

Corporate Social Responsibility Report 2006

Anritsu CSR Report 2006

Sincerity, Harmony and Enthusiasm in Action



Anritsu

Editorial Policy

The Anritsu Group publishes this Anritsu CSR Report 2006 brochure according to the following policy.

1. The Anritsu Group intends for this report to clarify the direction of its CSR^(p33) initiative to all of its stakeholders, and enhance employees' understanding of The Anritsu Group Charter of Corporate Behavior established in April 2005. To achieve this purpose, this report provides readers with information about our activities **according to the framework of the charter**.
2. In this report, we report and explain Anritsu's activities focusing on society and the environment. (For details on financial matters, please refer to our website or Annual Report.)
3. To increase the objectivity of this CSR Report, we asked an expert outside of Anritsu to comment on it.
4. This report refers to Sustainability Reporting Guidelines 2002 set by GRI^(p33) and Environmental Report Guidelines for 2003 published by the Japanese Ministry of the Environment.
5. For more detailed information on Anritsu's activities for preserving the global environment, please refer to our website. (<http://www.anritsu.co.jp/E/Environment/>)
6. This report covers the period from April 1, 2005 to March 31, 2006, although it may also include some activities before or after the period.
7. This report covers either Anritsu Corporation only or the Anritsu Group Companies, depending on the subject matter and according to the following definitions:
 - "Anritsu" or "Anritsu Group" refers to both Anritsu Corporation and the entire Anritsu Group.
 - "Anritsu Corporation" refers to Anritsu Corporation in Japan only.
 - "Group Company (or Companies)" refers to a member company (or companies) or all group companies, excluding Anritsu Corporation in either case.
8. Technical and other terms marked with ^(p33) are defined in the glossary on page 33.

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(Next CSR report is scheduled for July 2007)

Contents

	1	Editorial Policy
	2	Message from the President
	3	Outline of Reporting Organization
	4	Company Philosophy, Vision and Commitment, and The Anritsu Group Charter of Corporate Behavior
	5	Anritsu Group's CSR
	6	Corporate Governance
	7	CSR Objectives and Results for Fiscal 2005
	8	CSR Objectives for Fiscal 2006
Attaining Customer Satisfaction	9-10	Attaining Customer Satisfaction In Harmony with Customers
Conducting Ethical Company Activities	11	Conducting Ethical Company Activities Corporate Ethics and Compliance
Disclosing Corporate Information	12	Conducting Ethical Company Activities Risk Management
Managing Information Property	13-14	Disclosing Corporate Information Communications with Stakeholders
Protecting Human Rights	15	Managing Information Property Information Security Management
Valuing Employees	16	Protecting Human Rights Respect for Individual Character
Harmony with Society	16	Valuing Employees Developing Human Resources
Preserving the Global Environment	17	Valuing Employees Labor Safety and Health
	18	Harmony with Society Tackling Global Social Problems
	19-20	Preserving the Global Environment Anritsu's Activities to Help Preserve The Global Environment
	21	Preserving the Global Environment Topics
	22	Preserving the Global Environment Environmental Load Mass Balance
	23	Preserving the Global Environment Environmental Accounting
	24	Preserving the Global Environment Environmental Management Promotion System: Green Procurement/Green Purchasing
	25-26	Preserving the Global Environment Development of Environmentally Conscious Products
	27	Preserving the Global Environment Excellent Eco Product
	28	Preserving the Global Environment Information Disclosure, Environmental Auditing, and Internal Education and Awareness
	29-30	Preserving the Global Environment Environmental Conservation Activities
	31-32	Conducting Social Contribution Activity Contributing to Local Society and Employee Volunteerism
	33	Glossary
	34	Independent Review and Editor's Note

Questionnaire Sheet (inserted)

Anritsu contributes to a more safe, secure, comfortable society

Anritsu Group's CSR activities are promoted by the CSR Promotion Committee, which I head as president. Based on The Anritsu Group Charter of Corporate Behavior and the Anritsu Group Code of Conduct, the Group as a whole is working to advance and achieve the goals of our CSR initiatives.

Anritsu believes that good communication with all of its stakeholders is one of its major responsibilities to society, and that dealing with and finding solutions to communication issues enhances Anritsu's value to society. Anritsu puts a high priority on corporate social responsibility in its main businesses, as it strives to increase economic value, improve social justice and quality of life for a majority of people, as well as conserve the ecosystem and natural environment.

The second year of Anritsu Group's CSR reporting is under way. As our business expands, our operations have become more international in scope throughout regional markets in various countries, and our CSR promotion activities are called upon to address problems from a global perspective. To deal with various issues of international society resulting from our globalization, we took part in the Global Compact^(p33) championed by the U.N. in March 2006. By making the entire Anritsu Group more conscious of CSR from a universal perspective, we will advance our vision of our corporation's global business activities.

A point that I made in my introductory message for the CSR Report 2005 published in July 2005 was "Anritsu Group CSR activities aim at earnest application of our company philosophy with sincerity, harmony and enthusiasm." I thereby reconfirm my determination to advance solutions to CSR-related issues with absolute enthusiasm through sincere, fair business practices and by keeping harmony with society in mind.

I pledge herewith that our progress at Anritsu Group will continue to keep us committed to our CSR activities, in keeping with our goal to grow and develop as society desires. I also pledge that Anritsu will contribute to a more safe, secure and comfortable society.

July 2006

Hirromichi Toda
Hirromichi Toda
President



Outline of Reporting Organization

Utilizing its Original & High Level technologies, Anritsu supplies electronic, information-communications and test & measurement solutions to the mobile & internet-related, industrial electronics, security-related and environment-related markets.

Corporate Profile

Anritsu Group's business extends to information communications and precision measurement, food and medical products, and environment-related fields. With the acquisition of NetTest A/S of Denmark in August 2005, we gained the capability to provide solutions for network quality assurance. With R&D and manufacturing sites in Japan, the USA, the UK, Denmark, France and Italy, plus a global sales network, Anritsu contributes to a more safe, secure, comfortable society.

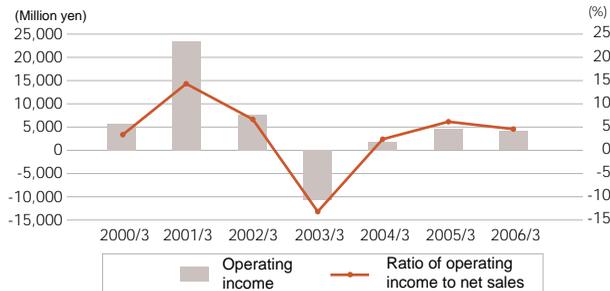
Test & Measurement Business

Anritsu offers various measuring instruments to test and measure equipment, devices and systems for diverse communication, including wireless, IP and terrestrial digital broadcasting networks. In addition, Anritsu provides solutions to assure the quality of increasingly complex, sophisticated networks and of services provided through them, as the integration of communications, broadcasting and Internet technologies advances.

Industrial Automation Business

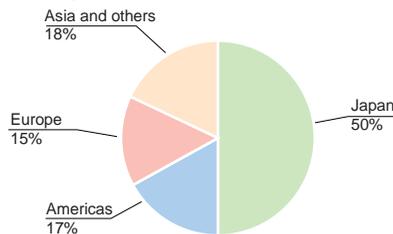
With such sophisticated products as X-ray inspection systems, checkweighers and automatic combination weighers that are complemented by leading mechatronics technology and a stringent HACCP management system, Anritsu Industrial Solutions Co., Ltd. supplies quality assurance solutions for food and medical products.

Operating Income/Ratio of Operating Income to Net Sales



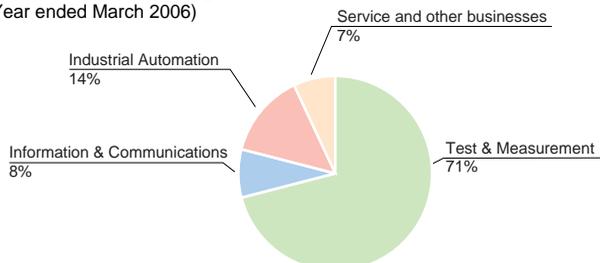
Net Sales by Market

(Year ended March 2006)



Net Sales by Industry Segment

(Year ended March 2006)



Headquarters address: 5-1-1 Onna, Atsugi-shi, Kanagawa, Japan
 Company founded: 1895
 Capital: 14,049 million yen*1
 Sales: 91,262 million yen*2
 No. of shareholders: 17,637*1
 No. of employees: 4,052*3
 No. of suppliers and partners: 1,246*4
 CO2 discharge: 15,692 metric tons*5

*1. As of March 31, 2006

*2. Consolidated, year ended in March 2006

*3. Consolidated, as of March 31, 2006

*4. Applied to Anritsu Corporation, as of March 31, 2006

*5. Recorded in 2005, applied to Anritsu Corporation and Anritsu Group Companies that report their environmental activities in the CSR Report

Group Companies in Japan

Anritsu Industrial Solutions Co., Ltd.

Tohoku Anritsu Co., Ltd.

Anritsu Customer Services Co., Ltd.

Anritsu Devices Co., Ltd.

Anritsu Networks Co., Ltd.

Anritsu Engineering Co., Ltd.

Anritsu Kousan Co., Ltd.

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 Real Estate Co., Ltd.

Group Companies Abroad

Anritsu Company (USA)

Anritsu Ltd. (UK)

Anritsu A/S (Denmark)

(The environmental articles in this CSR Report cover the preceding three companies, but not the following ones.)

Anritsu Electronics Ltd. (Canada)

Anritsu Eletrônica Ltda. (Brazil)

Anritsu EMEA Ltd. (UK)

Anritsu S.A. (France)

Anritsu GmbH (Germany)

Anritsu S.p.A. (Italy)

Anritsu AB (Sweden)

Anritsu AB (Finland)

Anritsu Company Ltd. (Hong Kong)

Anritsu Company, Inc. (Taiwan)

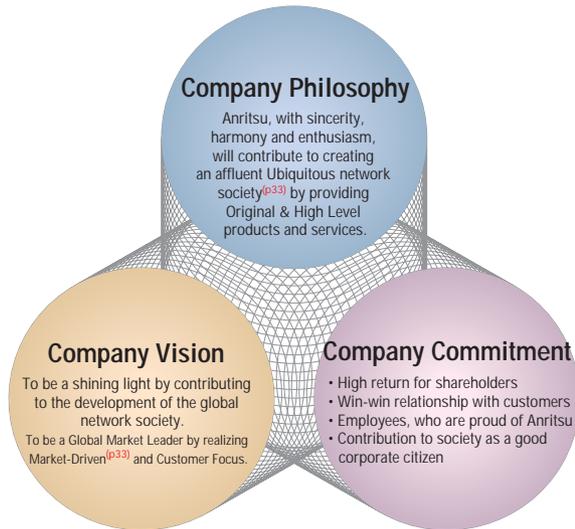
Anritsu Corporation, Ltd. (Korea)

Anritsu Pte. Ltd. (Singapore)

Anritsu Pty. Ltd. (Australia)

Company Philosophy, Vision and Commitment, and The Anritsu Group Charter of Corporate Behavior

Sharing sincerity, harmony and enthusiasm as basic values of management and regarding “ways to provide Original & High Level products and services” as basic behavior, Anritsu conducts its corporate activities in adherence to its company philosophy, vision, commitment, and The Anritsu Group Charter of Corporate Behavior.



Company Commitment

A High-profit Enterprise Offering High Return for Shareholders

Anritsu will enhance corporate governance, demonstrate to shareholders its management’s vision, flexibility and speedy responsiveness to change, and maximize shareholders’ value through high profitability and effective operations.

A CS^(p33) Enterprise Maintaining Win-Win Relationships with Customers Worldwide

Anritsu and its customers aim at building a win-win relationship to attain mutual business successes. Through the promotion of the Intelligent Solution Creator^(p33) concept that enhances customers’ value and creates new demand, we aim to be a customer satisfaction-oriented global enterprise that can share with customers a vision of business from its initial stage and offer innovative solutions.

Employees Who Are Proud of Anritsu, an Exciting Company

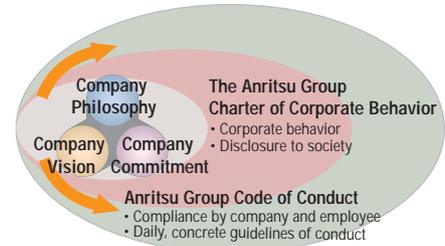
Employees who strive to overcome challenges to achieve their objectives are key for achieving our management vision. Promoting activities that make employees proud of themselves and their company and that evoke their spontaneous efforts to be professional, Anritsu aims to create its new corporate culture to encourage learning and excitement within the company.

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

Anritsu Group complies with laws in all countries in which it operates, maintains good corporate citizenship by contributing to local societies, conserves the global environment with ecological consciousness, and works with sincerity, harmony and enthusiasm to keep high ethical standards.

The Anritsu Group Charter of Corporate Behavior

Anritsu’s group management and global perspective diversify the values and views represented in Anritsu Group. Therefore, we established The Anritsu Group Charter of Corporate Behavior in April 2005 to help define the values shared by Anritsu Group Companies worldwide, and to consider, 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 stakeholders: 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.

Attaining Customer Satisfaction

Conducting Ethical Company Activities

Disclosing Corporate Information

Managing Information Property

Protecting Human Rights

Valuing Employees

Harmony with Society

Preserving the Global Environment

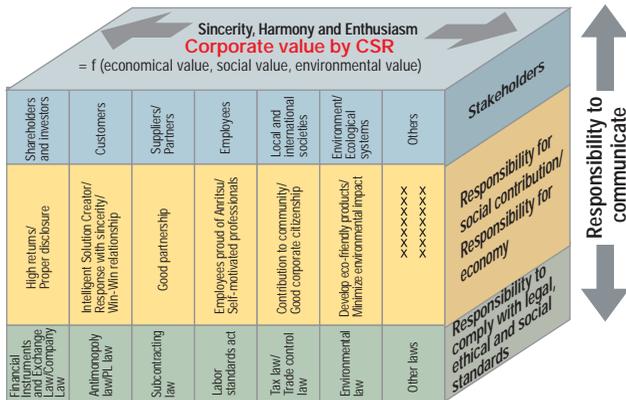
Conducting Social Contribution Activity

Anritsu Group's CSR

Anritsu Group's basic stance is to put a high priority on corporate social responsibility through its main businesses and respect stakeholders' views, and we support Global Compact principles to promote Anritsu Group's CSR activities.

CSR Activities through Our Main Businesses

Anritsu Group is committed to CSR activities through its main business operations. For the Group, the main issue of CSR activities is to advance business operations in order not only to increase economic value, but also to help improve social justice and quality of living for many people, as well as to conserve the ecosystem and natural environment.



Respecting Stakeholders' Perspectives

Based on our company commitment, Anritsu maintains close ties through mutual communication with the stakeholders that support our business activities. Learning through such communications, Anritsu aims to be an essential member whose growth and development are desired by society.

CSR Promotion Structure

Anritsu's president started to serve as the chief of the CSR Promotion Committee established in November 2004 while top management led CSR promotion activities, as the CSR Promotion Center was created to promote all kinds of CSR activities. The Center also upholds corporate ethics according to the CSR Promotion Committee's policy in cooperation with the Legal Dept. that oversees compliance and the Internal Control Improvement Center that oversees internal controls^(p33). It also functions as the public face of Anritsu's CSR activities.

No single department or organization can achieve CSR objectives on its own. Achieving CSR objectives requires a total Group effort and seamless cooperation across Anritsu Group Company departments, specifically in areas such as those involving CS/quality, human rights and external social concerns. At Anritsu, the CSR Promotion Center helps Group departments to realize objectives, and we continue efforts to understand and assess the current situation in order to develop our CSR activities further.



Anritsu Supports the Global Compact

Anritsu Group's CSR activities advanced in March 2006, as Anritsu supported the universal principles of the Global Compact (GC) initially addressed by UN Secretary-General Kofi A. Annan at the World Economic Forum in 1999. The philosophy and concept of the GC are compatible with The Anritsu Group Charter of Corporate Behavior advocating action with sincerity, harmony and enthusiasm. By participating in the GC, exchanging opinions with other GC members, and performing GC activities, we will advance our vision of our future as all of Anritsu Group and pursue CSR activities from a more universal perspective.



