An Interview with Group CEO Hirokazu Hashimoto

Continuous Growth with Sustainable Superior Profits

Strong Performance in the Fiscal Year under Review

Q The Anritsu Group's performance surged during the fiscal year under review (ended March 31, 2013), as it did the previous fiscal year. Please explain the factors that enabled such a performance and give us your appraisal of the Group's performance?

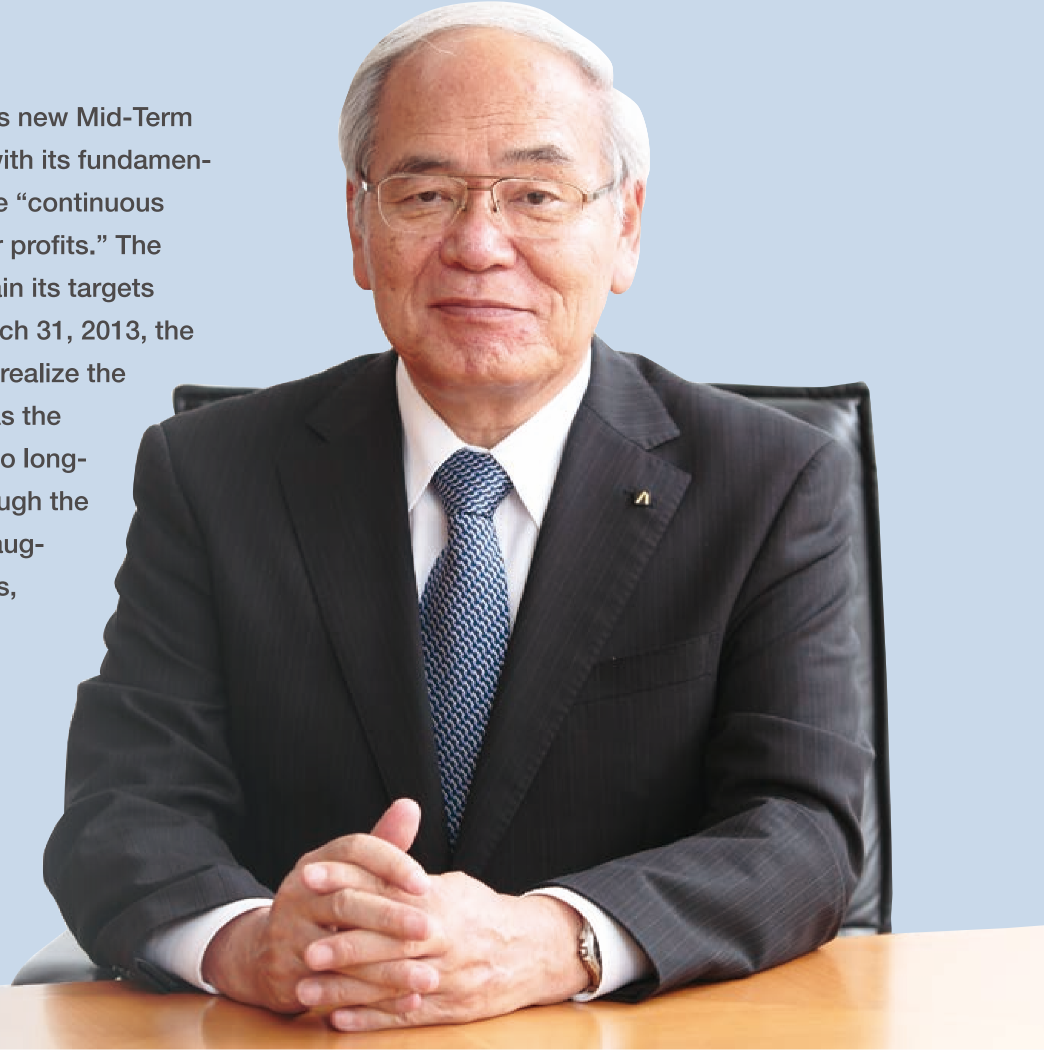
A In line with our original plans for the fiscal year under review, we were able to increase the Group's consolidated revenue, to ¥94.7 billion, up 1.1% from the level in the previous fiscal year. Given that we were able to realize a year-on-year rise of more than 30% during the previous fiscal year, sustaining our revenue growth was a challenging objective. The most important factor that enabled us to attain our revenue target was the ability of our mainstay Test and Measurement business to accurately respond to demand trends in the growth-driving mobile communications field. Regarding profitability, we recorded a robust performance in the highly profitable mobile communications field, and our successful efforts to make appropriate investments and thoroughly manage expenses have boosted operating profit, to ¥15.8 billion, up 12.9% from the previous fiscal year. This performance is a concrete manifestation of our achievements with respect to both offensive and defensive strategies.

