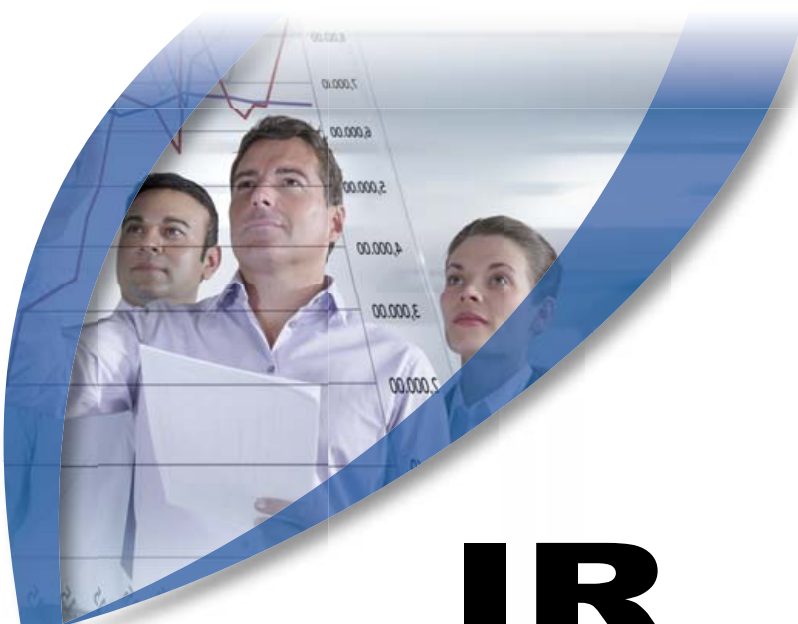


2014

Annual Report

Continuous Growth with Sustainable Superior Profits



IR
Investor Relations



The Anritsu Group business is woven into everyday life.

Anritsu provides solutions for a safe and secure society

Connecting, monitoring and detecting...

Anritsu supports everyday life and business in a variety of areas, including information communication, food processing, pharmaceuticals and image monitoring for a safer, more secure and comfortable society.

Bringing greater convenience and comfort to people's lives


— Measurement solutions for mobile broadband services —


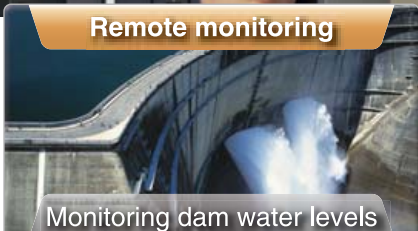



Voice communication/Email	Videos/Music	Medical Services/Welfare
		
Anytime, anywhere	Large volume data transmission	Remote examination and diagnosis

Making your life safe


— Various solutions for everyday life in food safety, disaster monitoring and ophthalmic examinations —



Contaminant inspection	Remote monitoring	Medical equipment
		
Detecting contaminants	Monitoring dam water levels	Light source for ophthalmic equipment

Supporting infrastructures for everyday life

— Measurement solutions for secure broadband networks —



Mobile phone base stations	Optical fiber	Communication networks
		
Checking base station service areas	Locating optical fiber line breakage	Network monitoring and quality assurance

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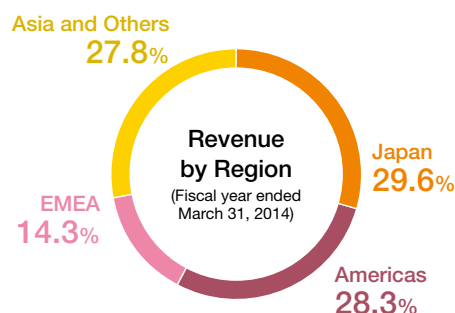
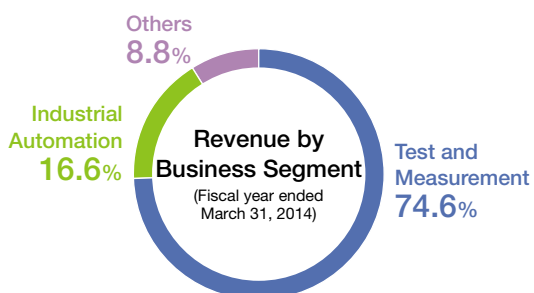
Forward-Looking Statements

All information contained in this annual report which pertains to the current plans, estimates, strategies, and beliefs of Anritsu Corporation (hereafter "Anritsu") that is not historical fact shall be considered forward-looking statements of future business results or other forward-looking projections pertinent to the business of Anritsu. Implicit in reliance on these and all future projections is the unavoidable risk, caused by the existence of uncertainties about future events, that any and all suggested projections may not come to pass. Forward-looking statements include but are not limited to those using words such as "believe", "expect", "plans", "strategy", "prospects", "forecast", "estimate", "project", "anticipate", "may," or "might" and words of similar meaning in connection with a discussion of future operations or financial performance.

Actual business results are the outcome of a number of unknown variables and may substantially differ from the figures projected herein. Factors which may affect the actual business results include but are not limited to the economic situation in the geographic areas in which Anritsu conducts business, including but not limited to, Japan, the Americas, Asia, and Europe, changes in actual demand for Anritsu products and services, increases or decreases in the competitive nature of markets in which Anritsu sells products or buys supplies, changing aptitudes at providing services, and exchange rates.

You also should not place reliance on any obligation of Anritsu to update or revise any forward-looking statements, whether as a result of new information, future events, or otherwise. Anritsu disclaims any such obligation.

Anritsu at a Glance

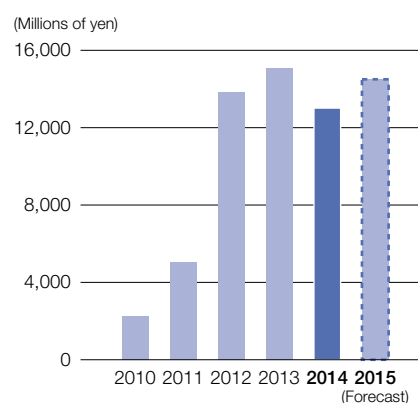
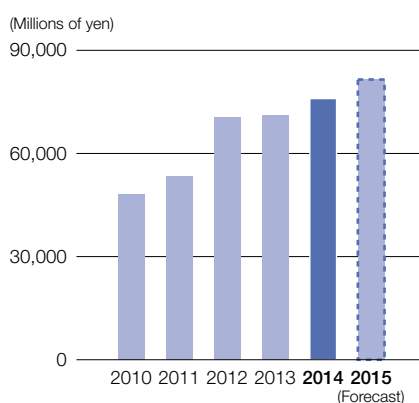
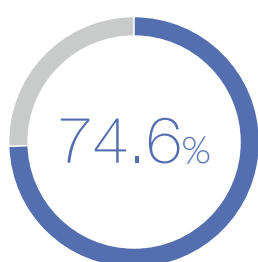


Percentage of Revenue

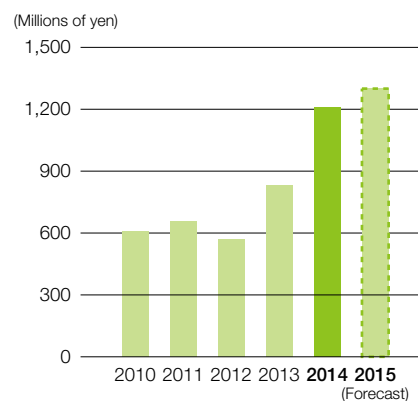
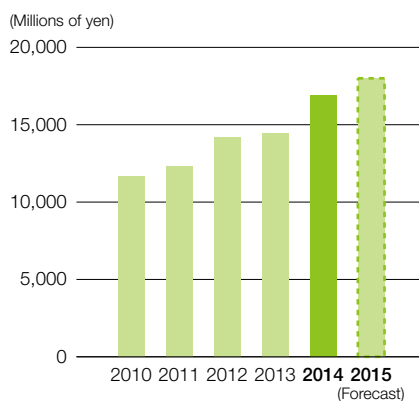
Revenue

Operating Profit (Loss)

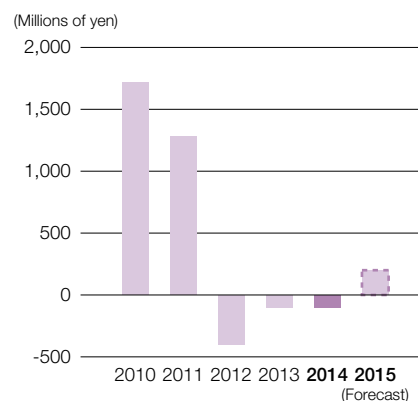
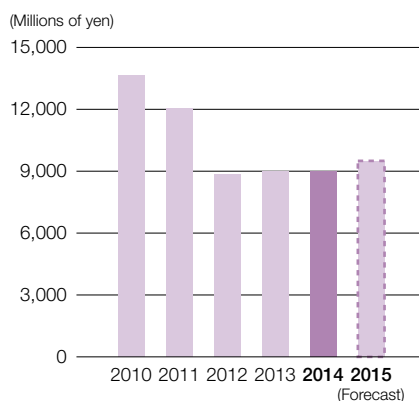
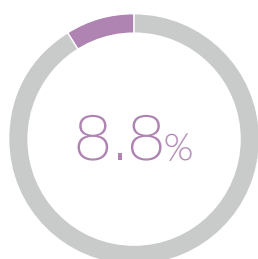
Test and Measurement



Industrial Automation



Others



Notes: 1. Figures for Others include eliminations and corporate.

2. The classification of the precision measurement business was changed from Others to Industrial Automation from the fiscal year ended March 31, 2012.

3. Beginning the fiscal year ended March 31, 2013, the Information and Communications business is included in the Others segment, and has been retroactively included in this segment for fiscal year ended March 31, 2012 figures.

4. Figures for the fiscal year ended March 31, 2012 and thereafter are based on IFRS.

Sectors and Solutions

Mobile Market

- R&D related to mobile telecommunications standards, such as LTE, LTE-Advanced, etc.
- R&D related to telecommunications chipsets (communications semiconductors incorporated in smartphones, etc.)
- R&D and manufacturing of such mobile communications terminals as smartphones and tablets

Network Infrastructure Market

- R&D related to optical/digital telecommunications
- R&D and manufacturing of telecom equipment
- Construction/maintenance of optical fiber telecom networks
- Construction/maintenance of wireless base stations
- Network quality assurance (failure monitoring)

Electronics Market

General-purpose measurement for a wide array of fields

- R&D and manufacturing of telecommunications-related electronic components
- R&D and manufacturing of telecommunications equipment
- R&D and manufacturing of wireless base stations
- R&D and manufacturing of products related to digital household appliances and car electronics, etc.

Main Customers

- Smartphone/tablet manufacturers
- EMS (electronics manufacturing service)
- Chipset manufacturers
- IT-related service providers
- Telecom operators

- Telecom operators
- Telecom network construction companies
- Telecom equipment manufacturers

- Electronic device/component manufacturers
- Telecommunications equipment manufacturers
- Mobile handset manufacturers
- Electronic equipment manufacturers

Main Products



Mobile device test platform



BERT Wave



Broadband vector network analyzer

Contaminant Detectors

- Contaminant detection and shape inspection

Weighers, Checkweighers

- Weighing, checkweighing, and package inspection

Quality assurance for mounted components

- Inspecting soldering on printed circuit boards

- Food producers (agricultural products, meat processing, processed foods)
- Pharmaceuticals/Cosmetics makers (pills, capsules, liquids, patches)

- Precision electronic device makers (smartphones, LCD panels, car navigation)



X-ray inspection systems

Information and Communications

- Monitoring and control systems related to such public infrastructure as rivers, water supply facilities, etc.
- Bandwidth controllers for high-quality networks, such as those for financial systems, video distribution, etc.