The Ten Principles of the Global Compact

Human Rights

- Principle 1: Business should support and respect the protection of internationally proclaimed human rights; and
- Principle 2: Make sure that they are not complicit in human rights abuses.

Labor

- Principle 3: Businesses should uphold freedom of association and effective recognition of the right to collective bargaining;
- Principle 4: The elimination of all forms of forced and compulsory labor;
- Principle 5: The effective abolition of child labor; and
- Principle 6: The elimination of discrimination in respect of employment and occupation.

Environment

- Principle 7: Businesses should support a precautionary approach to environmental challenges;
- Principle 8: Undertake initiatives to promote greater environmental responsibility; and
- Principle 9: Encourage the development and diffusion of environmentally friendly technologies.

Anti-Corruption

- Principle 10: Business should work against all forms of corruption, including extortion and bribery.

Corporate Governance

Anritsu enhances its corporate value by reinforcing governance in corporate activities worldwide.

In order to enhance transparency and quality, Anritsu has reinforced auditing functions to help management cope with business environmental change with speed and flexibility.

Separation between Management Supervision and Operation Execution

The Executive Officer System, introduced in 2000, 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. In 2005, Anritsu invited an independent director, who is the director/deputy chairman of the Daiwa Securities Group Inc. and the chairman of the Institute, director of Daiwa Institute of Research Ltd., to reinforce management supervision functions.

Compensation Advisory Committee

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

Reinforcement of Auditing Functions

Anritsu Corporation assigned two independent auditors from outside of the company to reinforce checks and balances from the perspectives of legislators and shareholders. One is an employee of NEC Corporation and the other is a lawyer with judicial experience. Business operations are internally audited by the Internal Auditing Center, while daily import/export control monitoring, for instance, is performed by the Security Trade Control Dept. In this way, departments and committees share functions, as needed, to strengthen company-wide auditing functions.

Anritsu Corporate Governance System



Regarding Global CSR

Entering its second year of full-scale operation in 2005, the Anritsu Group CSR program is set to accelerate the momentum of the initial year's progress, with established initiatives to be refocused to improve effectiveness from a CSR perspective. Now, Anritsu advances practices of objectives management for CSR promotion, which is controlled through a secretariat proposing priorities, assessing risks and working on solutions to accomplish objectives set forth in CSR reports. The attitude of reporting objectives and degrees to which they are achieved highlights Anritsu's CSR and the importance of the CSR Report.



Hirokazu Hashimoto
Executive Deputy President, Director
Anritsu Corporation

Anritsu links CSR activities with business operations and advances social contributions by developing environment management, expanding the Eco-Products lineup, and supporting such innovations as ground-

penetrating radar for mine detection and laser gas detection. Anritsu focuses on superior standards of quality to meet growing demand for security and safety in ways that are uniquely beneficial to the ubiquitous network society.

As about half of Anritsu Group's sales comes from outside Japan and 40% of employees are working outside Japan, we promote CSR activities in many ways from a global perspective. Recognizing the importance of sharing and promoting Anritsu's originality, and imparting its universal values, philosophy, and business model of being an Intelligent Solution Creator, we have a "Global leader development training program" and "Global employee exchange program" for promoting future leadership. In addition, the participation in the Global Compact advocated by the United Nations may not only improve Anritsu's presence as a global enterprise, but also helps in sharing values that people outside Japan may easily understand.

At Anritsu, we are determined to put forth our best efforts in CSR and fulfill our responsibilities as a global enterprise.

Attaining
Customer
Satisfaction

Conducting
Ethical Company
Activities

Disclosing
Corporate
Information

Managing
Information
Property

Protecting
Human Rights

Valuing
Employees

Harmony
with Society

Preserving
the Global
Environment

Conducting Social
Contribution
Activity

CSR Objectives for Fiscal 2006

Anritsu reviewed all the CSR issues based on the results of activities in fiscal 2005, legal regulations and social changes. The following activities were then fixed as the objectives for all Anritsu Group Companies to continue pursuing in fiscal 2006 in order to improve its corporate value. Through these objectives, each Group Company and operating body promotes its own specific objectives.

CSR Issues	Objectives for the Financial Year 2006
CS activities, quality improvement (pp9-10)	<ol style="list-style-type: none"> ① Work out process-wise action guide based on CS code of conduct ② Improve customer satisfaction: CSI target figures are 73 points in products, 75 points in sales, 74 points in delivery time and 72 points in maintenance (For reference, the objectives for all the categories are to be set at 75 points or more in the year 2007)
Compliance (p11)	<ol style="list-style-type: none"> ① Work out rules on internal whistleblowing to comply with Whistleblower Protection Law ② Hold Compliance Promotion Reinforcement Week events successively ③ Distribute questionnaires on ethical matters successively ④ Circulate case study sheets successively ⑤ Carry out compliance-related auditing successively and review of auditing items and methods
Supply chain (p14)	<ol style="list-style-type: none"> ① Anritsu Corp. promotes Promote coordination with suppliers and partners based on its basic procurement policy
Information security (p15)	<ol style="list-style-type: none"> ① Anritsu Corp. works out guidelines on evaluation of effectiveness for security ② Anritsu carries out measures based on global security standards ③ Anritsu Corp. trains and supports internal auditors and security professionals in Japan
Protecting human rights (p16)	<ol style="list-style-type: none"> ① Carry out 3-year program for the employment of handicapped people (goal is 1.43% of all the employees at Anritsu Corp., by December 2006) ② Anritsu Corp. carries out activities based on a program to support development of the young generation
Valuing employees (pp16-17)	<ol style="list-style-type: none"> ① Review internal rules of Anritsu Corp., based on the Revised Occupational Safety and Health Law enforced in April 2006 ② Carry out 11-point measures contained in Anritsu Corp.'s annual activity program to reflect legal revision to ensure safety, health and comfort in the workplace
Promotion of environmental management (pp19-30)	<ol style="list-style-type: none"> ① Waste reduction and recycling <ul style="list-style-type: none"> • Cut 80% of industrial waste emission compared with FY 2000 (Further 80% reduction targeted by fiscal 2008) ② Resource and energy conservation <ul style="list-style-type: none"> • Reduce electricity consumption by 21% in terms of real-term sales unit initial input*1 compared with FY 1990 (31% reduction targeted by fiscal 2008) • Reduce CO₂ emission*2 in energy consumption by 26% in terms of real-term sales unit initial input*1 compared with FY 1990 (35% reduction targeted by fiscal 2008) ③ Eco Products <ul style="list-style-type: none"> • 60% or more of our products should become environmentally conscious during FY 2006 (80% or more by fiscal 2008) • 30% of our products under development should save resources by 10% or more (in terms of volume, mass, decomposition time and power consumption), compared to existing models • 20% or more of our products which we develop each year should reduce power consumption by 30% or more, compared to existing models ④ Target figures to be monitored <ul style="list-style-type: none"> • Maintain zero emission: 1% or less of landfill • Maintenance of zero excess of our inorganic wastewater (i.e. not exceeding the limit we set) • Maintain ratio of low-emission vehicles to all vehicles we own at levels of at least 98%
Conducting social contribution activity (p18, pp31-32)	<ol style="list-style-type: none"> ① Anritsu Corp. carries out community contribution activities in its Atsugi area based on its annual program ② Anritsu Corp. works out annual programs of contributions to local communities at manufacturing centers in Japan and its Headquarters

Notes: • Numbers shown in parentheses on the left column in the table above show the page(s) on which we described the relevant articles.
• Unless otherwise specified, the contents of objectives in this table cover operations of Anritsu Corporation and its Group Companies in Japan.

*1: Value obtained by dividing sales by Corporate Goods Price Index (electrical equipment) of the Bank of Japan.

*2: Value announced by the Federation of Electric Power Companies in Japan is used as CO₂ emission conversion factor for electric power, starting this FY 2006 [previously, the factor stipulated by enforcement order for the Law on the Promotion of Measures against Global Warming (revised and enacted on December 26, 2002) had been used].

Supplemental Information on Environmental Objectives

(1) Review of Items

On the occasion of the government's announcement of the Kyoto Protocol Target Achievement Plan, we reviewed our CO₂ emission reduction objectives to save resources and energy, and changed them to conform to the voluntary action program (electric and electronic) objective of the Nippon Keidanren in fiscal 2006. We also reviewed and revised reduction objectives for electricity usage in a similar way.

In the previous fiscal year, we failed by a slight margin to achieve the objective for reducing the ratio of urethane packaging resin usage among logistics department activities. But as we have come substantially close to attaining our initial objective, we removed this item from our total objectives.

(2) Selection of Items for Monitoring and Maintenance

We decided as of fiscal 2006 to select certain items among those for which initial goals have already been attained so that we can monitor their status and maintain their achieved levels. We picked three such items, which had been posted as objectives to be achieved during the previous fiscal year, including the low-emission vehicle introduction objective.

For Future CSR Activities

Objectives for each CSR issue for fiscal 2006 shown on the table at left were determined by summarizing subjects, which were screened in questionnaires returned by stakeholders, for our CSR Report 2005.

The entire Anritsu Group encourages all employees' volunteer activities, as represented by the Moebius band on the front cover. These actions are key to the success of our CSR activities.



Attaining Customer Satisfaction
Conducting Ethical Company Activities
Disclosing Corporate Information
Managing Information Property
Protecting Human Rights
Valuing Employees
Harmony with Society
Preserving the Global Environment
Conducting Social Contribution Activity

In Harmony with Customers

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

Global Anritsu Group Activities

Anritsu recognizes how crucial it is to listen to customers in fields of business throughout the world. For instance, a global CS survey conducted via the Internet gives us a better idea of how to serve clients better wherever they may operate. Such surveys and other information regularly inform the Globalization Committee's work of devising plans to put into practice. The resulting actions are reported to customers in newsletters.



Enhancing Customer Satisfaction

As a corporation with operations around the world, we have many stakeholders: parties that have an inherent interest in how Anritsu carries out its business and in what results it achieves. Recently we have refocused some of our efforts and have made the satisfaction of our customers a real priority.

In today's world, customers are not only concerned about product specifications and price. Our customers look at Anritsu as a complete package and examine every aspect of our operations to see if we have the ability to be a valued supplier to them. Every aspect includes product, price, delivery, support, service, financial strength, business and management ethics, environmental behavior, as well as consistently living up to our commitments. The often-used phrase of "customer satisfaction" has thus taken on a very broad meaning in the 21st century.



Mark Evans
Executive Deputy President, Director
Anritsu Corporation

At Anritsu, we feel there is only one way to determine customer

satisfaction: that is by talking to the customer. For several years, our strategy has been to continuously survey and interviews our customers to find out what they want from a top-level supplier and how we are doing compared to their expectations. We have found that most customers are very frank and tell us what we do well and where we need to improve.

Of course, we cannot stop at just collecting survey and interview data from our customers. The three most important aspects of attaining customer satisfaction occur after you listen to your customer. The next step is to implement action plans to improve the areas that the customers say need improvement. Then we communicate back to the customer what we have done. Finally, we start the process all over whereby we ask how we are doing and what they want us to do better.

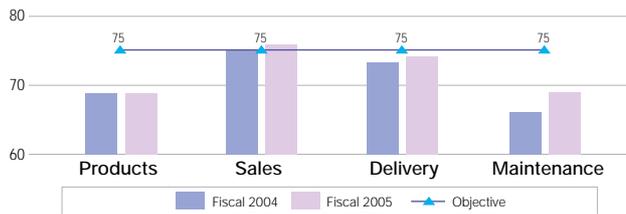
This results in a continuous loop of communication with key customers and all customers as a group. This communication builds satisfaction and tells the customers that we care and will actually change to make things better for them. The process also helps Anritsu employees to have a better understanding of the customers' points of view. Our commitment for 2006 is to listen better, initiate meaningful actions and improve our customers' satisfaction in all aspects of Anritsu's operations.

- Attaining Customer Satisfaction
- Conducting Ethical Company Activities
- Disclosing Corporate Information
- Managing Information Property
- Protecting Human Rights
- Valuing Employees
- Harmony with Society
- Preserving the Global Environment
- Conducting Social Contribution Activity

CS Activities in Japan

An annual CS (customer satisfaction) questionnaire survey helps Anritsu identify customer needs and address any possible problems efficiently. We plan the improvement process to find solutions with customers and act promptly. Referring to our survey in 2005, our immediate goal in fiscal 2007 is to score CSI 75 (out of a possible 100 points) on the CSI (Customer Satisfaction Index) by improving product quality and operation manuals; reviewing field operations in sales activities; advancing the *kanban* (just-in-time) supply delivery system; and minimizing system recovery time for stable production management.

CSI Trend



Note: Values have been adjusted for comparison due to differences in questions between fiscal 2004 and 2005.

CSI: Customer Satisfaction Index. Four factors (products, dealings of sales personnel, dates 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

Since 1997, Anritsu Group in Japan has been operating under the Technology KI (Knowledge Intensive Staff Innovation) Project aimed at timely marketing of products and services that increase customer satisfaction through mutual recognition and management of issues among R&D departments. Recently, this project has expanded to a growing number of manufacturing and non-manufacturing departments.



Training meetings

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 together to come up with better solutions. In fiscal 2006, we will learn more about what products customers need, in order to upgrade our response to those needs, according to CSI survey results.

Delivery Activities

To do a better job of delivering the products that customers need at appropriate times, we aim to reduce product delivery times.

Tohoku Anritsu Co., Ltd., Anritsu Industrial Solutions Co., Ltd. and other Anritsu Group Companies are promoting manufacturing innovation activities so as to flexibly accommodate demand fluctuations and deliver products that best fit customer requirements.

Anritsu Industrial Solutions Co., Ltd. started its manufacturing innovation activities in fiscal 2001, and, in close cooperation with the sales and R&D departments, is building a system that can manufacture the necessary quantity of products when required in the shortest period. In fiscal 2004, the company introduced the *kanban* (just-in-time) supply system and other measures together with suppliers to accelerate efforts to increase management efficiency. Since then, the company has succeeded in reducing average delivery time by 25% or more.

Maintenance Activities

Anritsu's Measuring Instrument Group's 19 service centers in 14 nations provide consistently high quality of service to customers throughout the world.

In fiscal 2005, the Global CS Surveillance Team of each nation's regional service managers organized to conduct six categories of surveys (delivery, price, communication, service quality, documentation and overall) about measuring instrument repair and calibration provided at our respective service centers. Improvements are being put into place for categories that scored less than 80 points.

We strive to make Anritsu products and services more familiar worldwide, so that customers can rely on them for years.

CS survey results for maintenance

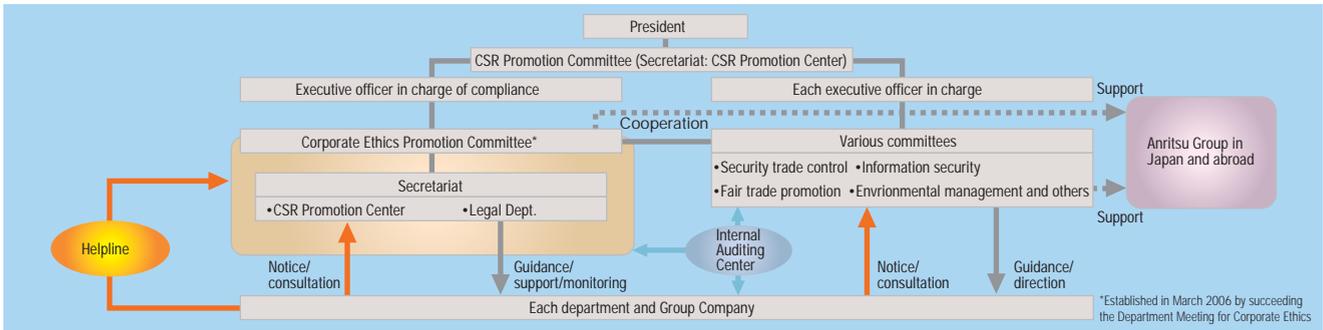


Corporate Ethics and Compliance

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 Group's Corporate Ethics/Compliance Promotion Structure is presided over by the executive officer in charge of compliance, based on Basic Rules for Ethical and Legal Compliance. The Corporate Ethics Promotion Committee, under the CSR Promotion Committee, plans and promotes companywide compliance with internal committees such as those dealing with export control, fair trade promotion, information management and the environmental management. Each department's management regularly implements related measures with the support of the committee's secretariat, CSR Promotion Center, the Legal Department and other internal organs.



