,153**	**83**	**2,236**

Year ended March 31, 2008	Test and Measurement	Information and Communications	Industrial Automation	Services and Others	Total	Eliminations or corporate	Consolidated
Net sales:							
Outside customers	¥72,718	¥5,749	¥13,596	¥ 8,423	¥100,486	¥ —	¥100,486
Inter-segment	176	5	35	3,241	3,457	(3,457)	—
Total	72,894	5,754	13,631	11,664	103,943	(3,457)	100,486
Operating expenses	68,768	5,678	12,816	9,738	97,000	(1,870)	95,130
Operating income (loss)	¥ 4,126	¥ 76	¥ 815	¥ 1,926	¥ 6,943	¥ (1,587)	¥ 5,356
Identifiable assets	¥80,561	¥7,551	¥10,565	¥16,480	¥115,157	¥ 9,760	¥124,917
Depreciation and amortization	2,242	99	176	628	3,145	228	3,373
Capital expenditures	2,162	83	192	285	2,722	69	2,791

Year ended March 31, 2007	Test and Measurement	Information and Communications	Industrial Automation	Services and Others	Total	Eliminations or corporate	Consolidated
Net sales:							
Outside customers	¥72,883	¥6,011	¥12,295	¥ 8,257	¥ 99,446	¥ —	¥ 99,446
Inter-segment	63	7	45	3,745	3,860	(3,860)	—
Total	72,946	6,018	12,340	12,002	103,306	(3,860)	99,446
Operating expenses	68,228	5,872	11,732	9,368	95,200	(2,113)	93,087
Operating income (loss)	¥ 4,718	¥ 146	¥ 608	¥ 2,634	¥ 8,106	¥ (1,747)	¥ 6,359
Identifiable assets	¥94,875	¥8,756	¥ 9,994	¥16,741	¥130,366	¥10,029	¥140,395
Depreciation and amortization	2,359	104	142	727	3,332	268	3,600
Capital expenditures	1,700	118	167	279	2,264	55	2,319

	Thousands of U.S. dollars						
Year ended March 31, 2009	Test and Measurement	Information and Communications	Industrial Automation	Services and Others	Total	Eliminations or corporate	Consolidated
Net sales:							
Outside customers	**$584,842**	**$52,947**	**$132,149**	**$ 84,587**	**$854,525**	**$ —**	**$ 854,525**
Inter-segment	**1,679**	**0**	**204**	**28,719**	**30,602**	**(30,602)**	**—**
Total	**586,521**	**52,947**	**132,353**	**113,306**	**885,127**	**(30,602)**	**854,525**
Operating expenses	**594,584**	**52,224**	**126,275**	**92,997**	**866,080**	**(20,768)**	**845,312**
Operating income (loss)	**$ (8,063)**	**$ 723**	**$ 6,078**	**$ 20,309**	**$ 19,047**	**$ (9,834)**	**$ 9,213**
Identifiable assets	**$647,256**	**$69,704**	**$104,948**	**$152,866**	**$974,774**	**$ 53,252**	**$1,028,026**
Depreciation and amortization	**20,900**	**865**	**2,087**	**6,078**	**29,930**	**1,629**	**31,559**
Capital expenditures	**14,161**	**570**	**1,649**	**5,538**	**21,918**	**845**	**22,763**

Information by **geographic area** for the years ended March 31, 2009, 2008 and 2007 is as follows:

	Millions of yen						
Year ended March 31, 2009	Japan	Americas	Europe	Asia and Others	Total	Eliminations or corporate	Consolidated
Net sales:							
Outside customers	**¥ 43,056**	**¥16,443**	**¥14,931**	**¥9,510**	**¥ 83,940**	**¥ —**	**¥ 83,940**
Inter-segment	**12,602**	**8,856**	**1,896**	**455**	**23,809**	**(23,809)**	**—**
Total	**55,658**	**25,299**	**16,827**	**9,965**	**107,749**	**(23,809)**	**83,940**
Operating expenses	**55,621**	**22,624**	**18,925**	**9,845**	**107,015**	**(23,980)**	**83,035**
Operating income (loss)	**¥ 37**	**¥ 2,675**	**¥ (2,098)**	**¥ 120**	**¥ 734**	**¥ 171**	**¥ 905**
Identifiable assets	**¥104,112**	**¥26,760**	**¥ 8,483**	**¥4,838**	**¥144,193**	**¥(43,210)**	**¥100,983**