- Public sector (central and local government units)
- Financial institutions
- Video distribution companies

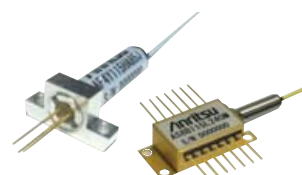
Devices

- Optical/ultra-high-speed devices for optical communications networks and telecommunications equipment

- Electrical equipment manufacturers
- Telecommunications equipment manufacturers



PureFlow® Series bandwidth controllers



Laser diodes

An Interview with Group CEO



Hirokazu Hashimoto

President and Group CEO

Under its Management Vision of “Continuous Growth with Sustainable Superior Profits,” the Anritsu Group will continue to strengthen partnerships with global customers, strive to further raise operational quality, and progress towards the Anritsu 2020 VISION of being the global market leader.

The Power to Be Chosen Is Anritsu’s Comprehensive Power that Is Centered on Advanced Capabilities and Trust

Q In recent years, Anritsu’s core mobile communications test and measurement business has grown strongly and is now the earnings driver for the Group. Please describe the background to this development.

A Smartphone and tablet devices, and the mobile Internet that connects them, are becoming increasingly intertwined with our lives. From downloading video and audio to social networking services, to messaging apps, and

to social systems, mobile services continue to expand. In step with this, mobile data traffic is growing rapidly, placing a heavy strain on mobile networks.

Anritsu is working together with many players that take part in the mobile broadband service sector development to solve these issues. We do this from the development of new communications systems, to device development and production, to network installation and maintenance. However,

as communications infrastructure is essential for a safe, secure, and comfortable society, there are still many issues to take on and progress that must be made. I think this is the social mission and role of Anritsu.

Q Why do customers choose Anritsu products?

A Anritsu provides solutions in all areas of the mobile network space. We have rich experience and advanced technology across all parts of networks, the only testing solutions company globally to have this. Customers across the globe in the telecommunications space praise us for this full-sector coverage, our technology, and support capabilities. Above all, in R&D for leading-edge mobile

communications protocols, we have received strong support for quality assurance and conformance test solutions that ensure new communications standards work trouble-free under real network conditions. This is the result of our continuous efforts to utilize our vision and client support capabilities.

Results for FY2013 and Targets for FY2014

Q Please outline the Anritsu Group's financial results for FY2013 (ended March 31, 2014), the factors behind the results, and your feeling about the performance.

A This fiscal year was the middle year of the GLP2014 Mid-term Business Plan (FY2012–FY2014). Revenue increased 7.6% over the previous year, to ¥101.9 billion, but operating income fell 10.1%, to ¥14.1 billion.

The Test and Measurement business grew, particularly in North America and Asia, along with the progressing global expansion of mobile broadband networks. In Japan, however, business dropped as some smartphone vendors exited that business. In this operating environment, with the expansion in overseas markets in mind, we strengthened support for overseas customers and also actively invested in needed R&D.

In the Industrial Automation business, demand in Japan was strong mainly for contaminant detection and checkweighers for food production. This demand came from convenience store businesses. Also, we made good progress in

the North American market in winning new clients, including major food producers.

Based on conditions in these businesses, at the end of the third quarter we revised our full-year targets. Operating profit forecasts in the Test and Measurement business were revised downward, while revenue and operating profit forecasts in the Industrial Automation business were revised upward. As a result, while revenue met GLP2014 plans, operating profit and net profit decreased. However, the operating margin in the Test and Measurement business was 17%, which is a high level. Particularly in the fourth quarter, the operating margin was over 20%, meaning margin targets in the GLP2014 were met. Above all, the strength of the Test and Measurement business in North America came from our investments to strengthen customer support for overseas customers.



Please describe initiatives Anritsu is taking to meet FY2014 financial targets.

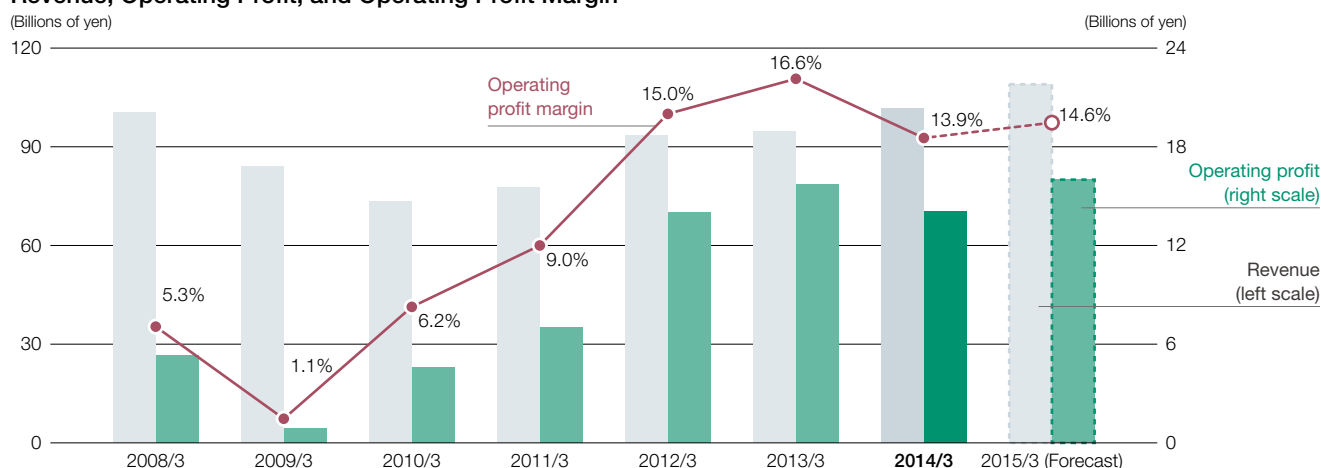
A In FY2014, revenue is targeted to reach ¥109 billion (a 7% increase year on year), and operating profit ¥16 billion (a 13% increase).

In the Test and Measurement business, mobile broadband service will continue to be a growth driver. Anritsu expects demand for conformance and network operator acceptance testing to remain steady with the rollout of LTE-Advanced, which is a faster, wider bandwidth update to LTE (Long-Term Evolution). Also, the combination of Wifi and other non-cellular standards with cellular standards will continue. In device production, emerging device vendors are growing rapidly, using reference designs provided by chipset vendors. Thus, testing demand is expanding at these device vendors.

To steadily win these businesses, we will make effective strategic investments in R&D and customer support to improve competitiveness of Anritsu products. We will do this to keep up with international communications standards, which are constantly evolving, to ensure seamless connections between different communications standards, to improve device and chipset productivity, and to improve working efficiency of wireless infrastructure.

In the Industrial Automation business, in the domestic market Anritsu will work to capture equipment replacement and upgrade demand. We will also expand business by offering solutions and service optimized for each customer, to meet diverse food testing needs. In overseas markets, Anritsu will work to grow business by providing solutions based on local food customs and solutions that meet the unique needs of individual food producers.

Revenue, Operating Profit, and Operating Profit Margin





Solving Global Society's Issues Is a Growth Driver

Q Please describe the outline of the next Mid-term Business Plan from FY2015.

A Anritsu has announced medium- to long-term strategy guidelines based on our “2020 VISION” goals for our Company at the end of the decade. We aim for growth in line with these strategy guidelines. In the Test and Measurement segment and Industrial Automation segment, industry average growth rates are 3%-5%. Anritsu aims to realize growth of 7% or more by focusing on areas expected to see higher-than-average growth. Also, Anritsu has set a target of an operating profit margin of 20% in the Test and Measurement business and 12% in the Industrial Automation business, and is working to meet these targets.

2020 VISION



Q Please describe Anritsu's financial outlook for the next management plan and initiatives underlying that outlook.

A In recent years, M&A transactions have occurred one after another in the telecommunications industry, and we are seeing a dramatic shift in that sector's landscape. Also, the telecom space is seeing more collaboration for other industries, such as automotive, consumer electronics, and electric power utilities. The telecom ecosystem is shifting from carriers being at the top of the pyramid to one where complex values are linked by a variety of partnerships and alliances based on shared platforms. Growing sectors with new market entrants mean business opportunities for Anritsu. The mobile device sector and telecom-application semiconductor sector are still in the growth stage, and, when new players come in, the first thing they look for is testing solutions. Thus, a big theme for Anritsu is to use our strengths to prospect for new customers and build a

broader customer base. We will combine the fruits of strategic investments made to date to pursue this theme. Those investments include strengthening our close-to-the-client customer support system, increasing production capacity with our new factory in Koriyama (northeastern Japan), and bringing further innovation to our global production system.

In the Industrial Automation segment, in addition to stable growth in the Japanese market, Anritsu will focus on capturing food testing demand overseas, mainly in North America and Asia. Under our strategy of local production–local consumption, we will work to optimize our supply chain, improve product competitiveness and price competitiveness, and strengthen local engineering capabilities. Doing this, we will further deepen relationships with major food producers expanding globally, and work to win new customers.

BBB+ to A-

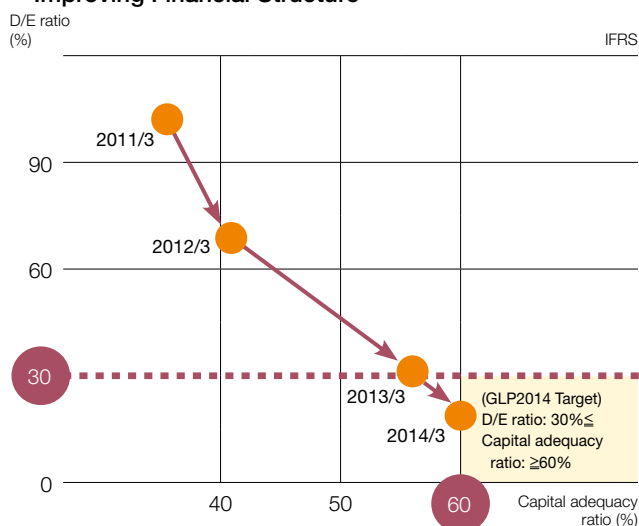
Q When appointed in 2010, you set the Management Vision “Continuous Growth with Sustainable Superior Profits.” What do you think about this idea and the results thus far?

A Looking at our financial results since the 1990s, for some years we were pushed about by the external environment, and our financial base was unstable. To break free of this situation, Anritsu set its fundamental policy to “Be a leading company and firmly meet our social mission.” It is important to set clear return targets on investments we make, and share these targets across the Company. Above all, it is critical to bring capital cost into our consciousness. Therefore, we created the “ACE” (Anritsu Capital-cost Evaluation: operating profit after tax-capital cost) metric and have strived to improve. ACE shows the added value created by invested capital, and is useful in strengthening profitability.

Fruits of this effort have come forth. Anritsu’s credit rating has been raised to A- for the first time in 12 years, thanks to stable growth in the mobile test and measurement business, stability in our revenue streams, and strength of our financial base. Looking at companies rated A, our financial health,

stability of our revenue stream, and sustainability must be evaluated even higher. I feel our current A- rating is even more meaningful than the A rating Anritsu had in the past.

Consolidated Performance —Improving Financial Structure—



Further Raising Shareholder Value and Corporate Value

Q Please describe Anritsu’s shareholder return policy and FY2013’s and FY2014’s dividends.