Compliance Promotion Measures

Anritsu Group carries out the following compliance promotion measures.

(1) Anritsu Group Code of Conduct and Case Study Sheet

Anritsu Group stipulated that its Code of Conduct is to outline compliance measures for executives and employees to put into business practice. We have distributed the code of conduct to all Anritsu Group Company employees in booklet form and uploaded it on Anritsu's website in Japan. The Code of Conduct enhances awareness of our compliance activities and values shared among Anritsu Group Companies worldwide. In December 2005, we started to circulate a few different cases each month in Case Study Sheets on our Intranet.

(2) Training and Awareness

Anritsu has various training and awareness programs. The programs include training according to organizational hierarchy including new recruits and newly promoted managers to reinforce awareness of compliance and ethical matters in general. Specialized departments, including those for security trade control, information control and environmental management, also provide compliance training. Moreover, annual Compliance Reinforcement Week campaign lectures and training programs spotlight ethics-related issues. The latest series of such activities took place from January 30 to February 3, 2006.

(3) Monitoring

Our Legal Department in Japan takes the initiative to conduct an annual questionnaire survey to gauge the extent to which Anritsu Corp. and Anritsu Group employees in Japan understand compliance and ethical matters, and develops compliance promotion activities accordingly. Temporary employees, as well as employees of suppliers and partners, also take a kind of survey. Such monitoring of employee behavior and ethics enhances compliance companywide.

(4) Helpline

To prevent Anritsu Group from violating ethics and laws, we have a Helpline that accepts internal reports, notices and consultations. Employees can communicate such concerns internally through secure dedicated e-mail hotline and suggestion/complaint boxes, or by consulting with external legal representatives. The secretariat deals with such reports, reporters and consultants in utmost confidentiality based on internal rules and without retribution. In fiscal 2005, there were no reports about serious concerns.

Activities to prevent recurrence of violation of Antimonopoly Law

On April 27, 2005, the Fair Trade Commission in Japan made a sanction against Anritsu Corp. regarding traffic information display construction ordered by Japan's Ministry of Land and Infrastructure and Transport. Upon reflection concerning our role in this case, we carried out the following measures to prevent recurrence of such violations.

(1) Top management expresses its priority to satisfy legal obligations completely

President of Anritsu Corporation made it clear to all employees that meeting all company legal responsibilities is a top priority.

(2) Training and awareness advance

In addition to the Compliance Reinforcement Week campaign, Anritsu Corp. held internal training meetings on fair trade led by outside speakers and other training programs to all sales departments that need to comply with the Antimonopoly Law.

(3) Sales manual focuses on compliance with Antimonopoly Law
Reinforcing the revised Anritsu Group Code of Conduct, the new Sales Department Manual For Complying With The Antimonopoly Law promotes sales activities that fully comply with the law.

(4) Reinforcing the audit system

Anritsu Corp. repurposed the internal auditing system to improve inspection of business conditions and promoted innovation in our corporate culture. In addition to primary auditing by the Business Support Department, the Legal Department performed secondary auditing periodically. Anritsu Corp. provided for a sufficient and thorough auditing process in the period from Nov. 2005 to Feb. 2006 in order to prevent recurrence of any legal violations. In addition, all Sales Department managers and staff vowed total compliance with fair and open practices.

Risk Management

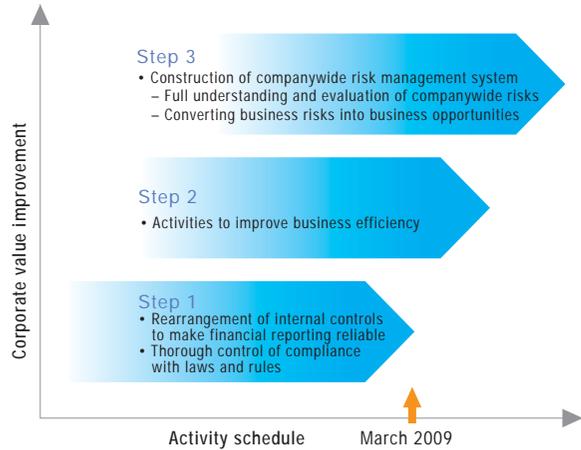
To maintain business continuity and raise corporate value, Anritsu reviews its risk management system and methods in a timely way, whenever needed, and takes appropriate Group-wide action.

Business Risk Management Activities

(1) Business Risk Management and Internal Control Concerning Financial Reporting

In order to achieve management goals, Anritsu is reinforcing its internal control system based on the leading-edge framework of COSO ERM^(p33) to convert constraints on growth, i.e. business risks, into business opportunities.

An improvement of the internal control system is indispensable to understanding, in full detail, evaluation and management of business risks inside the company. Management in this regard revolves around three factors: reliability of financial reporting, legal observations and business efficiency. The Financial Services Agency of Japan requests that the company submits an Internal Control Report detailing advances in internal controls and independent auditing by March 2009. Hereafter, we will not only make financial reports reliable, but also disclose appropriate design systems so as to prevent mistakes in the process of producing the reports.



(2) Accelerating preparations of the Internal Control System

Rules and procedures, according to internal controls, have determined business policies, job contents, authorization procedures and more. With Anritsu's establishment of the Internal Control Improvement Center, risks pertaining to these procedures will be screened out and control documents made accessible to outside stakeholders. Independent auditors and Anritsu will assess effectiveness of this internal control, ensuring objectivity and reliability of our financial reporting.

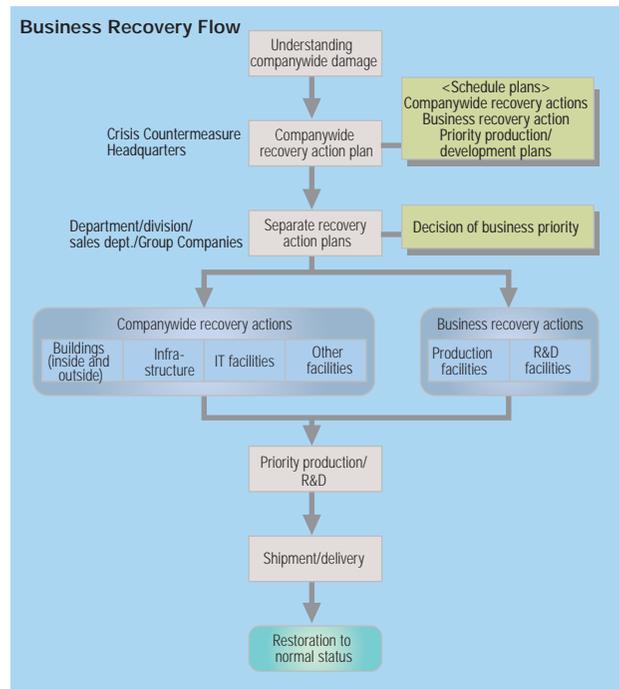
In the process of evaluating current procedures, we are also continually improving productivity and legal compliance in order to reinforce overall internal control procedures.

Disaster Management Activities

As Japan is prone to natural disasters, stakeholders recognize the need to make a company more resistant to effects of such disasters by planning for emergencies that may interrupt business operations. Stakeholders abroad recognize the need to minimize the risks of harm from possible earthquakes and other natural disasters, for example.

To clarify relevant concerns and countermeasures, Anritsu Group in Japan has made practical Recovery Plans of action to help secure lives and to continue business operations, including plans for initial action and recovery from damage possibly caused by large-scale earthquakes, based on regulations to counter the effects of disasters. In addition, we included Action Plans by Headquarters to rebuild Anritsu infrastructure and also Department Recovery Plans for business departments and Group Companies.

Anritsu Group in Japan aims to adopt a Business Continuity Plan (BCP)^(p33) to further improve the Recovery Plans and minimize disruption among stakeholders in the event of disaster. As we could anticipate occurrences of infectious diseases, including new strains of influenza, affecting people and, consequently, corporate activities, we distributed to employees a Manual Against Infections to help minimize the incidence and influence of these afflictions.



Communications with Stakeholders

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

Communications with Shareholders and Investors

To maintain a fair and appropriate relationship with, and ask our shareholders and investors for understanding of company activities, Anritsu Corporation's IR (Investor Relations) activities include information disclosure and communication according to disclosure policies and internal rules.

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 for institutional investors and analysts. Moreover, a top Anritsu representative vows that the Company will sincerely disclose corporate information to investors, in a timely way, whenever required.

Shareholders Meeting

In fiscal 2005, the Company held a meeting with shareholders after the general shareholders meeting. After Anritsu Corp.'s president explained the Company's management policies, we had a discussion with shareholders.

Website for Investors

Anritsu's website for investors in Japanese and English gives shareholders and investors worldwide quick access to much up-to-date, timely information regarding



settlement of accounts, featuring video, audio and Q&A presentation materials; easy-to-read technical guides targeted at investors; news releases about new products and business, and more. A Contact Investor Relations corner of the website makes it easy for investors and potential investors to make further inquiries.

Communications with Institutional Investors and Analysts

Our top management and IR personnel visit institutional investors and analysts to maintain effective communications. In Japan, the Company holds small or independent meetings after quarterly settlements of accounts. In fiscal 2005, we visited institutional investors in the United States, Europe (U.K. and Switzerland) and Asia (Singapore and Hong Kong) one at a time, and also met independently with those who visited Japan. We carefully consider views expressed to us in these ways, and relay the feedback to senior management in order to improve management and business activities.

Assessment by External Organizations

Every year since 2002, and again in fiscal 2005, Anritsu Corporation received the honor of nomination to join the FTSE4Good (Global Index and Japan Index) companies. The Company also earned the Internet IR Excellence Prize 2005 from Daiwa Investor Relations Co., Ltd., and The Japan Research Institute, Limited selected Anritsu Corporation as a Corporation Advanced in Social Responsibility Management Activities.



FTSE4Good



Communications with Customers

Anritsu exchanges information with customers through the following various means of communication, so as to improve product design, enhance customer service and strengthen the win-win relationship with customers.

CSR report
CS
questionnaire



Website



Corporate brochure



Exhibitions (for Anritsu Corporation's 110th anniversary)



Corporate ads



Product ads



Product brochures

Communications with Suppliers and Partners

Anritsu Corporation's Basic Rules for Procurement

Anritsu procures its materials and resources from suppliers and partners inside and outside Japan, on condition that it observes relevant laws and establishes long-term relationships in the spirit of fairness and harmony. To fulfill our social responsibilities in these situations, Anritsu determined that it is essential to perform activities through the entire supply chain^(p33) involving suppliers and partners. As a result, Anritsu Corporation revised its Basic Rules for Procurement in January 2006, adding new items requesting that our suppliers and partners also consider issues such as human rights.

Basic Rules for Procurement

1. Selection of suppliers and partners

Anritsu keeps the door open to new potential suppliers and partners inside and outside Japan, in a spirit of fairness and harmony at all times. Anritsu objectively selects suppliers and partners based on proper standards, emphasizing characteristics such as quality, price, delivery schedules and environmental measures.

2. Partnership

Anritsu builds mutually beneficial relationships with all suppliers and partners through sound business practices.

3. Compliance and secrecy protection

Anritsu conducts business in full compliance with relevant laws, and does not disclose information acquired through business with suppliers and partners to any third party without these suppliers' and partners' prior consent.

4. Activity based on ethical concepts

Personnel involved in procurement keep in mind at all times the importance of performing assignments fairly, free of personal interests with suppliers and partners, while maintaining sound relationships with these parties.

5. Considerations of human rights and labor

Anritsu respects human rights and promotes industrial hygiene, safety and security, and requests that suppliers and partners promote these activities as part of the supply chain under their approval. Anritsu may reconsider relationships with businesses having problems related to human rights, such as hiring child labor, racial and sexual discrimination, etc.

Communications with Suppliers and Partners

In planning and organizing technical seminars and components exhibitions in which suppliers and partners participate, Anritsu Corporation supports these parties by increasing their opportunities to learn about new technologies and grow their businesses. Anritsu Group in Japan also holds information exchange meetings twice a year with these parties to share information about our purchasing policies, business forecasts and environment-related activities; survey them using a questionnaire; and request their proposals for Anritsu to improve quality. These activities make procurement and supply among Anritsu and those parties smoother and more efficient, which contributes to building solid, lasting relationships of trust and reliance.



Components Exhibition

Communications with Employees

Anritsu provides its employees with the information dispatching/communication tools listed below to encourage them to be proud of themselves and their company.

- Intranet (president's square)
- CSR report
- Communication survey
- Human rights training video
- Human rights references
- Interview by company doctor



Company information reports



Anritsu academy

Communications with Local Society

Anritsu promotes various means of communication with local societies throughout the world in order to contribute to each local society with the dignity of a good corporate citizen.

- Corporate brochure
- Website
- Participation in events held by local government
- Atsugi Technical Fair
- Sponsorship of Atsugi Fish Festival
- Internship
- Crime-prevention cooperation with local self-government association



CSR report



Sponsorship of Atsugi City's Soccer Society and Boys Committee

Information Security Management

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

Information Security Management Activities

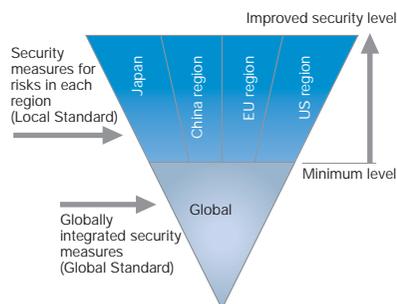
Anritsu’s company philosophy of “contributing to create an affluent ubiquitous network society” acknowledges that information security is a key for consolidating trust among stakeholders such as shareholders, customers, employees, and local communities. Even a momentary lapse in this network could have far-reaching impact, so Anritsu’s Global Security Committee takes initiative to ensure that management systems are activated to perform reliably in a global environment.

Global Security Management Activities

As the network society continually evolves, so do potential threats to information security. Accordingly, corporate information security measures must be globally and quickly responsive. In 2005, Anritsu’s Global Security Committee took the initiative to assess and categorize global and local security risks on behalf of Group Companies.

Accordingly, we revised our Global Standard and set Local Standard security measures. In the process, we developed a global directory service^(p33) for integrating information management, including resources such as client PCs, servers, and employee accounts. As a result, employees can access protected information anywhere in the world, so that the system contributes to global business management. Evolving these standards, we will continue to integrate security globally, and take countermeasures against local security risks.

Risk assessment in global environment



ISMS Certification^(p33)

Addressing growing information security needs, Anritsu Group in Japan acquired several ISMS (Information Security Management System) certifications by August 2005. Anritsu Corporation acquired the certification for design, development, manufacture and maintenance of information system products as well as operation and management of intra-company information systems. Also, Anritsu Engineering Co., Ltd. acquired the “certificate for software and hardware development service for customer requirement and software application product development”, as well as the Privacy Mark^(p33) — proof of proper protection of personal information. In our ongoing quest to improve information security, we plan to adopt the methodology acquired in the process of obtaining ISMS certification throughout the Anritsu Group.



ISMS certificate/ Anritsu Corporation ISMS certificate/ Anritsu Engineering Co., Ltd. Privacy Mark license

Information Security Auditing for Group Companies in Japan

Each Group Company in Japan underwent an internal audit to assess the application of each information security measure. All departments conducted self-checks by checklist and field audits by sampling—and field-rehearsed newly introduced measures.

This survey determined that risks of lost and leaked information increase by taking the information outside by various means as sales activity increases outside the company. We therefore put into effect measures such as USB memory security and its strict management, notebook PC security, and more restrictions on use of business data (including e-mail) on home and non-company-supplied PCs, to prevent such incidents from occurring.

Future Activities

Effective information management demands proper internal auditing and daily security inspection. We will continue evolving the expertise of our internal auditing functions to strengthen security handling and supervision.

Attaining Customer Satisfaction
 Conducting Ethical Company Activities
 Disclosing Corporate Information
 Managing Information Property
 Protecting Human Rights
 Valuing Employees
 Harmony with Society
 Preserving the Global Environment
 Contributing Social Activity

Respect for Individual Character

Anritsu encourages employees to realize more of their potential by harnessing the power of diverse personalities and talents in the workplace.