Year ended March 31, 2008	Japan	Americas	Europe	Asia and Others	Total	Eliminations or corporate	Consolidated
Net sales:							
Outside customers	¥ 50,167	¥20,438	¥19,267	¥10,614	¥100,486	¥ —	¥100,486
Inter-segment	14,811	9,633	4,859	618	29,921	(29,921)	—
Total	64,978	30,071	24,126	11,232	130,407	(29,921)	100,486
Operating expenses	62,481	26,600	26,051	10,794	125,926	(30,796)	95,130
Operating income (loss)	¥ 2,497	¥ 3,471	¥ (1,925)	¥ 438	¥ 4,481	¥ 875	¥ 5,356
Identifiable assets	¥111,007	¥33,696	¥15,204	¥ 4,993	¥164,900	¥(39,983)	¥124,917

Year ended March 31, 2007	Japan	Americas	Europe	Asia and Others	Total	Eliminations or corporate	Consolidated
Net sales:							
Outside customers	¥ 49,903	¥20,646	¥17,839	¥11,058	¥ 99,446	¥ —	¥ 99,446
Inter-segment	14,021	9,231	4,017	554	27,823	(27,823)	—
Total	63,924	29,877	21,856	11,612	127,269	(27,823)	99,446
Operating expenses	58,761	25,804	24,861	11,038	120,464	(27,377)	93,087
Operating income (loss)	¥ 5,163	¥ 4,073	¥ (3,005)	¥ 574	¥ 6,805	¥ (446)	¥ 6,359
Identifiable assets	¥123,331	¥37,732	¥17,755	¥ 5,698	¥184,516	¥(44,121)	¥140,395

	Thousands of U.S. dollars						
Year ended March 31, 2009	Japan	Americas	Europe	Asia and Others	Total	Eliminations or corporate	Consolidated
Net sales:							
Outside customers	**$ 438,318**	**$167,393**	**$152,000**	**$ 96,814**	**$ 854,525**	**$ —**	**$ 854,525**
Inter-segment	**128,291**	**90,156**	**19,302**	**4,631**	**242,380**	**(242,380)**	**—**
Total	**566,609**	**257,549**	**171,302**	**101,445**	**1,096,905**	**(242,380)**	**854,525**
Operating expenses	**566,232**	**230,317**	**192,660**	**100,224**	**1,089,433**	**(244,121)**	**845,312**
Operating income (loss)	**$ 377**	**$ 27,232**	**$ (21,358)**	**$ 1,221**	**$ 7,472**	**$ 1,741**	**$ 9,213**
Identifiable assets	**$1,059,880**	**$272,422**	**$ 86,358**	**$ 49,252**	**$1,467,912**	**$(439,886)**	**$1,028,026**

Overseas sales for the years ended March 31, 2009, 2008 and 2007 were as follows:

	Millions of yen			
Year ended March 31, 2009	Americas	EMEA	Asia and Others	Total
Overseas sales	**¥16,365**	**¥14,871**	**¥15,245**	**¥46,481**
Consolidated net sales	**—**	**—**	**—**	**83,940**
Percentage of consolidated net sales	**19.5%**	**17.7%**	**18.2%**	**55.4%**

Year ended March 31, 2008	Americas	EMEA	Asia and Others	Total
Overseas sales	¥19,558	¥19,093	¥17,554	¥ 56,205
Consolidated net sales	—	—	—	100,486
Percentage of consolidated net sales	19.4%	19.0%	17.5%	55.9%

Year ended March 31, 2007	Americas	EMEA	Asia and Others	Total
Overseas sales	¥19,023	¥18,252	¥17,117	¥54,392
Consolidated net sales	—	—	—	99,446
Percentage of consolidated net sales	19.1%	18.4%	17.2%	54.7%

	Thousands of U.S dollars			
Year ended March 31, 2009	Americas	EMEA	Asia and Others	Total
Overseas sales	**$166,599**	**$151,390**	**$155,196**	**$473,185**
Consolidated net sales	**—**	**—**	**—**	**854,525**
Percentage of consolidated net sales	**19.5%**	**17.7%**	**18.2%**	**55.4%**

Non-Consolidated Balance Sheets (Supplementary Information)