A In accordance with our growth in consolidated net profit, we have set a policy to increase our dividend on equity ratio, and have set a consolidated dividend payout ratio goal of 25% or more. Also, going forward, we will work to increase overall returns to shareholders, and study measures that include purchasing treasury stock.

Based on this policy, annual dividends for FY2013 were set at ¥20 per share, unchanged from the previous fiscal year.

In FY2014, assuming that our profit target of ¥11 billion is met, we plan to raise annual dividends to ¥24 per share. For both FY2013 and FY2014, our dividend payout ratio will be 31%.

Corporate Value Improvement and Integrity Are Two Wheels of Management

Q In addition to the credit rating, Anritsu has received praise from other outside sources. Please describe this.

A Anritsu received the Excellence Award under the Tokyo Stock Exchange's Corporate Value Improvement Award program. This program recognizes companies striving to improve corporate value, and takes the investor's viewpoint deeply into account. Our award was the result of our efforts to better consider capital cost in management, via items including improving ACE and ROE, and enhancing information disclosure through IFRS adoption. We have also been selected for the JPX-Nikkei Index 400, a new stock index made up of companies with high appeal for investors. As a global company, we are working hard to further build a world class profitability base befitting global standards for results evaluation.

Anritsu also received the Integrity Award from research firm IntegreX, which recognizes companies making superior efforts in corporate social responsibility (CSR), business ethics, compliance, and governance. We have also been selected for the FTSE4Good index series, a global socially

responsible investment index series that includes companies with superior CSR programs.

Corporate value improvement and integrity in operations are two wheels of management, and the recognition we have received is a big encouragement. That recognition is for things we have already done, however. We will not be satisfied with the progress we have made and will work to further strengthen our management.



The trophies and award certificate of Corporate Value Improvement Award and Integrity Award

Contributing to Solving Society's Issues through Our Business

Q What kind of role does Anritsu want to have in the telecommunications systems, food production, and pharmaceutical sectors, which are very important for society?

A Applications based on mobile telecommunications technology continue to grow and evolve, change society, and improve productivity. This is happening from safe-driving systems in cars using big data, to remote medical monitoring systems, to electric power management systems that feature real-time monitoring of energy demand for more-efficient energy transmission. This also includes wearable devices like smart watches and smart glasses for health

management. In these applications, when a new technology is introduced, it must be compatible with existing systems, and devices designed and made by different makers must be compatible with each other. That is, building telecom systems that link stably is an important issue for society. To solve this issue, knowledge is needed for the system as a whole down to individual parts.



Anritsu has contributed to telecom service development by being knowledgeable of fundamental technologies for the telecommunications space. Going forward, Anritsu will continue to use its experience in telecommunications, built since our founding in 1895, to firmly meet our social mission under the Anritsu brand of innovation and trust.

In the Industrial Automation segment, our business is related to the safety and security of food. This is growing in concern globally in step with rising standards of living. With rising populations, the safety of food must be ensured along

with securing needed food resources. Also, food defense, or preventing the willful contamination of food, is becoming a new theme. Anritsu will meet its social mission of supporting safe and secure food by developing solutions always keeping society's perspective in R&D. We will meet this mission with our lineup of contaminant testing and weight testing solutions that take food cultures in different countries and regions into account, and foreign-matter contamination strategies using worker identification and observation.



What does the Anritsu Group consider to be key issues to face for sustainability?



The Anritsu Group believes that CSR should be conducted in line with four goals demanded by society. The most important of these is to contribute to solving society's issues through our core business. This can be stated as our corporate mission of "contributing to building a safe, secure, and comfortable society," and is the axis of our business and our mission to society. Over six billion mobile devices have been purchased across the globe, compared with the global population of seven billion. Services that use the mobile network have given rise to a variety of uses and

applications in regions across the globe. These include social innovations, such as renewable energy management and microfinance. Society is increasingly asking for contributions that require the knowledge and experience that Anritsu has. In making these contributions, it is crucial to actively talk with all stakeholders to grasp society's needs. We want to continuously and sincerely ask if Anritsu products and services are creating value for society. We are also working hard to ensure that all Anritsu Group employees understand and share our corporate mission and Code of Conduct.

Global Market Leader under Our Brand of Innovation and Trust

Q Finally, please describe what ideals the new brand statement “envision : ensure” represents.

A Continuing our 120-year history, to contribute to society going forward, Anritsu has stated a target of being a “Global Market Leader” under our 2020 VISION. “Providing value befitting Anritsu, building a visionary brand trusted by customers the world over, and bringing about operations with world class added value”—this is the image I have for Anritsu as a Global Market Leader. To this end, we have announced our 2020 VISION and even further our forward-looking brand statement “envision : ensure.” The essence of this brand statement is “As well as sharing our dream and vision with our customers, it shows that our dedication to innovation will lead to tangible results that exceed their expectations.” Going forward, with our

customers as true partners, Anritsu will strive to offer solutions that link solving society’s issues with solving customers’ needs, and further raise corporate value.

We thank shareholders for their unwavering understanding and support.



envision : ensure

Review of Operations

Test and Measurement

Making Our Lives More Convenient and Comfortable

Test and measurement solutions supporting telecommunications services

The demand for measurement solutions for enhanced security and service quality >>>



“envision : ensure” in the Test and Measurement Business

The usability of tablets and smartphones is improving markedly, and wearable devices are basking in attention. Mobile broadband services supported by LTE and LTE-Advanced, the leading-edge telecommunications technology, are melding with cloud services supported by ultra-high-speed data-transfer technology. We can see a very convenient communications environment everywhere we look.

Anritsu has worked with key players in all parts of the telecommunications space to build the innovations that have brought this environment about.

We are still striving to progress. We continue walking together with our customers on a quest for never-ending innovation.

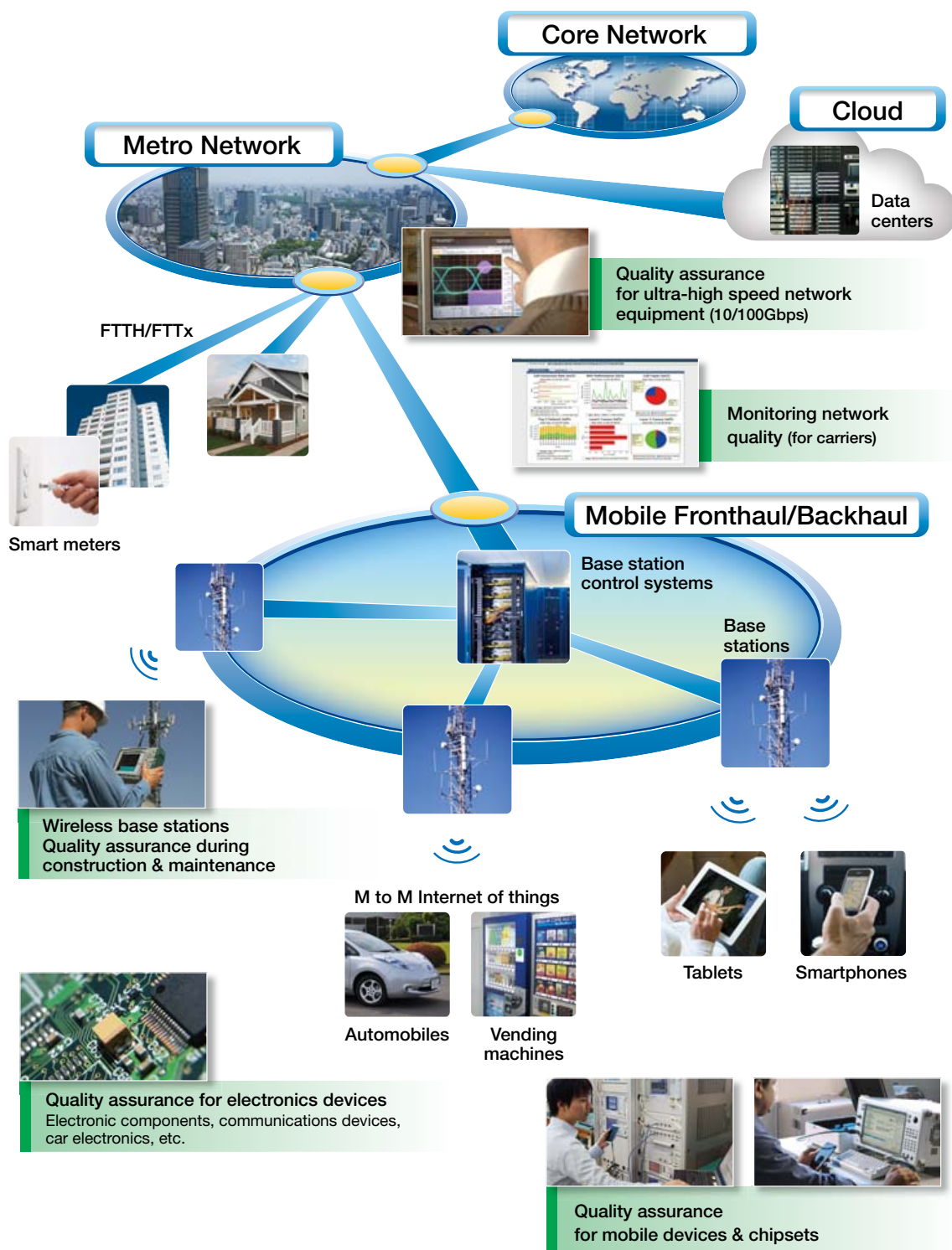
Senior Executive Vice President,
Test and Measurement Group President,
Kenji Tanaka



■ Business Areas

The Test and Measurement business operates in the mobile market, including smartphones and other handsets, and in the network infrastructure market, including wireless base stations and optical communications networks. The segment also operates in the electronics market for telecom equipment and telecom-use electronic components, which are

used in a variety of devices. In both wireline and wireless, Anritsu covers all telecommunications areas with its advanced technology and its strong global development and support structure. Through this, we contribute to the development of mobile broadband service by offering testing solutions for leading-edge market needs.



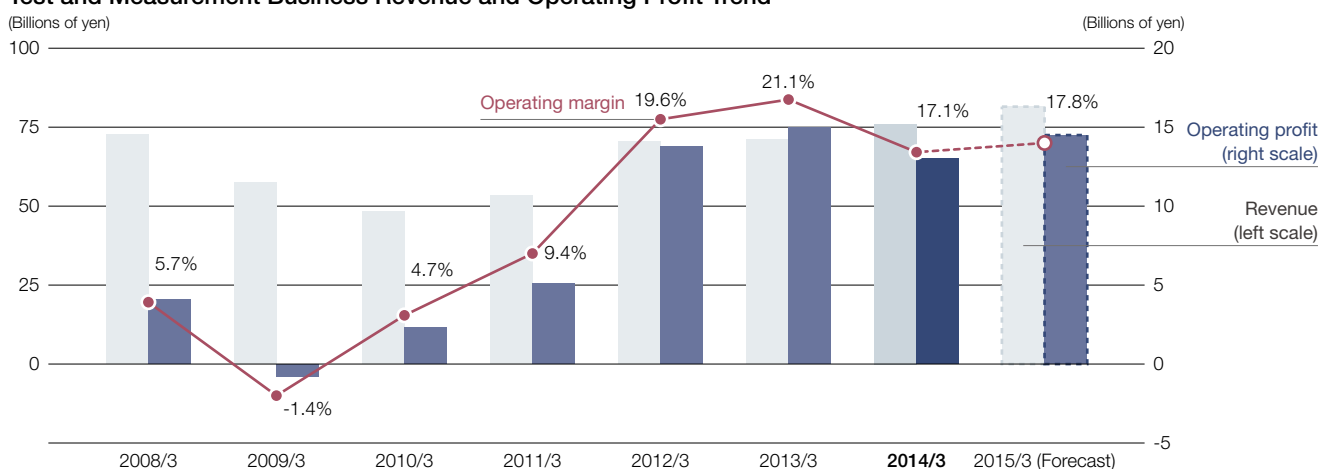
■ FY2013 Review

In Japan, some smartphone vendors exited the mobile device business, leading to a drop in demand for Anritsu. In overseas markets, however, mainly in Asia and North America, strong investments in LTE and LTE-Advanced systems drove overall Test and Measurement segment revenue higher. In the network infrastructure market, 40Gbps network construction, in response to rapid growth in traffic, and R&D for 100Gbps network infrastructure began in earnest. Also, base station and mobile backhaul construction increased on

rapid data transmission demand growth due to the spread of smartphones. As a result of these factors, demand for testing solutions grew. In the electronics markets, development and production demand for wireless modules, used in a variety of applications, increased on mobile broadband service expansion.