Promoting Human Rights and Employing the Handicapped

Anritsu Corporation provides human rights training to each class of employees and arranges video presentations plus other training tools concerning human rights during Compliance Reinforcement Week. In January 2006, personnel in charge of human affairs at Group Companies ran a Human Rights Promotion Meeting. We will continue promoting human rights so that each employee can gain an enriched understanding of them.

The ratio of handicapped persons among all people employed at Anritsu Corporation had been below the legal target of 1.8%, so we set up a three-year program in December 2004 aimed at reaching this target by fiscal 2007. Accordingly, we are making working conditions more amenable for handicapped persons to make them optimally effective and allow them to work more easily with co-workers.

Three-year program for employment of the handicapped in progress

	Dec. 2004	Dec. 2005	Dec. 2006	Dec. 2007
Employment ratio during 3-year program (non-consolidated basis)	-	1.23%	1.43%	1.80%
Actual employment ratio (non-consolidated basis)	1.17%	1.31%		
Ref.: actual employment ratio (In Japan, consolidated basis)	1.20%	1.27%		

Balancing Work and Family

In April 2005, Anritsu Corporation instituted a plan based on the Next-Generation Family Promotion Law and submitted it to the Kanagawa Prefecture Labor Dept. as a means of promoting better balance of work and child rearing time. Moreover, to motivate male employees to play more of a role in child rearing, the company eliminated restrictions related to working tenure and spouse status.

The Committee to Support Promotion of Balancing Work and Family, which is organized by commissioners assigned by the company and employees, controls action plan execution, discusses new support, and periodically researches employee satisfaction and needs. The January 2006 survey shows that there remain issues to raise employee awareness, usage and satisfaction regarding support programs. We closely examine these issues to find solutions and continue to build a more employee-oriented working environment.

Anritsu Corporation's Next-Generation Family Promotion Support Plan (April 1, 2004 to March 31, 2008)

Objectives	Measures
	○: Done △: Continuance under discussion
Establish Ability Development Support Program to maintain high viability of worksites and job functions during periods when employees take time off to raise children.	○ Self-development program (correspondence course) for employees taking time off to rear children). ○ Information dispatch, common-use tools and other new systems for employees taking time off to rear children).
Establish assistance system to support temporary child rearing (such as for ill children).	○ Financial support for employees to hire babysitters.
Establish Short-hour Working System to support employees with children in primary school.	△ Allot employees with children in primary school hours for child-rearing.

Developing Human Resources

With respect for diversity of employees' personal growth, Anritsu promotes programs for education, training and self-development of new skills.

Developing Human Resources

A company is only as competitive as its people, so it makes sense to develop the potential of employees. 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/self-development programs are periodically reviewed and improved. The Global Employee Training Program started in 2005 develops abilities of employees who may work in global assignments.



Global leader development training

Through the internal staff recruitment system, internal venture entrepreneur system and other means, we help employees develop careers and skills, as well as contribute to society. We award High Performer Prizes for model initiatives, qualification acquisition, external thesis presentation and volunteer activities.

Progress of Global Employee Training Program

Program name	General description	Period	Participants in FY 2005			
			J	Am	E	As
Global leader development training	Develop strategic planning and management skills of employees on track for future global management roles. All training conducted in English.	One year	6	2	1	1
Global employee exchange program	Human resources exchange among staff in Japan, the Americas, Europe and Asia. Trainees broaden their vision by learning about languages, cultures and values.	3-12 months	3	0	1	2
Cross-cultural communication training	Each region holds these training courses to learn foreign cultures and related skills through lectures.	One day	120	20	30	20

J: Japan Am: Americas E: Europe As: Asia

Basic Employee Data on Anritsu Corporation

		FY 2003	FY 2004	FY 2005
No. of employees Figures in parentheses show number of managers included in the total number.	Male	1,065 (227)	1,064 (243)	1,063 (251)
	Female	134(3)	130(3)	134(4)
	Total	1,199(230)	1,194(246)	1,197(255)
Average age	Male	40.4	41.3	41.7
	Female	32.1	33.0	33.7
	Total	39.5	40.4	40.8
Average working years	Male	17.2	18.0	18.4
	Female	10.6	11.3	11.9
	Total	16.5	17.2	17.7
Annual rated working hours		1,875.5	1,875.5	1,875.5
Average days of paid holidays used per year		14.1	15.2	14.6
No. of employees who took paid childcare leave		8	7	7
No. of employees whose employment has been extended beyond normal retirement age (for continued hiring of employees who are beyond retirement age)	No. of eligible employees	—	5	13
	No. of employees beyond retirement age hired	—	4	10

Labor Safety and Health

Assuring employee health and safety is one of Anritsu's fundamental corporate activities, and the company's social responsibility as well. The Anritsu Group has adopted safety first and health maintenance and enhancement as basic concepts for our safety/hygiene activities to ensure a comfortable working environment.

Present Activities

Anritsu Corporation and its employees work together on the Safety and Health Committee to raise safety and health standards by establishing a control system based on the law. Anritsu Group Companies in Japan also take part in this Committee.

Based on the annual action plan, health and safety managers and commissioners from Anritsu Group in Japan perform periodic patrols to find and eliminate potential causes of accidents, thereby minimizing potential incidents. In addition, we undertook training in risk management for line managers and personnel in charge, practical training for risk prediction, and education by outside lecturers. Moreover, Anritsu conducts an emergency drill focusing on disaster prevention, refuge training, security confirmation, emergency treatment and lifesaving.



Studying better ways to predict danger.

Anritsu Corporation is represented in a local government-assigned Safety and Health Group of industrial enterprises that raises consciousness about safety and health issues. In this capacity, The Company conducted lectures and voluntary patrols aimed at preventing labor mishaps at Group member company worksites.

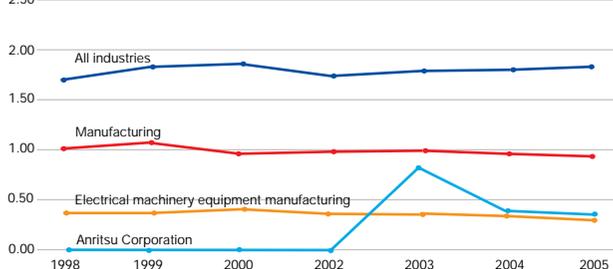
Overall, we are reinforcing PDCA (Plan, Do, Check, Action) cycles as we continue surveying and studying safety and health conditions with an eye toward improving the systems that deal with them directly.

Status of Labor Accidents

Although Anritsu Group in Japan has a "zero accident" policy, reflecting a meticulous approach to everyday safety and hygiene, during fiscal 2005 Anritsu Corporation was involved in one traffic accident, in which an employee was injured and had to leave his job temporarily for medical treatment.

Occurrence of Labor Accidents

No. of accidents (per one million working hours)



The frequency rate in all industries, manufacturing, and electrical machinery equipment manufacturing accounts for more than four days off the job. The frequency rate in Anritsu Corporation accounts for over one day off the job.

Health Management

Mental and physical health is essential in working environments that engage each employee to the fullest potential.

Employees in Anritsu Group in Japan thus receive health guidance from nurses under company doctors' supervision. The percentage of physical problems found by a periodical health examination is 54%, which is higher than the nationwide average value. Most of these problems result from lifestyle diseases. In the consecutive years of 2004 and 2005, we conducted a food/lifestyle improvement campaign for healthier everyday living.

To help maintain employees' mental health, Anritsu Group Companies in Japan are formulating four mental healthcare systems in compliance with "Guidelines for ensuring the mental health of labor at jobsites" by the Japanese Ministry of Labor and Welfare.

- (1) Support of self-care among employees (stress reduction, twice a month).
- (2) Mental healthcare support for line supervisors (management and group leader training, once a year).
- (3) Care by internal healthcare staff (as needed).
- (4) Care by outside specialists (mental healthcare consultation days, twice a month).

Health Management for Extended Overtime Work

Even prior to the February 2002 release of "Comprehensive measures for the prevention of health troubles due to overwork" by the Japanese Ministry of Labor and Welfare, Anritsu Group in Japan provided special health checkups for employees following long periods of overtime work. Previously, the checklist was a paper document, distributed and collected manually in a process consuming much time, which was a major reason why relatively few of the health examination checklists were received. To improve this situation, we started in November 2005 a Web Health Checklist distributed using the Intranet for employees to see doctors quickly and frequently.



Web health checklist

Measures for Extended Overtime Work

Anritsu Group Companies in Japan periodically encourage managers to help reduce employees' overtime work, balance workloads better and ensure that employees take paid holidays away from work. We take measures for management and labor unions to share information on workloads in order to balance the loads better, as well as promote joint campaigns to reduce overtime work. Also, on a particular day each week, there is no overtime work carried out and all employees leave at their regular time.

Tackling Global Social Problems

Anritsu is contributing to the development of global society and local communities, enlarging its activities through its main businesses, with its products and services addressed to solve social issues on a global scale.

Anritsu Supplies Measuring Instrument to Tohoku University for Ground-Penetrating Radar



Field test in Croatia (Feb. 2006)

In 2002, Anritsu contributed to the “Research and Development for Supporting Humanitarian Demining of Antipersonnel Mines” project led by the Japan Science and Technology Agency in cooperation with The Center for Northeast Asian Studies at Tohoku University.

Since then, Anritsu and Tohoku University have been studying new types of detection systems that combine ground-penetrating radar (GPR) and conventional metal detectors, aimed at vast improvements in the efficiency and accuracy of mine detection. For this project, Anritsu contributed and adapted existing vector network analyzer (VNA) technology already proven in the high-performance, high-frequency measurement of communication circuits and devices. In the process, Anritsu has deepened and continues to deepen its commitment to work in harmony with society.

Q: Why was ground-penetrating radar needed?

A: (Professor Motoyuki Sato, Tohoku University):

It is estimated that over 100 million antipersonnel land mines lie buried worldwide. Throughout Afghanistan, Cambodia, Africa, the former Yugoslavia, and other areas once or still plagued by civil wars, mines which have not been deactivated may cause serious calamities and delay national reconstruction.

The humanitarian quest for safer, more efficient antipersonnel mine removal has drawn widespread attention, as researchers of many nations develop new technologies and equipment.

However, demining poses a complex global challenge that cannot be solved by conventional technologies alone. The mines must be distinguished from soil and stone, often in rough, non-uniform ground. Technical breakthroughs such as GPR are needed for identification and removal.

Q: Why did you choose Anritsu as your partner?

A: (Motoyuki Sato):

Since the 1980s, GPR technology had been studied for practical applications but specialized hardware was not suitable for general use. To develop newer systems, we needed a compact network analyzer to make our GPR usable under all geological/topographical conditions encountered in the field. Since we had to complete a GPR for field use quickly by March 2005, we selected the portable type VNA that Anritsu has been supplying.



VNA in a backpack.

Q: Why was Anritsu Company interested in this project?

A: (Donn Mulder, General Manager, Microwave Measurements Division, Anritsu Company):

Because Anritsu pays serious attention to customer needs and because of the humanitarian aspects, we were very motivated to take part in this project. Involvement in this project promised to help us refine our technology and was consistent with our pursuit of new partnerships in CSR activities. We are grateful to Professor Sato for giving us this chance.

Q: How will this project proceed?

A: (Motoyuki Sato):

Confirmation tests were conducted in Croatia in February, and evaluation tests will follow in September or October, then our GPR will be fully developed for use in the field. The equipment is superior in its adaptability for use in various non-destructive surveys. This equipment is sufficiently easy to operate and cost-efficient for such purposes.

A: (Donn Mulder):

By applying technology from this project to other areas that can benefit from RF Imaging and Detection^(p33), e.g., environmental surveys, historic ruin surveys, detection of explosives and underground tunnels, medical detection of collapsed lungs, tumors and breast cancer, we can continue to help solve other social problems.



Motoyuki Sato, Doctor of Engineering and Professor of Tohoku University (center), Donn Mulder, General Manager of Microwave Measurements Division, Anritsu Company (right), and Mitsuo Ohishi, Assistant Manager of T&M Sales Division, Anritsu Corporation (left/interviewer).

Attaining Customer Satisfaction

Conducting Ethical Company Activities

Disclosing Corporate Information

Managing Information Property

Protecting Human Rights

Valuing Employees

Harmony with Society

Preserving the Global Environment

Conducting Social Contribution Activity

Anritsu's Activities to Help Preserve The Global Environment

Anritsu is conducting environmental management globally and every employee is ecologically minded to create an Eco-Office, Eco-Factory and Eco-Products.

Aiming at More Global Environmental Management

The ratio of Anritsu products sold outside Japan has been rising year after year and 50% of our products were used by customers outside Japan in 2005. The ratio is forecasted to rise further in the future. Anritsu has R&D and manufacturing sites in the United States, the United Kingdom, Denmark and France. Under the circumstances, it is an important issue for management to conduct environmental management globally. As a first step toward this objective, we called for the Global Environment Management Meeting in the fall of 2005 to enlighten participants and instill Anritsu Group's environment philosophy into the members of the Group. As organs of the Global Environment Management Meeting, we at Anritsu Group established the Global WEEE Meeting and the Global RoHS Meeting to cope with EU directives most effectively.

These meetings are globally promoting compliance with the WEEE Directive^(p33) for collection and recycling of wastes which was enacted in August 2005 and the RoHS Directive^(p33) on the content of hazardous substances in products to be enacted in the summer of 2006. At present, measuring instruments and checkweighers — major Anritsu products — are not subject to the RoHS Directive. However, we consider it our corporate social responsibility not to use hazardous substances in our products and it is one of our major environment management priorities to promote on a global basis the development of products that do not use such substances.

In Japan, we have established an environment management system encompassing all Group Companies to promote environment management. Particularly in 2005, we made efforts to achieve the objectives of countering global warming, cutting wastes, reducing environmental risks and developing environmentally friendly products to lessen the burden on the environment. As for the efforts to counter global warming, the Anritsu Group participated in Team Minus 6%, a national project advocated by the Ministry of the Environment in order to attain the rate of reduction of CO₂ discharge volume promised by the Japanese government under the Kyoto Protocol, and rigorously controlled air conditioning temperature settings in summer and winter. As a result, energy consumption in summer dropped 8% from the year 2004 and leveled off in winter despite unusually cold weather. We will continue to take measures to help prevent global warming and at the same time try to reduce the environmental load by diminishing environmental risks and slashing use of resources.

Outside Japan, our production site Anritsu Ltd. in the United Kingdom set up an environment management system and obtained the ISO 14001^(p33)

certificate, but the other overseas production sites have yet to build such systems. These sites will also establish an environmental management system during fiscal 2007 and reduce the environmental burden, by setting objectives.

This CSR Report chiefly introduces topics for fiscal 2005. Detailed information will be provided on our website. We would be grateful if you would look at the site and inform us of your frank opinions.



Koichiro Takahashi
Vice President, Senior Manager
Environmental Promotion Center
Anritsu Corporation

For Environmental Information, please refer to

www.anritsu.co.jp/E/Environment/

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

Eco-Products

Eco-Factory

Promoting observance of legal regulations and reduction of environmental risks, we make efforts to improve the global environment through energy reduction and conservation, waste management and other means in each factory process.

Attaining Customer Satisfaction

Conducting Ethical Company Activities

Disclosing Corporate Information

Managing Information Property

Protecting Human Rights

Valuing Employees

Harmony with Society

Preserving the Global Environment

Conducting Social Contribution Activity

The Anritsu Group's Environmental Principle

Anritsu strives to give due consideration to the environment in both the development and manufacture of our products. Through sincerity, harmony and enthusiasm we will endeavor to foster a prosperous society at one with nature.

While promoting acquisition of the Environment Management System (ISO 14001), we make efforts to improve environmental auditing and increase performance. Through the above, we advertise our management attitudes toward the environment and provide information to stakeholders such as local residents, shareholders and customers.

Ecological 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 offices, waste management and resource conservation, we support manufacturing of ecological products and expansion of ecological factories.

Eco-Office

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

Ecological Minded Employees

Topics

From among the topics of fiscal 2005, this section introduces the first Global Environmental Management Meeting, environmental measures taken by Anritsu A/S (Denmark) which recently joined the Anritsu Group and the start of sales of refurbished measuring instruments.

