

Corporate Governance

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

Board of Directors

Anritsu has a corporate governance system centered on the Board of Directors and the Board of Corporate Auditors. With the introduction of the executive officer system in 2000, the Board of Directors streamlined its structure to promote faster decision-making through discussion among a small number of people. The Board of Directors discusses matters for resolution and reports, and also holds free discussions of medium-to-long-term management issues. As a rule, the Board of Directors meets once a month, and met 12 times in the year ended March 31, 2008. Attendance at meetings was virtually 100 percent. Outside director Akira Kiyota attended 11 meetings, actively contributing to discussion.

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

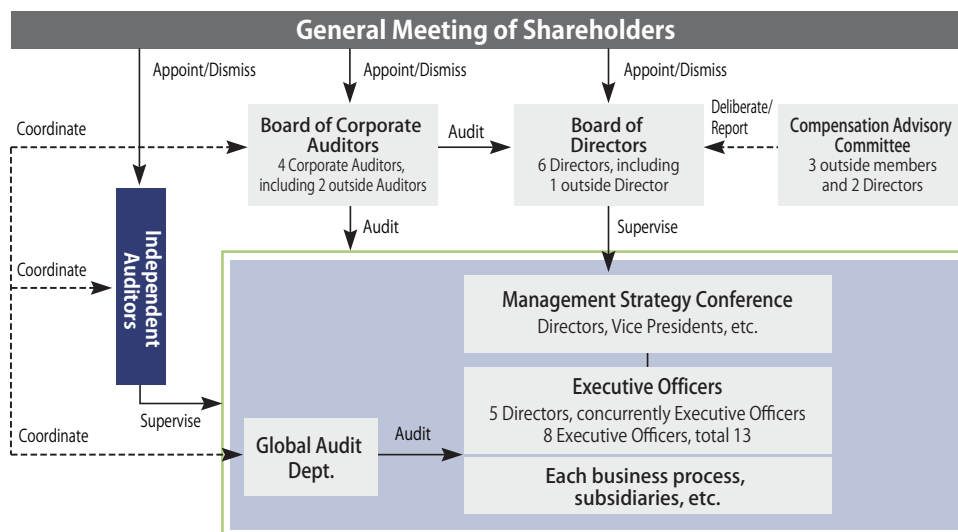
The Compensation Advisory Committee is an advisory body to the Board of Directors. The majority of its members are from outside the Company, raising the transparency of the compensation system and specific evaluations of directors, executive officers and senior corporate staff.

Auditing System

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

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

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



Internal Control System

To comprehensively understand and evaluate business risks affecting corporate growth and achievement of related management targets, and to manage such risks throughout the organization, Anritsu established a basic policy for internal controls, and is working to strengthen it. In addition, Anritsu has launched an internal control project aimed at establishing and improving the operation of internal controls over financial reporting. Steady progress in the fiscal year ended March 31, 2008 included carrying out focused educational activities for officers through surveys and task setting, while confirming the state of IT control through documentation of business processes and checklists.

Anritsu is working to establish an internal control system centered on the Internal Control Committee, while cooperating with the internal control departments of regional headquarters overseas in promoting ongoing improvement of the internal control system throughout the Anritsu Group. Moreover, by applying its internal control improvements to management innovation activities, Anritsu intends to create an organizational climate and framework that fosters commitment to management objectives.

Risk Management

Anritsu recognizes that its primary risks are in

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

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

Compliance

The Corporate Ethics Promotion Committee plans and carries out company-wide measures designed to promote sound corporate conduct. In the fiscal year ended March 31, 2008, Anritsu expanded the Compliance Reinforcement Week and Corporate Ethics Month campaigns and the Anritsu Group Code of Conduct to subsidiaries in Japan and overseas, and published the Case Study Sheet with explanations in a Q&A format. The Committee carried out additional measures including education activities through level-specific instruction and events promoting compliance, and the Ethics Survey to determine the degree of establishment of the compliance system and the ethical awareness level of employees.

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

Assessment by External Organizations

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

- Japan Corporate Governance Research Institute, Inc., Report on JCGIndex Survey 2007
Anritsu placed 15th among 307 companies listed on the Tokyo Stock Exchange First Section that responded.
- Pension Fund Association (a corporate governance fund)
Included in fund since November 2006 (72 companies as of May 2008)
This fund invests in companies chosen for their excellent governance.