Test and Measurement business revenue increased 7% over the previous fiscal year, to ¥76 billion, but operating profit decreased 13%, to ¥13 billion. The operating margin was 17.1%.

Test and Measurement Business Revenue and Operating Profit Trend



■ FY2014 Business Environment and Focus Points

Revenue forecast ¥81.5 billion (7% increase over FY2013), operating profit ¥14.5 billion (11% increase)

In the mobile communications market, with the rollout of LTE-Advanced service and other innovations, carriers are

trying to outdo each other to be first to market with leading-edge network technologies. This is spurring a race in network development. Also, TD-LTE is expected to grow firmly, and production of devices enabled with this standard is forecast to increase strongly. Anritsu will continue to strive to provide optimal solutions for these needs and grow earnings.

Business environment	Focus points
<ul style="list-style-type: none"> ■ Further advancement in LTE-Advanced development Carrier aggregation MIMO/VoLTE 	<ul style="list-style-type: none"> ■ Strengthen support network to expand orders for protocol conformance testing and carrier acceptance testing solutions
<ul style="list-style-type: none"> ■ Market expansion due to growth at emerging vendors Device business from IT vendors New players from China and India 	<ul style="list-style-type: none"> ■ Strengthen relationships with chipset vendors that provide reference designs and bolster device production solutions
<ul style="list-style-type: none"> ■ TD-LTE market rollout Licenses allocated in China Expansion of device development and production 	<ul style="list-style-type: none"> ■ Work to capture TD-LTE-related demand globally, centered on China

■ Test and Measurement business medium- to long-term objectives and basic strategy

Annual revenue growth of 7% or higher, operating margin of 20% or higher

In the Test and Measurement business, Anritsu will focus on the mobile communications market, which is forecast to grow across the globe, and the network infrastructure and

electronics markets, which support the mobile communications market.

The growth driver to reaching our medium- to long-term objectives is technology innovation, such as LTE. Basic research has even been launched on “5G” technology, which is the next generation after LTE.

Mobile Communications Technology Trends

	2014		2016		2018		2020
3GPP	Rel. 12	Rel. 13	Rel. 14	Rel. 15			
ITU Frequency allocation	★ITU WRC15 ~4.2GHz ~4.9GHz/10~30GHz for 5G						
	LTE-Advanced		LTE-Advanced Enhancements		Beyond 4G		
Commercial data speed	~300Mbps		~450Mbps		~600Mbps		~1Gbps...
Carrier aggregation	DL 2CA		FDD/TDD CA		DL 5CA/UL 3CA
MIMO	4×2				8×8 ...		
Technology innovation	VoLTE/RCS/eICIC/COMP/WiFi Interworking/LTE-Unlicensed/Public Safety, D2D...						

Expanding Business Opportunities in Mobile Development

	Platform (Core) Development	Conformance Test		Operator Acceptance Testing	Smartphone Application Development
		RF	Protocols		
Applications	Communications standard development Chipset development	Conformance test Interoperability test		Telecom carrier certification testing	Application development Handset operation verification
Main customers	Chipset vendors Handset vendors	Chipset vendors Handset vendors Test houses		Telecom operators Handset vendors Test houses	Handset vendors Application developers
Market trends/ Business opportunities	➡ Maintain No. 1 position	➡ Maintain No. 1 position	➡ Market expansion Raise position	➡ Market expansion Raise position	➡ Market expansion Raise position

Mobile communications technology is a social infrastructure with uses in an increasingly wide number of business fields. To improve the quality of mobile communications, comprehensive testing environments and testing entire systems, including software, are in demand. Based on this, our business opportunities will continue to grow.

Amid this changing market, Anritsu will continue strengthening R&D investments and its customer support structure

to build even more steadfast relationships with clients. We will use the strong competitive position that will result from this to bring forth business expansion over the medium- to long term.

Anritsu will continue to support the development of the telecommunications service industry.

Industrial Automation

Making Our Lives More Secure

Quality assurance solutions that support food safety via contaminant inspection



“envision : ensure” in the Industrial Automation Business

People’s interest in health is growing every day, and the safety and security of the food and pharmaceuticals we put into our mouths each day is becoming a very important theme. Our customers have a variety of food and pharmaceutical production lines, and their problems are worries and numerous. We do not simply provide products that meet customers’ requirements; we work to understand their worries and potential problems at their production sites, and provide optimized quality assurance solutions. Through this, Anritsu contributes to customers realizing their vision.

Going forward, we will continue to endeavor boldly for innovation, and strive to bring our dream of safety and security to fruition across the globe.

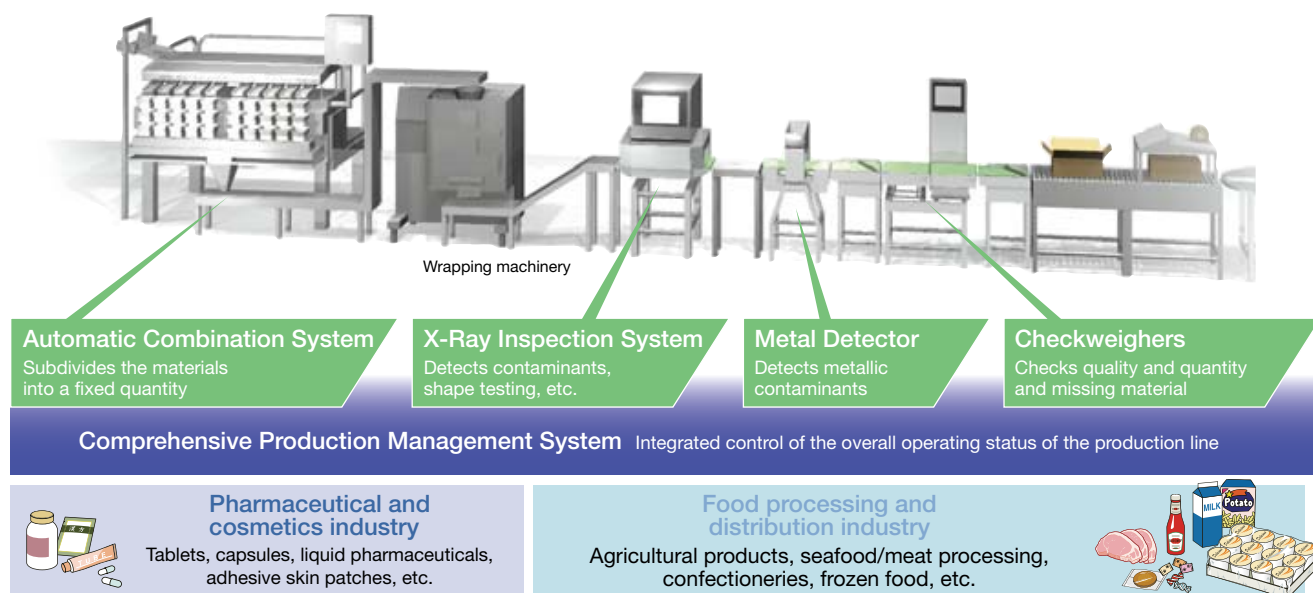
Senior Vice President,
Industrial Automation Group President,
Fumihiro Tsukasa



■ Business Areas

The Industrial Automation business provides X-ray inspection systems to detect foreign-matter contamination, metal detectors, and checkweighers that weigh at high speed and high precision. We provide these products to the food

production, pharmaceutical, and cosmetics industries. About 80% of our business is to the food production industry, which is relatively resistant to demand changes due to the business cycle. This has afforded stable business for us in this segment.



■ FY2013 Review

Demand in the food production industry was strong, mainly for contaminant detectors and checkweighers, on replacement demand in Japan and efforts to win new customers in North America. As a result, revenue grew 17% over the previous fiscal year, to ¥16.9 billion, and operating profit grew 48%, to ¥1.2 billion. The operating margin was 7.1%.

■ FY2014 Business Environment and Focus Points

Revenue forecast ¥18.0 billion (6% increase over FY2013), operating profit ¥1.3 billion (8% increase)

In Japan, new demand and replacement demand are growing for detectors on food production lines in step with market expansion for pre-packaged takeout food. Anritsu will work to improve product competitiveness by strengthening product functionality to meet customer needs, and firmly capture demand. In overseas markets, food detection demand is growing in North America and Asia. Strengthening customer support capabilities on the ground, we will work to deepen relationships with existing customers that are expanding overseas, and win new local customers. Through this, we will focus on capturing demand, mainly for X-ray inspection systems.

■ Industrial Automation Business Medium- to Long-Term Objectives and Basic Strategy

Annual revenue growth of 7% or higher, operating margin of 12% or higher, overseas revenue ratio 35% → 50%

Attention to food and pharmaceutical quality assurance is becoming a key topic at global companies as providing the same high-level safety and security throughout the world is necessary. This attention is also growing in markets of emerging countries, where the middle class is expanding.

Anritsu will work to develop and provide quality assurance solutions that meet this demand, and work to optimize its supply chain, including producing locally overseas. Through this, we aim to expand business and raise profitability. Anritsu will continue to strive to realize a safe and secure society by providing its quality assurance systems.

Others

Supporting Society's Infrastructure

Realizing a safe, secure, and comfortable society always and everywhere

Information and Communications Business



Devices Business



■ Business Areas

The Others business segment provides information and communications business, such as remote monitoring systems for waterworks and river-management operations, and bandwidth controllers for high network reliability for financial

institutions and video providers. The devices business in this segment offers fiber optical and ultra-high-speed devices needed for communications devices that make up high-speed and high-capacity telecommunications networks.

■ FY2013 Review

In the information and communications business, restructuring implemented two years ago has led to stable earnings. In the devices business, however, we booked restructuring costs due to exiting some unprofitable product lines. As a result, revenue was ¥9 billion, a 0.5% decrease from the previous fiscal year. Operating profit was ¥941 million, a 46.7% increase. In the previous fiscal year, we booked impairment losses on buildings, which did not recur in FY2013.

■ FY2014 Business Environment and Focus Points

In the information and communications business, we will work to expand overseas sales of bandwidth controllers, and grow telemeter equipment sales in Japan. In the devices business, profitability is forecast to improve due to the restructuring undertaken in FY2013, and we will work to increase sales of very-high-speed fiber-optic communications devices.