(1) First Global Environmental Management Meeting Held

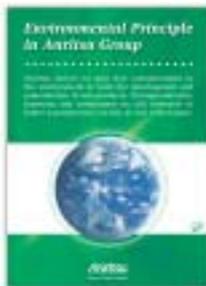
Until 2004, we had been making efforts to conform to the European Union's WEEE Directive and RoHS Directive by establishing global working groups. In fiscal 2005, we started the first Global Environmental Management Meeting, which environment experts from Japan and group companies in Europe and the United States participated in to deal with legal regulations and promote the environmental management system in each country.

At this first meeting, we reconfirmed the Anritsu Group's Environmental Principle and agreed to put up posters promoting this principle at Anritsu Group's development sites outside of Japan.

As for the WEEE Directive, we decided to share among the Group Companies information on legislation in European countries and globally introduce design guidelines for easy disassembly to further promote recycling. Regarding the RoHS Directive, Anritsu resolved in the meeting to select products that conform to the Group's categorizing standards for the RoHS Directive, in order to promote a unified approach to the directive at all development sites. Anritsu also agreed to increase efforts to ship products that conform to RoHS Category 3^(p33) for fiscal 2006.



Global Environmental Management Meeting



Poster promoting Anritsu's Environmental Principle

(2) Environmental Efforts by Anritsu A/S, New Anritsu Group Member

Anritsu A/S (formerly known as NetTest A/S, founded in 1971) attaches much importance to its own environmental responsibility and legal obligations at the municipal, national and European levels.

The Anritsu A/S site in a Copenhagen suburb has headquarters functions as well as sales, R&D, production and servicing departments. The production department is chiefly in charge of designing, assembling and testing products, and as it outsources production of printed circuit boards, no hazardous substances are generated.

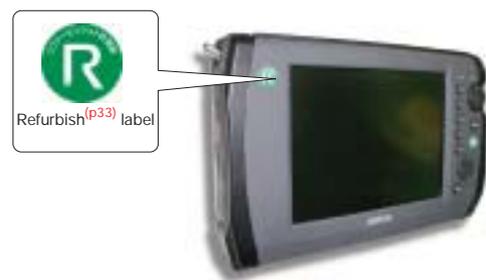
To ensure that it not only conforms to all environmental legislation and regulations currently in force, but also protects the environment, Anritsu A/S is enforcing a policy to achieve higher performance levels than those imposed by laws and rules. For the past several years, Anritsu A/S has been handling various industrial wastes efficiently, as well as reducing environmental impact. We also take responsibility to treat these wastes by sorting and recycling them thoroughly.

In November 2003, Anritsu A/S set up a WEEE-RoHS team inside the company. Upon the announcement in August 2005 that NetTest A/S was joining the Anritsu Group, we started integrating this team with Anritsu's Environmental Promotion Center and have been holding a TV conference between Denmark and Japan every two weeks since January 2006. At the same time, we are conducting research to prepare to conform to the WEEE/RoHS Directives across a wider range, in conjunction with two legal offices with expertise in this field.

In autumn 2005, Anritsu A/S signed a contract with EI-Retur, a WEEE waste collection and recycling company certified by the Danish government. This company ensures proper handling and management of wastes and guarantees that they will not be illegally exported to other countries.

(3) Start of Refurbished Measuring Instrument Sales

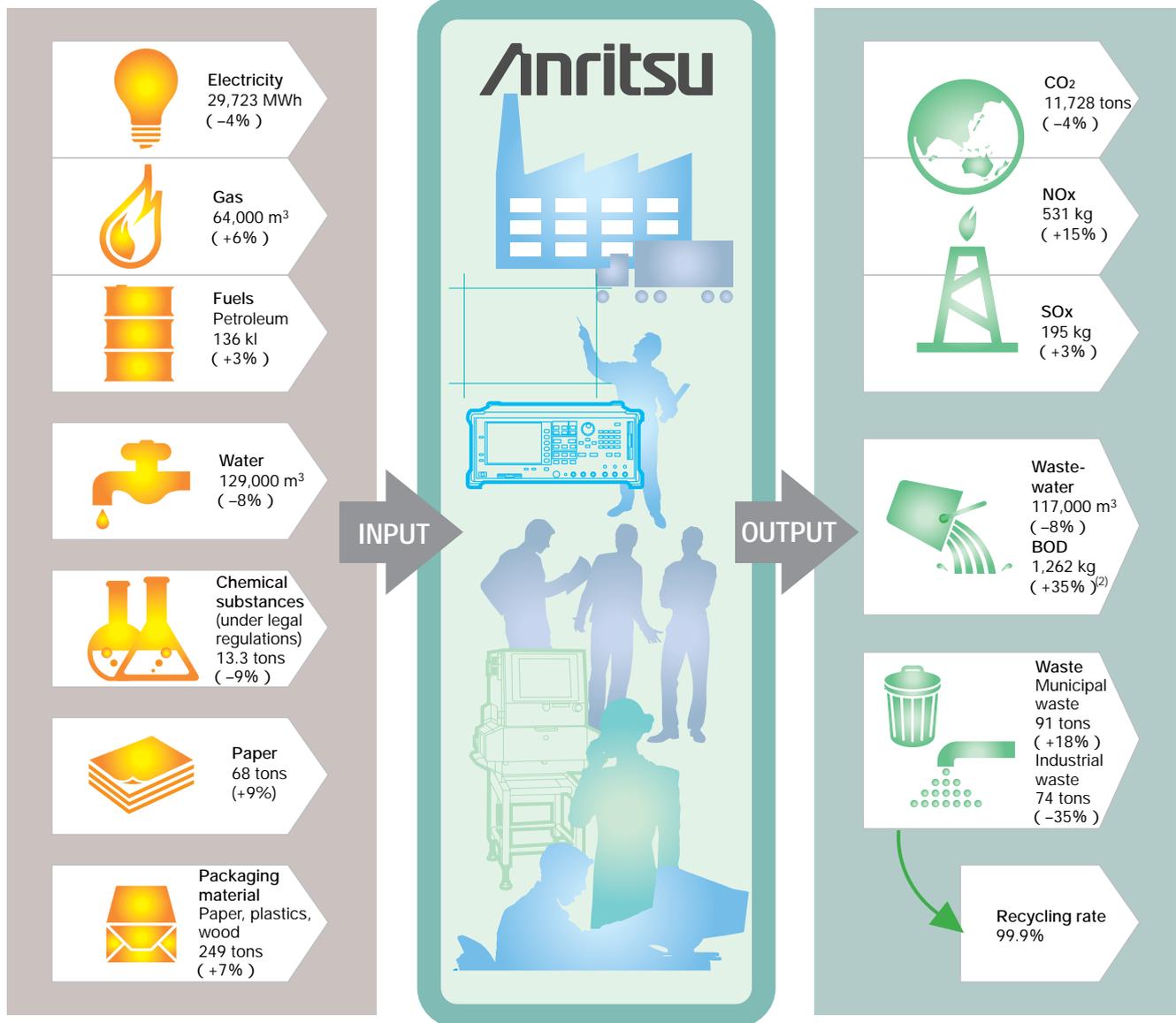
Refurbished measuring instruments are selected from among products previously used for demonstrations, and reconditioned. Although reconditioned, they are highly reliable products repaired and rehabilitated by their original manufacturer, Anritsu, and carry a one-year warranty after product delivery. Refurbished measuring instruments are intended for use by universities and other educational institutions in Japan and sold by Anritsu Kousan Co., Ltd., an Anritsu Group company acting as the sales agent for these products. The sale of refurbished measuring instruments extends the lives of such products.



Environmental Load Mass Balance

The environmental load mass balance^(p33) of business activities at Anritsu Group manufacturing sites (Atsugi, Tanasawa and Tohoku)⁽¹⁾ is shown in the figures below, with percentage changes from fiscal 2004 in parentheses:

(1) Regarding these sites, please refer to Acquisition of ISO 14001 Certification on page 24.



(2) The FY 2005 BOD figure has increased from FY 2004. The BOD figure for the Atsugi Site alone falls within regulations.

INPUT

Electricity: Electric power purchased from power companies for use at manufacturing sites and offices
Gas: City gas used as energy
Fuels: Heavy oil and light oil used as energy
Water: Tap water and ground water (excluding recycled water)
Chemical substances: Chemical substances that are regulated by laws in Japan
Paper: Copy paper and EDP paper used at factories and offices
Packaging material: Wrapping, packing and packaging material for products and packaging material for transportation

OUTPUT

CO₂: Carbon dioxide generated as a result of using electricity, gas and fuels [CO₂ emission volume was calculated using the conversion factor defined in the Law for Promotion of Global Warming Protection Measures (Revised Dec. 26, 2002)]
NO_x: Nitrogen oxides generated as a result of using gas and fuels
SO_x: Sulfuric oxides generated as a result of using gas and fuels
Wastewater: Wastewater discharged from production systems and offices
BOD: Biochemical oxygen demand
Municipal waste: Waste other than industrial waste that is generated as a result of business activities (such as kitchen waste, waste paper and waste wood)
Industrial waste: Of wastes generated as a result of business activities, those regulated by the "Waste Disposal and Public Cleaning Law" such as sludge, waste plastics, waste acid and waste alkali
Recycling: Thermal recycling^(p33) and material recycling^(p33) of waste for use as material, raw material or resources

For information on Environmental Load Mass Balance by each site, please refer to

www.anritsu.co.jp/E/Environment/mass_balance.asp

Attaining Customer Satisfaction
 Conducting Ethical Company Activities
 Disclosing Corporate Information
 Managing Information Property
 Protecting Human Rights
 Valuing Employees
 Harmony with Society
 Preserving the Global Environment
 Conducting Social Contribution Activity

Environmental Accounting

Anritsu has introduced environmental accounting that conforms to guidelines set out by the Japanese Ministry of the Environment in fiscal 2001. This introduction explains how the company strives to make its environment conservation activities more efficient and easier to understand by disclosing information in terms of monetary value as well as physical units.

Achievements for Fiscal 2005

Costs related to environmentally conscious products to cope with EU directives and other environmental laws increased by 5% in fiscal 2005 over the previous fiscal year and doubled over fiscal 2003. Investment for countering global warming rocketed by 33 times due to replacement of an extra-high-voltage substation. Anritsu Group has trebled CO₂ volume reduction in fiscal 2005, compared to fiscal 2004, as a result of the effect of the replacement and the energy-saving activities of Team Minus 6%. In addition, the increase in surveys on hazardous substances contained in products led to an increase of about 60% in green purchasing/procurement costs.

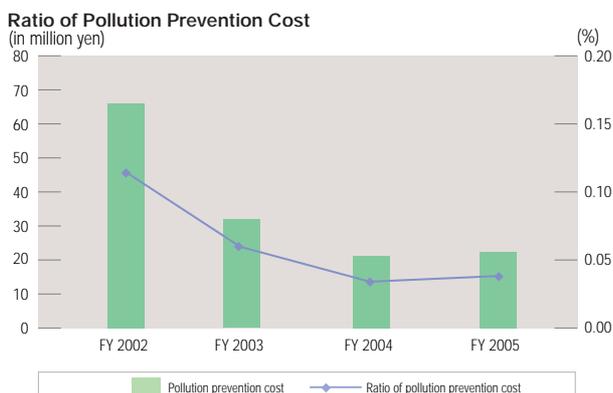
Aggregate scope: Anritsu Group Companies in Japan Period: April 1, 2005 to March 31, 2006 (Figures in [brackets] are the results from FY 2004)

Category	Environment conservation cost			Effect*1		Related page	
	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)		0 [1.2]	23.7 [23.0]	0 [0.5]	29-30	
	Global environmental conservation cost	Prevention of global warming	40 [0]	17.7 [12.5]	24.1 [7.7]	453 (t-CO ₂) [133 (t-CO ₂)]	29-30
	Resource circulation cost	Resource recycling/utilization activities		52.0*2 [44.7]	8.3 [8.7]	74.3 (t) [114 (t)] (Reduction of waste by incineration and landfill) *3	29-30
		Waste disposal cost		50.8 [57.9]	9.6 [7.3]		29-30
Upstream/downstream costs	Green purchase/procurement cost			33.3 [20.2]		24	
	Design of environmentally conscious products			58.4 [55.6]	(25.8*1 [21.7])	609 (t-CO ₂)*1 [512 (t-CO ₂)]	25-27
	Recycling and treatment of products, containers and packaging			3.5 [3.4]			21, 25-27
Administration cost*4	Environmental education/manpower training			23.9 [29.3]		28	
	Operation and maintenance of EMS and internal audit			100.4 [109.2]		24	
	Environmental load monitoring and measurement cost			27.1 [27.4]		29-30	
	Personnel expenses of environmental conservation organization			42.1 [36.2]		24-30	
	Greening and upkeep of greenery			10.0*4 [12.0]		28	
Social activity cost	Support and financial contribution to community groups, environmental conservation bodies, etc.			0.6 [1.2]		28	
	Disclosure of information			11.3 [13.0]		28	
R&D cost	Research and development to reduce environmental loads			11.4 [19.6]		25-27	
Environmental remediation cost	Cost incurred for dealing with environmental degradation			0 [0]		28-30	
Total			40 [1.2]	465.7 [461.9]*5	42.0 [24.1] (25.8 [21.7])		
	Increase and decrease from previous year		+3,233%	+1.0%	+74.5%		

*1: Estimated benefit was abolished in fiscal 2003. Environmental load reducing effect when products are in use was disclosed since fiscal 2005 in parentheses. Reduction of electric power: 1,611 MWh [1,355 MWh]
 *2: Review was done in fiscal 2005 and omitted cost was incorporated.
 *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: Errors in fiscal 2004 greening and upkeep of greenery cost were corrected in fiscal 2005.
 *5: Review of *2 and *4 was also conducted for fiscal 2004 and the value for the previous year thus increased from the value in the previous report (441.5 million yen).

Indicator for Pollution Prevention Activities

The graph below shows the ratio of pollution prevention cost to sales that represent the scale of the business. The ratio continued dropping remarkably for the past several years (until fiscal 2004) due to risk measures taken. This indicates that risk management has become possible without incurring any additional cost. As the transition since fiscal 2004 shows, no major decline is estimated for cost or the ratio in the future. The future issue will be to enforce risk measures within a limited cost range without being affected by the size of the business.



Future Activities for Environmental Accounting

This report focused on pollution prevention activities from among our environmental conservation activities, based on the fiscal year results of environmental accounting and accumulated data for the past. We will endeavor to disclose further useful information by developing an index that allows for an easier understanding of our environmental conservation activities in order to make them more efficient.

Environment Management Promotion System: Green Procurement/Green Purchasing

Anritsu is establishing a system to promote environment management globally by building and implementing an environment management system through collaboration among its Group Companies in Japan and abroad. The Anritsu Group as a whole is actively promoting green procurement and green purchasing.

Environment Management Promotion System

The need for a global approach is increasing as evidenced by the RoHS Directive of the EU and customers' demand for environment conservation, so we reviewed our environment management promotion system in fiscal 2005 and set up the Global Environment Management Meeting. It includes its sub-divisional organs of WEEE and RoHS meeting established in 2003, in order to discuss and decide matters related to the environment in general. In Japan, we have the Environment Management Committee, the Product Assessment^(p33) Committee and the Hazardous Substance Measure Committee that promote the environment management system, the development of environmentally conscious products and the development of hazardous substance-free products, respectively.

Environment Management Promotion System



Acquisition of ISO 14001 Certification

In Japan, Anritsu and the Group Companies have acquired ISO 14001 certification and overseas, Anritsu Limited (U.K.) has also acquired it. Anritsu Company (U.S.) and Anritsu A/S (Denmark) aim to acquire the certification by the end of fiscal 2007.

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. ^{*2}	(October 2003/registration extended)
Anritsu Engineering Co., Ltd.	(October 2002/registration extended)
Anritsu Kousan Co., Ltd.	(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) ^{*3}
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

*1 Already registered in August 1998 as a department of Anritsu Corporation before its independence.

*2 Changed name to Anritsu Networks Co., Ltd. on July 1, 2006.

*3 Already registered in October 2002 as Anritsu Corporation Tanasawa Site before its independence.

Green Procurement

EMS Support to Suppliers

It is essential that environmentally conscious products feature a reduced environmental load of components and materials. At Anritsu, we assess the environmental management systems (EMS) and product assessment practices of major suppliers. According to the assessment, we classify the suppliers into three categories and certify our A-rank (most dedicated) suppliers as environmental partners. We also continue to support B or C-rank suppliers to improve their environmental management.