In the Industrial Automation business, we sustained robust performance in Japan and overseas with the focus primarily on products for food-related industries. We also made progress in building the foundation for our key strategy of overseas business expansion.

We began various new initiatives during the fiscal year under review in accordance with GLP2014, our Mid-Term Business Plan for the three fiscal years through March 31, 2015. We have gotten off to a good

The Anritsu Group has drafted its new Mid-Term Business Plan GLP2014 in line with its fundamental strategy of seeking to achieve "continuous growth with sustainable superior profits." The Group was able to smoothly attain its targets during the fiscal year ended March 31, 2013, the first year of GLP2014. Aiming to realize the objectives of GLP2014, as well as the Anritsu 2020 Vision, a medium- to long-term strategy for the period through the year 2020, the Anritsu Group is augmenting its strategic investments, which are designed to promote sustained corporate growth and generate additional increases in corporate value for the foreseeable future.

Hirokazu Hashimoto
Group CEO



start by smoothly attaining all the targets for the plan's first year, but our efforts during the current fiscal year—the second of the three fiscal years covered by the plan—will be particularly important. While encouraged by the sentiment expressed in the proverb "What starts well ends well," we are also repeatedly emphasizing in our intra-Group communications the message that "When things start well, you must remain vigilant until the end, maintaining a steady and stern eye on reality, and working to provide what is lacking. If you do so, you will come closer to your goal." We are seeking to ensure that everyone in the Anritsu Group recognizes the truth of this message and shares a common commitment to implementing our strategies in line with the spirit of that message. In light of the dynamic changes under way in global markets, it is extremely important for us to maintain a good understanding of our customers' needs so that we are always in a position to supply optimal solutions going forward.

Special Strengths That Enable Anritsu to Overcome Competitive Challenges

Q Please explain the specifics of growth drivers in the Test and Measurement business. What are the special characteristics from which Anritsu derives its competitive strengths?

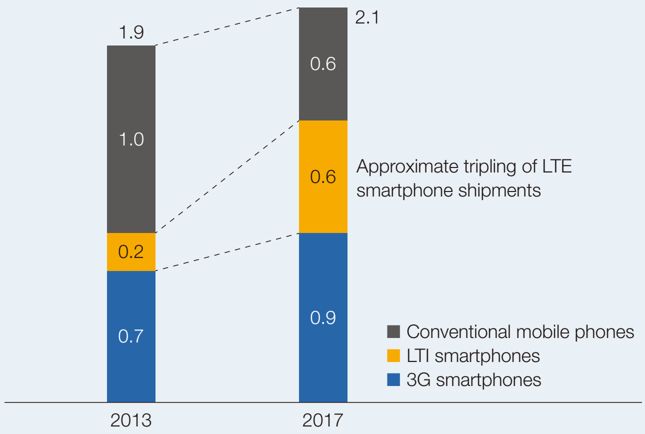
A In our Test and Measurement business, the growth driver factors are the increasingly widespread use of smartphones, tablets, and other mobile terminals and the associated rapid development of mobile broadband services. In the mobile communications market, the world's major telecom operators have begun offering commercial services based on the LTE, the communications standard, and are moving ahead with plans for the introduction of LTE Advanced systems with broader area coverage.