The Anritsu Group considers the pursuit of “Original & High Level” technologies to be the fundamental source of its competitive strength. By operating a global R&D organization and proactively participating in standardization programs, Anritsu is striving to develop high-value-added solutions for its customers. The Group is also strategically working to leverage its intellectual property as an additional means of strengthening its competitive power.

■ Basic Policy on R&D Investments

The communications industry is characterized by rapid technological progress, and the number of Anritsu's R&D themes in the mobile test and measurement field is increasing at an accelerating rate of speed. Under the circumstances, the Group is working to increase investment efficiency by using R&D investment management methods based on KPIs that emphasize returns on investment.

Specifically, our KPI target index for R&D investments is an R&D ROI (gross profit/R&D investment value) of 4.0 times or higher.

■ Participation in Standardization Programs

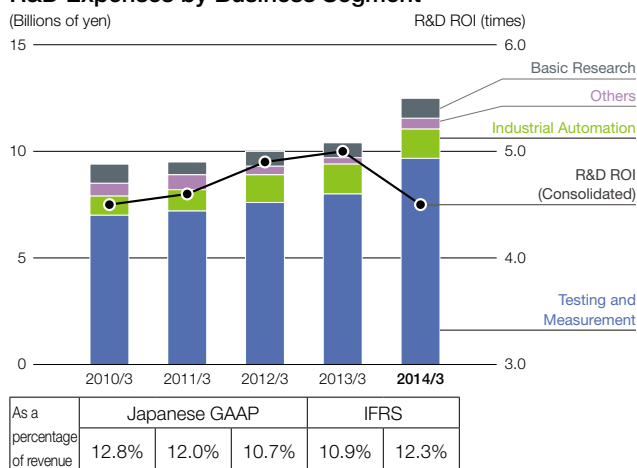
Participation in standardization programs is an important element of Anritsu's R&D programs. We are proactively contributing to the creation of new communications-related standards by taking part in such programs as the Third-Generation Partnership Project (3GPP), the Global Certification Forum (GCF), and the International Telecommunication Union-Telecommunication (ITU-T) Standardization Sector. Because the world's leading information and communications companies are members of the various standardization entities, these proactive activities have enabled us to build strong ties with customers and thereby obtain important information and feedback related to technologies and product development. We are making the

most of those benefits in our efforts to launch solutions with outstanding competitive power in a timely manner.

■ Major R&D Achievements during the Fiscal Year

- Strengthened functions for testing solutions for mobile device development and production
Solutions for LTE-Advanced (FDD/TDD)
- Testing equipment for Wi-SUN alliance logo verification process
Co-developed with the National Institute of Information and Communications Technology

R&D Expenses by Business Segment



Global R&D Network



Corporate Social Responsibility (CSR) Management

Anritsu Culture, Anritsu Identity

The Anritsu Group has worked for many years to solve society’s issues in the information and communications fields, backbones to society, and in the food and pharmaceutical fields, backbones to our lifestyles. Anritsu has built a long history by polishing its strengths and implementing CSR management in line with its Management Philosophy and in step with its business. Anritsu will continue to pursue under its new brand statement.

■ Management Philosophy

Anritsu sets its Management Philosophy as “Contribute to the development of a safe, secure, and prosperous global society by offering Original & High Level products and services with sincerity, harmony, and enthusiasm.”

“Sincerity, Harmony, and Enthusiasm” refers to willingly acting in good faith with sincerity in everything we do, behaving in ways that respect harmony with stakeholders, and meeting our duties to society. These values are shared among all employees of the Anritsu Group, making Anritsu a bastion of this behavior.

“Original & High Level” refers to winning unshakeable trust from customers and other stakeholders by providing Anritsu’s original products and services globally that are always on the leading edge.

Spreading these values globally and continuing to grow has supported Anritsu over its 119-year history.

■ CSR Management

Anritsu advocates a “Good in Five Key Areas” concept as the foundation of its CSR management. The five key areas are “Sellers, Employees, Consumers, Society, and the Natural Environment,” which represent all stakeholders of the Company. Anritsu will actively disclose information to all stakeholders, and through communications endeavor to create a sustainable society that balances people, society, and the natural environment.

The Anritsu Group has set four goals of CSR that embody the above values, and is implementing CSR management globally through its business.





■ Resetting the Anritsu Identity

Anritsu set the new brand statement “envision : ensure” to further build a brand befitting a global market leader.

“envision” captures the idea of sharing a dream with our customers, one that will lead to tangible results. “ensure” captures providing our customers with products that have significant added value. This is the source of trust in our relationship, and the driving force behind our vision. The colon between envision and ensure symbolizes equality and mutual influence. We will always bring dreams to fruition. The colon between envision and ensure serves to show that these two words are equal and affect each other. The statement serves to express a never-ending cycle of “Dream” = “Bring to reality.”

Anritsu aims to build a brand that carries high hopes from customers, society, and the market—one that will distance us from competitors.

Anritsu
 envision : ensure

■ Outside Recognition

Anritsu has been selected for the FTSE4Good Index series, a global socially responsible investment index series published by the U.K.’s FTSE Group.

Anritsu also won two corporate awards. The Tokyo Stock Exchange selected Anritsu for its Excellence Award in its Corporate Value Improvement Awards for high-level management that aims for value creation above capital cost. We also received the Integrity Award from CSR research firm IntegreX for superior efforts in CSR and compliance.

With this high outside recognition, the Anritsu Group will work to raise management quality even higher.



FTSE4Good

2014 FTSE4Good Index

Global Value Chain

Anritsu's business is supported by a strong value chain from upstream to downstream. From suppliers upstream to customers, dealers, and affiliated companies downstream, we work together with these stakeholders to grow and solve society's issues. To ensure this value chain functions even during crisis periods, Anritsu is strengthening its business continuity plan.

■ Global Supply Chain Management (SCM) System

In the core Test and Measurement business, Anritsu's main production base is in Koriyama, Fukushima Prefecture (northeast Japan), and our overseas subsidiaries in the United States and Denmark also have production facilities. The Industrial Automation business has production facilities in Atsugi, Kanagawa Prefecture (near Tokyo), and in Thailand and China (Shanghai). In step with overseas business expansion, this segment is promoting a strategy of local production for local use.



In SCM, which is critical for improving profitability, procurement teams are working together with partner companies for continuous improvement in four main KPIs of cost, quality, delivery time, and inventory management.

Also, teams responsible for materials procurement have formed the Global Supply Chain Committee (GSCC) to promote a closely knit supply chain across offices in Japan, the United States, Europe, and China. Furthermore, trading partners that can cooperate globally are named to our Global Preferred Supplier list, and we produce development road maps and technology plans with them to improve time to market for new products.

■ CSR Procurement

In order to promote CSR throughout the supply chain, Anritsu believes that we must work together with trading partners. We set CSR Procurement Guidelines in conformance with the *CSR Procurement Guidebook* published by the Japan Electronics and Information Technology Industries Association (JEITA). The Guidelines are displayed publically on the Anritsu website and even call for trading partners to make efforts in CSR. Also, we continuously support CSR efforts at partner companies through CSR procurement surveys and audits. Finally, to comply with regulation changes, including environmental rules, Anritsu disseminates information via public presentations.

Furthermore, Anritsu agrees with section 1502 (the conflict minerals section) of the Dodd-Frank Wall Street Reform and Consumer Protection Act of 2012 as adopted in its final form, and has formed a working group in-house to comply with the regulation in our supply chain. The working group also makes presentations to trading partners to deepen knowledge on the regulation.



■ Export Control

To contribute to the peace and safety of global society, Anritsu is strengthening export control efforts to ensure that Anritsu products and leading-edge technologies do not fall into the hands of governments developing weapons of mass destruction or terrorists. Under a system centered upon the Import/Export Control Committee, in addition to complying with relevant laws domestically and abroad, Anritsu strictly controls exports based on its export control compliance program and internal special export control rules.

Also, Anritsu has been granted a special universal export license by Japan's Ministry of Economy, Trade and Industry, and recognized as a special exporter by the Yokohama Customs Bureau. Our export management system is both highly regarded and makes exporting smooth.

Going forward, to contribute to global security and make global logistics even smoother, Anritsu will continue to improve and strengthen our compliance program and risk management.

■ Prevention of Corruption

The Anritsu Group conducts business globally, and, as such, considers preventing bribery and other corruption to be a critical matter for compliance. To promote honest corporate behavior in accordance with society's demands, Anritsu works hard to prevent corruption. Bribery laws in the United States and the United Kingdom are particularly strict, with very large fines for infractions. Also, these laws do not only cover acts within the borders of these countries, but acts committed elsewhere also.

Bribery is banned under the Anritsu Group Code of Conduct, but to further ensure compliance and increase awareness of this issue, in 2012 we formulated the Anritsu Group Guidelines on Prevention of Extortion and Bribery. We are working both domestically and abroad to ensure that all Group employees are aware of bribery rules.

■ Business Continuity Plan (BCP)

For a manufacturer, stable procurement of materials for production is a core of BCP. In case of an earthquake or other natural disaster, we are clarifying what specific things must be done for each process after the disaster.

As part of Anritsu's BCP efforts, production lines are being separated from the Koriyama Business Office, and the Koriyama 2nd Business Office came online in July 2013 to ensure stable production.

At the Atsugi site, to improve R&D functions, a new global headquarters wing is under construction to house headquarters functions and R&D. The new facility will feature the latest earthquake technology, and be a building strong against seismic disasters.

To ensure the stable supply of our products, Anritsu has built a supply chain BCP system, which includes overseas facilities, based on production facility data from trading partners. For information security, Anritsu has built a BCP system that includes the use of remote data centers.



Koriyama 2nd Business Office

Source of Anritsu's Strength

The source of Anritsu's strength is Original & High Level technologies as well as strong partnerships with customers. With our global locations, Anritsu has built a global R&D and support structure to provide customers with needed solutions. Going forward, to continue progressing with customers, Anritsu will strive to use existing technologies to maximum potential and create value in new fields.

■ Partnership

Anritsu considers the partnerships with customers to be a source of strength.

We work closely with customers from the early R&D stages for "order-made" products that meet their needs, and offer continuous support, such as for protocol changes after delivery. Based on our Original & High Level technologies and sincere customer support, we build long-term relationships of trust. We also share the outline of our medium- to long-term product road map to create value together.

■ Technology

Not only domestically, Anritsu is strengthening its R&D and customer support system globally, and working to further improve its technology.

We strengthened our business in testing solutions for ensuring network connectivity for smartphones, demand for which is growing strongly, particularly in the United States. Anritsu places intellectual property strategy as a critical part of its business strategy, as developing and utilizing

leading-edge technology is a key determinant of competitive position. The intellectual property management department is working closely with R&D departments to patent R&D results globally. We are also working to optimize our intellectual property portfolio, with a view toward matching business strategy and technology strategy going forward.

■ Business Creation

Anritsu's 2020 VISION sets creating new business fields as a goal, and we are working to use our technology to solve society's issues in new fields.

We have built technological abilities over many years in many fields, including information and communications, video monitoring, food production, and pharmaceuticals. Using these technologies, Anritsu will contribute to solving society's issues on a global scale. We aim to also build new core businesses as we approach 2020. To reach this goal, an in-house project team is leading the way in strengthening value creation efforts, connecting innovation and marketing.



Protecting the Global Environment

Anritsu pursues product development and production taking environmental protection into account, and contributes to building a prosperous society where mankind and nature can coexist in harmony. We implement environmental management globally with an eye toward the entire product life cycles.