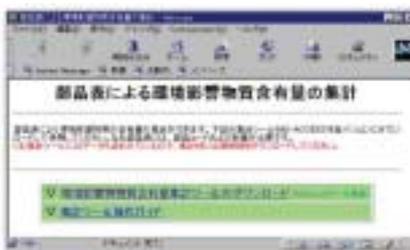


Awarding Environmental Partner Company Certificate



Hazardous Substance Survey and Utilization for Designing (Green Procurement)

Anritsu is conducting surveys on hazardous substances in procured parts/material, using the survey formula set by the Japan Green Procurement Survey Standardization Initiative (JGPSSI). Survey results are stored in the parts/material database and disclosed to the development/design departments through the internal information network used by designers to select parts/material, and to tally hazardous substances.



Tool to tally hazardous substances based on Parts List



Green Procurement Guidelines

Green Purchasing

Promoting Purchase of Low-Emission Vehicles

In order to cope with air pollution and global warming due to automobile exhaust gas, Anritsu has been promoting the purchase of low-emission vehicles satisfying standards set by the central government and eight local governments for business use, including those under lease contract. In 2004, we set an initial target that 98% of our vehicles be low-emission vehicles by fiscal 2006. Thanks to improved vehicle performance and environmental consciousness, we purchased 74 low-emission vehicles in fiscal 2005, so that 99% of our company vehicles are now low-emission vehicles. As a result, we far surpassed the targets for fiscal 2005 and 2006.

Development of Environmentally Conscious Products

Anritsu has compiled the Eco-Design Guide and is enforcing high-quality product assessment from the initial stage of design for every newly developed product. We are actively promoting the development of energy- and resource-saving clean Environmentally Conscious Products.

WEEE and RoHS Directives

In order to cope with the WEEE/RoHS Directives of the EU, Anritsu in 2003 started a working group, including its Group Companies in the United States and the United Kingdom, where we have production bases. Now fortified by the Danish production base that joined Anritsu Group in 2005, the working group has been preparing its response to the directives.



WEEE mark

As for the WEEE Directive, in accordance with EU standards we started placing the WEEE mark on products that we deliver to the EU market from August 2005 and are making efforts to establish a system for waste product collection.

The RoHS Directive restricts the use of six substances (lead, mercury, cadmium, hexavalent chromium, PBB and PBDE) in electrical and electronic equipment to be shipped from July 1, 2006. We mapped out Anritsu Group's categorizing standards for the RoHS Directive to determine products complying with the RoHS Directive and are promoting a unified approach at all development centers. We are taking measures to turn Category 3 products into those complying with the RoHS Directive by June 2006. Measuring instruments and checkweighers, both major Anritsu products, are classified as Category 9^(p33) that is unrestricted by the RoHS Directive. However, it is our corporate social responsibility to minimize use of hazardous substances and we are developing models which are free of them.

Designing and Development

(1) Product Assessment and Environmentally Conscious Products

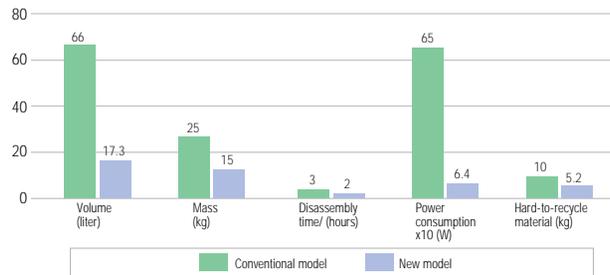
Anritsu is promoting the development of environmentally conscious products that save energy and resources and are clean (hazardous substance-free). In fiscal 2005, 50% of all products developed by Anritsu were environmentally conscious products. We will take measures to improve the quality of future product assessment, in order to expand the range of these products. We will also start product assessment at our development sites outside of Japan.

(2) Example of Product Assessment

A product's load on the environment is mostly determined at the initial stage of development. Therefore, we conduct product assessment for every product that we develop. After assessment of the MD8391A RNC simulator, we came up with the following improvements.

Major Improvements

Volume and mass: Adoption of a module exchange system makes this multipurpose product compact and lightweight. Power consumption: We limited the number of modules to be inserted concurrently, and reviewed circuit design in order to reduce power consumption.



Product Outline

The MD8391A is compact and lightweight equipment optimized for the manufacture, construction and maintenance of a Node B (logic node for wireless link to a terminal) wideband code division multiple access (W-CDMA) wireless base transceiver station. It simulates a radio network controller (RNC) located between a base transceiver station (BTS) and a core network. The use of the RNC simulator makes it possible to create an environment needed for Node B tests without using an expensive RNC or core network.

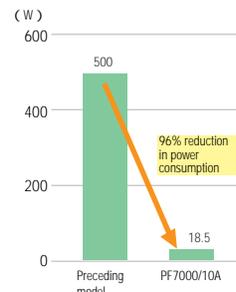


MD8391A RNC Simulator

(3) Example of Energy-Conserving Design

Anritsu is promoting energy-conserving product design to counter global warming and to make our products more competitive.

The PF7000A/PF7010A traffic shaper consumes 96% less power than the preceding model.



Major Improvements

Various functions were integrated into the latest low-power-consumption LSIs to sharply reduce the number of components used.

Power consumption was reduced by improving upon structural and component specifications of the preceding model.

Adoption of a high-efficiency DC-DC converter.

Product Outline

The traffic shaper is a bandwidth controller with an originally developed high-precision bandwidth control engine and a flexible packet¹⁾ grouping function. It remarkably improves bandwidth efficiency and makes a network safe and secure by ensuring the quality of mission critical²⁾ data communication, an important issue for integrating information, accounting and voice applications provided thus far on separate dedicated line services into the IP-VPN^(p33) or wide-area Ethernet.



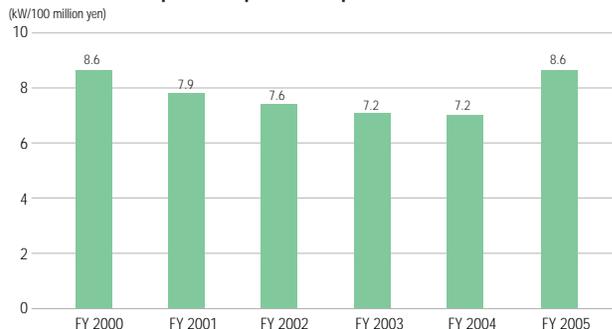
PF7000A/PF7010A Traffic Shaper

1) Packet: A data communication unit divided into a certain size for effective use of a communication line.
2) Mission critical: Ability to function normally 24 hours a day, 365 days a year, as backbone operations and system require.

Transition of Energy Conservation of Products

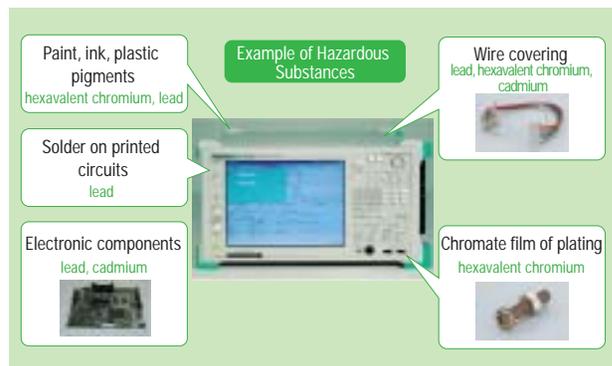
To provide customers with energy-saving products, we are working toward the development of models that improve power consumption by 30% or more as our objective. For fiscal 2005, product power consumption per sales of 100 million yen leveled off for our main measuring instrument products, but increased overall due to a drop in unit prices of large products. We will continue to reduce our products' power consumption.

Power consumption of products per sales



(4) Clean Design

In order to reduce hazardous substances from the design stage, Anritsu Group in Japan has been carrying out surveys regarding content of hazardous substances, such as lead in electrical components, and promoting reduction of such substances by replacing inappropriate components with others. As for mechanical components, since fiscal 2004 we have been researching a painting and treatment process that does not involve use of hexavalent chromium and other particular hazardous substances. We now have better ways to address the problems that such substances can create. In order to start procurement of mechanical components not containing hazardous substances, we established in July 2005 a working group for reducing hazardous substances in such components. As many of these components produced by sheet metal processing, cutting or molding are procured based on Anritsu's original design specifications, each part has its own specific technical background. In addition, many partner companies are involved in this endeavor, which requires participation of various departments throughout the Anritsu Group Companies — such as environment, engineering, material procurement and manufacturing departments. Solutions include outsourcing sheet metal treatment work at a partner company, as well as conducting surveys on hazardous substances involved in mechanical component cutting and molding operations, then implementing countermeasures against use of such substances.



Production (Tohoku Anritsu Co., Ltd.)

For manufacturing hazardous substance-free products, Tohoku Anritsu Co., Ltd., our production base in Japan, completed a production system for printed circuit board units that uses lead-free soldering, and built a components and material management system. Thanks to these efforts and guidance from Nihon Denkei Co., Ltd. (a measuring instrument trading company that does business with Sony Corp.), we received Sony Corp.'s green partner certificate in August 2005. This was preceded by Nihon Denkei Co., Ltd. auditing Tohoku Anritsu Co., Ltd. for environment quality approval.

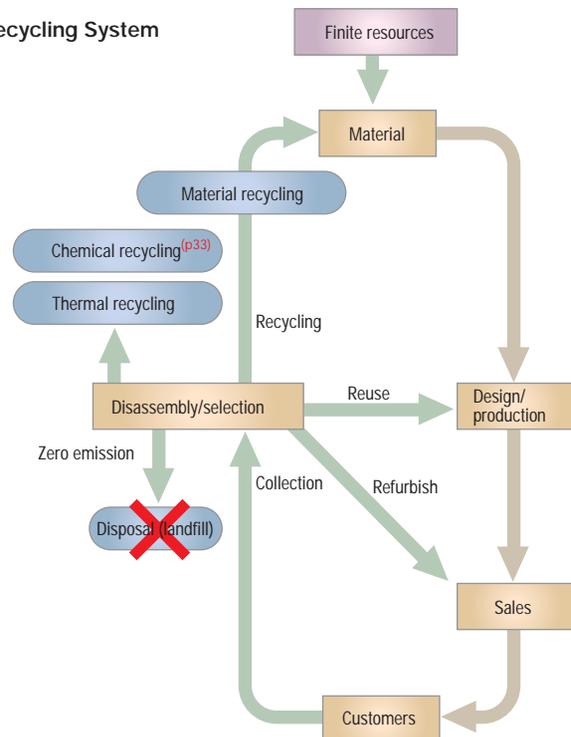


Recycling of Used Products (Recycling Center)

Ahead of other companies in the measuring instrument industry, Anritsu established the Recycling Center at Anritsu Kousan Co., Ltd., our Group Company, in 2000. This Center obtained a license in September 2002 to engage in the industrial waste disposal business, and to start operations in fiscal 2003.

During fiscal 2005, the Recycling Center started promoting reuse^(p33) of used products, optimized waste separation and achieved 100% recycling of the waste entering the center.

Recycling System



Attaining Customer Satisfaction
 Conducting Ethical Company Activities
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 Valuing Employees
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 Preserving the Global Environment
 Conducting Social Contribution Activity

Excellent Eco Product

Within the Anritsu Group, we define environmentally conscious products that have minimal environmental impact as Excellent Eco Products according to our ecological assessment standards for products, and we are promoting the development of such products proactively.

Excellent Eco Product

Anritsu Group carries out product assessment based on its own independently established criteria. To elaborate on a point mentioned above, an Excellent Eco Product which we define as an environmentally conscious product is designed to exert minimum environmental impact, meet certain criteria for environmental friendliness and possess environment-friendly features at the leading edge of the industry.

Environmental information on Excellent Eco Products is published in our brochures and appears in our website. We review product registration periodically. Having added two new models in fiscal 2005, we supply the market with eight Excellent Eco Product models.

Major Environmentally Conscious Criteria

- Top industry ranking in environmentally conscious properties
- Transparency that allows full information disclosure on the environment
- Manufacturing assessment completed
- Volume of discharged CO₂ evaluated according to Life Cycle Assessment (LCA)
- An environmental management system is in place for products produced at the main business operations and major production sites



The mark at left accompanies environment-related information in our product brochures.

MT8510B Service Tester

This MT8510B Service Tester has a function to check the quality of third-generation mobile phones, and is mainly used by mobile phone retailers and repair shops. It simplifies and shortens the testing procedure by allowing communication quality and performance tests to be performed with simple pushbutton operation.



MT8510B Service Tester

The integration of functions from multiple units into a single unit has shrunk the circuit scale, leading to reduced power consumption and lighter housing. As a result, in the new unit we achieved 63% less power consumption and 74% less weight than the preceding model.

We intend to continue our efforts to reduce power consumption and weight, and to also especially focus on compact-size-oriented development.



Atsushi Sato
1st Development Department
Wireless Measurement Division
Measurement Business Group
Anritsu Corporation

EC2060A Compact L2SW

This EC2060A Compact L2SW is small, lightweight and power-efficient, with excellent durability for use in outdoor environments. It is a switch required for optical IP networks for such outdoor facilities as monitoring cameras and wireless LAN base stations. We have developed this product as the layer 2* switch incorporated in the monitoring system adopted by administrative bodies such as the Ministry of Land, Infrastructure and Transport.



EC2060A Compact L2SW

Use of small components and high-density mounting greatly cuts housing size. Use of stainless steel reduces the need for painted parts, and improves its recyclability. Adoption of unified power circuits, low-power-consumption components and highly efficient power supply lowers power consumption. As a result, we achieved a 77% reduction of volume, 43% less weight and 46% less power consumption than the preceding model. In addition, we adopted lead-free soldering in the production process.

As network equipment market trends move toward higher speed and larger volume, we would like to continue our efforts in the development of communication equipment, with downsizing and power consumption reduction in mind.

*Layer 2: This is the second layer in the network structure model that has seven kinds of data communication characteristics. It has features to correct bit error and command reset electric signals.



Hitoshi Yaguchi
Hardware Development Department
Business Division
Anritsu Engineering Co., Ltd.



Hiroshi Harada
Assistant Manager
2nd Project Team
IP Network Business Promotion Division
Anritsu Corporation

Information Disclosure, Environmental Auditing, and Internal Education and Awareness

Anritsu is sending out information about its environmental management activities widely through various media. We are also striving to build an efficient environmental management system subject to multiple environmental audits. Furthermore, education and awareness are widely promoted to heighten employees' environmental consciousness.

Information Transmission

We have been introducing our environmental conservation activities on a yearly basis, in environmental reports from fiscal 2000 to 2004 and in CSR reports since fiscal 2005. Previous environmental conservation activities are detailed in past reports which appear in Japanese and English in our website. In Nikkei Ecology magazine, which specializes in environmental and related matters, we introduced activities such as globalization of EMS, manufacturing of environmentally conscious products and the business of refurbishing used products for reuse after calibration.



At an exhibition for Anritsu Corporation's 110th anniversary, we introduced our environmental management activities, including those promoting energy and resource conservation, cleaner performance and environmentally conscious product development. We also displayed Excellent Eco Products and printed circuit boards using lead-free soldering.



Environmental Auditing

In fiscal 2005, an external ISO 14001 certifying agency gave Anritsu environmental examinations including a regular examination and an examination for transition to ISO 14001: 2004. Although we received no instructions for improvement as a result, we took the opportunity to improve on 14 items. We also checked the adequacy, effectiveness and environmental performance^(p33) of our environmental management system in our internal environmental auditing. For legal compliance, apart from our internal environmental audit, we carried out an internal compliance audit to confirm that this system complies with relevant environmental laws. In fiscal 2005, Tohoku Anritsu Co., Ltd. was subjected to an environmental audit, conducted mutually by NEC-related companies, from a perspective different to that of an ISO certifying agency. Anritsu is making efforts to build an efficient environmental management system by dealing with any issues that surface through such auditing.



ISO transition/regular examination by a certifying agency

Legal Compliance

Anritsu observes rules of law and ordinances by setting its own standards that are stricter than legally required.

In fiscal 2005, the Atsugi, Tanasawa and Tohoku sites all cleared these self-regulation standards and complied with all laws regulating matters such as water quality, air quality and noise. We will continue to not only observe laws, but also reduce environmental load through environment conservation activities. We were not subject to any environment-related lawsuit nor complaint by our neighbors for the fiscal year.