ANRITSU CORPORATION
March 31, 2009 and 2008

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Assets			
Current assets:			
Cash	**¥ 8,142**	¥ 10,433	**$ 82,887**
Notes and accounts receivable — trade	**13,258**	17,064	**134,969**
Allowance for doubtful accounts	**(126)**	(163)	**(1,283)**
Short-term loans receivable	**600**	—	**6,108**
Long-term loans receivable due within one year	**1,250**	10	**12,725**
Inventories	**6,382**	10,904	**64,970**
Deferred tax assets — current	**6,032**	7,395	**61,407**
Other current assets	**8,724**	2,065	**88,813**
Total current assets	**44,262**	47,708	**450,596**
Property, plant and equipment:			
Land	**492**	492	**5,009**
Building and structures	**25,075**	24,981	**255,268**
Machinery and equipment	**6,994**	12,082	**71,200**
Accumulated depreciation	**(24,214)**	(28,445)	**(246,503)**
Net property, plant and equipment	**8,347**	9,110	**84,974**
Investments and other assets:			
Investment securities	**53,064**	54,183	**540,202**
Long-term loans receivable	**9,175**	7,015	**93,403**
Deferred tax assets — non-current	**1,393**	—	**14,181**
Other assets	**7,543**	7,096	**76,789**
Allowance for doubtful accounts	**(1)**	(2)	**(10)**
Total investments and other assets	**71,174**	68,292	**724,565**
Total assets	**¥123,783**	¥125,110	**$1,260,135**

	Millions of yen		Thousands of U.S. dollars
	2009	2008	2009
Liabilities and Net Assets			
Current liabilities:			
Short-term borrowings	**¥ 1,140**	¥ 1,040	**$ 11,605**
Long-term debt due within one year	**7,000**	—	**71,261**
Notes and accounts payable — trade	**6,334**	6,943	**64,481**
Accrued liabilities	**3,186**	4,024	**32,434**
Accrued expenses	**370**	1,013	**3,767**
Income taxes payable	**201**	68	**2,046**
Other current liabilities	**9,001**	7,667	**91,633**
Total current liabilities	**27,232**	20,755	**277,227**
Long-term liabilities:			
Long-term debt	**32,000**	39,000	**325,766**
Retirement benefits for directors and corporate auditors	**14**	19	**143**
Deferred tax liabilities — non-current	**—**	345	**—**
Other long-term liabilities	**285**	250	**2,901**
Total long-term liabilities	**32,299**	39,614	**328,810**
Net assets:			
Common stock	**14,050**	14,050	**143,032**
Additional paid-in capital	**23,000**	23,000	**234,144**
Legal reserve	**2,468**	2,468	**25,125**
Retained earnings	**25,312**	25,845	**257,681**
Net unrealized holding gains on securities	**256**	179	**2,606**
Deferred gain or loss on hedged transactions	**(21)**	(23)	**(214)**
Reservation rights on common stock	**20**	54	**204**
Treasury stock, at cost	**(833)**	(832)	**(8,480)**
Total net assets	**64,252**	64,741	**654,098**
Total liabilities and net assets	**¥123,783**	¥125,110	**$1,260,135**

Non-Consolidated Statements of Operations (Supplementary Information)

ANRITSU CORPORATION
Years ended March 31, 2009, 2008 and 2007

	Millions of yen			Thousands of U.S. dollars
	2009	2008	2007	2009
Sales	**¥41,230**	¥49,648	¥50,193	**$419,729**
Cost of sales	**32,382**	36,813	35,502	**329,655**
Gross profit	**8,848**	12,835	14,691	**90,074**
Selling, general and administrative expenses	**10,089**	12,373	11,967	**102,708**
Operating income (loss)	**(1,241)**	462	2,724	**(12,634)**
Other income (expenses):				
Interest and dividends income	**7,266**	619	773	**73,969**
Interest expenses	**(453)**	(509)	(545)	**(4,612)**
Foreign exchange gain (loss)	**(80)**	(474)	(38)	**(814)**
Loss on disposal of inventories	**—**	(2,374)	(304)	**—**
Gain on sales of property, plant and equipment	**502**	42	—	**5,110**
Gain on sales of investment securities	**5**	—	1	**51**
Loss on devaluation of investment securities	**(52)**	(30)	(40)	**(529)**
Revaluation loss of investments in subsidiaries' securities	**(4,986)**	—	—	**(50,758)**
Gain on expiration of warrants	**35**	—	160	**356**
Loss on devaluation of inventories	**(1,290)**	(2,458)	(945)	**(13,132)**
Management innovation implementation expenses	**—**	(44)	—	**—**
Reversal of bad debt reserve	**—**	113	—	**—**
Gain on revision of retirement benefit plan	**786**	—	—	**8,002**
Compensation income for expropriation	**99**	—	—	**1,008**
Business structure improvement expenses	**(592)**	—	—	**(6,027)**
Other, net	**6**	(349)	73	**61**
	1,246	(5,464)	(865)	**12,685**
Income (loss) before income taxes	**5**	(5,002)	1,859	**51**
Provision for income taxes:				
Current	**50**	(409)	(390)	**509**
Deferred	**(409)**	(6)	54	**(4,164)**
Net income (loss)	**¥ 364**	¥ (4,587)	¥ 2,195	**$ 3,706**