■ Anritsu Environmental Management

Anritsu is implementing environmental management globally, and further progressing efforts in “eco-management,” where people with an “eco-mind” work to bring about “eco-offices,” “eco-factories,” and “eco-products.” The Anritsu Group is implementing global environmental management with life cycle thinking. That is, the Group develops products that take environmental concerns into account in design with a view of the entire product life cycle. The Group also strives to identify and improve environmental impact at all global locations. With these measures, we work to lessen our environmental burden.

• Procurement

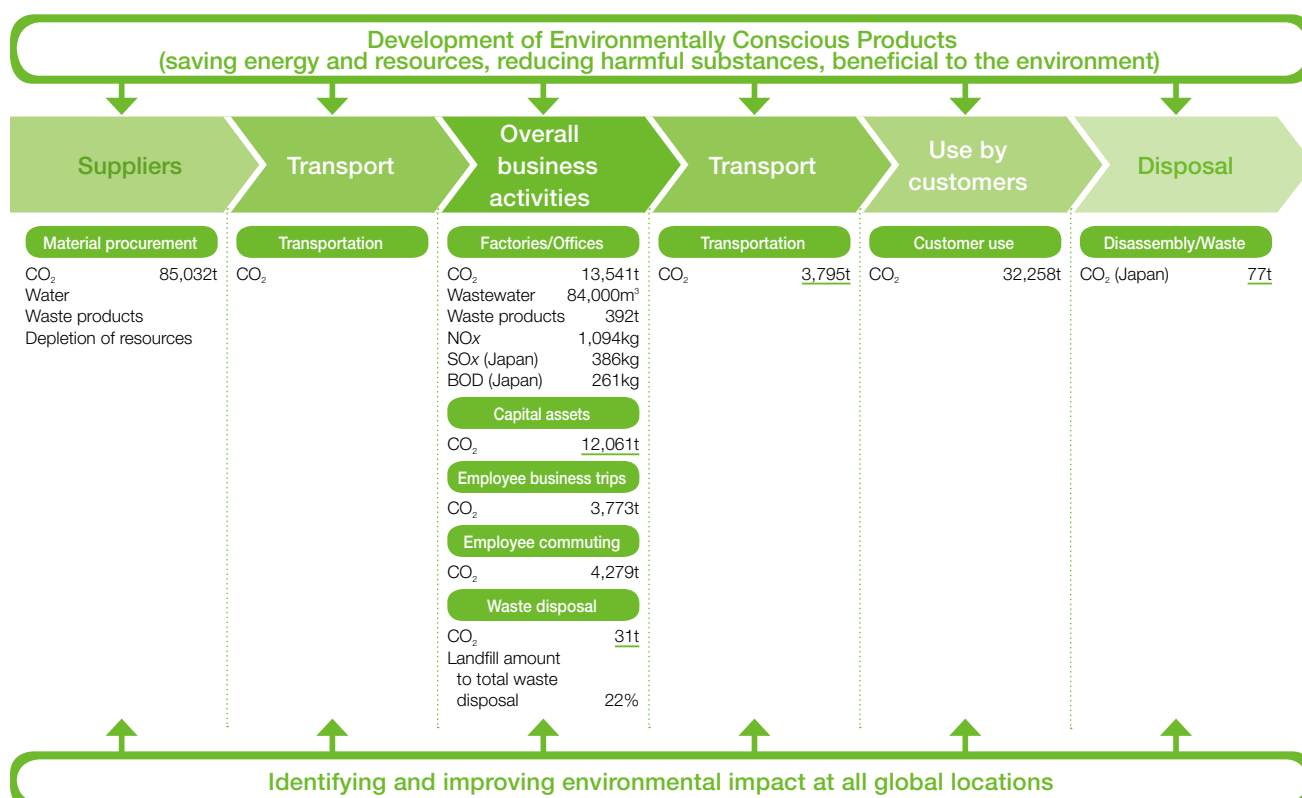
Anritsu pursues CSR procurement and product development that takes environmental concerns into account together with trading partners. In June 1999, Anritsu's Green Procurement Guidelines were set, and, since then, we have undertaken green procurement.

• Business activities

Anritsu is working to lessen its environmental burden at the point of production. About 95% of our energy use (crude oil equivalent) is in electric power, and we work continuously to decrease power usage. We are also making efforts to reduce water usage, to limit contamination of water used, and to improve our management of chemical substances and reduce waste.

• Products (eco-products, recycle center)

Anritsu willingly makes efforts in environmentally conscious products using original technology. We meet product environmental regulations globally, and undertake high-quality product assessment for all products starting from the early-design stage. Also, based on global product assessment results, we recognize eco-friendly products as “excellent eco-products” and “eco-products.”



Notes: 1. Quantitative data above is rounded and provided only for items for which environmental impact has been identified to date.

2. Figures are calculated in accordance with “Basic guidelines on calculating greenhouse gas emissions in the supply chain.”

3. Underlined figures indicate that the data collection scope expanded from fiscal 2012; for more details, please see <http://www.anritsu.com/en-us/About-Anritsu/CSR/environment.aspx>

Corporate Governance

Anritsu's priority management issues are responding to changes in the operating environment in a flexible and speedy manner, improving competitiveness as a global company and continuously enhancing corporate value. To address these issues, we are working to build an environment and structure where corporate governance can function effectively.

■ Basic Philosophy

1. Greater management transparency
2. Appropriate and timely disclosure of information
3. Stronger management supervision
4. Management resources development

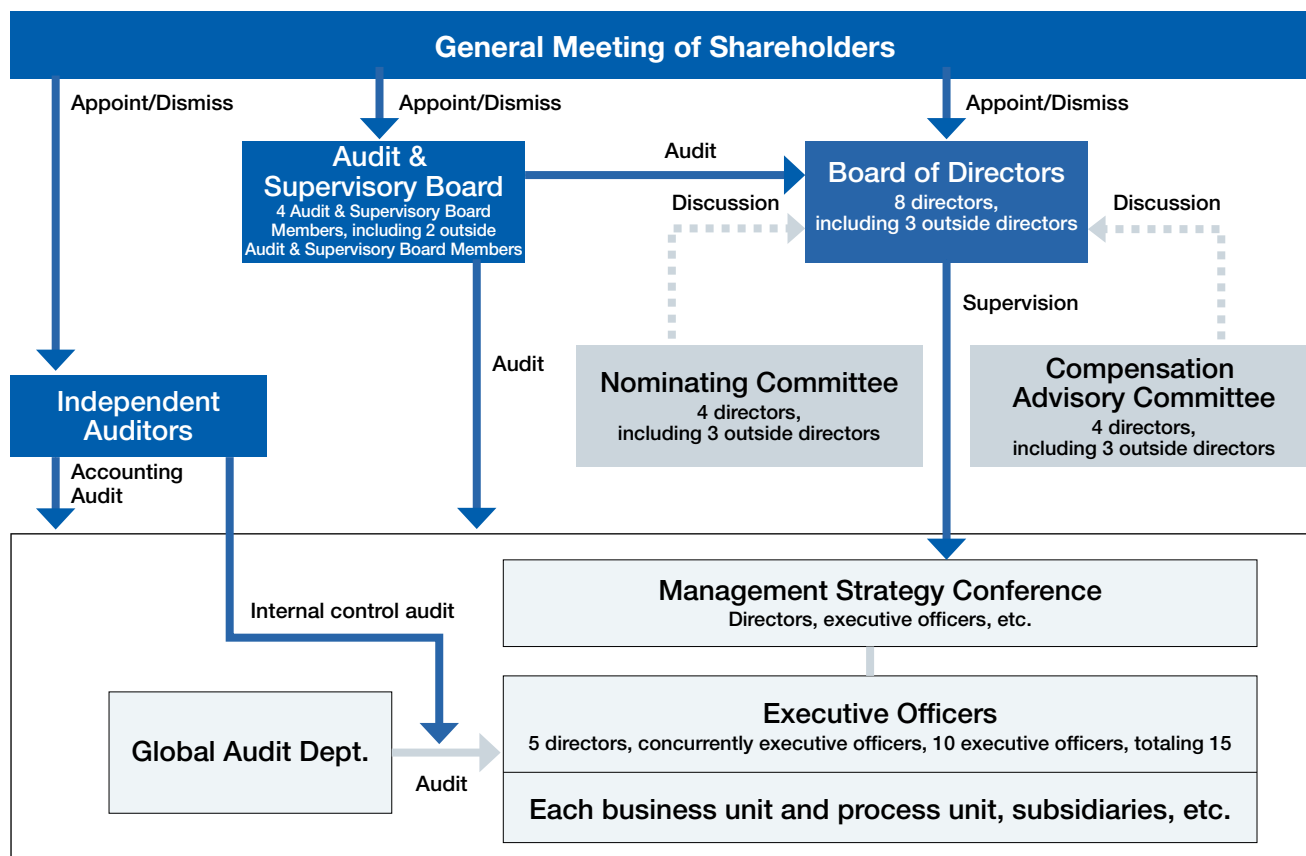
We will continue to fulfill our corporate mission with sincerity, harmony, and enthusiasm as stated in the Anritsu Group's corporate philosophy, by implementing measures needed for the Company to build a corporate culture that respects the rights and interests of all stakeholders, including shareholders, customers, and employees, and maintains and strengthens internal systems.

■ Anritsu's Corporate Governance System

Anritsu is a company with an Audit & Supervisory Board. Its corporate governance system centers on the Board of Directors and the Audit & Supervisory Board. Anritsu has also introduced an executive officer system. The aim of this system is to promote the prompt execution of duties.

Anritsu's current management structure consists of 8 Board of Directors Members, including 3 outside directors; 4 Audit & Supervisory Board Members, including 2 outside Audit & Supervisory Board Members; and 15 executive officers, counting 5 who also serve as Board of Directors Members. Anritsu's Articles of Incorporation limit the number of Board of Directors Members to no more than 10. In terms of national origin, 2 executive officers at Anritsu are foreign nationals.

Corporate Governance System



Anritsu appoints outside directors who have extensive professional experience and knowledge, as well as exceptional insight. The Company expects to draw on the directors' advice based on their outside perspectives in areas such as management issues. The Company also believes that this will enhance objectivity and fairness in the decision-making process at Board of Directors' meetings and will facilitate an increase in management transparency.

In addition, to further clarify directors' managerial responsibilities in each fiscal year and build management systems capable of flexibly and quickly responding to changes in the

operating environment, Anritsu shortened the terms of its directors from two years to one year as of June 2013.

Anritsu has established the Nominating Committee as an advisory body to the Board of Directors in addition to the Compensation Advisory Committee. The Nominating Committee provides advice and recommendations regarding the appointment and removal of directors, programs to foster the development of managerial human resources, and other programs in order to increase the transparency, objectivity, and fairness of management.