Sustained demand for measuring instruments is expected in connection with operators' capital investments as well as the development of smartphone chipsets. We are also anticipating expansion in demand for measuring instruments used for manufacturing smartphones and tablet terminals, whose demand is growing.

To make the most of these growth drivers, Anritsu is comprehensively assessing needs associated with supply chains, including major telecom operators, chipset makers, smartphone vendors, and other customers; consolidating needs-related information; and providing optimal solutions to customers who expand business operations globally.

Mobile Phone/Smartphone Shipment Volume

(Billion units)



Sources: Anritsu estimates based on data from IDC and Gartner

Our mobile test and measurement business projects do not end when products are delivered to customers. Since the 3rd Generation Partnership Project (3GPP) is constantly updating standards for 3G, LTE, and other communications systems, we must work in concert with our customers to move ahead with technology development projects based on medium-term perspectives to realize competitive advantages. One special characteristic of the Test and Measurement business is that support must still be provided to customers for their continuous development operations, even after products are delivered to them. In line with development road maps drafted by customers, we are developing measuring instrument solutions that meet customers' emerging needs. Our posture is that, "After undertaking a job, we are committed to ensuring that our customers' needs are satisfied over the long term." It is by firmly maintaining this posture that we can build relationships of trust that put us in a position where we can share leading-edge technology development road maps with customers.

Anritsu's Unique "ACE" Benchmark

Q **Could you explain the kind of measures the Group is taking to strengthen its structural profitability, in terms of Anritsu's fundamental strategy of seeking to achieve business expansion characterized by "continuous growth with sustainable superior profits"?**

A During the fiscal year under review, Anritsu achieved a 1.1% year-on-year increase in revenue while boosting its operating profit to ¥15.8 billion, up 12.9% from the previous year. Profit was improved by a large margin and achieved a new record high ¥13.9 billion, a year-on-year increase of 74.9%. This reflects our reevaluation of the degree to which we can leverage the profitability of our core businesses. It also reflects the great effectiveness of our measures to accumulate deferred tax assets.

I instituted the fundamental strategy of seeking "continuous growth with sustainable superior profits" upon becoming President in 2010. The Group's 2020 Vision for business development over the decade beginning from 2010 set the goal of becoming a "global market leader" and stipulated that "building a world-class, strong, profit-generation platform" was one of the keys to achieving this goal. The vision also specified the key performance indicators (KPIs) to be used in determining whether returns on investments were sufficient for creating a resiliently strong, profit-generation platform and emphasized the importance

2020 VISION

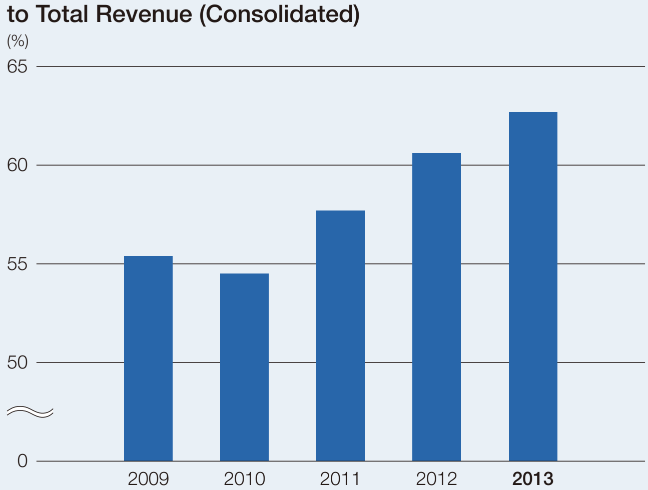
of employing common KPIs throughout the Group. We have been working to reform and upgrade our systems for producing high-added value by ensuring that each Group employee is aware of such productivity indices as the ratio of capital costs to cash generated by business development investments and the value of production generated by each yen of expenses. The most comprehensive of our KPIs is our Anritsu Capital-cost Evaluation (ACE) benchmark of net operating profit after tax minus invested capital cost. By ensuring that each business division uses ACE as a key evaluation indicator for determining how much added value can be generated by invested capital, we will continue working to improve the Group's overall profitability going forward.

