

Corporate Social Responsibility Report 2005

Anritsu CSR Report 2005



Anritsu

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Editorial Policy

Anritsu CSR Report 2005 was produced according to the following policies.

1. It compiles CSR*1 activities based on Anritsu’s Company Philosophy, Company Vision and Company Commitment.
2. Anritsu’s activities related to the society and environment are mainly reported. (For details on financial affairs, please refer to our home page or Annual Report.)
3. Third-party comments are included in this CSR Report for objectivity.
4. It refers to “Sustainability Reporting Guidelines 2002” set by GRI*2 and “Environmental Report Guidelines 2003” published by Japanese Ministry of the Environment.
5. It covers the period from April 1, 2004 to March 31, 2005, although some activities before or after this period may be included.
6. It covers the following about Anritsu Group.
 - Management system: Anritsu Corporation and all Anritsu Group companies.
 - Social report: Anritsu Corporation and some Group companies.
 - Environmental report: Nine Anritsu Group companies in Japan, including Anritsu Corporation, plus two companies based outside of Japan.
7. Subjects in the text
 - “Anritsu” and “Anritsu Group” refer to Anritsu Corporation and the entire Anritsu Group.
 - “Anritsu Corporation” refers to Anritsu Corporation in Japan only.
 - “Group Company (or companies)” refers to member company (or companies) or the whole group.

*1. CSR stands for (Corporate Social Responsibility).
*2. GRI (Global Reporting Initiative) is an international NGO founded in 1997 to plan and distribute Sustainability Reporting Guidelines for organizations worldwide.

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Message from the President

Anritsu aims to be a company whose growth and development are desired by society.

The world demands an increasingly rigorous approach to environmental and social sustainability. Anritsu is meeting this challenge by performing its business activities keeping its philosophy in mind.

The philosophy of Anritsu Corporation and Anritsu Group companies worldwide is to enrich the ubiquitous network society by providing “Original & High Level” products and services with “sincerity, harmony and enthusiasm.” This requires sound corporate social responsibility to conform to legal and ethical standards, and sincerity to communicate with all stakeholders in our businesses.

Anritsu’s commitment to improve CSR in every aspect of its business runs deep.

In November 2004, Anritsu Group started its CSR Promotion Committee, which I head as president. The CSR/Risk Management Promotion Center was organized as a task force to strengthen our internal structure. Moreover, in April 2005, we established “The Anritsu Group Charter of Corporate Behavior” that guides Anritsu Group to fulfill its social responsibilities.

Since its founding in 1895, Anritsu has been providing many “Original & High Level” products and superior solutions, dedicating itself to the development of society for more than 110 years. Our test and measuring instruments for communications and related components and devices have been supporting rich communications at all times, and our industrial automation equipment keeps food and medical product manufacturing safer every day.

Anritsu Group, an “Intelligent Solution Creator” with core expertise based on accumulated technologies and the wisdom, continues to provide innovative solutions that increase social value and minimize environmental impact.

I pledge herewith that our progress at Anritsu Group will continue to keep us committed to our social responsibilities, in keeping with our goal to grow and develop as desired by society.



July 2005

Hiromichi Toda

Hiromichi Toda
President

Outline of Reporting Organization

Corporate Profile

Celebrating its 110th anniversary in 2005, Anritsu has been supporting development of wired/wireless communications since its dawning with its “Original & High Level” technologies. Based on its wide range of accumulated factor technologies, Anritsu supplies wireless- and IP-related solutions, which support the development of the ubiquitous network, to customers through its global network in 14 nations and regions, and promotes its businesses in the fields of industrial electronics, security and the environment.

Anritsu’s measuring instruments, related components and devices, and industrial machinery help to make society richer and more comfortable.

Headquarters address: 1800 Onna, Atsugi-shi, Kanagawa, Japan
Company founded: 1895
Capital: 14,049 million yen*¹
Sales: 84,039 million yen*²
No. of shareholders: 14,707*¹
No. of employees: 3,610*³
No. of suppliers and partners: 1,097*⁴
CO₂ discharge: 15,543 metric tons*⁵

*1. As of March 31, 2005
*2. Consolidated, year ended in March 2005
*3. Consolidated, as of March 31, 2005
*4. Applied to Anritsu Corporation, as of March 31, 2005
*5. Recorded in 2004, applied to Anritsu Corporation, Tohoku Anritsu Co., Ltd., Anritsu Company and Anritsu Ltd.



Overview of Business

Test and Measurement Business

The ubiquitous network society, which aims at communication among any parties and relatives, in any places, at any time, is imminent, thanks to the globalization of 3G mobile terminals, IP networking, and electronics products for home and car use. To help build up a social communication base, Anritsu is working on the latest developments of three core measurement technologies: wireless measurement technology for mobile terminals; general-purpose/RF microwave measurement technology at the core of communication technology for home appliance, automobile and other systems; and IP network measurement technology for smooth expansion of IP network operations.

Information and Communications Business

This is to develop, manufacture and make sales of video distribution systems, road & river monitoring systems and telemeters for delivery to Japanese government and municipal offices such as the Ministry of Land, Infrastructure and Transport.

Industrial Automation Business

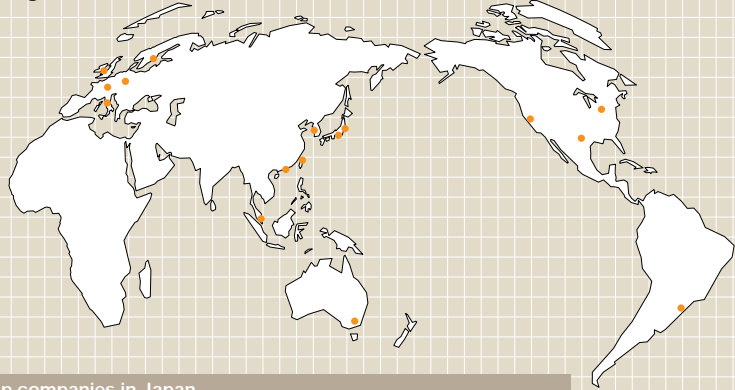
Anritsu Industrial Solutions Co., Ltd. applies leading mechatronics technology and customer-oriented services to quality assurance solutions. These manufacturing and quality control systems are essential for maintaining the safety and security of food and medical products. The Company continually supplies new quality assurance solutions based on its leading-edge mechatronics technology and customer services.

Services and Others

Device business, precision measuring business, and environmental related business; and logistics, employee welfare services, property rental and other businesses are included in this category.

Highlights of the device business are our fiber amplifiers and high-output/high-efficiency laser diodes, which are indispensable for long-distance, high-capacity optical communications. To cope with the industry’s concern about optical measurement using optical interference in various regions, we also provide a superluminescent diode (SLD) light source for a wide range of applications, thereby supporting development of sophisticated precision equipment, fiber-sensing equipment and medical equipment.

Anritsu's global network



Group companies in Japan

Anritsu Industrial Solutions Co., Ltd.
Tohoku Anritsu Co., Ltd.
Anritsu Customer Services Co., Ltd.
Anritsu Devices Co., Ltd.
Anritsu Technics Co., Ltd.
Anritsu Engineering Co., Ltd.
Anritsu Kousan Kabushiki Kaisha
Anritsu Techmac Co., Ltd.
Anritsu Pro Associe Co., Ltd.
(The environmental articles in this CSR Report cover the preceding companies, but not the following one.)
Anritsu Fudosan Kabushiki Kaisha

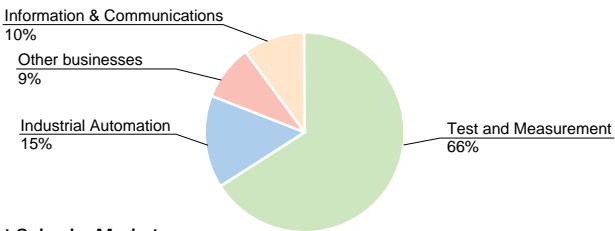
Group companies abroad

Anritsu Company (U.S.A.)
Anritsu Ltd. (UK)
(The environmental articles in this CSR Report cover the preceding two companies, but not the following ones.)
Anritsu Electronics Ltd. (Canada)
Anritsu Eletr nica Ltda. (Brazil)
Anitsu S.A. (France)
Anritsu GmbH (Germany)
Anritsu S.p.A. (Italy)
Anritsu AB (Sweden)
Anritsu Company Ltd. (Hong Kong)
Anritsu Company, Inc (Taiwan)
Anritsu Corporation, Ltd. (Korea)
Anritsu Pte. Ltd. (Singapore)
Anritsu Pty. Ltd. (Australia)

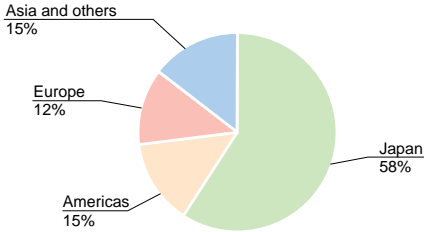
Research and Development

Information communications is advancing so quickly that its measurement technology must progress in anticipation of ongoing developments. Anritsu is developing valuable solutions with collaboration among five Business Divisions (in the U.S.A., UK and Japan), a Core Technology R&D Center and an Optical Device R&D Center. Anritsu solutions – based on its “original and high level technologies” for digital signal processing, antenna measurement, high-speed electronic device/optical device, optical measurement and more – support such progress. Anritsu also develops a laser gas detector that can detect methane gas in remote areas, manufacturing equipment for semiconductors which are developed based on communication devices, fiber sensing, light sources for medical equipment and other sophisticated added-value solutions.

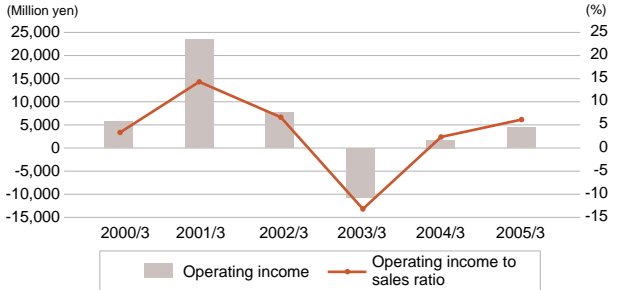
Net Sales by Industry Segment
(Year ended March 31, 2005)



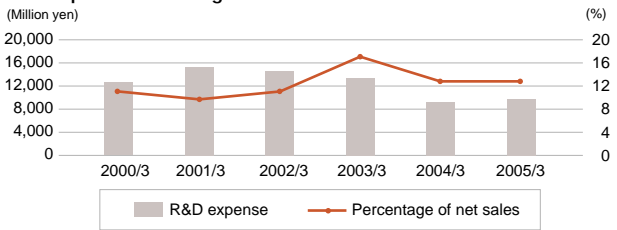
Net Sales by Market
(As of March 2005)



Operating Income/Ratio of Operating Income to Net Sales



R&D Expense/Percentage of Net Sales



Company Philosophy, Company Vision and Company Commitment

Applying sincerity, harmony and enthusiasm to provide Original & High Level products and services, Anritsu acts in adherence to its company philosophy, vision and commitment.

Company Philosophy

Anritsu, with sincerity, harmony and enthusiasm, will contribute to creating an affluent Ubiquitous network society by providing “Original & High Level” products and services.

Company philosophy states Anritsu’s unwavering mission and universal values for realizing this mission.

Anritsu’s Mission

Anritsu’s unwavering mission is to help create and enrich ubiquitous networking by providing “Original & High Level” products and services that benefit customers, society and the company. Fullfillment of this mission leads to their prosperity. To that end, we must develop and provide products and services that are beneficial and safe, with minimal environmental impact. We thereby extend value in ways responsive to the needs of our customers worldwide. In the process of meeting the challenge to create higher value, all Anritsu Group employees will keep evolving, contributing to corporate development and serving society.

Anritsu’s Universal Values

Anritsu’s unwavering universal values are “sincerity, harmony and enthusiasm”. “Sincerity and harmony” refer to our respect for all stakeholders, including shareholders, investors, customers, suppliers, partners, Anritsu employees and society, and our best efforts to be in harmony with them. “Enthusiasm” refers to the persistent spirit to achieve our goals. In other words, “I desire, therefore I accomplish.”

Company Vision

To be a shining light by contributing to the development of the global network society.
To be a Global Market Leader by realizing Market Driven and Customer Focus.

Anritsu focuses on dedicating itself to a new social system called the ubiquitous network society, anticipating market wants and needs, and being our powerful customers’ partner by quickly providing solutions beyond their expectations. By doing so, we aim for customers to acknowledge Anritsu as a world leader in its industry, through continuous challenges.

Company Commitment

A High-profit Enterprise Offering High Return for Shareholders

As enterprises are increasingly subject to the rigorous scrutiny of global financial markets, Anritsu will enhance corporate governance, demonstrate to shareholders its management’s vision, flexibility and responsiveness to change, and maximize profitability and shareholder value through effective operations.

An Enterprise Maintaining Win-Win Relationships with Customers Worldwide

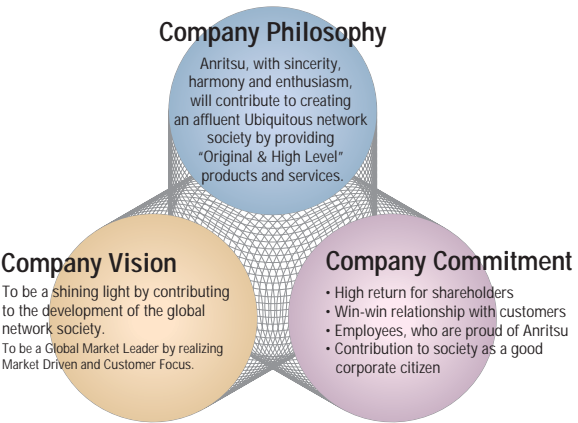
The win-win relationships with customers that are essential to their and Anritsu’s success is driven by an “Intelligent Solution Creator” concept that enhances company value and creates new demand. We aim to deliver CS (Customer Satisfaction) as a global enterprise that can share with customers a business vision from its initial stage and offer innovative solutions to realize the vision.

Employees Who are Proud of Anritsu, an Exciting Company

Employees who strive to overcome challenges are key for achieving our vision. Anritsu is promoting activities that will make it’s employee proud of itself. In addition, it aims to be an enterprise company of professionals motivated to create a “learning culture” in an “exciting company”.

A Contribution to Society as a Good Corporate Citizen – Upholding High Ethical Standards

Anritsu Group complies with laws in all countries in which it operates, upholds corporate citizenship with contributions to local societies, conserves the global environment with ecological consciousness, and maintains high ethical standards.



Anritsu Group’s CSR and the Charter of Corporate Behavior

Anritsu Group’s basic stance is to put a high priority on corporate social responsibility and respect stakeholders’ views. We established the Anritsu Group Charter of Corporate Behavior to put Anritsu Group values and guidelines in a global perspective and clarify every employee’s understanding of our CSR.

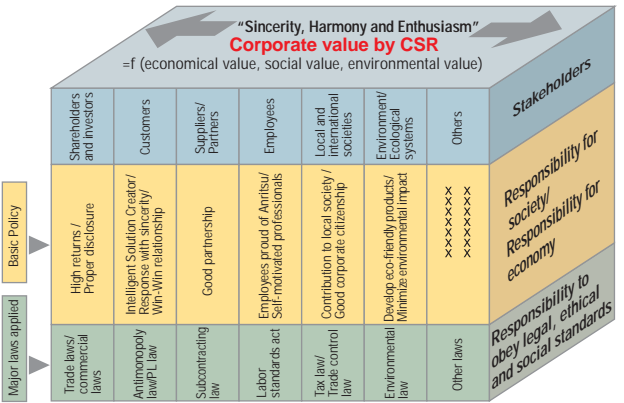
Anritsu Group's CSR

CSR Activities through Our Main Businesses

Anritsu Group’s CSR starts with business operations that help society, enhances economic and social values and ultimately conserves the ecosystem and natural environment. Our measuring instruments business has contributed to the affluence and comfort of the network society through the years. Our information communication equipment business assures everyday safety through video monitoring of rivers and road conditions. Our industrial automation business also puts a premium on customer safety by raising quality assurance of food and medical products. These examples indicate how CSR goes to the core of Anritsu Group’s businesses and maximizes our corporate value to societies.

Respecting Stakeholders’ Perspectives

Anritsu Group is committed to every stakeholder, including shareholders, investors, customers, suppliers, partners, employees, local and international societies, as well as natural environments and ecosystems. We aim to offer high returns and disclose information appropriate for shareholders and investors, and do our best to strengthen our win-win relationship with customers, develop environmentally conscious products and minimize our environmental impact. By maintaining close ties with the stakeholders, we deepen our commitment.

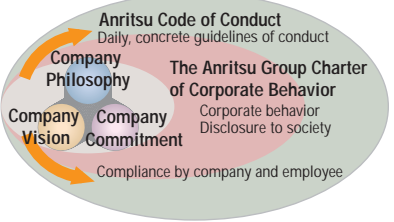


To be a Company whose Growth and Development are Desired by Society.

Anritsu aims to be recognized as an essential member of society through its CSR activities. Toward this end, we humbly heed outside opinions and criticisms, especially those offered from a global perspective.

The Anritsu Group Charter of Corporate Behavior

Anritsu’s group management and global perspective increase the number of people who have diverse values and views in Anritsu Group. We established “The Anritsu Group Charter of Corporate Behavior” in April 2005 to help define the values shared by Anritsu Group companies worldwide, guide and motivate the actions of all members and articulate the future direction of Anritsu’s CSR activities.