For data on our compliance status, please access

www.anritsu.co.jp/E/Environment/data.asp

Internal Education and Awareness

To encourage its employees in all types of classes and job categories to be environmentally conscious and knowledgeable, Anritsu provides an environmental education for employees to nurture enhanced awareness of and acquire expertise in environmental matters. In addition to the regular education that we provide every year, we conducted environmental education for managers of business departments and business centers, and an environmental seminar for Anritsu's vice presidents in fiscal 2005. For business departments, we provided education on the outline of the RoHS Directive, measures to cope with the Directive and our customers' green procurement status. We also held seminars on the status of green procurement in Japan and activities for environment conservation promotion by the Anritsu Group in Japan, for the benefit of people responsible for and in charge of environmental matters at our Group Companies in the United States and the United Kingdom. Anritsu will continue improving its education program to raise consciousness about the ecology.



Seminar for vice presidents

Environmental Conservation Activities

Anritsu Corporation 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 voluntary conservation activities such as periodic equipment inspections, and our own measurements and analyses, Anritsu seeks to prevent environmental pollution from occurring and makes effort to reduce environmental load.

Activities to Counter Global Warming

Participation in Team Minus 6% National Movement

The Kyoto Protocol for the prevention of global warming took effect in February 2005 and the Japanese government announced its program to attain the Kyoto Protocol goals in April 2005. On this occasion, the Anritsu Group in Japan registered its participation in the Team Minus 6% national movement advocated by the Ministry of the Environment to promote our activities to help counter global warming.

We called on our Group Companies in Japan through newsletters to (1) adopt “Cool Biz” and “Warm Biz” energy-saving dress codes for summer and autumn/winter, respectively, and adjust air conditioner settings accordingly, (2) save electricity and water, (3) replace instruments with energy-saving models, (4) refrain from commuting by car, (5) stop engine idling and introduce fuel-efficient vehicles, and (6) provide information on energy-saving products and services to customers. We also used posters, banners and the intranet to ask Group Companies for their cooperation in order to promote the activities.

As a result, about 892 MWh of electricity (338-ton cut in CO₂ emissions) was saved at the Atsugi, Tanasawa and Tohoku sites combined.

Anritsu will continue promoting such activities so that environmental consciousness will take root in each of our employees.



Raising awareness of activities to counter global warming (posters and banners)

Results of Team Minus 6% (Atsugi Site + Tanasawa Site + Tohoku Site)

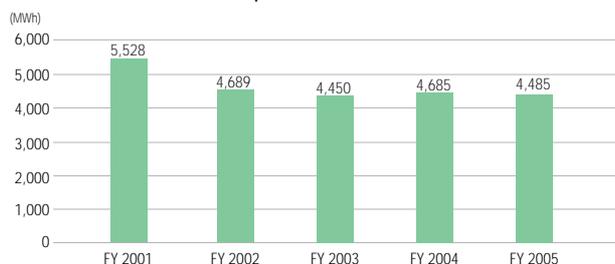
	Results of Cool Biz Promotion		Results of Warm Biz Promotion	
	Electricity saved (MWh)	CO ₂ emission cut (tons)	Electricity saved (MWh)	CO ₂ emission cut (tons)
Atsugi	552	209	58	22
Tanasawa	81	31	108	41
Tohoku	93	35	— ¹⁾	— ¹⁾

¹⁾ Since the Tohoku Site uses boilers (heavy fuel oil) for heating, no electricity was saved there. But despite the below-average temperatures during the winter, fuel oil use per day for the period (November-March) was curbed to the fiscal 2004 level.

Energy-Saving Activities at Tanasawa Site

The Tanasawa Site, our device manufacturing plant, reviewed operating conditions of clean rooms and other facilities and (1) distributed air from the high-level clean room to the medium-level clean room to cut power for air conditioning in the latter, (2) reduced load (electric power) on water cooling systems by changing the temperature conditions for cool water distribution to clean rooms to match the temperature/humidity loads of the rooms, (3) made arrangements to allow selective operation of freezers consuming high power or cooling systems consuming low power, depending on temperature/humidity loads of the clean rooms, to reduce power consumed for cooling, and (4) reduced power consumption of pumps by stopping the water cooling systems when not needed. As a result of these energy-saving measures, the Tanasawa Site was able to cut power consumption by some 118 MWh (i.e., CO₂ emissions by 44 tons) a year.

Transition of Power Consumption at Tanasawa Site



CO₂ Cut by Making Efficient Procurement of Transport

Tohoku Anritsu Co., Ltd. and Anritsu Industrial Solutions Co., Ltd. had been using their own transportation companies to procure transport between them and their suppliers entrusted with processing and manufacturing, but after making a survey of suppliers' transport systems, decided to operate joint transport services. Tohoku Anritsu operates joint services on two routes for different delivery frequencies, while Anritsu Industrial Solutions operates them on three routes for different destination areas to reduce CO₂ emissions by improving transport procurement efficiency.

Waste Reduction

English Display on Waste Bins

In accordance with the globalization of the Anritsu Group, employees from outside Japan have increased in number at our Atsugi Site. Accordingly, we improved waste bin displays to identify the bins clearly by waste type and number, and by adding an indication in English.

In addition, we are providing education to encourage these employees to understand the importance of recycling.



Turning Component Packing Plastics into Valuable Resources

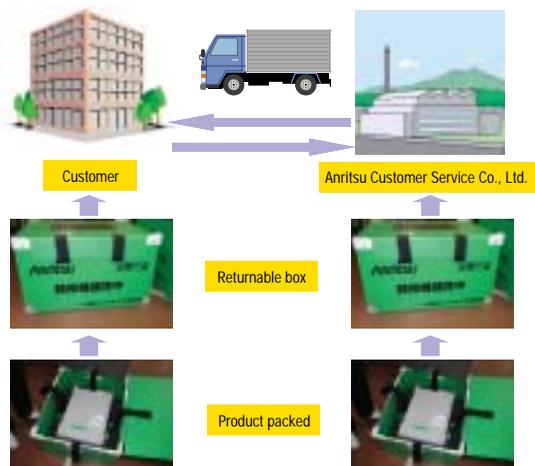
Tohoku Anritsu generates a large amount of plastics used for packaging of components at the time of product assembly. The company used to dispose of these plastics as industrial waste. But the category of such material is now clearly indicated on the packages, which enables the waste to be separated according to type. Tohoku Anritsu, after consultation with waste disposal companies, has improved its waste separation to extend classification of waste into nine categories according to material and color, and made it possible to output waste plastics as valuable resources. As a result, the company transformed 170 kg of waste plastics a month, or about 17% of the monthly average emission of 986 kg, from industrial waste into valuable resources.



Packaging and Transportation

No packaging, returnable boxes

Anritsu Kousan Co., Ltd., our Group Company in charge of transportation, ships out products without packaging. In order to decrease the use of cardboard boxes for packaging, Anritsu Customer Services Co., Ltd., another Anritsu Group Company, uses returnable plastic boxes. The returnable boxes were developed jointly with a transport company for transportation of measuring instruments before and after repair and calibration of the instruments upon customer request.



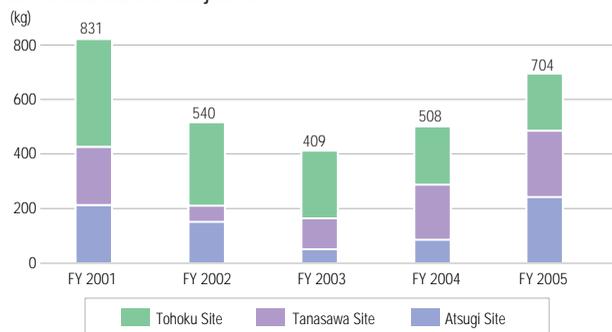
Management of Chemical Substances

Use of Substances Subject to PRTR Law

According to the Pollutant Release and Transfer Register (PRTR) Law, Anritsu used 41 substances out of 354 substances designated as category 1 chemical substances. The Atsugi, Tanasawa and Tohoku sites did not use any substance subject to reporting to administrative agencies in fiscal 2005. However, the Atsugi site greatly increased its use of epoxy resin [bisphenol A epoxy resin (liquid)] for metal detectors, after this usage shifted from outsourced production to internal production by Anritsu Industrial Solutions Co., Ltd., an Anritsu Group company.

We will continue to improve processes to reduce use of chemical substances, including those covered by the PRTR Law.

Use of Substances Subject to PRTR

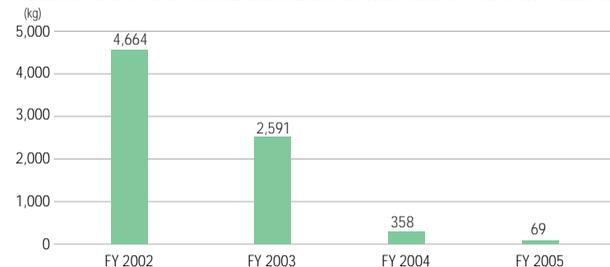


Chemical Substance Reduction at Tanasawa Site

Anritsu Corporation and Anritsu Device Co., Ltd. reviewed wastewater treatment processes at the Tanasawa Site, as it uses the largest amount of chemical substances among our sites for wastewater treatment. As wastewater contains fluorine, we used to neutralize all water after fluorine treatment. An analysis of fluorine ion concentration and pH of untreated wastewater collected in a drainage tank showed, however, that there was little water that required fluorine treatment. Therefore, we decided to stop conventional fluorine treatment of wastewater around the clock, and carry out this treatment only when considered necessary after collection and analysis of a certain amount of wastewater in the tank.

As a result, minor changes such as pipe replacements sharply reduced the volume of chemical substances used for wastewater treatment, from 4,664 kg in fiscal 2002 to 69 kg in fiscal 2005. At the same time, emission of sludge during wastewater treatment also decreased.

Transition of Use of Chemical Substances at Wastewater Treatment Facilities



PCB Management

The Atsugi Site deals with capacitors for electrical devices, fluorescent lamp stabilizers and pressure-sensitive copying paper that use polychlorinated biphenyl (PCB). But they are strictly managed in line with storage standards for industrial waste requiring special management. Under the special measures law for the promotion of proper disposal of PCB waste, Anritsu Corporation has been submitting a storage status report to the prefecture every year. When we analyzed oil contained in large transformers at the time an extra-high-voltage substation was replaced in 2005, we found that two of the transformers contained a very small amount of PCB. We plan to dispose of the capacitors in storage at our site in 2007, filing an application for disposal with Japan Environmental Safety Corporation at an early stage.



PCB storage



Capacitors containing PCB

Attaining Customer Satisfaction

Conducting Ethical Company Activities

Disclosing Corporate Information

Managing Information Property

Protecting Human Rights

Valuing Employees

Harmony with Society

Preserving the Global Environment

Conducting Social Contribution Activity

Contributing to Local Society and Employee Volunteerism

Anritsu Group Companies inside and outside Japan, as good corporate citizens, are promoting a wide variety of social contribution activities that develop their respective local communities in cooperation with their local operations.

In fiscal 2005, we set forth our fundamental stance about how to contribute to society in The Anritsu Group Charter of Corporate Behavior and worked out annual action plans for the area in which Anritsu headquarters operate. Anritsu Corporation, at its Atsugi site, conducted local community exchanges and cleanup campaigns, supported sports events, education and welfare activities as well as crime prevention. Anritsu Group conducted blood donor drives and in Japan we made Green Fund Donations to counter global warming. The Group Companies abroad are also advancing communication with local communities and participating in various local volunteer activities.

Local Community Contact and Activities For Local Community Development

Through participation in activities sponsored by Atsugi City and the Atsugi Chamber of Commerce, Anritsu Group Companies in Atsugi build close relations with local residents, benefiting the city's industries.

At the Atsugi Commerce and Tourism Festival held each year, Anritsu Group Companies exhibit products, demonstrate the Group's range of operations, explain their roles in the information society, promote food safety and answer community residents' questions. Moreover, the Anritsu Group Companies have helped develop industry in this area as a management committee member of the Atsugi Technical Fair, where Anritsu Engineering Co., Ltd. demonstrated leading-edge technologies.



Contact with Community Residents

Atsugi City holds the Atsugi Fish Festival (fireworks display and other events) every year, developing contact with residents as well as regional tourism. Anritsu Corporation and its Group Companies participate in the fireworks display and the City's municipal communication initiatives by making donations.

Supporting Children's Growth and Athletics

Anritsu Corporation backs the Atsugi City Soccer Association and its Boys' Committee. The company has been sponsoring the Atsugi City Boys' Soccer Event held in February each year (awarding the Anritsu Cup prize, among other financial aid) for 12 consecutive years, promoting sound child development and sportsmanship.



Anritsu Company (U.S.A.) offers financial support to regional partners involved in sports, music, stage plays, welfare and other fields. These partners are mostly non-profit organizations (NPOs) offering programs to promote the mental and physical health of youths in local communities.



Educational Support

Anritsu has internships^(p33) offering students from local educational bodies, including commercial high schools (such as Atsugi Shogyo Kotou Gakkou) and universities, a chance to understand the importance of work and gain experience in society through on-the-job training.

Anritsu Company (U.S.A.) hosts opportunities for university students preparing to graduate to learn about technology and how offices work. Recently, 12 of these students from California Polytechnic State University's Electrical Engineering Department (City of San Luis Obispo), met with our engineers and took the opportunity to experience a professional working environment.

Blood Donation Activities

Anritsu employees have been conducting blood donation drives over the years. Recently, Anritsu Corporation headquarters (Atsugi) was awarded a Silver Prize by the Japanese Red Cross for being an organization that has cooperated by donating blood for over 15 years. Tohoku Anritsu Co., Ltd. also received the award from Koriyama City government for its decade of cooperation.

Anritsu Company (U.S.A.) supports the Oregon Branch of the American Red Cross through employees' blood donations.



Japan Red Cross Silver Prize (left) / Koriyama City Award

Green Fund Activities

The Green Fund Activities label, attached to beverage vending machines installed in Anritsu Corporation headquarters, indicates that a portion of the machine handling charges is donated to a foundation that works toward lessening global warming and improving forest management.



Green Fund Activities Label

Attaining Customer Satisfaction

Conducting Ethical Company Activities

Disclosing Corporate Information

Managing Information Property

Protecting Human Rights

Valuing Employees

Harmony with Society

Preserving the Global Environment

Conducting Social Contribution Activity

Community Cleanups

Employees from Anritsu Corporation and its Group Companies volunteered to participate in cleaning riverbanks, parks and roadside areas through activities such as the Sagami River Cleanup Campaign and the Clean Atsugi City Campaign.



Contribution to Social Welfare Business

Donations in coin boxes placed in shops in Anritsu Corporation headquarters and related offices go to the regional welfare association every year.



Subscriptions

Anritsu donated money and goods through the Red Cross Relief Fund to victims of natural disasters, such as people affected by the earthquake off the coast of Sumatra and tsunami in the Indian Ocean; and New Orleans residents struck by Hurricane Katrina.

Future Activities

Although Anritsu makes yearly plans focusing on operations to contribute to society, it limits its activities to what it can reasonably accomplish. The Group Companies, in collaboration with NPOs wherever it is feasible, will continue to work with regional residents toward building better communities.

Employee Volunteerism

Anritsu regards voluntary contributions to regional societies in which its people work and live as the focal points of its greatest responsibility. It is only after making such contributions as a company that we can consider ourselves to be good corporate citizens.

Charity Projects

In 2005, Anritsu Limited (U.K.) again supported Operation Christmas Child, a charitable project run by Samaritan's Purse international relief organization, to distribute Christmas presents to needy children around the world. Employees donated small toys, school supplies, sweets and other gifts for distribution to families and local societies of various nationalities, political affiliations and religions. The entire project recorded that gifts were distributed to eight million children in 90 nations.

Social and Humanitarian Support

Each year around the Christmas holidays, Anritsu Company (U.S.A.) employees participate in two local charity events benefiting the families and children. Make A Wish Come True/Make a Child Smile donates toys to needy children ages 1–17. The other program gives employees an opportunity to join together to present underprivileged regional families with donations of food, blankets and Christmas gifts.