Growing Importance of Overseas Markets

Q Please explain your expectations regarding your business environment and performance during the current fiscal year (ending March 31, 2014) and your fundamental business development plans for the year.

A I anticipate that the mobile test and measurement business will continue to be the main axis of our operations during the current fiscal year. Major trends regarding markets and customers are expected to include the growth of investment in LTE Advanced systems, the start of TDD-LTE service in China, manufacturing trends associated with the expansion of the smartphone market and its increasingly intense competition, and the strengthening of IT enterprises' mobile communications businesses. Based on our accurate understanding of these trends, we will be working to increase the depth of our business relationships with existing customers, and we also consider it important to build relationships with new customers. To these ends, we will be making the requisite development and marketing investments while also expanding our strategic investments designed to strengthen our support systems for customers engaged in global business development. Through these measures, we will be working to establish superior competitive power and build a foundation capable of generating major benefits in the future. I believe that these are the principal themes of our operations during the current fiscal year. Although investments entail risks, we will be appropriately controlling the risks by making judgments regarding the priority of

Share of Overseas Revenue to Total Revenue (Consolidated)



investment projects while employing KPIs that emphasize investment returns, and we will strive to realize returns on investments in an expeditious manner.

In the Industrial Automation business, our tasks for the current fiscal year include the implementation of measures to leverage our position as a market leader in Japan to maintain a stable profit structure, and, at the same time, we will be seeking to expand our business in the overseas markets that are experiencing growth. To achieve these goals, we will be creating overseas marketing and support systems and taking steps to augment our overseas manufacturing capabilities to promote the strengthening of our competitive power stemming from our local production systems for meeting local needs. Besides augmenting the production of our plant in Thailand, we have established a plant in Shanghai, where we expect will play a key role in meeting needs within China's huge and growing market. We are aiming to increase the profit generated by our business in emerging country markets with considerable growth potential by gathering precise information on customer needs throughout the world, bolstering our capabilities regarding speedy manufacturing operations, and forging close cooperation with and support for customers.

Based on these business policies, we are planning to increase our consolidated revenue, to ¥102.0 billion, up 7.7% from the previous year, and increase our operating profit, to ¥17.0 billion, up 7.6%. We are forecasting a 17.5% year-on-year decrease in profit, to ¥11.5 billion, but it should be noted that this reflects our anticipation that the tax expense reduction benefits achieved through the accumulation of deferred tax assets during the year under review (ended March 31, 2013) will diminish in the current fiscal year and cause our effective tax rate to rise to approximately 30%. We expect to continue making steady progress toward attaining our GLP2014 targets.

Mid-Term Business Plan GLP2014: The First-Year Review

International Financial Reporting Standards (IFRS)		GLP2014 (¥ billion)			
Indicators		FY2012 (GLP first year)	FY2012 (Actual)	FY2013 (Plan)	FY2014 (GLP Plan)
Revenue		¥94.5	¥94.7	¥102.0	¥110.0
Operating Profit		¥15.5	¥15.8	¥ 17.0	¥ 19.0
Profit		¥10.0	¥13.9*1	¥ 11.5	¥ 13.0
ROE		20%	25%	17%	≧20%*2
ACE*3		¥ 7.0	¥ 9.4	¥ 7.5	¥ 9.0
Test & Measurement	Revenue	¥70.0	¥71.2	¥ 77.0	¥ 80.0
	Operating Profit	¥14.0	¥15.0	¥ 15.5	¥ 16.0
Industrial Automation	Revenue	¥15.0	¥14.4	¥ 15.5	¥ 18.0
	Operating Profit	¥ 1.0	¥ 0.8	¥ 1.0	¥ 1.5

*1 Tax expenses decreased as a result of a review of the collectability of deferred tax assets.
*2 In view of the realization of targets for strengthening the Company's capital base ahead of schedule, the fiscal 2014 ROE target has been revised to 17%.
*3 ACE (Anritsu Capital-cost Evaluation): Operating profit after tax - Capital cost