The Anritsu Group Charter of Corporate Behavior

Establishment: April 1, 2005
The Anritsu Group’s philosophy is to create corporate value with sincerity, harmony, and enthusiasm. We will provide solutions utilizing our Intelligent Solution Creator model with the core being our “original & high level” technology. At the same time we will conduct our business with high ethics and the goal of contributing to the advancement of society. The Anritsu Group will act enthusiastically to carry out its corporate social responsibility with sincerity and with respect for the individual, while at the same time working to assure that we address the interests of all our stake holders: shareholders, customers, suppliers, employees, and local and global societies.
Attaining Customer Satisfaction:
The Anritsu Group will develop and provide socially useful products and services, giving full consideration to quality, safety and the environment. This combination of receiving value and receiving it from a socially responsible company will result in high customer satisfaction.
Conducting Ethical Company Activities:
The Anritsu Group will engage in fair, transparent, and free competition, and will maintain healthy and normal relationships with political institutions, governmental administration as well as citizens and other organizations.
Disclosing Corporate Information:
The Anritsu Group will disclose its corporate information in a timely, clear, and appropriate manner in order to improve the transparency of its corporate activities.
Managing Information Property:
The Anritsu Group will execute proper management of information property it obtains including observing privacy policies concerning individual information and customer information.
Protecting Human Rights:
The Anritsu Group will respect the human rights of all those who are connected with it, and will not permit any discriminatory practice related to race, gender and so forth or infringement of individual dignity, and will never accept child labor or forced labor.
Valuing Employees:
The Anritsu Group will respect each employee’s individuality and will create work environments where all of its employees can fully demonstrate their abilities and carry out their jobs with enthusiasm.
Harmony with Society:
The Anritsu Group will respect the customs and cultures of the international society and the local society, and will manage its activities in a way that contributes to the development of all societies that it interacts with.
Preserving the Global Environment:
The Anritsu Group will reduce the impact of its operations on the global environment and will contribute to build a sustainable society.
Conducting Social Contribution Activity:
The Anritsu Group will, as a good corporate citizen, actively engage in activities that contribute to the betterment society in addition to its normal business operations.
The Anritsu Managers will take the responsibility for implementing this charter and for taking all necessary action in order to raise awareness in their corporation. They will also take initiative and set an example so that every employee in the Anritsu Group becomes fully aware of the philosophy in this Charter. This includes creating corporate in-house systems to fulfill the intent of the Charter and endeavoring to maintain high corporate ethics. When a law or a rule is violated, the Manager must take action to notify senior management and then work together to resolve the problem, endeavoring to clarify its causes and prevent its recurrence. And the Manager will promptly and adequately disclose all relevant information to the public when deemed appropriate, and will institute disciplinary action upon identifying who authorized and was responsible for such acts. No responsible employee or officer is to be shielded from these disciplinary actions.

CSR Promotion System and Corporate Governance

To maximize its corporate value, in November 2004, Anritsu established the CSR Promotion Committee and CSR/Risk Management Promotion Center to promote full-scale activities. As a part of these activities, we practice fair, efficient management and reinforce our corporate governance.

CSR Promotion Structure

Establishing Dedicated CSR Organization

Anritsu established the CSR Promotion Committee in November 2004. Our president's role as the chief of the committee exemplifies how seriously senior management takes CSR. Moreover, the CSR/RM (Risk Management) Promotion Center was organized to reinforce CSR activities. In conjunction with the Legal Department, the CSR/RM Promotion Center does its best to promote our CSR activities and enhance compliance comprehensively.

Anritsu Group's Total Support to CSR

The CSR/RM Promotion Center helps Anritsu navigate many demands of CSR activities seamlessly across divisions and companies within Anritsu Group. For best results, we are organizing the CSR Promotion Teams by delegating members from related departments, divisions and group companies in charge of compliance, CS/quality control, human rights, philanthropic activities and other functions. Each team assesses the situation from the CSR perspective, proposes subjects that Anritsu may refer to the CSR Promotion Committee and helps put plans into action.



Corporate Governance Reinforcement Policy

- (1) Improve the transparency of Management
- (2) Reinforce "check and balance" function
- (3) Reinforce governance functions of the Board of Directors' Meeting and Auditor's Meeting

With this policy in mind, we conduct the following.

Separation between Management Monitoring and Operation Execution

The Executive Officer System separates the functions and responsibilities of directors and executive officers, and ensures that important management matters are decided through full discussion at the Management Strategy Conference. By making the Board of Directors a mechanism for supervision, it is contributing to quick, appropriate business operations and enhanced management supervision functions.

Independent Auditors

Anritsu Company assigned two independent auditors from outside of the company to reinforce checks and balances from the perspectives of legislators and shareholders.

Compensation Advisory Committee

The Compensation Advisory Committee, established in March 2004 to provide recommendations to the Board of Directors, maintains transparency, accountability, and objectivity regarding the directors' compensation. This committee discusses the compensation system and the level of compensation for directors, executive officers and senior corporate staff.

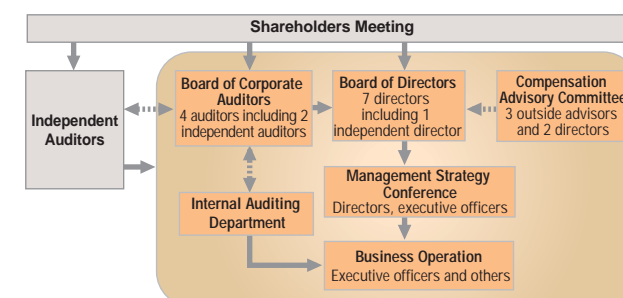
Advisory Board and Independent Directors

In October 2000, an Advisory Board was established to help the Board of Directors and provide advice from international perspectives to reinforce corporate governance and promote global management. This Advisory Board fulfilled its mission and was dissolved in October 2004. The company called upon an independent director to help oversee the corporate governance from June 2005.

Reinforcing Global Corporate Governance

An independent director has been based at Anritsu Company (U.S.A.) since September 2001, and the Compensation Committee and Auditing Committee were established in November 2001.

Anritsu Corporate Governance System

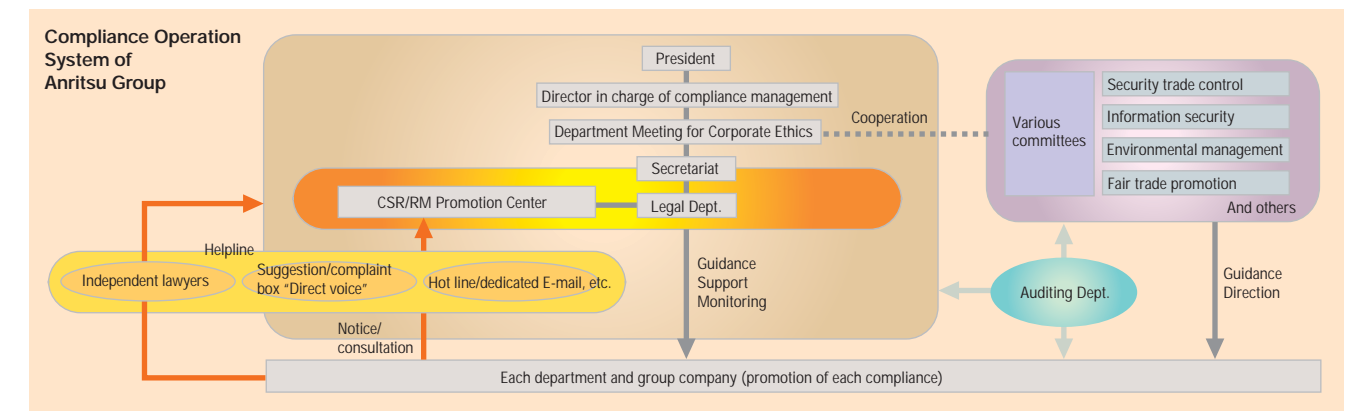


Corporate Ethics and Compliance

Through various measures, Anritsu Group is fortifying its corporate structure to act soundly in compliance with applicable ethics and laws.

Corporate Ethics/Compliance Promotion System

The Anritsu Corporate Ethics/Compliance Promotion Structure is presided over by the executive officer in charge of compliance. In 2002, Anritsu formulated the "Basic Rules for Ethical and Legal Compliance". At the same time, the Working Group Meeting for Corporate Ethics, under the control of the Legal Dept. and CSR/RM Promotion Center, was established as a secretariat supporting compliance activities in cooperation with internal committees, departments and group companies involved in compliance with rules for export control, fair trade, information control and the environment.



Establishment and Revision of Anritsu Group Code of Conduct

Anritsu Group Code of Conduct is stipulated to outline compliance for executives and employees to put into business practice. Distributed to all Anritsu Group company employees in booklet form and appearing on Anritsu's website in Japan, the code of conduct enhances awareness of our compliance activities and values shared among Anritsu group companies worldwide.

Training and Internal Audit

Anritsu has various training and education programs and internal audits. The program includes training for newly promoted managers, new recruits, etc. to reinforce awareness of compliance and ethical matters in general. Specialized divisions and committees including those for security trade control, information control, environmental matters and fair trade also provide compliance training via lectures, video presentations and E-learning. Moreover, "Compliance Reinforcement Week" activities are held periodically.

Ethic Questionnaires

Anritsu Group employees in Japan are surveyed once a year by questionnaire to gauge their understanding of compliance and ethical matters, and compliance promotion activities are developed accordingly. In February 2005, a questionnaire survey was made for temporary employees, as

well as suppliers and partners. Such monitoring of the behaviors and ethics of Anritsu employees enhances its compliance companywide.

Helpline

To prevent Anritsu Group in Japan from violating ethics and laws, we have a "Helpline" that accepts internal reports and suggestions. Employees can also communicate such concerns internally through secure e-mail and suggestion/complaint boxes. External legal representatives can also notify the company expeditiously. Such reports and reporters are dealt with in utmost confidentiality and without retribution.

Issue of Antimonopoly Law for Traffic Information Display Construction

On April 27, 2005, a sanction was made by the Fair Trade Commission against Anritsu, based on laws to prohibit private monopoly and secure fair trade, regarding traffic information display construction ordered by Japan's Ministry of Land and Infrastructure and Transport.

We deeply reflect on our role in this case, and will make our best efforts to prevent such transgressions from reoccurring by the establishment of the "Manual for sales department to obey to the Antimonopoly Law," employee education, practice of periodic internal inspections and improvement of internal controls in addition to the completion of the aforementioned compliance activities. By doing so, Anritsu Group will recover the trust invested in it through the years.

Risk Management

To maintain business continuity and raise its corporate value, Anritsu reviews its Risk Management System and methods regularly, and takes appropriate group-wide action.

Crisis Management Considerations

(1) Crisis Management System for Large-scale Disasters

To prevent disasters from occurring and take quick measures when disaster occurs, Anritsu prepares manuals and regulations for disasters and reinforces disaster-prevention training. Should an earthquake, fire or other natural disaster occur and harm business activities, those in charge of crisis management set up headquarters for crisis-countermeasures and develop actions to protect lives, minimize damage and make business operations recover.

(2) Estimated Damage and Recovery Plan when Large-scale Disaster Occurs

Anritsu Group’s plans for recovery from estimated damage are based on information by local governments, related bureaus and agencies, and our own projections. Estimated disaster levels of Anritsu business locations, especially Atsugi Headquarters site and Tohoku Anritsu Co., Ltd. site, are as follows.

Estimated Disaster Level caused by Large-scale Earthquake

Site	Headquarters (in Atsugi City) Headquarters function + development center		Tohoku Anritsu Co., Ltd. (in Koriyama City) Production branch	
Estimated earthquake	Earthquake in Tokai area (Magnitude: 8.0)	Kanagawa West District Earthquake level (Magnitude: 7.0)	Fukushima Basin West Fault Band Earthquake (Magnitude: 7.0)	Aizu Basin West Fault Band Earthquake (Magnitude: 7.0)
Estimated seismic intensity	6 or lower (in Atsugi City)	6 or lower (in Atsugi City)	5 or higher (in Koriyama City)	5 or lower (in Koriyama City)
Earthquake-resistance level of plants/offices	・ Even in case of seismic intensity of 6 or higher, buildings will not collapse, although cracks and small damage may occur. ・ The buildings, constructed before the revision of the Building Standards Act, were reinforced in 2003 based on earthquake-resistance diagnosis.		・ Considered to be resistant to seismic intensity of 6 or bigger to 7. ・ Built in 1985 and 1991 based on the current Building Standards Act.	
Estimated disaster in region	(Ref.: Earthquake disaster survey by Kanagawa Prefecture government)		(Ref.: Earthquake/Tsunami disaster survey by Fukushima Prefecture government)	
Life line and transportation				
Human injury				
Restoration	Presumably, our activities for restarting business operations will be interrupted for 3 – 7 days following an earthquake, as we cope with possible aftershocks or restore life lines and other public infrastructure.			

Business Risk Management Activities

In order to achieve management goals, Anritsu is reinforcing its internal control system based on COSO ERM* to convert business risks into competitive advantages and enhance corporate value.

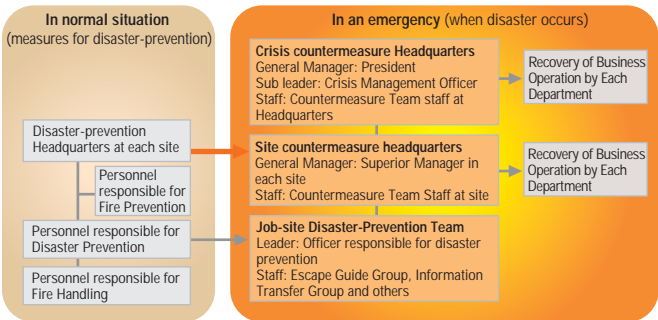
(1) Risk Management Training

The mid-term management plan entails directors, executive officers and auditors undergoing risk management training involving shared risk scenarios. Significant risks (See risk map figure at right) discussed in this training were disclosed as “Risks of business and others” in our financial statements. We will complete an internal control system to manage these significant risks according to our goals.

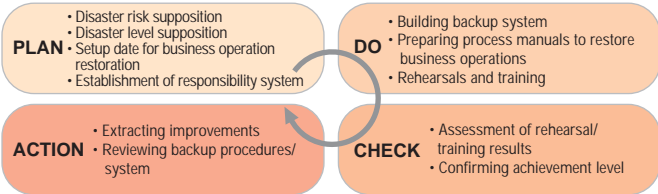
(2) Making Risk Management more Systematic

An effective internal control system requires people at all levels of the organization to have a shared understanding of risks that may influence business. In addition to management

Crisis Management Organization in Normal and Emergency Situation

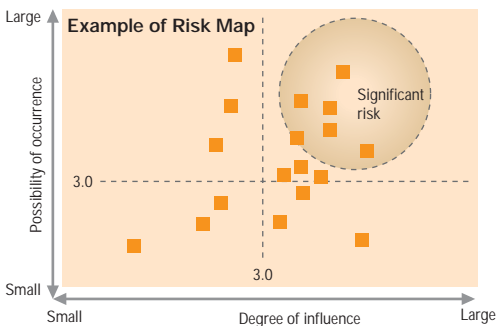


PDCA Cycle to Set Up Recovery Plans



training programs, a pilot project enhancing “Quality Risk Management” was started based on COSO ERM. Reviewing internal control systems helps reveal business risks so that we can minimize them.

*COSO ERM: New framework for internal controls introduced by COSO (The Committee of Sponsoring Organizations of the Treadway Commission) in 2003. ERM stands for Enterprise Risk Management.



Information Security Management

As an enterprise promoting the network society, Anritsu puts a high priority on information security, and is strengthening its information control to be a “reliable company”.

Information Security Led by Senior Management

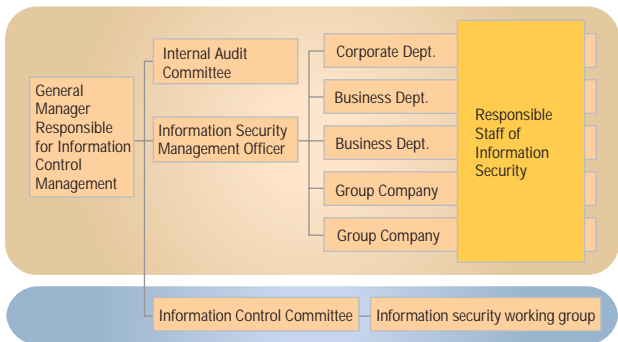
“Contributing to create an affluent ubiquitous network society” requires Anritsu’s senior management to lead the way to better information security, more stable business foundations and greater trust among stakeholders including shareholders, investors and customers.

Accordingly, Anritsu has enhanced its information security with “Global Security Policies” and a Global Security Committee. Furthermore, top management entirely restructured the management of information controls. Our “Basic Guidelines for Information Controls” and “Guidelines for Personal Information Protection” illustrate how we are managing information security.

Structuring of Information Control System

In order to protect and effectively utilize information that we possess, Anritsu Group companies are building an information security management system conforming to ISO 17799-2.

The Information Control Committee deliberates to determine our “Regulation of basic rules for information control” and “Measures for information control”, and promotes relevant activities. A “Working Group Committee for Information Security” consisting of information managers from each department was established to communicate and execute the committee’s measures at work sites, as well as respond promptly to unforeseen situations and accidents occurring at those sites.



Education and Enlightenment Activities

To familiarize all employees with the rules for use of the Internet, e-mail and other information systems, freshmen, other employees and managers are trained by groups by way of E-learning and Anritsu’s in-house magazines. Information system control managers get personal training, and their daily operations are periodically audited to prevent security mishaps. Such information control enhancements make our information systems more secure and reliable.