Activities of Outside Directors and Audit & Supervisory Board Members

Name	Title	Number of Board Meetings Attended	Activities
Yasushi Hosoda	Outside Director	12/12	Makes remarks based on his experience as a manager with strong insight primarily on global business
Michikazu Aoi	Outside Director	12/12	Makes remarks from his perspective as a university professor with extensive knowledge and strong insight primarily related to management. Chairman of the Nominating Committee
Takaya Seki	Outside Director	12/12	Makes remarks based on his extensive knowledge and strong insight primarily as a corporate governance specialist. Chairman of the Compensation Advisory Committee
Nobuyoshi Tanaka	Outside Audit & Supervisory Board Member	12/12 9/9	Makes remarks from a legal standpoint as an attorney who has primarily judicial experience
Kunihiro Kamiya	Outside Audit & Supervisory Board Member	12/12 9/9	Makes remarks based on his extensive experience as a manager and from a financial and accounting perspective

Note: Number of Board meetings attended: The first line shows attendance at the Board of Directors' meetings, and the second line at the Audit & Supervisory Board meetings. Number of meetings attended/Number of meetings held

■ Internal Control System and Compliance

Anritsu is taking measures to strengthen its internal control system to exhaustively determine and assess impediments (business risks) to the Company's growth and achievement of management targets and conduct Company-wide management.

With respect to internal auditing, the Global Audit Department conducts operational audits of each business department and business process, and it also provides guidance and assistance to Group companies throughout the world. This department also exchanges information and opinions with the independent auditors regarding audits by the Audit & Supervisory Board Members to enhance the quality and efficiency of both parties' audits, in addition to supporting the Company's judgment on the appropriateness of the method and results.

To link the improved internal control system to higher corporate value, Anritsu is conducting activities with a focus on raising awareness as an organization and fostering its corporate culture.

<Risk Management>

Recognizing that its key risks are (1) risks related to management decision making and business execution, (2) legal compliance risk, (3) environmental protection risk, (4) product and service quality risk, (5) trade control risk, (6) information security risk, and (7) disaster risk, Anritsu clearly identifies who is responsible for risk management for each type of risk. These managers conduct analytical evaluations of risks, deliberate with the Management Strategy Conference when necessary, and report to the Board of Directors. If an event occurs with the potential to have a significant impact on the

Company's operations, pursuant to basic risk management rules, the president of the Company calls a meeting of those concerned to grasp the situation and take countermeasures, and reports promptly to the Board of Directors and Audit & Supervisory Board. For disaster risk, the Anritsu Group conducts regular crisis management activities, including gathering risk information and establishing disaster prevention systems. In addition, the Anritsu Group has created a disaster response framework, including a disaster recovery plan to enable a fast, appropriate response when a disaster occurs.

<Compliance>

The director in charge of compliance presides over the Anritsu Group's compliance activities to promote sound corporate activities that adhere to ethics and laws. Day-to-day activities are carried out by each department under the leadership of the department manager, with the support of the Corporate Ethics Committee and other committees. Specific measures include extending the "Anritsu Group Code of Conduct" to subsidiaries, including overseas subsidiaries. We issue case study sheets with commentary and points to consider regarding specific issues, and conduct training by employee level and educational programs through compliance events. In addition, Anritsu has established a Help Line and other measures to prevent internal violations of ethics and laws.

Anritsu recognizes that a resolute attitude toward antisocial forces is essential for the sound development of the corporation. This basic stance is clearly stipulated in our basic

policy for establishing an internal control system, while the Anritsu Group Code of Conduct includes the following declaration regarding opposition to antisocial forces.

"We will take a firm attitude and action toward antisocial forces or groups that threaten the order and safety of civil society, completely block any such relationships, and take no action that in any way supports such activities."

Further, to block relationships with antisocial forces, the General Affairs Division is responsible for the response to unreasonable demands or other claims, working closely with legal counsel, police, and other external specialist agencies.

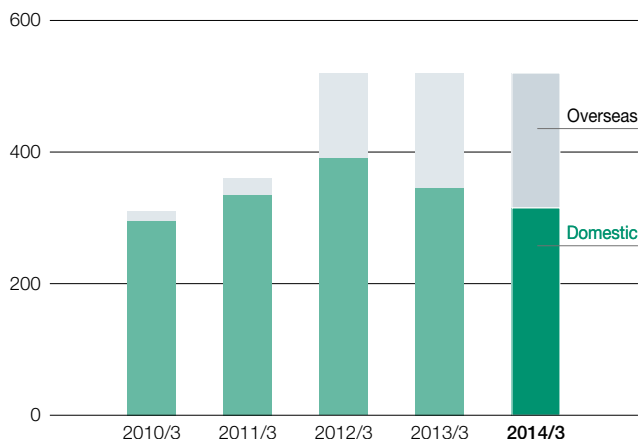
<Investor Relations>

Anritsu is working to bolster its investor relations (IR) programs with the objectives of disseminating accurate corporate information in a timely manner and also proactively promoting dialogs with shareholders and investors. Besides the quarterly performance reports presented by its top managers, the Company is expanding its domestic and overseas IR communications programs—including roughly 500 meetings per year with individual institutional investors, plant study tour programs, and overseas IR programs—and it is putting feedback obtained from stakeholders to good use in the context of management reform initiatives. We are also sustaining our efforts to help individual investors deepen their understanding of Anritsu by expanding the scope of IR information featured on our website as well as by organizing investor briefings and distributing questionnaires to shareholders and investors.



Corporate performance explanation briefing

The Number of IR Meetings



Directors, Audit & Supervisory Board Members, and Executive Officers

Directors



Hirokazu Hashimoto

Representative Director, President
1973 Joined the Company
2007 Representative Director
2010 Representative Director, President



Kenji Tanaka

Representative Director
1974 Joined the Company
2010 Representative Director
2012 Representative Director, Senior Executive Vice President



Fumihiro Tsukasa

Director
1974 Joined the Company
2012 Senior Vice President [Incumbent]
2012 Director



Toshisumi Taniai

Director
1981 Joined the Company
2009 Vice President [Incumbent]
2011 Director



Akifumi Kubota

Director
1983 Joined the Company
2010 Vice President [Incumbent]
2013 Director



Michikazu Aoi

Director (Outside Director)
(Professor, Meiji University Graduate School of Global Business)
2011 Director



Takaya Seki

Director (Outside Director)
(Representative Director, Corporate Practice Partners, Inc.)
2011 Director



Teruaki Aoki

Director (Outside Director)
(Representative Director, Micron Japan, Ltd.)
2014 Director

Audit & Supervisory Board Members

Shigehisa Yamaguchi

Full-time Audit & Supervisory Board Member
1975 Joined the Company
2011 Full-time Audit & Supervisory Board Member

Tomoyuki Kikugawa

Full-time Audit & Supervisory Board Member
1979 Joined the Company
2013 Full-time Audit & Supervisory Board Member

Nobuyoshi Tanaka

Outside Audit & Supervisory Board Member
(Civil Affairs Mediation Committee, Tokyo District Court)
2011 Outside Audit & Supervisory Board Member

Kunihiro Kamiya

Outside Audit & Supervisory Board Member
2011 Outside Audit & Supervisory Board Member

Executive Officers

Hirokazu Hashimoto*

President
Group CEO

Kenji Tanaka*

Senior Executive Vice President
Measurement Business Group President

Fumihiro Tsukasa*

Senior Vice President
Industrial Solution Business Group President

Junkichi Shirono

Senior Vice President
Chief Environmental and Quality Officer,
Chief Technology Officer

Toshihiko Takahashi

Senior Vice President
Chief R&D Officer

Toshisumi Taniai*

Vice President
Chief Business Planning Officer, Chief Corporate Officer, Chief Compliance Officer

Nobuo Funahashi

Vice President
Information & Communication Group President

Osamu Nagata

Vice President
Chief Information Officer,
Chief Risk Management Officer

Akifumi Kubota*

Vice President
Chief Financial Officer

Gerald Ostheimer

Vice President
Chief EMEA Business Officer,
Chief Service Assurance Business Officer

Yasunobu Hashimoto

Vice President
Chief Japan Sales Officer

Tsukasa Hattori

Vice President
Chief SCM Officer

Takashi Seike

Vice President
Chief Marketing Officer

Wade Hulon

Vice President
Chief Americas Business Officer

Toru Wakinaga

Vice President
Chief Asia Pacific Business Officer

* Concurrently serving as director

11-Year Summary of Selected Financial Data

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended March 31

← Japanese Generally

	2004	2005	2006	2007	2008	2009	2010
For the year:							
Net sales	78,396	84,040	91,262	99,446	100,486	83,940	73,548
Cost of sales	54,249	53,666	55,205	55,787	56,474	52,005	42,708
Gross profit	24,147	30,374	36,057	43,659	44,012	31,935	30,840
Selling, general and administrative expenses	22,339	25,512	31,508	37,300	38,656	31,030	26,257
Operating income	1,808	4,862	4,549	6,359	5,356	905	4,583
Net income (loss)	1,101	1,280	563	1,376	(3,901)	(3,541)	385
Net cash provided by (used in) operating activities	5,953	9,277	5,929	2,488	6,251	6,916	7,970
Net cash provided by (used in) investing activities	4,421	(1,046)	(10,945)	420	(2,373)	(1,326)	(499)
Net cash provided by (used in) financing activities	8,568	(9,872)	1,761	(13,974)	(6,625)	(3,848)	387
Free cash flow	10,373	8,231	(5,015)	2,909	3,878	5,590	7,471
Depreciation and amortization	4,257	3,400	3,453	3,600	3,373	3,100	2,980
Capital expenditures	1,530	1,870	2,699	2,319	2,791	2,236	1,135
R&D expense	9,887	10,515	12,509	14,072	14,115	11,704	9,388
At year-end:							
Total assets	148,353	142,111	152,389	140,395	124,917	100,983	101,188
Net assets	—	—	60,940	61,619	52,845	37,525	37,674
Cash and cash equivalents	35,230	33,744	30,870	19,947	16,685	18,538	26,270
Interest-bearing debt	70,033	61,384	65,590	53,033	47,010	43,606	42,275
Per share:							
Net income (loss)							
Basic*2	8.38	9.31	3.76	10.79	(30.60)	(27.78)	3.02
Diluted*2	7.77	8.22	3.39	9.72	—	—	2.77
Cash dividends	4.50	7.00	7.00	7.00	7.00	3.50	—
Total net assets	470.28	472.16	477.51	483.25	414.16	294.29	295.49
Key financial indicators:							
Operating income margin (%)	2.3	5.8	5.0	6.4	5.3	1.1	6.2
Return on equity (%)*2	1.8	2.1	0.9	2.2	—	—	1.0
Anritsu Capital-cost Evaluation*3	(5,283)	(2,230)	(3,121)	(1,397)	(750)	(4,937)	(2,972)
Return on assets (%)*4	0.8	0.9	0.4	0.9	—	—	0.4
Ratio of net assets to total assets (%)	40.5	42.4	40.0	43.9	42.3	37.1	37.2
Net debt-to-equity ratio (times)*5	0.58	0.46	0.57	0.54	0.57	0.67	0.43
Interest coverage ratio (times)*6	1.7	5.3	4.3	5.5	6.5	1.6	7.4
Dividend payout ratio (%)	53.7	75.2	186.2	64.9	—	—	—
Dividends on equity (%)*7	1.0	1.5	1.5	1.5	1.6	1.0	—

*1 The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥102.88 to U.S. \$1.00, the approximate exchange rate on March 31, 2014.