Independent Auditors' Report

To the Shareholders and Board of Directors of Anritsu Corporation:

We have audited the accompanying consolidated balance sheets of Anritsu Corporation and consolidated subsidiaries as of March 31, 2009 and 2008, and the related consolidated statements of operations, changes in net assets and cash flows for each of the three years in the period ended March 31, 2009, expressed in Japanese yen. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to independently express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Anritsu Corporation and subsidiaries as of March 31, 2009 and 2008, and the consolidated results of their operations and their cash flows for each of the three years in the period ended March 31, 2009, in conformity with accounting principles generally accepted in Japan.

Without qualifying our opinion, we draw attention to the following accounting changes,

(a) "Practical Solution on Unification of Accounting Policies Applied to Foreign Subsidiaries for Consolidated Financial Statements"

(b) "Accounting Standard for Measurement of Inventories"

The U.S. dollar amounts in the accompanying consolidated financial statements with respect to the year ended March 31, 2009 are presented solely for convenience. Our audit also included the translation of yen amounts into U.S. dollar amounts and, in our opinion, such translation has been made on the basis described in Note 1 to the consolidated financial statements.

KPMG AZSA & Co.

Tokyo, Japan
June 25, 2009

Major Subsidiaries (As of July 1, 2009)

Japan	Principal Businesses	Paid-in Capital (Millions of yen)	Anritsu's Share of Voting Rights (%)
Anritsu Industrial Solutions Co., Ltd.	Manufacture, marketing and maintenance of industrial automation equipment	1,350	100
Anritsu Networks Co., Ltd.	Manufacture, marketing and maintenance of information and communications equipment	355	100
Tohoku Anritsu Co., Ltd.	Manufacture of measuring instruments and information and communications equipment	250	100
Anritsu Customer Services Co., Ltd.	Calibration, repair and maintenance of measuring instruments	325	100
Anritsu Devices Co., Ltd.	Manufacture of optical devices	90	100
Anritsu Precision Co., Ltd.	Development and manufacture of precision measuring instruments	80	100
Anritsu Engineering Co., Ltd.	Development of software	40	100
Anritsu Kousan Co., Ltd.	Management of facilities, welfare services and production of catalogs and other materials	20	100
Anritsu Real Estate Co., Ltd.	Real estate leasing	20	100
Anritsu Techmac Co., Ltd.	Manufacture and marketing of processed products and unit assembly articles	10	100
Anritsu Pro Associe Co., Ltd.	Operation of shared services center	10	100

Americas		Principal Businesses	Paid-in Capital	Anritsu's Share of Voting Rights (%)
Anritsu U.S. Holding, Inc.	U.S.A.	Holding company for overseas subsidiaries	US$9 thousand	100
Anritsu Company	U.S.A.	Development, manufacture, marketing and maintenance of measuring and other instruments	US$9,528 thousand	100*
Anritsu Instruments Company	U.S.A.	Manufacture of measuring and other instruments	US$2,900 thousand	100*
Anritsu Industrial Solutions U.S.A. Inc.	U.S.A.	Marketing and maintenance of industrial automation equipment	US$5 thousand	100*
Anritsu Electronics, Ltd.	Canada	Marketing and maintenance of measuring and other instruments	CA$100	100*
Anritsu Eletrônica Ltda.	Brazil	Marketing and maintenance of measuring and other instruments	BRL 569 thousand	100*
Anritsu Company S.A. de C.V.	Mexico	Marketing and maintenance of measuring and other instruments	MXN$50 thousand	100*