Activities for Acquiring Third-Party Assessment/Certification

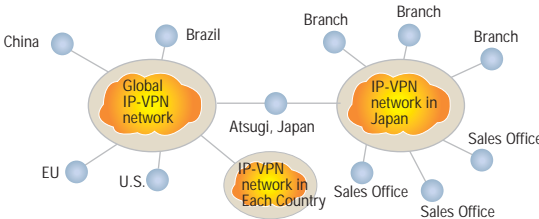
Anritsu’s division that develops, sells and maintains information systems for public agencies, Anritsu’s department that develops and operates domestic information systems and Anritsu Group companies that provide product maintenance services and develop software are moving toward acquiring ISMS (Information Security Management System) certification based on the ISMS screening system in fiscal 2005.

From fiscal 2006, we plan to enlarge the scope of certification acquisition. In addition, by applying our internal audit based on the ISMS to organizations out of this certification range, we will strive to provide safer quality products and better services.

Global Security System

Anritsu Group maintains a private network for use among its subsidiaries, plants and technical centers worldwide. All e-mail transmissions and file exchanges among our posts in Japan and elsewhere are made using this private network so as to prevent external information leaks. Even if unforeseeable conditions, like computer viruses in branches abroad, should threaten, security managers are assigned to deal with such situations immediately. Also, our global network is designed to enhance security.

Global Private Network



Measures for Personal Information Protection

As it is responsible to duly protect personal information concerning all stakeholders (shareholders/investors, customers, suppliers, partners and employees), Anritsu Group fortifies its relevant control systems and promotes education through its “Guidebook For Handling Personal Information” and other tools for secure control and proper handling of the information, in accordance with the Personal Information Protection Law.

Communications with Stakeholders

Anritsu channels stakeholder input to its business activities through information and interactive communications media including reports, its home page, news releases, advertising, exhibits and magazine mailings.

Stakeholders	Communications means			
Shareholders/ investors	¥General shareholders meeting ¥Statement and explanation meeting for financial results •High returns •Proper disclosure	¥Annual report	¥CSR report	¥Corporate brochure
		¥Business report		¥Home page (IR corner, news releases, etc.)
Customers	¥Corporate ad ¥Product ad ¥Product brochures ¥Website ¥Exhibitions •Intelligent Solution Creator •Responding with sincerity •Win-Win relationship	¥Corporate brochure	¥CSR report	¥CS questionnaire
Employees	¥Company information reports ¥Intranet ¥CSR report ¥Management plan explanation meeting ¥Human rights training video ¥Human rights references ¥Interview by industrial doctor •Employees proud of Anritsu •Self-motivated professionals	¥Anritsu academy		
Suppliers/ partners	¥Corporate brochure ¥CSR report ¥Website ¥Social meetings ¥Information exchange meetings •Good partnership	¥Lectures	¥Components exhibitions	
Local society	¥Corporate brochure ¥CSR report ¥Home page ¥Participation to events held by local government ¥Atsugi Technical Fair ¥Sponsor Atsugi Fishing Festival ¥Internship •Contribution to society as a good corporate citizen	¥Sponsorship for Atsugi City Soccer Society and its Boys Committee	¥Crime-prevention cooperation with the Onna Self-Government Association	

In Harmony with Shareholders and Investors

Anritsu Corporation aims to offer high returns to its shareholders and investors by enhancing the value of the Company. The Company maintains fair and proper relationships with shareholders and investors, promoting Investor Relations and disclosing information about its corporate activities.

Increasing Corporate Value

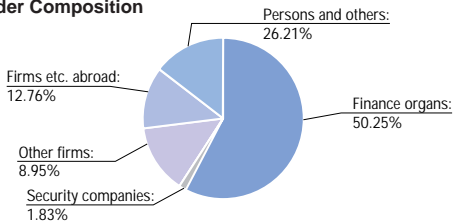
ACE (Anritsu Capital-Cost Evaluation: operating profit after tax minus capital cost) reflects the high priority the Company puts on capital efficiency as its primary goal toward raising Anritsu’s corporate value.

Dividend Policy

Distributing returns to shareholders is one of Anritsu Corporation’s priorities. Based on consolidated net income, Anritsu Corporation distributes profits taking various factors into account, including the operating environment, the outlook for the coming fiscal year and the ratio of dividends to consolidated shareholder’s equity.

FY ended on March 31	2005	2004	2003	2002	2001	2000
ACE (million yen)	-2,230	-5,282	-15,562	-3,770	11,145	-1,861
Dividend per share (yen)	7.00	4.50	—	9.00	12.00	4.50
Dividend on equity (%)	1.3	0.8	—	1.2	1.7	0.7
Dividend payout (%)	68.6	45.3	—	44.8	15.9	142.7

Shareholder Composition



Policy of Disclosure

Anritsu Corporation actively discloses correct information – whether good or bad – to all stakeholders with sincerity and fairness, according to relevant laws. In the interest of transparency and reliability, the company fully complies with its “Regulations for corporate information disclosure” and “Regulations to prevent insider trading” to enhance corporate transparency and trust.

Announcement of Settlement of Accounts

Anritsu Corporation has been announcing its settlements of accounts on a quarterly basis since the year 2002, prior to implementation of related Tokyo Stock Exchange regulations, disclosing such content widely among news organizations, then holding Explanation Meetings attended by the president, as matters of principle. At these meetings, the president explains the content to institutional investors and analysts to reinforce credibility of the information, for the sake of shareholders and investors.

IR (Investor Relations) Activities

We aim to deliver information to shareholders and investors in Japan and around the world with accuracy, speed and equitability. We opened an IR link on Anritsu’s website to make such announcements immediate and widespread. In addition to

data from such publications as account settlement and annual reports, data that may critically influence investment decisions are offered in both Japanese and English. A window is also available for e-mail inquiries directed to investors@zy.anritsu.co.jp. News releases on new products and businesses are not only announced to news organs but also appear on the home page, supporting timely, fair disclosure. Such activities earned Anritsu Corporation the “Internet IR Best Corporate Prize” issued by Daiwa Investor Relations Co., Ltd. for two consecutive years. We were also ranked in top five among 3,663 companies in the “Repletion Ranking of Corporate Home Page 2004” issued by Nikko Investor Relations Co., Ltd. We pay visits to institutional investors after the annual and quarterly Explanation Meetings helping to assure that they know where we stand. We sponsored two “Anritsu Group Plant Visit Tours” in 2004, and visited investors in Singapore, Hong Kong, U.K., Switzerland and the United States. We listen carefully to opinions heard through these activities, and relay the feedback to senior management in order to improve management, operation and more.



IR-dedicated website: <http://www.anritsu.co.jp/E/IR/>

Assessment by External Organizations

Anritsu Corporation has been selected to be a part of the FTSE4Good (Global Index and Japan Index) and the MS-SRI (Morning Star Socially Responsible Investment Index), which are socially responsible investment indexes. Moreover, Anritsu Corporation has been a SRI (Social Responsibility Investment Stock Price Index) fund component of the “Asu-no-Hane” (Asahi Life Socially Responsible Investment Fund) and “Nikko Eco Fund” (Nikko Asset Management).



In Harmony with Customers

Anritsu enhances new value for customers by putting the concept of “Intelligent Solution Creator” into action, in order to build up a win-win relationship with customers.

The World is One Market

Anritsu recognizes how crucial it is to listen to customers in order to dedicate itself to customers and improve business throughout the world. For instance, for the half-year up to May 2005, our Test and Measurement Business advanced toward global market leadership as Anritsu Corporation’s Measuring Business Division led a survey of CS through direct dialogues with major customers abroad. This clarified what needed for improvement, leading to fresh solutions likely to exceed customer’s expectations.

“Intelligent Solution Creator” Concept Assures High Customer Satisfaction

Anritsu has been activating its new “Intelligent Solution Creator” business model, designed to lead to win-win relationships with customers in today’s fast-changing times. This aims “to create better solutions that increase customer value and stimulate new demand, as we contribute to the progress of society”. This concept led us to formulate CS Action Guidelines for raising customer satisfaction levels to meet customers’ expectations in four categories – Product, Sales, Delivery and Maintenance.

CS Action Guidelines

“To become a CS Company that customers can strongly rely on.”

What is a CS Company?

- A company in which each employee sincerely does his best for customers and tries to solve the problem with the customer by questioning at all times, “What is the customer’s problem and what is he looking for?”
- A company whose every action starts with consideration of customers’ opinions and ideas.
- A company that has a system to support employees who try to respond to customer’s needs.

Action Targets

- To become a reliable CS Company by continually fostering a win-win relationship with customers, enhancing customer value.
- To conduct customer satisfaction surveys globally, leading to timely planning and execution of relevant improvements.

Here are some examples of Anritsu CS activities:

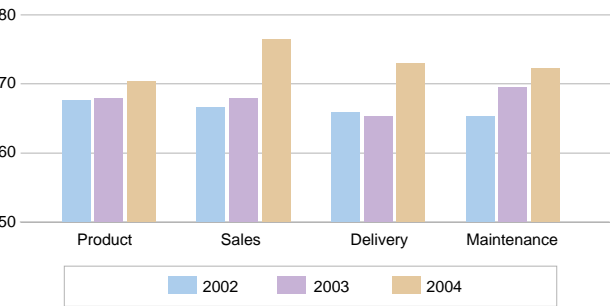
CS Management Cycle:

Aims to improve status according to customer satisfaction index by continuous implementation of the PDCA (Plan, Do, Check, Act) cycle in the four categories (product, sales, delivery and maintenance).

CS Questionnaire Survey:

Anritsu conducts this annual survey on the PDCA to gain better understanding of the relevant demands and concerns of customers worldwide. Furthermore, Anritsu Service Centers conduct detailed questionnaire surveys on maintenance to accelerate CS improvements. Priorities as defined by respondents, together with results of customer interviews, are applied to enact improvements quickly. For instance, plans are under way to improve delivery time, renew the website and simplify instruction manuals. The survey is a means toward the end of such concrete improvements. Then, we continually assess their effect and recognize that interactive communication with customers is the most important means of realizing goals implied in our CS Action Guidelines.

Trend of CSI (Japan)



*CSI: Customer Satisfaction Index: Four factors (product, dealing of sales personnel, date of delivery and maintenance) are assessed by the customer and points for each are calculated based on a 100-point evaluation system.

Product-Related Activities

Under a quality assurance system based on ISO9001 (international standards for quality management system), Anritsu globally develops total manufacturing system encompassing design, development, manufacturing, service and maintenance.

For over 30 years in Japan, an independent department that we established has been investigating material characteristics, such surface treatments as plating and painting, manufacturing technology and product problem analysis. Such accumulated experience and know-how are channeled into developing and producing products.

Sales Activities

Anritsu puts a high priority on maintaining a strong foundation of contacts and relationships that lead to product and service sales. As a customer’s best partner, we strive for the right, timely solutions that customers and end users need to be profitable.

Maintenance Activities

Anritsu products and services around the world are customer-friendly and designed to last for years. Anritsu’s Measuring Instrument Group (in the U.S.A., U.K. and Japan) provide services to customers that are of consistently high quality worldwide, through a conference among regional service managers. At present, a total of 19 service centers* staffed by trained engineers provide the services in 14 nations.

Modules, printed circuit boards and other components required for the maintenance are dispatched from Japan, the U.S.A., the U.K., Singapore or China, depending upon which depot is the most accessible to the site where the repair service is needed.

These service centers offer standardization in accordance with the ISO9001 guidelines.

* Japan (3), U.S.A. (3), Canada (1), Brazil (1), Korea (1), Taiwan (1), China (1), Singapore (1), Australia (1), U.K. (1), France (1), Italy (2), Germany (1) and Sweden (1).
() shows the number of service centers.



In Japan, each of the following group companies promotes CS and support maintenance actively.

Anritsu Customer Services Co., Ltd.	
Outline	In the field of information and communications, mainly using electronic measuring instruments, the Company provides high-quality global-standard calibration/test services and speedy maintenance services at reasonable prices.
Activities	<ul style="list-style-type: none">• Order reception, product reception, delivery arrangements and up-to-date information are transacted through the website.• Providing high-quality service (ISO9001 Certification acquired).• Providing high-precision control calibration services (JCSS Certification acquired).• Practicing CS questionnaire survey.

Anritsu Technics Co., Ltd.	
Outline	The Company provides speedy services precisely meeting customer needs in such businesses as image collection/distribution systems, IP telemetering and controlling systems, road/river information systems and optical lines surveillance systems.
Activities	<ul style="list-style-type: none">• Providing remote-maintenance services, depending on models.• Providing all-day/all-year service to cope with urgent requests.• Providing high-quality services (ISO9001 Certification acquired).

In Harmony with Employees

With respect for diversity of personalities and talents, Anritsu encourages employees to fulfill their potential as “independent professionals” and aims to be a company of which they can be proud.

Developing Human Resources

A company is only as competitive as its people, so it makes sense to develop the potential of employees amply. What they learn in the process ultimately makes them “professionals well accepted by society” and adds value to the company. This is a win-win relationship between Anritsu Group companies and the individuals who comprise them.

Education/training programs that help employees master languages and business skills are periodically reviewed and improved by the working group meeting within the group companies. Through the in-house staff recruitment system, in-company venture entrepreneur system and others, we help employees develop their careers. We award High Performer Prizes for model initiatives and results related to qualification acquisition, external thesis presentation and volunteer activities, which support employees’ spontaneous manpower development and social contribution activities.

In 2005, a human-resource exchange program starts between Japan, the U.S.A., Europe and Asia in order to further develop abilities of employees who are expected to work globally.

Promoting Human Rights and Employment of the Handicapped

Anritsu Corporation provides each class of employees with human rights training, and managers with information about respecting human rights. In addition, the company arranged seminar and video presentations for employees concerning human rights during Compliance Reinforcement Week. By these arrangements, each employee gains an enriched understanding of the issue.

Handicapped persons account for 1.31% of the company’s total employment, as of March 2005. We aim at raising this to 1.8%, a legislated ratio, by 2007. We thereby set up a three-year program to increase employment of the handicapped, as we create the jobs and develop new working conditions for handicapped persons to maximize their abilities in cooperation with co-workers.

Support for the Balancing of Work and Family

Since fiscal 2004, Anritsu Corporation has extended the

period for temporary post-natal childcare leave, and now provides employees returning from childcare leave with a medical nursing holiday (one paid day per month) that is usable for child nursing, protective inoculation services and baby/infant health examinations. With such services, Anritsu Corporation’s employee support program now exceeds the required legal standards.

In April 2004, Anritsu Corporation established the “Committee for Reconciling Job and Nurture”. Based on an oral survey of employees, the company realized the necessity to maintain/upgrade job skills during childcare, and to provide temporary childcare holidays when children become sick, and care of school children. These subjects will be integrated to our Action Plan (submitted to the manager of the Kanagawa Prefecture Labor Dept.) based on the “Next-generation family promotion law,” in order to provide a job environment that makes it easier for employees to work.

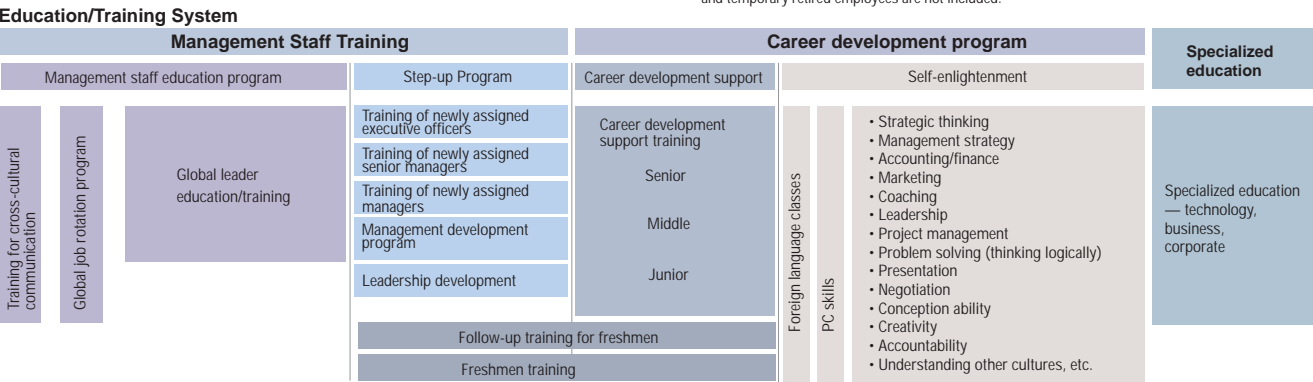
Social Contribution Activities by Employees

In fiscal 2004, Anritsu Group companies and labor unions made timely relief contributions to people suffering from earthquakes such as the Niigata Chuetsu Earthquake and the Great Sumatra Earthquake. Employee humanitarian activities also included the appointment of a lecturer for sign-language lectures, and the acceptance of university and high school interns (13 students invited in fiscal 2004), among others.

Recognition of these employees’ volunteer activities will play an increasingly important role in the future. Therefore, we have a plan to convene a labor-management conference to establish concrete measures by April 2006.

Basic Employee Data on Anritsu Corporation		FY 2003	FY 2004
No. of employees Figures in parentheses show no. of managers included in the total number.	Male	1,065 (227)	1,064 (243)
	Female	134 (3)	130 (3)
	Total	1,199 (230)	1,194 (246)
Average age		39.5	40.4
Average working years		16.5	17.2
Rate of handicapped employees		1.16	1.31
No. of employees who took paid childcare leave		8	7
Inhouse staff recruitment system	No. of applications	3	6
	No. of employees who shifted position	5	7

Note: As of the end of each year. Numbers refer only to Anritsu Corporation. Temporary transferred and temporary retired employees are not included.



In Harmony with Suppliers and Partners

Anritsu regards suppliers and partners as clients who share Anritsu’s manufacturing lines. In this respect, we seek to progress in tandem by enhancing harmony and tightening cooperation.

Basic Stance for Materials Procurement

Anritsu procures its materials and resources in a spirit of fairness and harmony, and in full compliance with the law.