Other Voluntary Work

Several employees of Anritsu Company (U.S.A.) serve in committee member positions for NPOs including Community Solutions, the Chamber of Commerce, Leadership Morgan Hill, Pony Baseball league and the YMCA. Another association event that benefits from our employees is the Leukemia & Lymphoma Society's Light the Night walk in Richardson, TX. In Morgan Hill, CA, our employees also performed as Scoutmasters for the local Boy Scouts chapter, a Big Brothers and Big Sisters organization and coaches for youth sports.

Supporting Employee Volunteerism

In April 2006, Anritsu Corporation started a support system for employees to volunteer on a short-term or long-term basis. To keep this system functioning effectively, we will consider methods to periodically provide our employees with information on volunteer activities or activities in cooperation with outside groups.

	Short-term volunteering	Long-term volunteering
Scope of volunteering activities	<ul style="list-style-type: none"> Support functions in regions and help victims suffering from natural disasters. Help elderly and handicapped people (unrelated to employee's family). Support functions at welfare facilities. Support environmental protection and conservation. Participate in donor registration. Act as members of Japan Overseas Cooperation Volunteers (JOCV). 	
Support to volunteer	Five paid holidays a year during execution of volunteer activities.	Max. one year sabbatical (term to participate in JOCV will be decided case by case).

Business Continuity Plan (BCP) (p12)	A plan intended to enable the continuation and early recovery of the core business in time of emergency, such as natural disasters, fire or terrorist attack.	Internship (p31)	A system giving students work experience at businesses for a certain period of time based on their majors and career plans.
Category 3 (p21)	This category of IT and telecommunications equipment falls under the RoHS and WEEE Directives. Anritsu's network management products are included in this category.	IP-VPN (p25)	Internet Protocol-Virtual Private Network: A virtual private network (VPN) built using a wide-area Internet protocol communication network owned by a communication common carrier. VPN service allows a user to use a public line as if it was the user's dedicated line, at lower cost than introduction of an actual leased dedicated line requires.
Category 9 (p25)	This category of monitoring and controlling equipment falls under the RoHS and WEEE Directives. Anritsu measuring instruments and checkweighers are included in this category. Category 9, however, is unrestricted by the RoHS Directive.	ISMS Certification (p15)	Information Security Management System Certification: Examination and certification of proper management for information resources of organizations, such as companies, performed by a third party (such as BSI and JIPDEC), based on the standards provided by Japan Information Processing Development Corporation (JIPDEC). JIPDEC defines ISMS as the operation of an organization's management system by determining the necessary security level through the organization management's own risk assessment, formulating plans and distributing resources, as well as taking technical measures against individual problems.
Chemical Recycling (p26)	Recycling of waste into chemicals and product material using a chemical method.	ISO 14001 (p19)	The international environmental management system standard set by the International Organization for Standardization (ISO). It was designed to minimize the impact of organizational activities on the environment.
COSO ERM (p12)	Committee of Sponsoring Organizations of the Treadway Commission-Enterprise Risk Management: An internal control framework introduced in the year 2003 by the Committee of Sponsoring Organizations of the Treadway Commission (COSO), a U.S. organization of certified public accountants, accounting scholars, board directors in charge of financial affairs and others. ERM is the acronym for Enterprise Risk Management.	Market-Driven (p4)	This characterizes market-led business driven by moves of the market. Anritsu understands this to include customer focus, or operating with customers in mind as the highest priority, and regards market-driven strategy as a key to realizing management vision.
CS (p4)	Customer Satisfaction: Anritsu defines customer satisfaction as the condition when a customer finds higher-than-expected product and service quality and value of the kind provided for through Anritsu's philosophy.	Material Recycling (p22)	Recycling of waste into raw material.
CSR (p1)	Corporate Social Responsibility: Anritsu defines corporate social responsibility as the integration of social justice and environmental considerations into corporate operational processes and activities to fulfill the company's accountability to its stakeholders (such as shareholders, employees, customers, environment and community), thereby improving the company's economic, social and environmental performance.	Privacy Mark (p15)	A mark that can be applied to a business to certify proper management of personal information satisfying standards set by Japan Information Processing Development Corporation (JIPDEC).
Directory Service (p15)	An information environment where information on a network is managed in an integrated manner to facilitate search and browsing.	Product Assessment (p24)	An advance assessment before design and development of products, conducted with consideration to environmental friendliness, with particular regard to energy saving, resource saving, recycling, safety and other environment-related characteristics.
Environmental Load Mass Balance (p22)	Environmental load comparative assessment using a table showing the volume and names of substances brought into a company and the volume and names of substances emitted from the company. This clearly presents the relationship between business activities and environmental load.	Refurbish (p21)	Reconditioning or calibration of collected products for reuse.
Environmental Performance (p28)	The results of environment-improving activities by an organization based on its environment policy, objectives and targets, such as lower volume of waste generated, less use and management of chemical substances and attainment of goals.	Reusing (p26)	Use of products again.
Environmentally Conscious Products (p7)	Anritsu defines environmentally conscious products as those that use the minimum necessary amount of valuable resources, are compact, lightweight and long-living, consume little power and do not harm human health when manufactured, used and disposed of.	RF Image Detection Technology (p18)	Image processing technology to detect the shape of a buried object (for example, a land mine) by emitting radio-frequency (500MHz to 4GHz) electromagnetic waves from a measuring instrument and receiving the waves bounced back from the object.
Global Compact (p2)	A network of organizations supporting 10 principles on human rights, labor, environment and prevention of corruption. The United Nations Secretary-General Kofi Annan advocated it at the World Economic Forum held in January 1999 and officially inaugurated at the U.N. Headquarters in New York in July 2000.	RoHS Directive (p19)	Directive on Restriction of the use of certain Hazardous Substances in electrical and electronic equipment: European Union directive to limit use of specific hazardous substances in electric and electronic equipment.
GRI (p1)	Global Reporting Initiative: An international non-governmental organization established in 1997. It creates and disseminates GRI Sustainability Reporting Guidelines as global standards for preparation of reports by organizations working to achieve a sustainable society.	Supply Chain (p14)	The flow of supply-side activities from procurement of raw material and components to delivery of products and services to end-users.
Intelligent Solution Creator (p4)	An "Intelligent Solution Creator" is a manufacturer that contributes to the progress of network society by creating, together with customers, superior solutions that increase customer value and cultivate new demand.	Thermal Recycling (p22)	Recovery of thermal energy from waste.
Internal Control (p5)	A mechanism set up and operated within a business, with an aim to (1) improve effectiveness and efficiency of business management, (2) ensure reliability of the company's financial reporting, and (3) encourage observance of laws related to business management.	Ubiquitous Network Society (p4)	Ubiquitous stems from a Latin word and means existing everywhere simultaneously. A ubiquitous network society allows us to exchange information through a network at any time, anywhere, by anybody.
		WEEE Directive (p19)	Directive on Waste Electrical and Electronic Equipment: European Union directive that obligates electric and electronic equipment manufacturers to collect and recycle products for waste reduction.
		Zero Emission (p7)	Activities to eliminate waste emission by recycling waste emitted at businesses into raw material for manufacturing processes or other industries.

Independent Review

In writing this review, my colleague and I exchanged views with Director Hirokazu Hashimoto and editorial staff at Anritsu Corporation in charge of preparing the Anritsu CSR Report 2006. We wanted them to understand the purpose and appropriate content of the report and to improve it for as long as time constraints permitted. As a result, points we made were actively discussed among the staff, agreed upon and reflected in this report, within a very short time, although some points were regarded as issues to be dealt with in the future. We were impressed by the company's sincere attitude toward outsiders' opinions. President Hiromichi Toda said in his message in this report that "good communication with all of its stakeholders is one of Anritsu's major responsibilities to society" and "dealing with and finding solutions to communication issues enhances Anritsu's value to society." I believe that Anritsu Corporation has made progress toward these ends.

This attitude is reflected in many sections of this report. It has just 34 pages, but includes many essential items, which are mostly treated quantitatively, allowing the reader to understand Anritsu's approach to CSR activities and achievements. This is also due to the fact that starting with this issue of the CSR report 2006, the report is structured along the lines of The Anritsu Group Charter of Corporate Behavior. Normally, the charter of corporate behavior serves as the foundation of CSR activities. However, actual activities are often not related to the charter and thereby deviate from it. Structuring CSR report content according to the charter helps foster recognition of the charter's influence on CSR activities, CSR reporting and the consequent progress of such work. In our exchange of views, we came to realize that Anritsu Group has succeeded in its objectives to make CSR progress transparent, and promote CSR by assigning greater importance to the report preparation process. I observed that the particular structure and quantitative detail of the CSR Report 2006 brought success.

Although this CSR Report can be evaluated highly, such reports must continue to evolve in addressing issues concerning society and stakeholders. For example, businesses' information disclosure and internal controls are attracting a lot of attention, so enforcement of the Company Law and Financial Instrument and Exchange Law is getting stricter. CSR reports need to deal with these interests. The Anritsu CSR Report could deal with them in outlining the company's disclosure policy and specific examples as well as discussing requirements and activities for guaranteeing independence and neutrality of outside directors and outside auditors. We hope Anritsu Group will continue to communicate with all of its stakeholders and address such vital topics in the report.

As 50% of the Anritsu Group's sales come from outside of Japan and employees outside of Japan account for 40% of all Anritsu Group employees, it is indispensable that CSR from a global perspective is reflected in the report. As Director Hashimoto believes that global CSR will remain a concern in the future, we hope the CSR Report will touch on it. In March 2006, Anritsu Corporation took part in a Global Compact as part of its global CSR activities. We hope that future reports will refer to the efforts to advance each of the 10 Principles of the Global Compact.



Tamio Yamaguchi

President

Workers Club for Eco-harmonic Renewable Society*

* This citizen's group promotes the study, support, practice and exchange of activities among regional citizens, companies and governments to realize a sustainable society. It also seeks to apply global research to establish a sustainable society in harmony with the ecology for the benefit of future generations.

Editor's Note

Thank you very much for reading this report, which was prepared with particular attention to the following five points:

First, we gave the report a human face, with the commitment of our top executives expressed in their address and message columns. Second, as with the previous CSR report, we considered the act of reporting about CSR itself to be a valuable CSR promotion activity. Thanks to cooperation throughout the Anritsu Group, we were able to gather all the relevant information required for the report. Third, we aimed at clearly conveying the message to employees that CSR should be promoted continuously companywide. Fourth, we made it our duty to report to our stakeholders all of our processes and achievements in social activities such as attaining customer satisfaction, contributing to local communities, advancing operations through the PDCA (Plan, Do, Check and Act) cycle method, in addition to preserving the global environment. Fifth, we edited this report within the framework of The Anritsu Group Charter of Corporate Behavior to give Anritsu's stakeholders a fuller understanding of how our CSR focus advances our larger goals.

However, we could have done even better to satisfy our readers. We will therefore continue to inform you of the status of our ongoing CSR activities through Anritsu's website. We are grateful for your comments and opinions, and will consider them, so please feel free to complete and send us the enclosed questionnaire.

CSR Promotion Center

Anritsu

Discover What's Possible™



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We Welcome Your Comments.

Thank you for taking time to read the Anritsu CSR Report 2006. We are sincerely grateful for any opinions or comments you can offer us.

In this report, we have tried to explain the Anritsu Group's CSR activities as specifically and as simply as possible. However, there may still be many points for further improvement. We would like to reflect your opinions in our approaches to CSR, and in preparing future reports.

We hope you will spare a few minutes to fill in your frank opinions or comments on the reverse side and fax the page to the CSR Promotion Center. Your opinions and ideas might be used in our future CSR reports under the policy specified at the bottom of this page.

For inquiries, please contact:
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Results of Anritsu CSR Report 2005 Questionnaire Survey

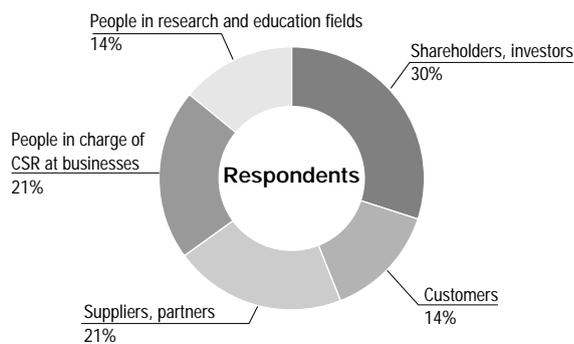
In preparing this year's CSR Report we particularly kept in mind the following advice from readers of our CSR Report 2005.

- To give the report and Anritsu a human face.
- To go beyond the scope of a typical PR publication to detail the issue of our corporate responsibility in a credible, comprehensive manner.
- To report on achieving CSR objectives using statistical evidence as much as possible.
- To provide concrete information on employee activities.
- To make the report easier to understand for readers who may not be familiar with technical terms.

Based on this advice, we improved the CSR Report 2006 as follows.

- To reinforce a common front of top commitment, directors in charge of CSR and CS added their messages, to accompany messages from the president and vice president in charge of environmental affairs.
- We described environmental considerations and product information as objectively as possible.
- We have reported CSR objectives, besides environmental objectives.
- Engineers developing Excellent Eco Products also gave their comments.
- We added a glossary page to clarify technical terms.

We also received and will consider other valuable advice for planning our future CSR activities and CSR Report editorial policies.



Note: The results are compiled from answers to a questionnaire inserted in CSR Report 2005 (issued July 2005). We have excluded verbal answers or those from Anritsu Group's employees.

Concerning Personal Information

- We will not use respondents' names, addresses or other personal information for any purpose other than the delivery of Anritsu's future CSR Reports, and will not disclose this information to any third party without respondents' consent.
- Respondents' answers to our questionnaire may be summarized and disclosed to a third party in the form of condensed, analyzed data, but we will not disclose data that could identify the respondents.
- We will strictly and reasonably secure the data provided in the answers to our questionnaire.
- If we request information processing or delivery services from a firm outside the Company, we apply considerable security control measures, such as contracting personal information protection.

Anritsu CSR Report 2006 Questionnaire

Please return or fax this completed questionnaire to CSR Promotion Center, Anritsu Corporation. Fax: +81-46-225-8358

Q1: What is your overall impression of the Anritsu CSR Report 2006? Please explain your choice.

- Very easy to understand Easy to understand Satisfactory Slightly hard to understand Hard to understand

Reason:

Q2: Which content did you find interesting? You may check more than one. Please write your reasons.

- Editorial Policy Message from the President Outline of Reporting Organization Company Philosophy, Vision and Commitment, and The Anritsu Group Charter of Corporate Behavior Anritsu Group's CSR Corporate Governance CSR Objectives and Results for FY 2005 CSR Objectives for FY 2006 In Harmony with Customers Corporate Ethics and Compliance Risk Management Communications with Stakeholders Information Security Management Respect for Individual Character Developing Human Resources Labor Safety and Health Tackling Global Social Problems Anritsu's Activities to Help Preserve The Global Environment Topics Environmental Load Mass Balance Environmental Accounting Environmental Management Promotion System: Green Procurement/Green Purchasing Development of Environmentally Conscious Products Excellent Eco Product Information Disclosure, Environmental Auditing, and Internal Education and Awareness Environmental Conservation Activities Contributing to Local Society and Employee Volunteerism Glossary Independent Review Editor's Note

Reason

Q3: What are the report's good points? What improvements do you suggest?

Good point(s)
Please explain:

Suggested improvement(s)
Please explain:

Q4: What do you think about Anritsu's CSR activities? Please write your reasons.

- Impressive Doing well Average Slightly insufficient Insufficient

Reason:

Q5: How did you receive this report?

- Sent from Anritsu Newspaper or magazine Exhibition or seminar Anritsu's website Anritsu employee
 Other (Please specify.) []

Q6: From which standpoint did you read this report?

- Shareholder/investor Financial institution Product user Supplier/partner Resident living near Anritsu facility Government/administration NPO/NGO
 Research/education Journalist Environment/CSR specialist Personnel in charge of CSR for a company Student Employee or family member of employee from Anritsu Corporation or one of its Group companies Other (Please specify.) []

Q7: What do you think of the design, layout and overall presentation? Why?

Information volume

- Inadequate Needs a little more Sufficient Slightly more than needed Too much

Reason:

Design and layout

- Good Fairly good Average Below average Poor

Reason:

Q8: Please write any other opinions or requests that you have regarding Anritsu:

Thank you for your cooperation. Would you like to receive our next report?

Yes No

If yes, please fill in the following:

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

Address: _____

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

Work/School: _____