New Businesses in Response to Changes in the Operating Environment

Q **Could you explain Anritsu's longer-term projects and strategies for the interval between the attainment of Mid-Term Business Plan GLP2014 targets and the realization of the 2020 Vision?**

A During the period since we drafted GLP2014, we have become even more firmly convinced that the principal medium- to long-term growth driver for the Test and Measurement business will be the progressive expansion of mobile broadband services. On the other hand, rather than being restricted to smartphones, tablets, and other mobile terminals for person-to-person (P2P) and person-to-machine (P2M) links, the scope of growth locomotives is expected to extend to such fields as machine-to-machine (M2M) systems and cloud services via data centers, thereby making mobile communications a major component of social infrastructure. Moreover, we also see the possibility of difficult-to-predict paradigm shifts occurring in the period through 2020 that will lead to the creation of totally new types of communications terminals and services.

Anritsu's mission is to conscientiously monitor these kinds of changes, continually provide optimal solutions related to the changes, and thereby make a sustained contribution to societal progress. Software-based measuring solutions will play a central role in supporting the shift from LTE to LTE Advanced and toward additional progress in mobile communications technologies further onward and the development of diverse new services. We expect that our efforts to strengthen our development and marketing capabilities so that we can innovate in ways that anticipate changes in market and customer requirements through the continual creation of high-value-added measuring applications will be a powerful driving force behind our corporate development over the medium- to long-term future.

Moreover, rather than restricting itself to the mobile communications field, Anritsu is one of only a few measuring instrument manufacturers in the world that can supply a comprehensive range of communications-related solutions for fields including network infrastructure and electronics. While continuously strengthening our capabilities with respect to leading-edge mobile communications technologies, we anticipate that expansion in the high-speed, high-volume optical backbone network/infrastructure field and mobile broadband service field will lead to a development of diverse wireless communications modules for digital household appliance, automotive, and other applications. We plan to expand our business scale and enhance our profit-generation power by upgrading our capabilities for providing measuring solutions for manufacturing applications associated with innumerable new kinds of electronics products. By leveraging our operational axis in the mobile communications field, we intend to establish competitive power that will grow in strength in a diverse range of additional fields, thereby building a solid business base that will enable us to be a global market leader.

Regarding the Industrial Automation business, we expect that the global trend of rising and broadening awareness of food security and safety issues will facilitate the success of our business expansion projects. Expanding overseas operations will be the key to our future business growth in this field. By promoting the creation of local production systems for meeting local needs and by strengthening our relationships with global customers over the medium-to-long term, we are aiming to boost the share of our overseas revenue in this field from the current level of 30% to 50%. Regarding profitability, we will be seeking to achieve an operating profit ratio of 12%, as we become a global top player in this field over the medium term. We will be striving to attain this target through continuous efforts to reduce our cost of sales and devise innovative manufacturing methods. Given the unparalleled intensity of environmental changes in the Test and Measurement business, we will continue working on strengthening our Industrial Automation operations—a business characterized by relatively stable profitability that we, therefore, consider to be an indispensable element of our Group's business portfolio.

Our 2020 Vision also calls for us to create new businesses by emerging business. In the belief that establishing new business-creation systems is the first step toward achieving this objective, we set up a project team to address this task during the fiscal year under review. We are seeking to identify unmet needs and wants that we can address as a means of establishing additional types of operations that we can foster into new business pillars by 2020, with the aim of combining technological creativity with marketing innovation. We are intensifying our efforts in this regard as we strive to engineer an optimal portfolio of Group businesses.

Increasing Management Efficiency to Elevate Shareholder Value

Q **Please explain Anritsu's policies regarding capital strategies and shareholder returns. What is behind the Group's discontinuation of takeover defense measures and voluntary adoption of International Financial Reporting Standards (IFRS)?**

A GLP2014 includes the financial soundness enhancement targets of increasing the ratio of equity capital to a level of 60% or higher, and reducing our interest-bearing debt ratio to 0.3 or lower. In addition, we are employing our unique ACE benchmark along with ROE as important management indicators in connection with efforts to increase our capital efficiency. We are achieving a steady increase in those management indicators by progressively enhancing the profitability of our core businesses and working to optimize our cash flow management.