Compliance	Anritsu conducts business in full compliance with the Subcontract Law, the Antimonopolies Law, the Intellectual Property Law and other relevant laws.
Fairness	Anritsu keeps the door open to new potential suppliers and partners in a spirit of fairness at all times.
Harmony	Anritsu builds relationships in a spirit of sound cooperation with all suppliers and partners.

Customer reliability and credit for Anritsu products depend on the supply of high-quality production materials and services from many suppliers and partners, based on trust that has been built over many years. Anritsu’s Procurement Dept. is committed to building mutual trust, purchasing required resources and services according to proper quality, price and delivery terms, from global markets based on fair judgment and in full observance of the law.

Information Exchange with Suppliers and Partners

Anritsu considers the exchange of information with suppliers and partners indispensable to maintaining mutual trust, cooperation and business tie-ups. With this in mind, top-level meetings are held among Anritsu and its suppliers and partners (Fujimi Meeting, twice a year); for information exchange (between counterparts at the working level, twice a year); and for socializing (once a year) to explain the status quo of Anritsu and the market, the production trends, and for the general exchange of information, to ensure smooth, efficient procurement and a relationship of mutual reliance.



Fujimi Meeting (January 2005)

Joint Activities with Suppliers and Partners

To reinforce cooperation and deepen mutual understanding with suppliers and partners companies, Anritsu has been organizing seminars (twice to three times per year) and

tours on subjects such as environmental issues, management skills and production innovation. With the joint activities, we are improving our knowledge and expertise about common subjects.



Seminar

Improvement of Proposal Activities

Opening the door to new trading opportunities and acquiring new technology in a spirit of fairness, Anritsu Corporation holds “New Technology Introduction Seminars” about 10 times per year, and “Components Exhibitions” once a year for suppliers and partners.

Through such activities, we seek to strengthen cooperation between suppliers/partners and the Anritsu Group Development Dept., in order to expand the scope of our businesses with them.



Components Exhibition

Partner QU Proposal System

Based on the recognition that suppliers and partners are an integral part of our manufacturing lines, Anritsu promotes improvement activities in close cooperation with the suppliers and partners, accepting advice and suggestions for improvements from outside Anritsu as partner QU proposals*. Each year, many proposals are offered, contributing to improvements in Anritsu’s operations and reinforcing our links with suppliers and partners.

*Quality Up proposals from suppliers and partners.

In Harmony with Local Communities

In line with our commitment to improve good corporate citizenship ethics, Anritsu contributes to the development of local communities in cooperation with local governments and associations. The followings are the examples in Atsugi City, Japan, where Anritsu Corporation headquarters are located, and some of Anritsu Company in U.S.A.

Local Community Exchange Activities

Through involvement in activities sponsored by Atsugi City and the Atsugi Chamber of Commerce, Anritsu increases exchanges with local residents and seeks to bring greater prosperity to Atsugi City. At the “Atsugi Commerce and Tourism Festival,” Anritsu explains its business activities and its relationship with an information-rich society and a safer food culture through product displays, while answering questions from community residents. At the “Atsugi Technical Fair,” Anritsu participates as a member of the Management Committee, nurturing local industry through the introduction of leading-edge technologies, and in 2004 Anritsu Engineering Co., Ltd. participated as an exhibitor. On February 1, 2005, Atsugi City celebrated its 50th anniversary, and with the campaign slogan of “IT (Information Technology) Town for Tomorrow,” declared its commitment to enhancing development. Since Anritsu Corporation founded the Atsugi Plant in 1961, we have contributed to building an information communications network society and maintained a close relationship with the local community, therefore we were proud to take part in this memorial event celebrating the anniversary.

Exchange with Community Residents

Anritsu cooperates with the Onna Self-government Association Union, which promotes activities under the slogan of “Making Onna a criminal-free town”, allowing people who encounter a crime or accident to use the Anritsu guard gate buildings as an emergency refuge. We take part in the “Atsugi Fish Festival” (fireworks festival) held each year in Atsugi City, and cooperate with the City communication exchange activities in the form of a donation.



Cooperating in crime-prevention patrols

Prospering with Communities

Through participation in the “Sagami River Cleanup Campaign,” the “Illegal Waste Dumping Prevention Campaign,” the “Clean Atsugi City Campaign” and other activities for cleaning riverbanks, parks and roadsides, Anritsu promotes coexistence with society at the local level. Upon



Sagami River Cleanup Campaign

request, we also make our environment-related facilities at our Atsugi site available for visits, enabling people to observe our organic refuse disposal.

Supporting Sound Growth of Children and Sports Activities

Anritsu provides backing for the “Atsugi City Soccer Association” and its “Boys Committee,” sponsoring the Atsugi City Boy’s Soccer Event (awarding the Anritsu Cup, among others). Through these soccer games, Anritsu strives to promote sportsmanship and the sound growth of children.



Certificate of Appreciation issued by Atsugi City Soccer Association

Educational Support

Anritsu accepts student interns from the Atsugi Shogyo Kotou Gakkou (a commercial high school) offering students a chance to understand the importance of work and economics through on-the-job training.

Blood Donation Activities

Anritsu Company (U.S.A.) supports the Oregon Branch of the American Red Cross through employee blood donation activities and the donation of measuring instruments (site masters).



Future Activities

Anritsu’s activities are limited in what they can accomplish alone. So we shall continue to work with community residents to promote activities that meet local needs and create the most comfortable place to live. Anritsu considers support for appropriate NPO/NGO activities from its current starting point with the purpose of building a better society.

In Harmony with the Environment

All Anritsu employees recognize the importance of protecting the environment and introducing environmental improvements into business activities. Indeed, Anritsu is committed to providing not only the most advanced technology in terms of performance, quality and price, but also to products that are environmentally friendly



Anritsu Corporation and its Group Companies uphold a basic environmental principle to develop and make products that contribute to the creation of an affluent society in which people can coexist with nature, with sincerity,

harmony and enthusiasm. Indeed, bearing this principle in mind, each Anritsu employee is making efforts to create an Eco-Office, Eco-Factory and Eco-Products by recognizing the vital importance of the environment.

In February 2003, the EU government issued two new product directives – Waste of Electrical and Electronic Equipment (WEEE) and Restriction of the use of certain Hazardous Substances in EEE (RoHS) – and will enact the WEEE on collection and recycling of products soon. As a manufacturer of electronic/electric equipment, Anritsu has studied and prepared measures to comply with these regulations. At present, measuring instruments and checkweighers – major Anritsu products – are exempt from RoHS directive regulations. However, we consider it our corporate social responsibility to limit the use of hazardous substances and shall promote the development of products that do not use them as a key part of our environmental management.

In the field of environmental preservation, Anritsu has achieved zero emission* of wastes at our Atsugi and Tanasawa Sites. Since our Tohoku Site had already accomplished this target in 2001, this means that all Anritsu Group manufacturing/development depots in Japan have now achieved zero emissions. While maintaining this rigorous standard, in the future we plan to tackle such targets as waste reduction and prevention of global warming, for the purpose of preserving our planet's environment.



K. Takahashi

Vice President
General Manager of
Environmental Promotion Center

*Activities aiming to eliminate the output of waste by recycling the waste generated in our offices and plants during the manufacturing processes or other operations as raw materials.

throughout their life cycle. In every sphere of our corporate activities, Anritsu promotes environmental corporate management toward a more sustainable society.

Concept of Environmental Management

- Participation in group events for environmental conservation and related activities
- Supply of Anritsu's products, technology and services to solve global environmental problems.
- Promotion of global environment-protection activities

Social Contributions

Through environmental improvement efforts such as energy conservation in office, waste management, resource conservation, etc., we support manufacturing of ecological products and expansion of ecological factories.

Eco-Office

We supply leading products that are environmentally friendly throughout their life cycles and that satisfy users' needs based on performance, quality and price.

Eco-Products

While promoting acquisition of the Environment Management System (ISO14001), we make efforts to improve environmental audit and increase performance. Through the above, we advertise our management attitude to the environment and provide information to stakeholders such as local residents, stockholders and customers.

Ecological Management

While promoting environmental conservation based on legal regulations, etc., we make efforts to improve the global environment through energy reduction and conservation, waste management, etc., in each factory process.

Eco-Factory

By fully recognizing his or her own role, each employee works to promote environmental improvement and a sustainable society.

Ecological Minded Employees

Environmental Management Promotion System in Japan

Anritsu Group's Environmental Management System
(As of April 2005)

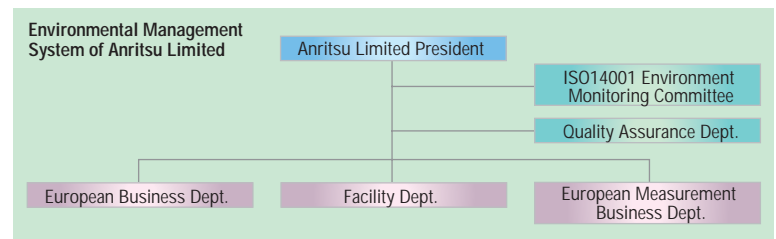
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graph LR
    ED[Environmental director] --> EMR[Environmental management representative]
    ED --> IAT[Internal audit team]
    ED --> LAP[Legally authorized personnel in charge]
    ED --> EMC[Environmental Management Committee]
    ED --> PAC[Product Assessment Committee]
    ED --> LSC[Lead-free Soldering Committee]
    ED --> EPC[Environmental Promotion Center]
    EMR --> RDC[R&D Centers (including Intellectual Property Dept.)]
    EMR --> PD[Procurement Dept.]
    EMR --> MBG[Measurement Business Group]
    EMR --> SSBD[System Solution Business Div. (including Anritsu Technics Co., Ltd.)]
    EMR --> PMBD[Precision Measurement Business Promotion Div.]
    EMR --> PFBPD[PureFlow Business Promotion Div.]
    EMR --> AEC[Anritsu Engineering Co., Ltd.]
    EMR --> ACS[Anritsu Customer Services Co., Ltd.]
    EMR --> AIS[Anritsu Industrial Solutions Co., Ltd.]
    EMR --> AK[Anritsu Kousan Kabushiki Kaisha]
    EMR --> ATC[Anritsu Techmac Co., Ltd.]
    EMR --> SD[Sales Division]
    EMR --> AD[Anritsu Devices Co., Ltd.]
    EMR --> TAC[Tohoku Anritsu Co., Ltd.]
  
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The diagram illustrates the organizational structure of Anritsu Group's Environmental Management System as of April 2005. At the top is the **Environmental director**, who oversees several key areas:

- Environmental management representative**: This role oversees a wide range of business units and divisions, including:
 - R&D Centers (including Intellectual Property Dept.)
 - Procurement Dept.
 - Measurement Business Group
 - System Solution Business Div. (including Anritsu Technics Co., Ltd.)
 - Precision Measurement Business Promotion Div.
 - PureFlow Business Promotion Div.
 - Anritsu Engineering Co., Ltd.
 - Anritsu Customer Services Co., Ltd.
 - Anritsu Industrial Solutions Co., Ltd.
 - Anritsu Kousan Kabushiki Kaisha
 - Anritsu Techmac Co., Ltd.
 - Sales Division
 - Anritsu Devices Co., Ltd.
 - Tohoku Anritsu Co., Ltd.
- Internal audit team**
- Legally authorized personnel in charge**
- Environmental Management Committee**
- Product Assessment Committee**
- Lead-free Soldering Committee**
- Environmental Promotion Center**

The Environmental Management System of Anritsu Limited (AUK) has been in place since 1999. In March 2000, AUK's system was accredited with the international ISO14001 standard. Cornerstones of the EMS are management commitment and employee involvement. Each month, the EMS is a topic for discussion at an AUK Management meeting attended by all senior managers. Environmental targets are reviewed, including electricity and paper consumption. Through such tracking, the AUK Management team is able to define new targets, substantially minimizing Anritsu UK's environmental impact. On top of this, every six months senior management conducts a more comprehensive review of the entire environmental system. Topics include environmental legislation, impact, working practices and changes in technology. Management may set the policies and targets, but it is up to the employees to carry them out. AUK Management appeals to each employee, requesting they consume no more than necessary and that all waste be recycled for treatment. To encourage this, each month employees receive feedback on the amount of electricity and paper consumed. Recycling facilities have been set up for waste drinking cups, paper, magazines and junk mail, aluminum drinking cans and spent toner cartridges.



Anritsu USA has always prided itself on its environmental consciousness, and has been awarded a Certificate of Environmental Excellence and Leadership from the city of Morgan Hill. This certificate was presented to Anritsu USA in recognition of its status as the city's first certified "Green Business." Anritsu USA has maintained this certification since 1998 and continues to seek new ways to enhance its environmental efforts.

As a community environmental leader, the following are among some of the initiatives Anritsu USA has accomplished in the areas of Energy Conservation, Water Conservation, Solid Waste Reduction and Pollution Prevention:

Environmental Management Structure of Anritsu Company (U.S.A.)

- City of Morgan Hill awards for Water Conservation and "Business Recycler of the Year"
- Motion lighting on Morgan Hill campus
- A computerized program monitors the amount of landscaping water to eliminate runoff and over-watering
- A computerized system controls heating and cooling in office areas
- One hundred percent recycling of cardboard boxes, white and mixed paper, Styrofoam, copier cartridges, NiCad batteries and packaging foam
- Obsolete office equipment and supplies are made available to school teachers
- Wet trash has been reduced from 40 yards to 20 yards per week
- Old computer and electronic parts are recycled, ensuring they do not end up in landfill
- Exit lights have been replaced with LED technology, saving 60% electricity
- All cleaning products are environmentally friendly "green products."

Companies in the Anritsu Group that have acquired ISO14001 certification are shown below.

Companies with ISO14001 Certification	Certification Date
Anritsu Corporation	August 1998
Group companies in Atsugi Site	
Anritsu Industrial Solutions Co., Ltd.	(October 2002/registration extended) ^{*1}
Anritsu Customer Services Co., Ltd.	(October 2002/registration extended)
Anritsu Technics Co., Ltd.	(October 2003/registration extended)
Anritsu Engineering Co., Ltd.	(October 2002/registration extended)
Anritsu Kousan Kabushiki Kaisha	(October 2002/registration extended)
Anritsu Techmac Co., Ltd.	(October 2003/registration extended) ^{*1}
Anritsu Pro Associe Co., Ltd.	(October 2003/registration extended) ^{*1}
Group company in Tanasawa Site	
Anritsu Devices Co., Ltd.	(October 2003/registration extended) ^{*2}
Group company in Tohoku Site	
Tohoku Anritsu Co., Ltd.	(Independently acquired in October 1999 and integrated in October 2003)
Anritsu Limited (U.K.)	March 2000

Every year, an ISO14001 certification organization conducts an external examination of Anritsu. An annual internal environmental audit is also conducted to evaluate the environment management system and environmental performance. For departments involved with compliance, an internal environmental audit has been conducted once a year to confirm compliance with relevant laws. In 2004, this internal audit was replaced by the environment compliance audit of NEC Corporation.

Environmental technology seminars are given to deal with the EU's increasingly stringent environmental laws and to deepen awareness at the development stage of environmentally conscious products, including "clean design." The content of such seminars is then shared via a house magazine in order to educate the maximum number of employees. Educational activities are conducted via the intranet as well.

Anritsu has issued Environmental Report each year since 2000. For an introduction to past environmental preservation activities, Japanese and English Editions can be downloaded from the Anritsu website.

The image shows a two-page spread from the Japanese magazine "ザ・マネー" (The Money). The left page features a large green bar chart titled "2007年10月の家賃動向" (Trends in Rent for October 2007). The chart shows a significant increase in rent across various categories, with the highest increase in the "100万円以上" (Over 1 million yen) category. The right page contains several articles, including one about the "2007年10月の家賃動向" (Trends in Rent for October 2007) and another about "2007年10月の家賃動向" (Trends in Rent for October 2007). The magazine's masthead "ザ・マネー" is visible at the top left.

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Environmental Objectives and Results for Fiscal 2004

For fiscal 2004, Anritsu defined a total of 15 activities as Eco-Office, Eco-Factory and Eco-Products goals on a group-wide basis within Japan. Thus far, 14 have already been accomplished. Moreover, all Anritsu Operation Sites have achieved zero emission. The development of environmentally conscious products has significantly surpassed the original objectives.

Objectives and Results Report

Waste reduction and recycling: Some inorganic sludge and waste plastics that were previously disposed of on landfills, have been made recyclable. This increased the industrial waste recycling rate to 99% or higher, achieving the zero emissions target.

Resource and energy conservation: Both electricity consumption and overall carbon dioxide emissions cleared annual energy usage objectives in terms of unit initial input (building floor area).

Eco-products: Environmentally conscious products – including measuring instruments, information and communications equipment, industrial automation and others – accounted for 67% of the total annual development models. Two objectives – development of models that save 10% or more on resources, and those that improve power consumption by 30% or more – have largely surpassed annual targets. Two sites could not accomplish the target to eliminate the use of lead from products due to postpone requested by customers and delay of development schedule, however, each site independently continues to work for it in fiscal 2005.

Green purchasing: The initial objective for introducing low-emission vehicles was 79%, but early successes led to establishing a more ambitious goal.

Reducing risks posed by chemicals: After studying measures to cope with the failure to reach voluntary control limits for inorganic wastewater in fiscal 2003, the “zero” objective was accomplished in fiscal 2004. Annual objectives were also accomplished for two other items.

Activities related to sales department: Sales activities for environmentally conscious products, introduced in fiscal 2004, achieved annual objectives in tandem with promotion of corresponding model development. We plan to offer customers a richer lineup of environmentally conscious products.