EMEA		Principal Businesses	Paid-in Capital	Anritsu's Share of Voting Rights (%)
Anritsu A/S	Denmark	Development, manufacture, marketing and maintenance of measuring and other instruments	DKK 31 million	100
Anritsu EMEA Ltd.	U.K.	Marketing and maintenance of measuring and other instruments	£1,502 thousand	100
Anritsu Ltd.	U.K.	Development of measuring and other instruments	£128 thousand	100*
Anritsu Industrial Solutions Europe Ltd.	U.K.	Marketing and maintenance of industrial automation equipment	£50 thousand	100*
Anritsu GmbH	Germany	Marketing and maintenance of measuring and other instruments	EURO 2,837 thousand	100*
Anritsu S.A.	France	Marketing and maintenance of measuring and other instruments	EURO 1,000 thousand	100*
Anritsu S.p.A.	Italy	Marketing and maintenance of measuring and other instruments	EURO 260 thousand	100*
Anritsu Solutions S.p.A.	Italy	Development of measuring and other instruments	EURO 150 thousand	100*
Anritsu AB	Sweden	Marketing and maintenance of measuring and other instruments	SEK 800 thousand	100*

Asia & Others		Principal Businesses	Paid-in Capital	Anritsu's Share of Voting Rights (%)
Anritsu Company Ltd.	China	Marketing and maintenance of measuring and other instruments	HKD 43,700 thousand	100
Anritsu Electronics (Shanghai) Co., Ltd.	China	Maintenance of measuring and other instruments	CNY 8,480 thousand	100*
Anritsu Industrial Solutions (Shanghai) Co., Ltd.	China	Marketing and maintenance of industrial automation equipment	US$250 thousand	100*
Anritsu Corporation, Ltd.	Korea	Marketing and maintenance of measuring and other instruments	KRW 1,450 million	100*
Anritsu Company, Inc.	Taiwan	Marketing and maintenance of measuring and other instruments	TWD 78 million	100*
Anritsu Pte. Ltd.	Singapore	Marketing and maintenance of measuring and other instruments	SGD 600 thousand	100*
Anritsu Industrial Solutions (Thailand) Co., Ltd.	Thailand	Manufacture and maintenance of industrial automation equipment	THB 30 million	100*
Anritsu Pty. Ltd.	Australia	Marketing and maintenance of measuring and other instruments	A$820 thousand	100*

* Indicates indirect ownership.

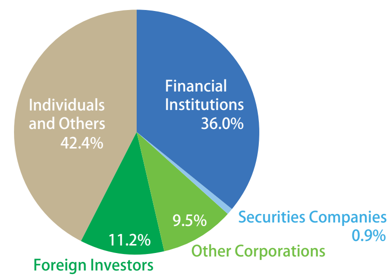
Investor Information (As of March 31, 2009)

Head Office:	ANRITSU CORPORATION 5-1-1 Onna, Atsugi-shi, Kanagawa, 243-8555 Japan Tel: +81-46-223-1111 URL: http://www.anritsu.com
Established:	March 1931
Paid-in Capital:	¥14.0 billion
Number of Employees:	3,697 (Consolidated) 873 (Non-consolidated)
Stock Listing:	Tokyo (Ticker Symbol No: 6754)
Transfer Agent:	The Sumitomo Trust & Banking Co., Ltd. 4-4, Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-8233 Japan
Number of Shareholders:	16,601
Rating:	Rating and Investment Information, Inc. Long-Term: BBB Short-Term: a-2

Authorized Shares: 400,000,000

Issued Shares: 128,037,848

Breakdown of Shareholders:

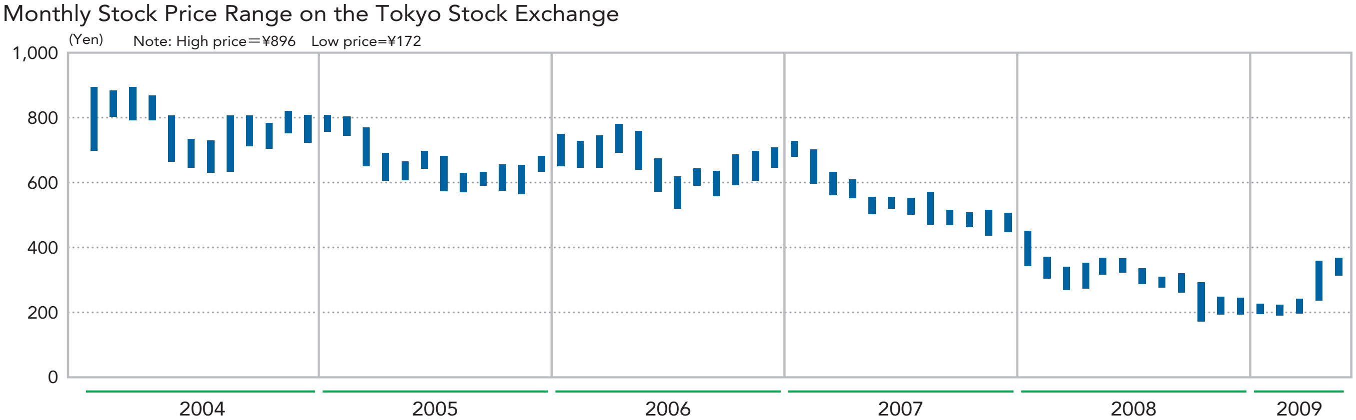


Major Shareholders:

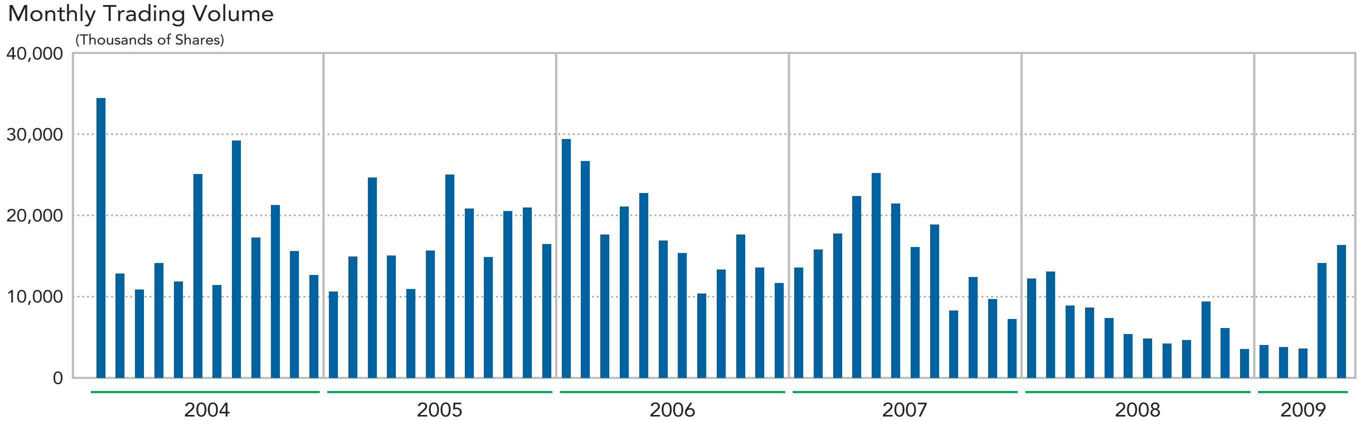
Shareholder Name	Number of Shares (thousands)	Percentage of Total Shares Outstanding
Japan Trustee Services Bank, Ltd. (Trust Account from The Sumitomo Trust & Banking Co., Ltd., NEC Retirement Benefit Trust Account)	19,200	15.07
NEC Corporation	8,312	6.52
The Master Trust Bank of Japan, Ltd. (Trust Account)	4,765	3.74
Japan Trustee Services Bank, Ltd. (Trust Account 4G)	4,057	3.18
Japan Trustee Services Bank, Ltd. (Trust Account)	3,916	3.07
CREDIT SUISSE SEC (EUROPE) LTD PB SEC INT NON-TR CLT	3,132	2.46
Mitsui Sumitomo Insurance Co., Ltd.	2,964	2.33
Japan Trustee Services Bank, Ltd. (The Sumitomo Trust & Banking Co., Ltd. Retirement Benefit Trust Account)	2,500	1.96
Sumitomo Life Insurance Company	2,314	1.82
TAM TWO	1,433	1.12

Note: Treasury stock (594,428 shares) is excluded from calculation of the percentage of total shares outstanding.

Monthly Stock Price Range on the Tokyo Stock Exchange



Monthly Trading Volume



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