Against the backdrop of the robust improvement of our business performance, we have been able to bolster our capital adequacy more quickly than originally planned. This was due to such factors as a complete and ahead-of-schedule conversion of our Euro-denominated convertible bond issue (¥10 billion) slated to mature in September 2015 and a shift of our foreign currency translation adjustment values into positive figures in connection with the correction of the yen's excessive appreciation. Therefore, we have amended our ROE target to be attained by March 31, 2015, from 20% to 17%. With respect to the capital efficiency ratio, we have set our ROE spread (ROE - cost of shareholders' equity) target—representing the profit ratio expected by shareholders and investors—at 10% or greater, and we are sustaining our efforts to increase the profitability of our core business operations. Our medium- to long-term ROE target is 20% or above.

Regarding shareholder returns, our fundamental policy stipulates that profits are to be distributed in accordance with consolidated performance. Our system for achieving this policy sets a target range for the ratio of the total amount of dividends to equity attributable to owners of the parent (DOE) in accordance with the level of consolidated profit for the fiscal year and distributes the surplus to shareholders based on consideration of the Company's overall situation with respect to the objective of increasing corporate value. The system is designed to give due consideration to the need for R&D programs and capital investments that enable responses to rapid technological advances and changes in market structures as well as due consideration to the corporate value increases achievable through investments for the upgrading of support services. We intend to employ this system to increase shareholder returns in line with the Company's performance.

We changed the number of shares constituting one unit from 1,000 to 100 as of April 1, 2013. The aim is to create a favorable investment environment, increasing the liquidity of Anritsu shares and broadening the Company's investor base.

As a related measure, the Board of Directors decided to discontinue Anritsu's Countermeasures to Large-Scale Purchase of the Company's Shares (Takeover Defense Measures), which expired after the Ordinary General Meeting of Shareholders in June 2013. This decision was made with the objectives of facilitating a sustained rise in corporate value and augmenting shareholder returns. It also reflects Anritsu's determination to step up its efforts to engage in a dialog with shareholders and investors as a means of promoting an appropriate understanding of the Company's corporate value.

We have voluntarily adopted the International Financial Reporting Standards (IFRS) beginning from the fiscal year under review. Employing IFRS has brought various benefits, including the unification of accounting standards for the Group's operations in various locations throughout the world and the simplification of comparisons with global competitor companies. The standards are also expected to facilitate fund procurement operations in overseas markets that may be undertaken in the future. We view adoption of IFRS as a measure that helps to prepare a solid foundation for realizing increases in corporate value as a global market leader.

A Company with a Long History That Is Looking Ahead to the Future

Q Could you explain your personal ideas on corporate management?

A How has Anritsu managed to sustain its operations during the more than 110 years since the Company's founding—I am constantly thinking about the significance of the ability of corporate organizations to survive and prosper. I have learned some important lessons by persistently asking how companies maintain their viability and vitality, and I plan to put those lessons to good use in Anritsu's management going forward.

If you examine companies throughout the world that have been able to sustain dividend increases for more than 25 years, you will find three common characteristics— they have globally known brands, they are constantly working to improve their revenue structures and business portfolios and increasing their corporate value, and they have superior business models that pull in profits.

The existence and special characteristics of such model companies provide helpful guidance toward the answers that I am seeking. This is because "2020 Vision" is focused on "Considering changes in the environment as a revolutionary era, as a leading-edge brand trusted by customers around the world, providing unique Anritsu customer value, and thereby building a world-class, strong, high-value-added corporate constitution.

Maintaining its fundamental strategy of seeking to achieve "continuous growth with sustainable superior profits," Anritsu is implementing the GLP2014 plan with the goal of making its period an important and clear-cut milestone of progress toward the realization of the 2020 Vision. In this way, the Company will continue doing its utmost to bolster the confidence of its shareholders and other stakeholders and live up to their expectations going forward.