Achievements compared with as against for fiscal 2004 ○ : Fully attained △ : Attained 80% or higher × : Not attained

Item		FY 2004 Objective	FY 2004 Result	Evaluation
Waste reduction and recycling	• Increase of the industrial waste recycling rate to 99% by FY 2004*1 • Achievement of zero emission*2 by FY 2004*1 • Reduction of the volume of industrial waste generated by 70% by FY 2006 from that in FY 2000	99%	99.9%	○
		Landfill rate: 1% or less	0.0%	○
		–66%	–72%	○
Resource and energy conservation	• Reduction of electricity consumption by 25% by FY 2006 from FY 1990 levels in terms of unit initial input*3 • Reduction of the overall carbon dioxide emission by 36% by FY 2006 from that in FY 1990 in terms of unit initial input*3	–23%	–27%	○
		–34%	–39%	○
Eco-Products	• Development of environmentally conscious products*4 by 60%*5 or more by FY 2006 • Annual development of 30%*5 of models that save resources by 10% or more (Items: volume, mass, decomposition time and power consumption) • Annual development of 20%*5 of models that improve power consumption by of 30% or more. • Banned the use of lead solder against products planning the use of lead-free solder by July 2006.	40%	67%	○
		30% (Average of 4 items)	71% (Average of 4 items)	○
		20%	48%	○
		more than 1 model at each operation division	Not accomplished at two operation divisions	×
Green Purchasing	• Increase of low-emission vehicles by 98% of all vehicles by FY2006	88%	89%	○
Reduction of the risk posed by chemicals	• Maintenance of zero excess over the voluntary control limits for inorganic wastewater • Action against risks posed by chemicals • Reduction of the usage amount of chemicals under statutory control by 62% by FY2006 from that in FY 2000.	0 case	0 case	○
		5 cases	8 cases	○
		–60%	–63%	○
Activities relating to sales department	• 10% increase in supply of number of environment-conscious products*4 by FY 2006 from that in FY 2004 levels	+5%	+8%	○
Activities relating to transport department	• Reduction of the usage ratio*6 by urethane packaging resin to 40% or less by FY 2006	46% or less	38%	○

*1. These items apply to the Atsugi and Tanasawa Sites; the Tohoku Site had already accomplished zero emissions.
*2. Zero emission: Situation in which the proportion of waste disposed of on landfill (industrial wastes and general wastes) is 1% or less.
*3. Unit initial input: Unit for building floor area.
*4. Environmentally conscious products: Products meeting the Anritsu criteria for environmentally conscious products.
*5. Proportion in relation to the total number of equipment models completed in the respective fiscal year.
*6. Usage rate = Amount of urethane used after packaging improvement / Amount of urethane used before packaging improvement

Environmental Objectives for Fiscal 2005

All objectives were reviewed based on results of activities in fiscal 2004, legal regulations and changes in social movements. Ten items were then fixed as objectives of all Anritsu Group companies to continue in fiscal 2004 in order to further increase our environmental performance. Based on these objectives, each group company and operating body are promoting by setting its own specific objectives.

Reviewing Objectives

Since we achieved initial goals for reducing chemical substances regulated by law and measures for reducing chemical-substance risk, these have been deleted from the Anritsu Group’s objectives for fiscal 2005. Hereafter, each operation body that needs them will promote its own activities as required. The goal of completely eliminating the use of lead solder from Eco-Products has also been removed from Anritsu Group objectives. Each operating body will continue activities for the reduction of lead solder by setting its own product goals, based on legal regulations and customer requests. Activities of the Sales Department to supply environmentally conscious products have also been removed from the Anritsu Group’s objectives. Each operating body will continue to carry out the necessary activities as required.

Environmental objectives for Fiscal 2005

Item		FY 2005 Objective
Waste reduction and recycling	• Maintenance of zero emission • Reduction of the volume of industrial waste generated by 74% by FY 2007 from that in FY 2000	Landfill rate: 1% or less –72%
Resource and energy conservation	• Reduction of electricity consumption by 28% by FY 2007 from that in FY 1990 in terms of unit initial input (building floor area) • Reduction of the overall carbon dioxide emission by 39% by FY 2007 from that in FY 1990 in terms of unit initial input (building floor area)	–27% –38%
Eco-products	• Development of environmentally conscious products by 70% by FY 2007 • Annual development of 30% of models that save resources by 10% or more (Items: volume, mass, decomposition time and power consumption) • Annual development of 20% of models that improve power consumption by 30% or more	50%
		30%
		(Average of 4 items)
		20%
Green purchasing	• Increase of low-emission vehicles by 98% of all vehicles by FY 2006	96%
Risk avoidance by chemicals	• Maintenance of zero excess over the voluntary control limits for inorganic wastewater	0 case
Activities relating to transport department	• Reduction of the usage ratio by urethane packaging resin to 36% or less by FY 2007	40%

Additional Objectives

In addition to the all-Anritsu objectives introduced above, from 2005 we shall place greater emphasis on taking advantage of the unique features of each group company and business operations body. Each shall set its own targets and promote activities to realize Eco-offices, Eco-factories and Eco-products.

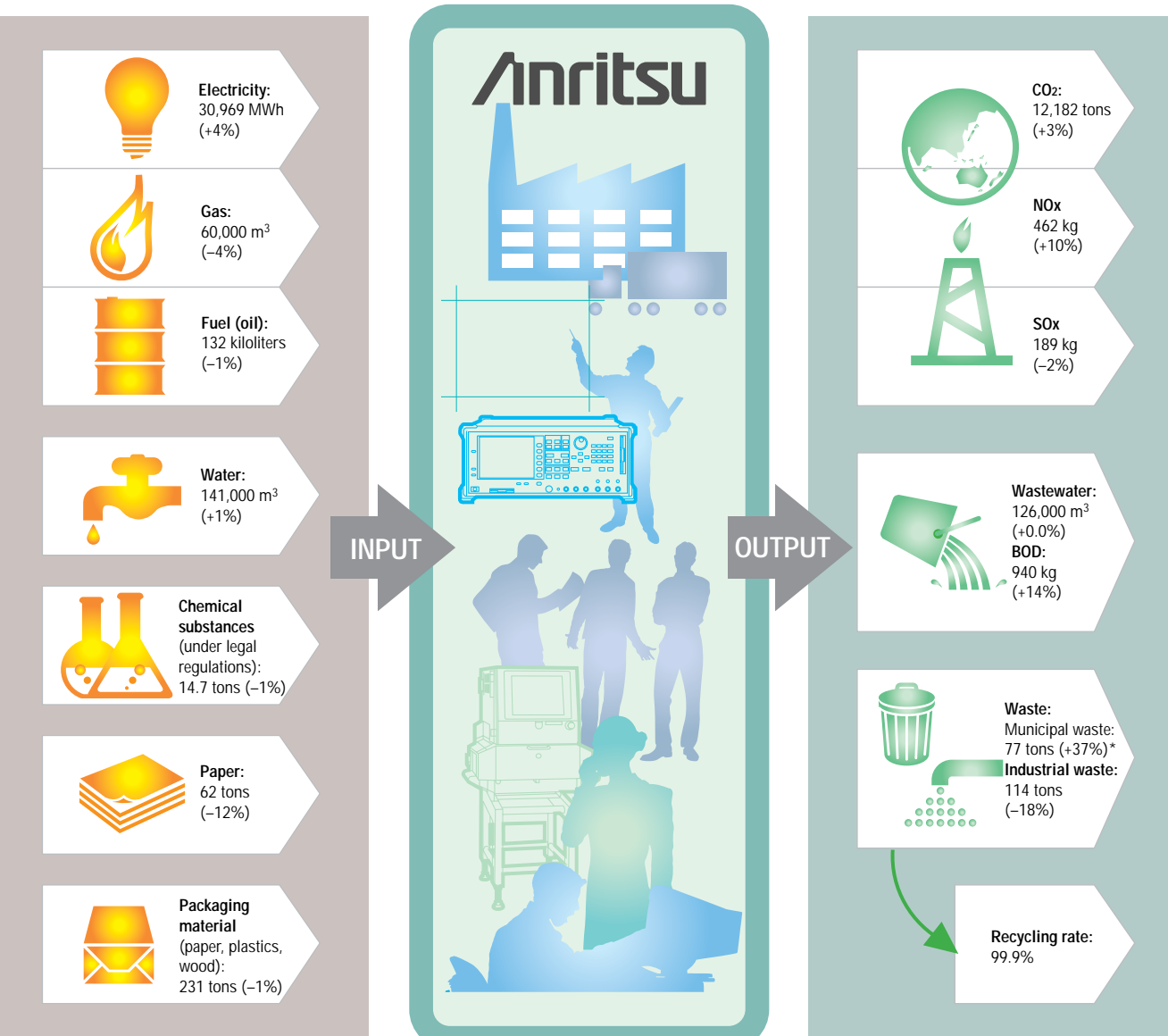
• Major Activity Samples

Service Dept.: Increase the level of reuse of packaging material for product maintenance and servicing. (Objective for FY 2005: Recyclability of 70% or more)

Material Procurement Dept.: Promote environmental conservation activities together with suppliers and partners. (Objective for FY 2005: Increase the number of suppliers and partners approved as an ‘Environmental Partner Company.’)

Environmental Load Mass Balance

The following chart shows the mass balance of environmental load as a result of Anritsu's business operations in Japan (Atsugi, Tanasawa and Tohoku sites). Figures in parentheses show the increase or decrease from the preceding year.



* Increase in municipal waste largely due to re-classification of wood waste from industrial waste to municipal waste.

INPUT

Electricity:	Electrical power purchased from the power company to be used at worksites and offices
Gas:	Utility gas used as energy
Fuel:	Crude oil and diesel oil used as energy
Water:	Tap water and ground water (recycled water excluded)
Chemical substances:	Chemical substances that are regulated by law (such as toxic agents, poisonous or hazardous substances, organic solvents and other specific chemical substance).
Paper:	Copy paper and EDP paper used at worksites and offices
Packaging material:	Wrapping, packing and packaging material of products and packaging material for transportation

OUTPUT

CO₂:	Carbon dioxide generated as a result of using electricity, gas and other fuel
NO_x:	Nitrogen oxide generated as a result of using gas and other fuel
SO_x:	Sulfur oxide generated as a result of using gas and fuel
Wastewater:	Wastewater discharged from the production systems and domestic water
BOD:	Biochemical oxygen demand
Municipal waste:	Waste other than industrial waste that is generated as a result of business activities (such as waste paper, cardboard, and kitchen waste)
Industrial waste:	Of waste generated as a result of business activities, those regulated by the "Waste Disposal and Public Cleaning Law" such as sludge, waste plastic, waste acid and waste alkali
Recycling:	Using waste materials as resources or new materials by reusing or recycling them (thermal and material recycling)

Environmental Accounting

Since fiscal 2001, Anritsu has carried out environmental accounting in accordance with guidelines from Japan's Ministry of the Environment. Through this practice, we strive to improve the effectiveness and efficiency of our environmental conservation activities through quantative management of monetary value and physical units.

Environmental Accounting

Since fiscal 2003, we have used a statistical data system built into our intranet to increase efficiency and frequency of data collection for a more precise look at our consumption and disposal habits. Incorporated into our Environmental Report since 2001, this information can also be found in company brochures, on our website and in other media. It allows every stakeholder (investor and member of the local community) to make a well-informed assessment of our environmental conservation activities. This same information is also available in the current Anritsu CSR (Corporate Social Responsibility) Report.

Actual Achievement for 2004

In fiscal 2004, total costs doubled due to the expense of developing environmentally conscious products to cope with EU directives and other environmental conservation laws. Although no investments were made for global warming prevention, 12.5 million yen was spent to improve the efficiency of air-conditioning equipment and introduce various energy-saving measures, enabling us to successfully reduce CO₂ emissions by 133 tons over fiscal 2003. In regards to waste, the overall volume reduction was less than in fiscal 2003. This is because waste volume itself was reduced from 139 to 114 tons. We anticipate a continuation of this tendency because we will conduct activities to further reduce waste volume.

Aggregation scope: Anritsu Group companies in Japan
Target period: from April 1, 2004 to March 31, 2005

Environmental conservation cost					Effect*1	Related page	
Category	Breakdown		Investment amounts (in million yen)	Cost amounts (in million yen)	Economic effect (in million yen)		Volume reduction effect
Business area cost	Pollution prevention cost (risk measures included)		1.2	19.5	0.5		23, 25, 32
	Global environmental conservation cost	Prevention of global warming		12.5	7.7	133 (t-CO2)	23, 25, 34
	Resource circulation cost	Resource recycling/utilization activities		4.3	8.7	6.8 (t) (paper reduction)*2 114 (t) (Reduction of waste by incineration and landfill)*3	25, 34, 35
		Waste disposal cost			57.9		7.3
Upstream/ downstream cost	Green purchase/procurement cost			20.2			31
	Design of environmentally conscious products			55.6			27-30
	Recycling and treatment of products, containers and packaging			3.4			35
Administration cost*4	Environmental education/manpower training			29.3			22
	Operation and maintenance of EMS and internal audit			109.2			22
	Environmental load monitoring and measurement cost			27.4			23, 25, 32
	Personnel expenses of environmental conservation organization			36.2			22, 32
	Greening and upkeep of greenery			32.0			22
Social activity cost	Support and financial contribution to community groups, environmental conservation bodies, etc.			1.2			22
	Disclosure of information			13.0			22
Research and development cost	Research and development to reduce environmental loads			19.6			28-30
Environmental remediation cost	Cost incurred for dealing with environmental degradation			0			33, 34
	Total		1.2	441.5	24.1		
	Fiscal 2003		3.0	407.2*5	36.5		
	Increase and decrease from previous year		-60.0%	8.4%	-34.0%		

*1. Estimated benefit was abolished from fiscal 2003.

*2. Reduction of paper from the previous year

*3. Reduction of waste by incineration and landfill: Recycled volume was calculated by subtracting volume incinerated or buried from the total volume of industrial waste generated

*4. Greening and upkeep of greenery cost was incorporated from fiscal 2003 administration cost.

*5. Since the cost distribution for environmental conservation activities was reexamined from this year, the cost used was less than fiscal 2003 (456.7 million yen).

Future Activities for Environmental Accounting

Since waste output volume reduction activities have enabled us to achieve our zero emissions target, we shall increase management activities to maintain this zero-emission status. We shall also continue to conduct environmental accounting, newly develop an index to assess whether our environmental conservation activities function effectively or not, and disclose useful economic information related to environmental conservation activities both internally and outside the Anritsu Group.

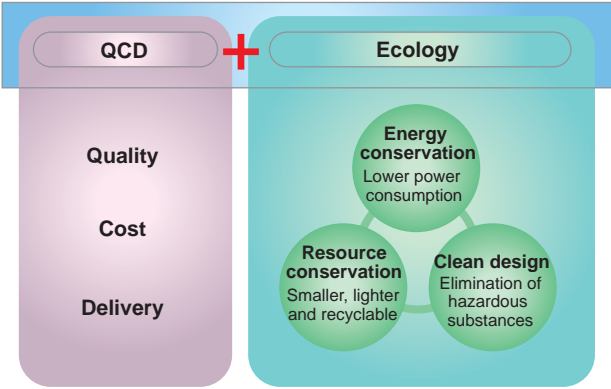
Development of Environmentally Conscious Products

At Anritsu, we actively promote the development of environmentally conscious products that are smaller, lighter products with lower power consumption and longer durability that make use of the least amount of precious natural resources, and that do not influence health when they are manufactured, used or disposed of.

Development of Environmentally Conscious Products

When developing new products, Anritsu believes ecology works in tandem with conventional factors such as quality, price and delivery. Although we had previously conducted product assessments at the development stage, in order to further enhance the level of quality, we compiled the “Eco Design Guide” in fiscal 2004. This guidebook introduces information such as hints for product design, practical designing samples, recommended components and materials, in response to product assessment check items. This is shared via Anritsu’s intranet. In the future, we shall promote the development of environmentally conscious products at global Anritsu manufacturing sites.

Development of environmentally conscious products



Anritsu's company intranet



Top page of Eco Design Guide

The WEEE and RoHS Directives

The European Union WEEE and RoHS directives were introduced to reduce the wasteful disposal of electronic equipment and restrict the use of hazardous substances, respectively. Taking effect in August 2005, the WEEE (Waste of Electrical and Electronic Equipment) directive makes manufacturers responsible for the compulsory recovery and recycling of products. The RoHS (Restriction

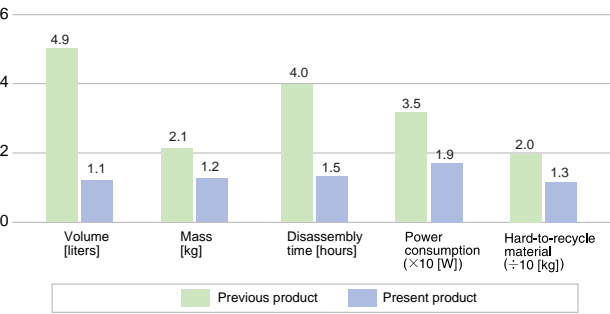
of the use of certain Hazardous Substances in Electrical and Electronic Equipment) directive will go into effect in July 2006 by imposing restrictions on the use of specific hazardous substances. Similar legal regulations are also under planning in China, the United States and Japan. In this way, environmental policy for hazardous chemical substances is growing rapidly, and on a global scale. To actively cope with such social requirements, Anritsu globally promotes its activities, such as establishing product recovery routes for recycling and reducing the use of hazardous substances, in close cooperation with its group companies in Japan, the U.K., the U.S. and other regions around the world.

Product Assessment

Anritsu conducts an assessment on every newly developed product to reduce its environmental load. The following example describes the EC2060A Optical Dual Access Transmitter.

Major improvements

- Volume and mass: Use of smaller components and high-density component integration
- Power consumption: Unification of power sources, adoption of high-efficiency power sources and low power-consumption components.
- Difficult-to-recycle materials: Elimination of the use of compound materials for cabinets



Product outline

The EC2060A Optical Dual Access Transmitter features a compact, lightweight and low power-consumption design with excellent environmental durability and is ideal for the optical IP design of outdoor equipment such as monitor cameras and wireless LAN base stations.



EC2060A Optical Dual Access Transmitter

Energy Conservation Design

We are committed to the design of energy-saving products for contributing to the prevention of global warming. For example, we have succeeded in reducing power consumption of the MV0704A Multilayer Switch by 86.4% from that of the conventional model.

Major Improvements

- Adoption of intermediate bus architecture, point of load Power Distribution System and high-efficiency DC-DC converter
- Adoption of low power consumption (newest process/low-voltage) LSIs and high-density LSIs
- Adoption of smaller fans through heat analysis

Product outline

The MV0704A Multilayer Switch is a high-reliability/high-performance switch that supports video distribution networks. It realizes superior video transmission and video switching of a quality equal to conventional analog video distribution systems by enhancing IP multicast performance and fault-recovery functions indispensable for real time video distribution.

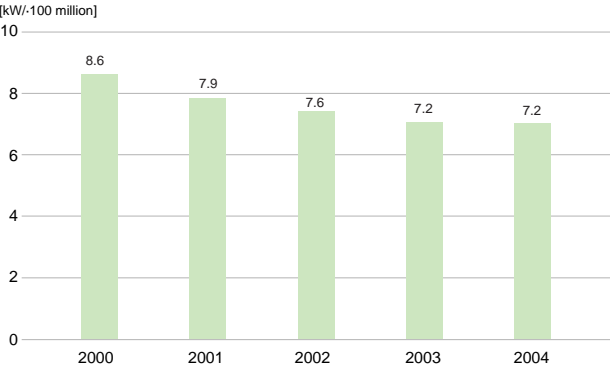


MV0704A Multilayer Switch

Transition of Energy Conservation of Products

To provide customers with energy-saving products, we are working toward the “Development of models that improve power consumption by of 30% or more” as our target. Product’s power consumption per sales of ¥100 million remained at the same level in fiscal 2003 and 2004, however, we continue to reduce power consumption of products.

Transition of energy conservation of products for sales



Clean Design

In response to the RoHS Directive established by the European Union, we make effort to reduce hazardous substances in our products. Although measuring instruments – Anritsu’s principal products – are currently exempted from the scope of the RoHS Directive, we are taking steps to reduce those substances covered by the Directive.

Lead-free Soldering

The solder conventionally used in electronic equipment contains lead, which is classified as a hazardous substance. Since 1998, Anritsu has established core technologies for practical lead-free soldering by reviewing soldering materials and equipment, developing reliable mounting technologies and gathering other relevant information regarding lead-free soldering of purchased electronic components. Since fiscal 2004, we have incorporated lead-free designs into our development of new products. We have also utilized components and promoted product designs that do not require lead soldering. Moreover, at the manufacturing stage, Tohoku Anritsu Co., Ltd. has completed a mass-production system and begun shipment of lead-free products.

Clean Surface Treatment

Conventional surface treatment processes for our products involved the use of hexavalent chromium and lead. To eliminate those substances from surface treatment, we work closely with partner companies engaged in painting and chemical processing, and it is also necessary to establish the SCM* from the viewpoint of environmental conservation. For that, a close cooperation with related sections is required for the establishment of alternative technology, instruction of contractors, collection of needs from the operation division, etc.

To handle these subjects, Anritsu established the Working Group for Clean Surface Treatment. The Group is investigating alternative materials, establishing lead-free and hexavalent-chromium-free processes in painting and surface treatment contractors, considering the notation of drawing and establishing our technical standard. Surface treatments that contain hazardous substances and their alternatives are listed below.

* Supply Chain Management: An integral management method for the flow of products and services based on the exchange of information between related companies. An optimal product/service flow is sought from the procurement of original materials and components to product delivery to end users.

Treatment	Hazardous Substance	Alternatives
Zinc plating	Chromated conversion coating contains hexavalent chromium compound	Trivalent chromated conversion coating
Silver plating	Discoloration inhibitor contains hexavalent chromium compound	Organic coating
Colorless chemical conversion coating on aluminum	Conversion contains hexavalent chromium compound	Zirconium compound coating or trivalent chromated conversion coating
Base painting	Rust-prevention pigment contains lead and hexavalent chromium compound	Hazardous substances-free paints

Products Contributing to Environmental Conservation (Laser Gas Detectors)

The Laser Gas Detector – an environmentally conscious product with minimum negative impact on the environment (Excellent Eco Product) – actually plays a vital role in protecting the environment. By emitting a laser beam, this handy equipment detects and measures the amount of methane gas from a distance. It is recommended for measuring the density and identify emission sources of methane gas that seep from landfill sites, and for inspecting methane gas leakage from power plants that use organic waste as fuel. The Laser Gas Detector's advanced performance and practicality are highly regarded in the field of environment conservation, but Anritsu plans to continue making further improvements, enabling it to detect CO₂ and other greenhouse gases as well.

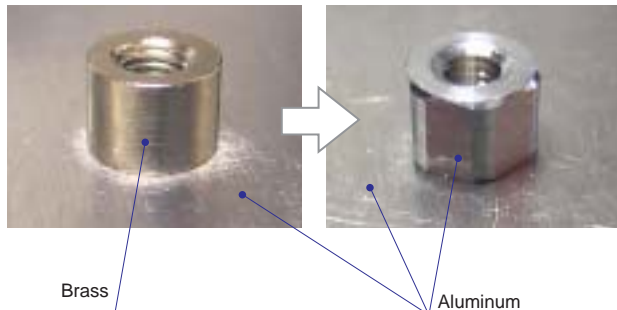


R&D of New Technology (Full-aluminum Construction of Self-clinching Standoff Parts*)

Most aluminum sheet-metal parts used in Anritsu products have brass self-clinching standoff parts which contains lead. We are working at replacing brass self-clinching standoff parts with aluminum in order to reduce hazardous substance output, as well as make them recyclable.

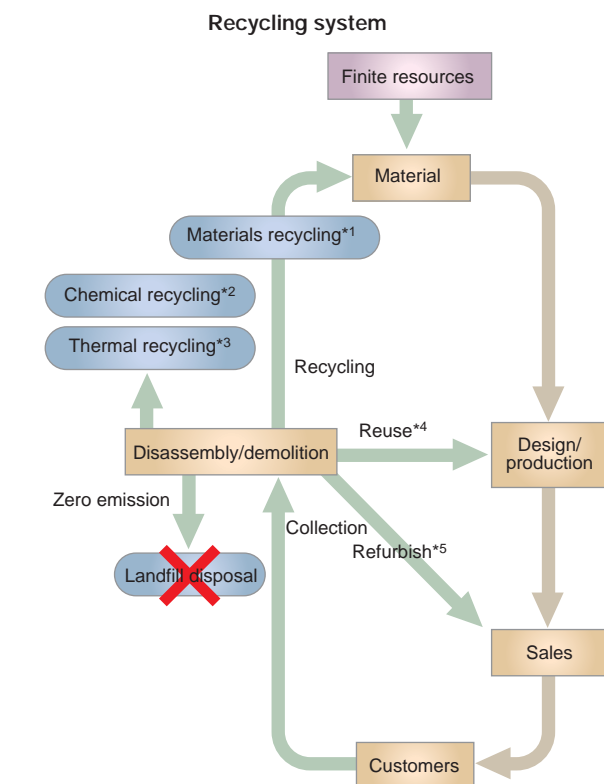
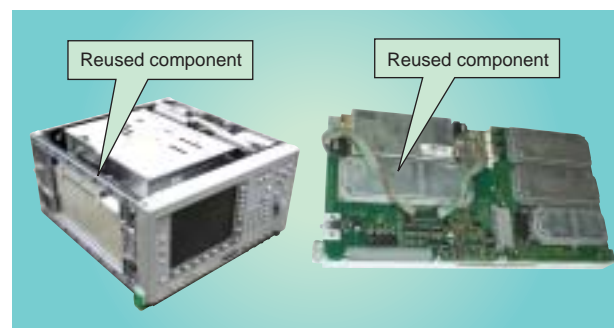
* Self-clinching standoffs parts fix aluminum sheet metals together by plastic deformation.

Example of full-aluminum construction of self-clinching standoff part



Recycling of used products

In 2000, Anritsu Group company Anritsu Kousan established the Recycle Center, in advance of the measuring instrument industry. The company acquired an industrial waste disposal license in September 2002 and started disposal operations from January 2003. In fiscal 2004, we established the Reuse System to realize the reuse of die-cast components (see photo). Thanks to these recycling activities, our recycling rate exceeds 99%, and we have achieved our zero emission target.



*1. Reuse of waste as a raw material.
 *2. Processing the wastes by chemical processing methods and reusing them as chemical materials for products.
 *3. Collection by heat energy from waste.
 *4. Reuse of used goods.
 *5. Recycling of collected products to make them usable again.

Anritsu's Environmental Conservation Activities

Excellent Eco Product

Within the Anritsu Group, we rigorously assess products for environmental impact. Those with minimum environmental load are designated “Excellent Eco Product.”

Excellent Eco Product

Anritsu Group carries out product assessments based on its own independently established criteria. An “Excellent Eco Product” is defined as an environmentally conscious product designed to exert a minimum environmental impact after the product assessment, provided that meets certain criteria for environmentally conscious products, and possesses environmentally conscious features at the leading edge of the industry. Environmental information on Excellent Eco Product is published in our brochures and website on the Internet. In fiscal 2004, four new models were added to our Excellent Eco Product category. At present, they number ten, a figure that takes into account the regular review of our registration of existing models.

Major environmentally conscious criteria:

- Top ranking in the industry in environmental consciousness properties
- Full information disclosure on new products
- Manufacturing assessment completed
- Volume of discharged CO₂ evaluated by LCA
- An environmental management system is in place for products at the main factory as well as other major production centers.



Excellent Eco Product is marked with the sign at left and accompanied by associated environmental information.

Model SA3C15A Laser Gas Detector

- Volume: Reduced by 60% • Mass: Reduced by 53%
- Power consumption: Reduced by 72%

Major Environmental Consciousness Properties

The two-cabinet configuration (optical and measuring units) of the previous model has been integrated into single-cabinet construction. This, plus the newly developed compact laser diode unit, makes this detector compact and lightweight. Moreover, the circuits have been simplified, and a more adequate-sized FPGA (Field Programmable Gate Array) has been employed to substantially reduce the number of circuit components. The result is a smaller, lighter, more effective detector with lower power consumption.

Product Outline

Easy, accurate methane gas detection and gas density measurements are now possible anywhere. By simply directing the laser beam at the point to be inspected, methane gas can be detected instantly and its density precisely measured. Measurement status is displayed on the LCD in graph form for easy comprehension. This data can be edited and saved to a PC via an SD card.



Model SA3C15A Laser Gas Detector

Model MD8470A Signaling Tester

- Volume: Reduced by 60% • Mass: Reduced by 51%
- Power consumption: Reduced by 47%

Major Environmental Consciousness Properties

Compact PC board design reduces the number of circuits in the radio unit and interface specifications of hardware units are common. This enables free integration of components regardless of unit's plugging positions in the main unit, and secures a good use of space. These efforts lead to compactness, lightweight and low power consumption of the main unit.

Product Outline

This tester serves as a mobile communication network simulator for the development of mobile communication terminals, enabling application engineers to simulate various call-connection status and service environments from the desk.



MD8470A Signaling Tester

MG3700A Vector Signal Generator

- Mass: Reduced by 40% • Power consumption: Reduced by 33%

Major Environmental Consciousness Properties

Accounting for most of its weight, the cabinet and RF unit have been redesigned. Moreover, the reduced circuit size facilitates higher performance while reducing weight and power consumption.

Product Outline

The MG3700A Vector Signal Generator provides superb accuracy and world-class internal modulation bandwidth, to support the development – from R&D through production – of wireless communications equipment that is rapidly increasing in speed, capacity and bandwidth size.



MG3700A Vector Signal Generator

MT9080 Series Access Master

- Volume: Reduced by 35% • Mass: Reduced by 41%
- Power consumption: Reduced by 43%

Major Environmental Consciousness Properties

The compact, lightweight, low power-consumption design is the result of simplifying the overall structure and reducing the circuits by reexamining their components and employing high-efficiency components, for power circuit.

Product Outline

A single MT9080 unit provides the optical and IP measuring functions required for installation and maintenance of optical access cables. Five functions – OTDR (Optical Time Domain Reflectometer), light source for fiber identification, power meter, visible radiation (optional), and IP network connection confirmation (optional) – are incorporated into its compact body, weighing only 2.2 kg.



MT9080 Series Access Master

Green Procurement/Green Purchasing

As part of our efforts to develop environmentally conscious products, we are committed to green procurement: placing higher priority on purchasing parts and materials that have been proven less damaging to the environment. We also promote green purchasing by using company vehicles and office equipment that feature environmentally conscious designs.

Promoting Green Procurement Supplier Assessment

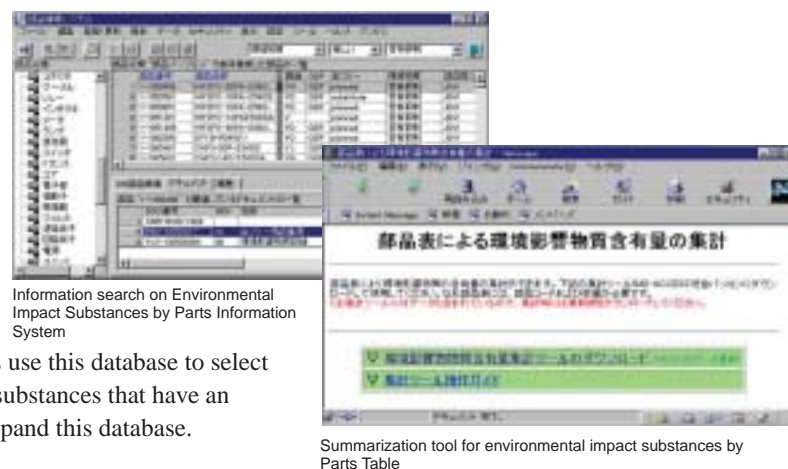
It is essential that environmentally conscious products feature a reduced environmental load of components and materials. It is also vital that suppliers take necessary actions to improve their environmental conservation. At Anritsu, we check the environmental management system and product assessment practice of major suppliers, and give priority in procurement of environmentally conscious products to suppliers with an active environmental conservation program. We also support suppliers in further enhancing their environmental conservation activities.

An environmental assessment of suppliers is made based on their answers to the "Environment Conservation Action Survey Sheet." The total score is ranked in three categories – A, B and C. The A-rank suppliers, who are recognized for practicing earth-friendly policies, are considered as "environment partners."

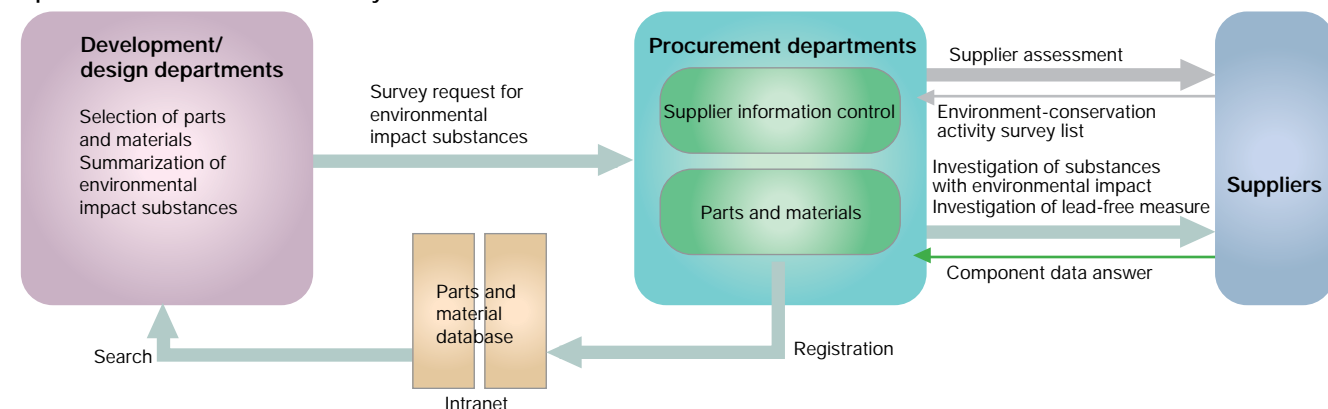
We also continue to support those companies ranked B and C to improve their environmental management.

Environmental Impact Substances Survey and Application for Database and Product Design

We survey the environmental effects of substances in procured materials by adhering to the Japan Green Procurement Survey Standardization Initiative (JGPSSI) and by adopting their survey reply format. The results are registered on our Internal database and made available to our development and design departments via the Intranet. Our product designers use this database to select parts and materials, as well as to learn more about substances that have an impact on the environment. We shall continue to expand this database.



Operation of Green Procurement System



Green Purchasing

Green Purchasing of Office and Plant Equipment

Anritsu established its own purchasing guidelines and promotes activities that lead to the purchase of environmentally conscious products. Our use of green products covers not only office equipment but also other equipment and publications, including company reports and product brochures. These activities are also actively promoted to our partners and suppliers.

Promoting the Purchase of Low-emission Vehicles

Blamed mainly on vehicle emissions, today's global warming is now recognized as a global-scale problem. Based on guidelines from the central government and eight local governments, Anritsu has been promoting the purchase of low-emission vehicles for business use, including those under lease contract. In fiscal 2004, a total of 18 low-emission vehicles were purchased. This means that currently, 89% of our company vehicles boast low-emissions. We shall continue pushing forward, however, with the goal of reaching 96% low-emission vehicles by 2005, and 98% by 2006.

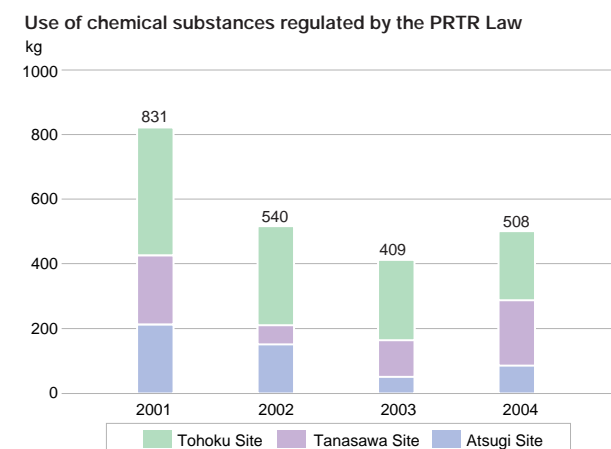
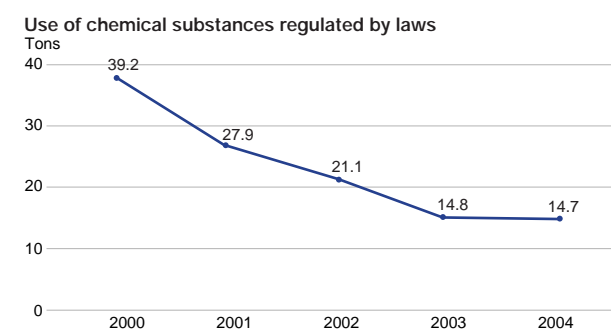
Management of Chemical Substances/Risk Management

Anritsu is actively promoting activities to reduce the use of hazardous chemical substances, while properly managing those that are still used to prevent environmental pollution.

Reduction of Chemical Substances

In Japan, the Anritsu Group determines whether or not hazardous chemicals should be used or reduced by consulting the legal regulations and through our own preliminary assessment system. We are actively reducing the quantities of chemical substances used in our products by setting reduction objectives aligned with the Company's annual environmental goals. In the past, we could have accomplished drastic reduction records through the abbreviation of some manufacturing processes. The achievement level for fiscal 2004, however, was the same as for fiscal 2003.

Although 46 of the 354 specified chemical substances defined by the PRTR Law (Pollutant Release and Transfer Register) were used in fiscal 2004, since the volume used was so negligible, no substances were registered among any of our Atsugi, Tanasawa or Tohoku site. As a group, use of ethylene glycol monoethyl ether reached 246 kg (98 kg for fiscal 2003), so that use of substances regulated by the PRTR Law increased 508 kg. 26 kg of bisphenol A epoxy resin at the Atsugi site and 134 kg of lead and its compound at the Tohoku site were large figures of use. Through improvements in manufacturing processes and measures, we will strive to reduce chemical substances, including those regulated by the PRTR law, to prevent environmental pollution.



Chemical Substances Control of Anritsu Limited (U.K.)

In the U.K., laws regarding hazardous substances are rather stringent. Each substance is evaluated and a "risk assessment" is conducted to determine handling and storage requirements. Furthermore, the disposal of containers and emergency situations including their leakage are taken into account.

With regard to hazardous substances used in products, Anritsu Limited (AUK) is taking steps to eliminate any such items from its designs. In 2006, the RoHS (Restrictions on Hazardous Substances) directive will become law throughout the European Union. It is against this background that AUK is studying the elimination of lead from its manufacturing processes. Alongside this, hexavalent chromium, cadmium and other hazardous substances are being eliminated and replaced with more environmentally friendly materials.

Management Risk Measures and Accident Reports

At our Atsugi site, we store polychlorinated biphenyls (PCBs) contained in capacitors for electrical equipment, stabilizers for fluorescent lamps and pressure-sensitive copy paper – all under strict control in accordance with the storage standards for special management of industrial wastes. We also report the storage status to the appropriate local government offices every year, in accordance with the Law Concerning Special Measures Against PCB.



Each Anritsu site creates a manual that sets down measures for coping with emergencies, such as chemical leakage due to human error or natural disaster. In June 2004, at our Atsugi site, the top panel of a chemical drum can was accidentally damaged in a special waste stockyard, but it was quickly contained without injury or incident. The warehouse where it was housed was designed to prevent flow and leakage. It was estimated that the cause was a gas generated through a chemical reaction in the drum can.

In order to prevent a recurrence of this type of accident, a special survey of all waste liquid components was conducted and those with any possibility of creating problems due to mixing are now stored separately, with relevant instructions clearly defined in a manual, and trainings have been held.

Environmental Conservation and the Prevention of Global Warming

Anritsu and its group companies around the world are constantly promoting energy- and resource-saving activities in plants and offices to minimize the effects of greenhouse gas emissions. Through voluntarily implementation of conservation activities that reduce the environmental load – such as periodic equipment inspections, measurements and analyses – Anritsu seeks to prevent the occurrence of environment pollution.

Energy-saving Activities at Plants and Offices in Japan

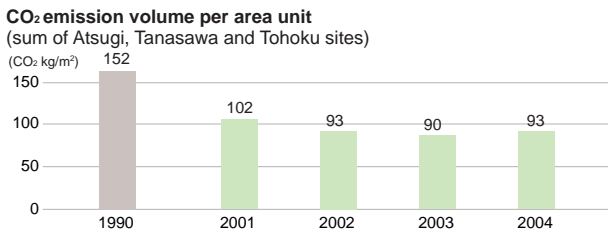
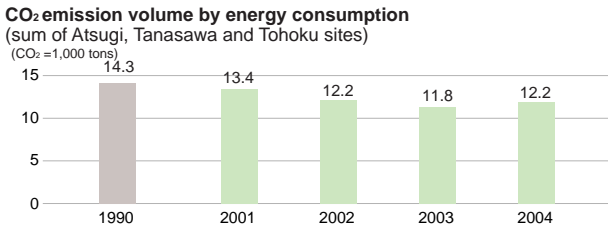
About 98% of greenhouse gases discharged by Anritsu are carbon dioxide (CO₂) resulting from energy consumption, and 96% of these greenhouse gases are caused by power usage.

In fiscal 2004, the Atsugi site, which accounts for 70% of all Anritsu's power consumption, integrated inverter-type illumination equipment and BEMS (Building Energy Management System). Moreover, in order to further reduce energy use, we began renewing special high transformer substations, where high-efficiency transformers were installed to reduce power consumption by 25 MWh per year.

Target Achievements in Fiscal 2004

Due to intense summer heat, increased work hours by increase in production and other factors, the volume of CO₂ discharge increased. This increase was minimized to +4% over fiscal 2003, per area unit, and the target was achieved.

CO₂ reduction target in FY 2004: CO₂ discharge volume was reduced 34% over 1990 per area unit.
Achievement: 39% reduction over 1990 per area unit

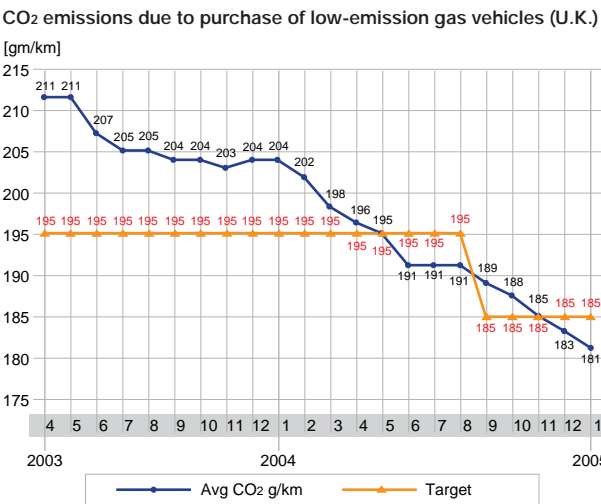


Anritsu Limited (U.K.)'s Activities to Reduce CO₂ Emissions

The 1997 Kyoto Protocol committed many governments around the world to reducing the emissions of “greenhouse gases,” which are believed to contribute to global warming. In the U.K., the government has sought to reduce the level of CO₂ emissions – especially from passenger vehicles. This has resulted in a change in tax laws, which now favors low-emission vehicles. To help spur this development, Anritsu Limited has started an initiative to monitor and reduce the average emission level of the car fleet, thereby supporting and reinforcing the government's efforts.

This change in policy has reduced the average CO₂ emissions of the fleet from 211 gm/km to 183 gm/km, a

reduction of over 13%, in 20 months (from April 2003 to December 2004). We plan a further reduction of 175 gm/km next year. We also encourage our employees to select a clean-emission/low-fuel-consuming car when they purchase a new one.



Legal Observation Status

Anritsu observes all laws and regulations applicable to its business, but often goes a step further to create its own control standards, which are stricter than those required by law.

In fiscal 2004, emission levels at the Atsugi, Tanasawa and Tohoku sites were lower than required by legal regulations. Water quality, air pollution and noise levels were in full compliance with legal levels and fell below Anritsu's own control standards.

Through our environmental conservation activities, we seek to not only comply with the various laws but to reduce environmental impact to a minimum. We have never been faced with claims or suits relating to environmental problems from local communities.

Ground water management

The Atsugi and Tohoku sites use ground water, which is monitored periodically to analyze six organic chloride substances. In fiscal 2004, tetrachloroethylene and trichloroethylene surpassed the environmental regulation levels in a well of the Atsugi site, however, other substances are far lower than those levels. The Atsugi site has never used tetrachloroethylene. We stopped to use trichloroethylene in 1970. So, as reported in our Environmental Report 2002, property soil surveys confirmed that Anritsu was not at fault. The Tohoku site could not detect these two substances in its wells. Anritsu will strive to protect ground water quality by periodically monitoring these substances.

Waste Reduction for Packaging and Transportation

To help build up a recycling society, the Anritsu Group strives to achieve zero emission with measures for wastes, packaging and distribution.

Waste Reduction

Reaching Our Zero Emissions Goal

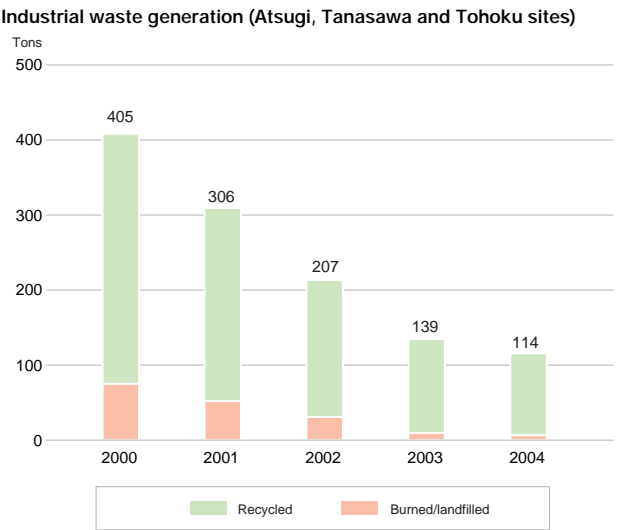
For contributing to build up a recycling society, the Anritsu Group strives to achieve zero emission with the measures for wastes, packaging and distribution.

In fiscal 2004, at our Atsugi site, inorganic sludge generated from wastewater in the manufacturing processes is recycled as a lightweight aggregate for high-rise buildings. The Atsugi and Tanasawa sites accomplished their zero emission goals following the Tohoku site by recycling plastic waste generated in Tanasawa site as deoxidizing materials for the blast furnace. The Tohoku site (Tohoku Anritsu Co., Ltd.), which accomplished zero emission in 2001, applied for Fukushima Prefecture's Zero Emission Activity Proposal Competition and earned the Excellence Prize in the Business Field category (January 2005).



Status of Industrial Waste Generation

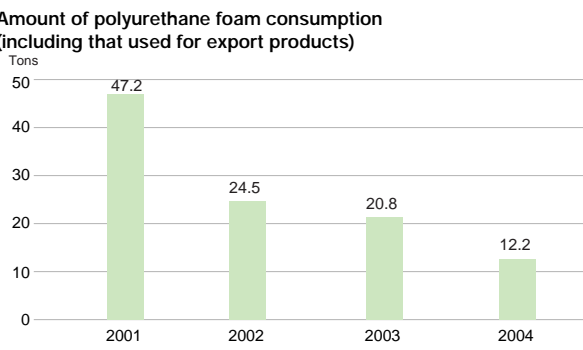
In fiscal 2004 the total industrial waste generated by Anritsu Group in Japan was 114 tons, 84% of which was from the Atsugi site. In fiscal 2004, the Atsugi site reduced its industrial waste output to 96 tons by increasing the number of classifications for waste separation. Compared to fiscal 2000 (383 tons) and 2003 (118 tons), our levels were lowered by 75% and 11%, respectively.



Packaging and Transportation

Reducing Plastic Packaging Materials

In the interests of global environmental conservation, Anritsu strives to reduce the use of polyurethane foam materials, and greatly contributed to reduce them by changing urethane's foaming rate. At the same time, we accelerate to switch polyurethane foam materials to air cushioning materials with less environmental impact, promote the reuse of plastic packaging materials and increase the use of recyclable paper based cushioning materials. In future, group companies will promote this reduction activity in close cooperation.



Adoption of Film Packaging

In the past, polyurethane foam was always used as cushioning material for package boxes. However, it is bulky when disposed of and hard to recycle. A new method being developed to solve these problems involves our products being sandwiched between strong, elastic film sheet that protect them from impact and vibration. The use of this new packaging method has already been started at some sites.



Environmental Data of Each Site

Atsugi Site

Water quality (laws and regulations of Atsugi City regarding discharge into public sewage systems)

Item	Emission standard [mg/ℓ]		Measured value [mg/ℓ]		
	Regulation value	Voluntary control value	Average	Min.	Max.
pH	5.7-8.7	6.0-8.4	7.1	6.1	7.9
SS	300.0	180.0	5.5	0.0	19.0
BOD	300.0	180.0	5.3	1.3	10.0
Normal hexane extracts	Mineral oil	5.0	3.0	0.4	0.0
	Organic oil	30	18	*1	
Iodine consumption	220.0	130.0	1.6	0.0	8.6
Phenols	0.5	0.3	0.0	0.0	0.0
Fluorine	8.0	6.4	0.40	0.16	0.73
Total cyanide	1.0	0.6	0.01	0.00	0.04
Nitrogen	125.0	75.0	2.18	0.06	6.15
Boron	10.0	6.0	0.11	0.00	1.00
Chromium	2.0	1.2	0.03	0.01	0.16
Dissolved iron	10.0	6.0	0.11	0.01	0.75
Copper	3.0	1.8	0.07	0.03	0.15
Zinc	3.0	1.8	0.17	0.01	0.99
Dissolved manganese	1.0	0.6	0.01	0.01	0.04
Nickel	1.0	0.6	0.11	0.01	0.32
Lead	0.1	0.06	0.013	0.002	0.039

*1. Measured when mineral oil surpassed the voluntary control level

Noise level (Kanagawa Prefecture Government regulations)

Measured point	Regulation value [dB]	Voluntary control value [dB]	Measured value [dB]
At the eastern border line	70 (daytime)	68 (daytime)	56
At the western border line			49
At the southern border line			56
At the northern border line			60

Ground water

Item	Environmental standard level [mg/ℓ]	Measured value [mg/ℓ]
Trichloroethylene*2	0.03	0.040
Tetrachloroethylene*3	0.01	0.082
1,1,1-trichloroethane	1	0.0020
1,1-dichloroethylene	0.02	0.004
Dichloromethane	0.02	below the detection limit (0.002mg/ℓ)
Cis-1,2-dichloroethylene	0.04	0.023

*2. Trichloroethylene surpassed acceptable level, but Atsugi site stopped using it in 1970.

*3. Tetrachloroethylene surpassed acceptable level, but Atsugi site has never used it.

Tohoku Site

Water quality (Fukushima Prefecture laws and regulations regarding discharge into public sewage systems)

Item	Emission standard [mg/ℓ]		Measured value [mg/ℓ]		
	Regulation value	Voluntary control value	Average	Min.	Max.
pH	5.8-8.6	6.0-8.4	7.0	6.6	7.3
SS	70	56	6.1	2.6	18.0
BOD	40	32	5.5	0.5	10.0
Dissolved iron	10.0	8.0	0.09	0.09	0.09
Copper	2.0	1.6	below the detection limit [0.01mg/ℓ]	below the detection limit [0.01mg/ℓ]	below the detection limit [0.01mg/ℓ]
Zinc	4.0	3.2	0.05	0.05	0.05
Nickel	2.0	–	below the detection limit [0.01mg/ℓ]	below the detection limit [0.01mg/ℓ]	below the detection limit [0.01mg/ℓ]
Lead	0.1	–	below the detection limit [0.05mg/ℓ]	below the detection limit [0.05mg/ℓ]	below the detection limit [0.05mg/ℓ]
Number of colon bacillus [piece/m³]	3000	2400	78	300	640

Noise level (regulations by Fukushima Prefecture)

Measured point	Regulation value [dB]	Voluntary control value [dB]	Measured value [dB]
At the southern border line 1	75 (daytime)	74 (daytime)	55
At the southern border line 2			63
At the easernt border line			45
At the wesernt border line			55

Tanasawa Site

Water quality (laws and regulations of Atsugi City regarding discharge into public sewage systems)

Item	Emission standard [mg/ℓ]		Measured value [mg/ℓ]		
	Regulation value	Voluntary control value	Average	Min.	Max.
pH	5.7-8.7	6.0-8.4	7.4	6.8	7.9
SS	300.0	180.0	0.4	0.0	2.6
BOD	300.0	180.0	1.2	0.3	3.0
Normal hexane extracts	Mineral oil	5.0	3.0	0.2	0.0
	Organic oil	30	18	*1	
Iodine consumption	220.0	130.0	0.6	0.0	1.9
Phenols	0.5	0.3	0.0	0.0	0.0
Fluorine	8.0	6.4	0.73	0.22	3.19
Total cyanide	1.0	0.6	0.01	0.00	0.03
Nitrogen	125.0	75.0	1.67	0.47	4.08
Boron	10.0	6.0	0.07	0.00	0.16
Chromium	2.0	1.2	0.04	0.01	0.27
Dissolved iron	10.0	6.0	0.05	0.01	0.27
Copper	3.0	1.8	0.02	0.01	0.09
Zinc	3.0	1.8	0.07	0.01	0.18
Dissolved manganese	1.0	0.6	0.01	0.01	0.03
Nickel	1.0	0.6	0.03	0.01	0.08
Lead	0.1	0.06	0.007	0.001	0.016

*1. Measured when mineral oil surpassed the voluntary control level

Noise level (Kanagawa Prefecture Government regulations)

Measured point	Regulation value [dB]	Voluntary control value [dB]	Measured value [dB]
At the eastern border line	70 (daytime)	68 (daytime)	51
At the western border line			48
At the southern border line			44
At the northern border line			60

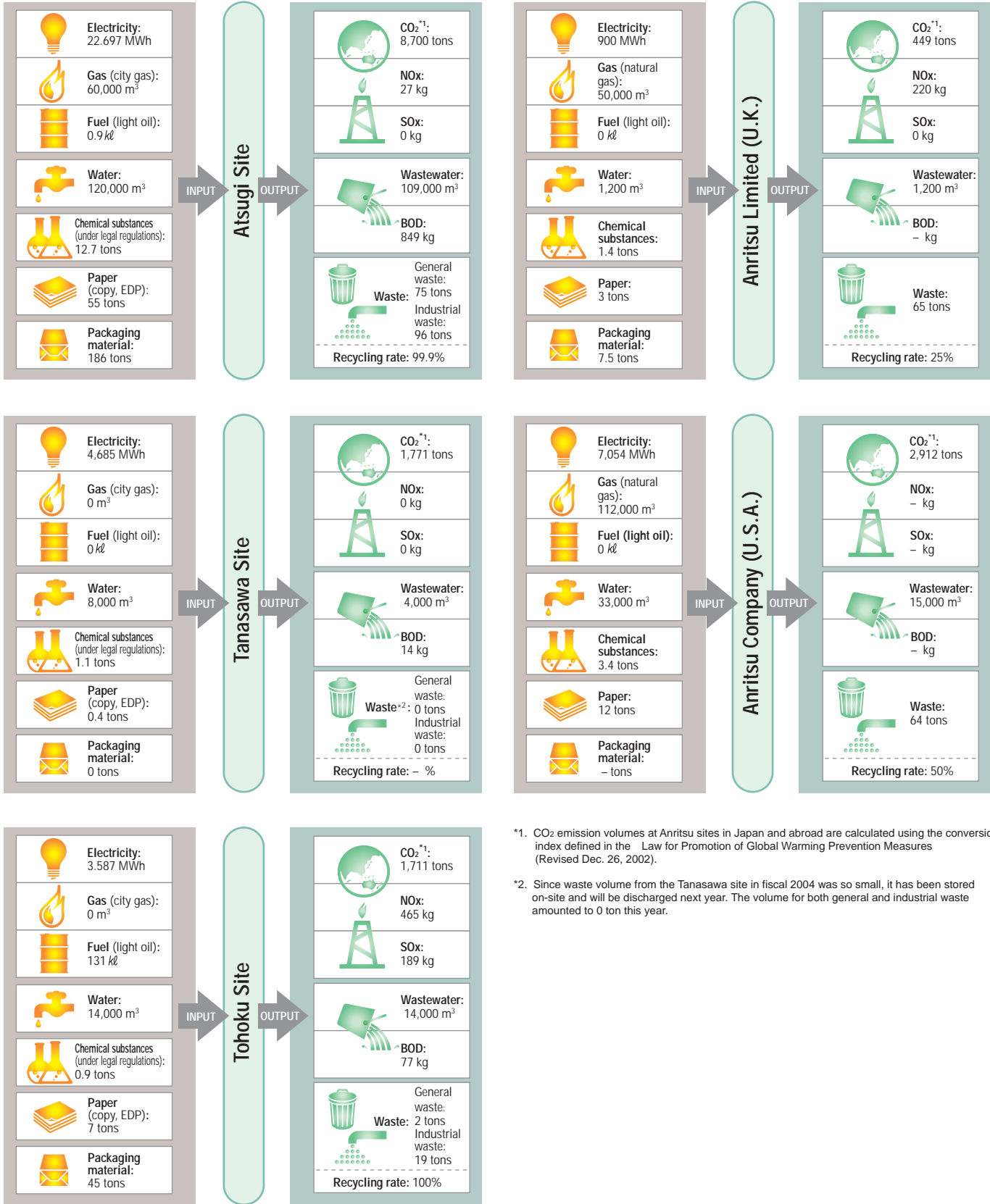
Ground water

Item	Environmental standard value [mg/ℓ]	Measured value [mg/ℓ]
Trichloroethylene	0.03	below the detection limit [0.002mg/ℓ]
Tetrachloroethylene	0.01	below the detection limit [0.0005mg/ℓ]
1,1,1-Trichloroethane	1	below the detection limit [0.0005mg/ℓ]
1,1-dichloroethylene	0.02	below the detection limit [0.002mg/ℓ]
Carbon tetrachloride	0.002	below the detection limit [0.002mg/ℓ]
Cis-1,2-dichloroethylene	0.04	below the detection limit [0.004mg/ℓ]

Air (Prefectural Government Air Pollution Prevention Regulations)

Item	Emission standard		Measured value
	Regulation value	Voluntary control value	
Smuts [g/m³N]	0.3	0.18	below the detection limit [0.005mg/ℓ]
Sulfur oxide [m³N/h]	4.37	2.63	0.06
Nitrogen oxide [ppm]	180	170	130

Environmental Load Mass Balance at Anritsu Sites



*1. CO2 emission volumes at Anritsu sites in Japan and abroad are calculated using the conversion index defined in the Law for Promotion of Global Warming Prevention Measures (Revised Dec. 26, 2002).

*2. Since waste volume from the Tanasawa site in fiscal 2004 was so small, it has been stored on-site and will be discharged next year. The volume for both general and industrial waste amounted to 0 ton this year.

Review of Anritsu’s Environmental Management Activities

1960 1970	1962	Constructed a wastewater treatment facility after opening a chemical engineering plant at Atsugi Site.
	1970	Established the Zero Pollution (ZP) Committee at Atsugi Site.
	1979	Atsugi Site was commended by the Kanagawa Environment Conservation Association for its excellent environmental conservation practices.
1980	1980	Atsugi Site was commended as a Kanagawa Prefecture ‘green’ model factory.
	1981	Atsugi Site received an Excellent Environment Preservation Award from the Kanagawa Prefecture Central Area Administration Center.
1990	1990	Organized the Environment Management Section within the General Affairs Department at Atsugi Site.
	1991	Atsugi Site received the Japan Greening Center President’s Award.
	1992	Established environmental conservation design and investigation working groups.
	1993	Ended use of all ozone depleting substances (except refrigerants and fire extinguishing chemicals) companywide.
		Organized the Environment Management Committee.
		Organized the Environment Management Department.
		Made adjustments to comply with statutory nickel-cadmium regulations.
		Established an environmental principle and environment management system regulations.
		Investigated flame retardant bromic substances and disposal methods.
	1994	Organized the Product Assessment Committee.
	1995	Started mutual environmental audit by the Environmental Affairs Council for Associated Companies of NEC Corporation.
		Received the Atsugi Site Waste Handling Council Chairman’s Award.
	1996	Joined the “Green Purchasing Network.”
		Established the Anritsu Environment Manual.
	1997	Established Anritsu’s environmental policy.
	1998	Acquired ISO14001 certification for Atsugi Site (Japan).
		Atsugi Site was commended by the Manager of the Kanto International Trade and Industry Bureau as an excellent ‘green’ factory.
		Organized the Environmental Engineering Group in the Technology Division.
		Organized the Lead-free Soldering Committee.
	1999	Published “Anritsu Green Procurement Guidelines for product development.”
		Tohoku Anritsu Co., Ltd. acquired ISO14001 certification.
	2000	Anritsu Limited (U.K.) acquired ISO14001 certification.
		Established the Anritsu Eco-Product system.
		Established the Recycle Center.
2000	2002	Acquired the Industrial Waste Disposal Contractor License for Recycling Center in Japan.
	2003	Integrated ISO14001 certification to include Anritsu group companies in Atsugi, Tanasawa and Tohoku sites.
	2004	Tohoku Anritsu Co., Ltd. received prize for excellence in business operations at Zero Emission Activity Proposal Contest sponsored by Fukushima prefecture.
		Revised “Anritsu Group Green Procurement Guidelines.”
		Anritsu group companies in Atsugi, Tanasawa, and Tohoku sites achieved zero emission.



Evaluation and Comments by Outside Assessor

Upon the request for “evaluation and comments by outside assessor,” we examined the copy for the CSR Report and interviewed staff members of the CSR/Risk Management Promotion Center of Anritsu Corporation about their aim and purpose of issuing the report. This comment is provided also based on such hearing survey.

This is the first “CSR Report” for Anritsu Corporation, however, when compared with the Company’s “Environmental Report” published in fiscal 2004, it delivers a far richer volume of contents and information than the report of last year. We pay our respect to Anritsu for their sincere attitude to correctly comprehend how the CSR Report in Japan should be and to reflect it to their report immediately. When examining their first CSR Report, we place the importance on following factors for our assessment – (1) clarification of the way of thinking for CSR, (2) whether or not the originality and assertion of a corporation is reflected, (3) whether or not activities practiced by all group companies can be observed, (4) whether or not the disclosure covers major CSR items, and other factors.

This CSR Report clarifies “It is a backbone of Anritsu Group’s CSR to put our management philosophy into practice with sincerity,” and defines to produce economical, social and environmental values through its business operations. It also describes about the engagement with specified stakeholders for promoting business activities. Furthermore, “The Anritsu Group Charter of Corporate Behavior” was established to show the direction that the Anritsu Group puts necessary actions into practice. These descriptions are highly evaluated. However, it has passed only seven months after the establishment of the CSR Committee and two months after the establishment of “The Anritsu Group Charter of Corporate Behavior.” It is important how deeply the Company philosophy and the Charter of Corporate Behavior will infiltrate through employees. Therefore, real evaluation will be made in the future. In our hearing survey, we heard that many critical points were found during compiling the CSR Report. We hope these notices will function as a driving force to put CSR into practice in their business. We expect to see the results in the Anritsu CSR Report of 2006.

About the disclosure, my anxiety, “Environmental information volume will be less by consolidating the Environmental Report into CSR Report,” was wiped out. However, environmental information disclosure level is becoming higher, we expect Anritsu will further widen their disclosure extent through the combined use with the website and others. Social information disclosure level is enlarging and becoming more detail. Especially, labor custom and conditions in Japan are peculiar among advanced nations, and seem to be a social problem. So, disclosure for them is requested. Though they are described a little in this CSR Report as “Basic Data,” more detailed disclosure is expected.

We highly evaluate that negative information is described and even concrete measures to prevent the reoccurrence are described. In future, regardless of mass-communication announcements, Anritsu should compare all actions of its Group companies with its Company philosophy and The Anritsu Group Charter of Corporate Behavior. Should they find actions that are contrary to them, they must be disclosed voluntarily. By actually and fully utilizing the Company Philosophy and The Anritsu Group Charter of Corporate Behavior, reoccurrence of inauspicious events could be prevented.



By Tamio Yamaguchi
President
NPO Affiliate/ Recyclable Society Study Group

The Recyclable Society Study Group is a citizens’ group that promotes the study, support, practice and exchange of activities for realizing a recyclable society by citizens, companies and governments in a given region. It seeks to apply global research to establish a recyclable society in harmony with our ecology for the benefit of future generations.

Editor’s Note

Thank you for reading Anritsu’s CSR report 2005. This report updates, with additional information, the Anritsu Environmental Report published in fiscal 2004. Its contents have been reorganized with newly organized sections on Anritsu’s management for corporate integrity and relations with our stakeholders. A dedicated CSR (Corporate Social Responsibility) working group was organized in the end of 2004, with the goal of completing this publication in July 2005. The staffs have done their best to present this information in a way that deepens the readers’ understanding of our company’s activities.

As indicated by the Möbius band illustration – a symbol frequently representing endlessness – on the front cover, we work tirelessly to satisfy our stakeholders. To assure it, we will further supplement our content through website and other practical and reliable methods, while striving to enhance the quality and content of Anritsu CSR Reports to come. With this in mind, we hope you will take time to let us know your comments and opinions by filling out and submitting the enclosed questionnaire.

CSR/Risk Management Promotion Center




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<http://www.anritsu.com>



Printed in Japan with soy ink on 100% recycled paper



**Thank you for taking your time to read
the Anritsu CSR Report 2005.
We sincerely appreciate any opinions or
comments you can offer us.**

**Please return this questionnaire to CSR/Risk
Management Promotion Center of Anritsu Corporation.
Address: 1800 Onna, Atsugi-shi, Kanagawa, 243-8555 Japan
Tel: +81-46-296-6514
Fax: +81-46-225-8358
E-mail: CSR@zy.anritsu.co.jp**

Concerning Personal Information

- We will not use your name, address or other personal information for any purpose other than the delivery of future CSR Reports, and will not disclose this information to any third party without your agreement.
- The contents of the questionnaire you return to us may be summarized and disclosed to a third party in the form of condensed, analyzed data, but no disclosure will be made that could identify the person that answers to the questionnaire.
- Your questionnaire and the contents will be strictly secured.
- In case where we request information processing or delivery services from a firm outside the Company, we undertake considerable security control measures, such as concluding a personal information protection contract.

Anritsu CSR Report 2005 Questionnaire

Please return this questionnaire to CSR/Risk Management Promotion Center of Anritsu Corporation.

Fax: +81-46-225-8358

Q1: What is your impression of the Anritsu CSR Report 2005? Please explain the reason also.

☐ Very understandable ☐ Understandable ☐ Average ☐ Slightly difficult to understand ☐ Difficult to understand

Reason:

Q2: What do you think of the design, layout and overall presentation? (Please tell us why you feel this way.)

Information volume

☐ Inadequate ☐ Needs a little more ☐ Average ☐ Slightly more than needed
☐ Too much

Reason:

Design and layout

☐ Good ☐ Fairly good ☐ Average ☐ Below average ☐ Poor

Reason:

Q3: Which content did you find interesting? Please write your reasons. (Several answers are welcomed.)

☐ Editorial Policy ☐ Message from the President ☐ Outline of Reporting Organization ☐ Company Philosophy, Company Vision and Company Commitment
☐ Anritsu Group's CSR and the Charter of Corporate Behavior ☐ CSR Promotion System and Corporate Governance ☐ Corporate Ethics and Compliance ☐ Risk Management ☐ Information Security Management ☐ Communications with Stakeholders ☐ In Harmony with Stockholders and Investors ☐ In Harmony with Customers ☐ In Harmony with Employees ☐ In Harmony with Suppliers and Partners ☐ In Harmony with Local Communities ☐ In Harmony with the Environment ☐ Environmental Management System ☐ Environmental Objectives and Achievements in 2004 ☐ Environmental Objectives for Fiscal 2005
☐ Environmental Load Mass Balance ☐ Environmental Accounting ☐ Development of Environmentally Conscious Products ☐ Excellent Eco Product
☐ Green Procurement/Green Purchasing ☐ Management of Chemical Substances/Risk Management ☐ Environmental Conservation and Greenhouse Gas Prevention ☐ Waste Reduction for Packaging and Transportation ☐ Environmental Data of Each Site ☐ Environmental Load Mass Balance at Anritsu Sites
☐ Review of Anritsu's Environmental Management Activities ☐ Evaluation and Comments by Outside Assessor ☐ Editor's Note

Reason:

Q4: What good points and areas for improvement would you suggest?

Good point(s)

Please explain:

Area(s) for improvement

Please explain:

Q5: What do you think about Anritsu's CSR activities? Please write your reasons, as well.

☐ Impressive ☐ Doing well ☐ Average ☐ Slightly insufficient ☐ Insufficient

Reason:

Q6: How did you receive this report?

☐ Sent from Anritsu ☐ Newspaper or magazine ☐ Exhibition or seminar ☐ Anritsu's website ☐ By Anritsu employee
☐ Other (Please explain: _____)

Q7: From which standpoint did you read this report?

☐ Shareholder/investor ☐ Financial organ ☐ Product user ☐ Supplier/partner ☐ Resident living near Anritsu facility ☐ Government/administration clerk
☐ NPO/NGO ☐ Research/education ☐ Journalist ☐ Environment/CSR specialist ☐ Personnel in charge of CSR for a company ☐ Student
☐ Employee or family member of employee of Anritsu Corporation and group companies
☐ Other (Please explain: _____)

Q8: If you have any other opinions or request for Anritsu, please write them here:

● Thank you for your cooperation. Would you like to receive our next report? ☐ Yes ☐ No If yes, please fill in the followings.

Name: _____ Occupation: _____ Male / Female (Age: _____)

Address (Work/School): _____

Telephone: _____ Fax: _____ E-mail address: _____

Name of organization/school to which you belong/attend: _____

Department and job title/year in school and major: _____

For inquiry, please contact CSR/Risk Management Promotion Center of Anritsu Corporation. Fax: +81-46-225-8358 E-mail: CSR@zy.anritsu.co.jp