*2 Return on equity: Net income / (Net assets - Stock acquisition rights)

*3 Anritsu Capital-cost Evaluation: Net operating profit after tax - Invested capital cost

*4 Return on assets: Net income / Total assets

*5 Net debt-to-equity ratio: (Interest-bearing debt - cash and cash equivalents) / (Net assets - Stock acquisition rights)

*6 Interest coverage ratio: (Operating income + Interest and dividends income) / Interest expenses

*7 Dividends on equity: Total cash dividends / Net assets

Accepted Accounting Principles ("J-GAAP")

Millions of yen	
2011	2012
77,853	93,587
43,033	49,385
34,820	44,202
27,826	29,787
6,994	14,415
3,069	10,180
9,229	15,872
(1,432)	(1,964)
(6,050)	(2,204)
7,797	13,908
2,589	2,555
1,550	3,165
9,381	10,013
99,249	113,069
39,906	54,863
27,994	39,596
36,839	30,336
Yen	

24.09	79.39
22.08	71.01
7.00	15.00
313.09	399.56

9.0	15.4
7.9	21.5
1,908	9,195
3.1	9.0
40.2	48.5
0.22	—
10.0	28.1
29.1	18.9
2.3	4.2

International Financial Reporting Standards (IFRS) →

	Millions of yen		Thousands of U.S. dollars*1	
	2012	2013	2014	2014
For the year:				
Revenue	93,623	94,685	101,853	990,017
Cost of sales	44,398	43,716	46,898	455,851
Gross profit	49,225	50,969	54,955	534,166
Other revenue and expenses	35,224	35,255	40,833	396,895
Operating profit	14,000	15,714	14,123	137,277
Profit from continuing operations	7,973	13,888	9,319	90,581
Net cash flows from (used in) operating activities	16,143	11,771	13,793	134,069
Net cash flows from (used in) investing activities	(2,175)	(5,031)	(5,312)	(51,633)
Net cash flows from (used in) financing activities	(2,264)	(10,036)	(4,360)	(42,379)
Free cash flow	13,968	6,740	8,481	82,436
Depreciation and amortization	2,469	2,562	2,864	27,838
Capital expenditures	3,200	4,563	5,355	52,057
R&D expense	9,842	10,323	12,488	121,384
At year-end:				
Total assets	111,287	115,095	127,150	1,235,906
Total equity	46,818	64,540	74,897	728,004
Cash and cash equivalents	39,596	37,690	43,215	420,052
Interest-bearing debt	30,113	19,417	18,859	183,310

	Yen		U.S. dollars	
	2012	2013	2014	2014
Earnings per share:				
Basic earnings per share	62.17	98.41	64.93	0.63
Diluted earnings per share	56.33	97.03	64.89	0.63
Cash dividends	15.00	20.00	20.00	0.19
Equity attributable to owners of parent	341.43	450.36	522.54	5.08
Key financial indicators:				
Operating profit margin (%)	15.0	16.6	13.9	
Return on equity (%) ^{*2}	19.5	25.0	13.3	
Anritsu Capital-cost Evaluation ^{*3}	5,163	9,495	4,759	46.26
Return on assets (%) ^{*4}	7.2	12.1	7.3	
Ratio of net assets to total assets (%)	42.1	56.1	58.9	
Net debt-to-equity ratio (times) ^{*5}	—	—	—	
Interest coverage ratio (times) ^{*6}	20.8	34.3	52.6	
Dividend payout ratio (%)	24.1	20.3	30.8	
Dividends on equity (%) ^{*7}	4.9	5.1	4.1	

Notes: 1. The Anritsu Group has adopted IFRS since the fiscal year ended March 31, 2013 and prepared consolidated financial statements in conformity with IFRS.

2. With amendment of IAS19, 2013 actual figures have been restated based on the revised accounting policies retrospectively.

Management's Discussion and Analysis

The Anritsu Group has adopted IFRS since the fiscal year ended March 31, 2013 and prepared consolidated financial statements in conformity with IFRS in fiscal 2012, 2013, and 2014.

Changes in the Scope of Consolidation

During the fiscal year ended March 31, 2014, Anritsu Techmac Co., Ltd. was excluded from the scope of consolidation, and, as a result, the Anritsu Group comprised 39 consolidated subsidiaries at the end of the fiscal year.

Revenue and Profit

In the field of communications networks, the shift to broadband is giving rise to diverse services, including video transmission services and cloud computing. As part of that trend, mobile broadband services for smartphones, tablets, and other mobile devices are expanding rapidly, and, as a result, data traffic over networks is increasing at a steep rate. In response, the world's major telecom operators and telecom handset and equipment vendors maintained a certain level of development investment with the acceleration of the rollout of commercial services based on LTE (Long-Term Evolution), a communications standard enabling dramatically increased transmission speed and advances in off-loading using public wireless LAN or other methods.

In addition, in the emerging countries, including China and India, the usage of third-generation (3G) commercial services is expanding, and TD-LTE commercial services are being introduced. The communications infrastructure, including base stations, is being upgraded aggressively, and, at the same time, the markets are developing as mobile device manufacturing centers. Research and development demand for high-speed, high-capacity communications continues to grow, and investment related to LTE-Advanced, a next-generation communications standard, is also expanding. On the other hand, there were big changes in market structure, such as the withdrawals of Japanese smartphone vendors from that business and reorganization of telecom operators and telecom handset and equipment vendors mainly in the United States and Europe.

Amid such a business environment, the Anritsu Group carried out such initiatives as strengthening its solutions, enhancing its product lineup, and improving its customer support capabilities.

During the fiscal year ended March 31, 2014, demand in the mobile communications market and the network infrastructure market in North America was strong. On the other hand, demand for measuring instruments for the mobile communications market in Japan was weak. As a result, orders increased 8.2% compared with the previous fiscal year, to ¥103,865 million, and revenue increased 7.6%, to ¥101,853 million. Operating profit decreased 10.1% compared with the previous fiscal year, to ¥14,123 million, and profit before tax decreased 11.8% compared with the previous fiscal year, to ¥14,240 million. Profit decreased 32.9% compared with the previous fiscal year, to ¥9,319 million, and profit attributable to owners of parent decreased 33.0% compared with the previous fiscal year, to ¥9,305 million.

Note that, due to an amendment of IAS 19, figures for the previous fiscal year has been restated based on the revised accounting policy retrospectively from this fiscal year.

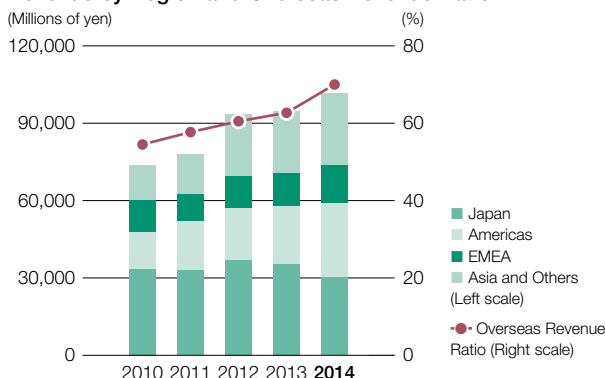
Revenue

Revenue in FY2013 totaled ¥101,853 million, a ¥7,168 million (7.6%) increase compared with the previous fiscal year. In the core Test and Measurement business, while demand in Japan decreased due to the withdrawals of Japanese smartphone vendors from that business, demand from strong investment in LTE and LTE-Advanced network development in overseas markets, mainly in North America and Asia, drove overall results higher. Revenue in this segment increased 6.6% compared with the previous fiscal year, to ¥75,962 million.

Demand for measuring instruments for mobile R&D and network infrastructure was strong in North America. Demand for measuring instruments for manufacturing smartphones was firm mainly in Asia. On the other hand, demand for measuring instruments for mobile R&D and mobile production was stagnant in Japan.

As a result, overseas revenue (i.e., revenue outside of Japan) reached 70% of total revenue.

Revenue by Region and Overseas Revenue Ratio



Cost of Sales and Gross Profit

Cost of sales increased ¥3,182 million (7.3%) over the previous fiscal year, to ¥46,898 million. Cost of sales as a percentage of total revenue slipped 0.1 percentage point over the previous fiscal year, to 46.0%. Gross profit improved ¥3,986 million (7.8%) over the previous fiscal year, to ¥54,955 million, due to continued efforts to improve margins. Gross margin improved 0.2 percentage point over the previous fiscal year, to 54.0%.

Selling, General and Administrative (SG&A) Expenses

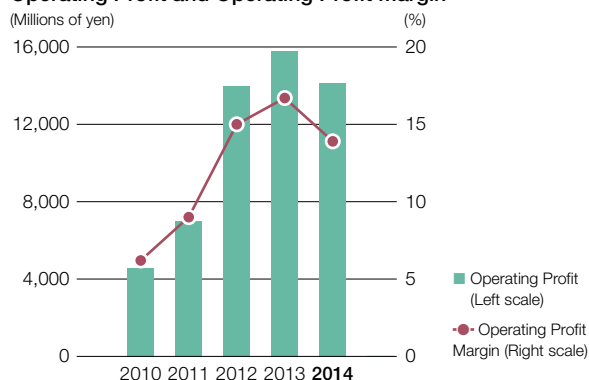
SG&A expenses increased 17.6% over the previous fiscal year, to ¥28,621 million.

Research and development (R&D) expenses increased 20.4% over the previous fiscal year, to ¥12,227 million, reaching 12.0% of consolidated total revenue. As a result of the above factors, operating profit decreased ¥1,591 million (10.1%) from the previous fiscal year, to ¥14,123 million. The operating margin decreased 2.7 percentage points, to 13.9%.

SG&A Expenses

Year ended March 31	Millions of yen		YoY (%)
	2014	2013	
Personnel expenses	¥18,225	¥16,038	13.6
Travel and transportation expenses	1,876	1,565	19.9
Advertising expenses	1,801	1,513	19.0
Depreciation and amortization expenses	721	620	16.3
Others	5,996	4,608	30.1

Operating Profit and Operating Profit Margin



Financial Income (Costs), Profit before Taxes, and Profit

Financial income fell ¥582 million (45.9%) over the previous fiscal year, to ¥687 million.

Financial costs were ¥580 million.

As a result of the above factors, profit before tax decreased ¥1,899 million (11.8%) over the previous fiscal year, to ¥14,240 million. Profit decreased ¥4,569 million (32.9%), to ¥9,319 million. Comprehensive income fell ¥2,861 million over the previous fiscal year, to ¥13,502 million, and basic earnings per share decreased ¥33.48, to ¥64.93.

Cost of Sales, Expenses, and Profit as a Percentage of Revenue

Year ended March 31			%
	2014	2013	
Revenue	100.0	100.0	100.0
Cost of sales	46.0	46.1	47.4
Gross profit	54.0	53.8	52.6
SG&A expenses	28.1	25.7	24.6
R&D expenses	12.0	10.7	10.5
Profit	9.1	14.7	8.5

Shareholder Return Policies

Dividend Policy

The Company's core policy for returning profits to its shareholders is to distribute profits in accordance with its consolidated performance. With regard to dividends, while taking the basic approach of raising dividends on equity (DOE) in accordance with the increase in consolidated profits for the fiscal year, the Company aims at a consolidated dividend payout ratio of 25% or more. Furthermore, the Company will incorporate a total return ratio as its policy for returning profits and consider repurchasing stock in an effort to return profits to its shareholders.

The Company's basic policy is to apply retained earnings to R&D and capital investment in order to respond to rapid technological advances and changes in the market structure. The Company's basic policy regarding distribution of surplus funds is to make distributions of dividends twice a year, consisting of a fiscal year-end dividend by resolution of the General Meeting of Shareholders and an interim dividend approved by the Board of Directors. The Company's Articles of Incorporation stipulate that the Company may pay an interim dividend with the record date of September 30 each year by a resolution of the Board of Directors.

Cash Dividends per Share

Anritsu paid cash dividends of ¥20.00 per share applicable to the fiscal year under review, which included an interim cash dividend of ¥10.00 per share, based on its dividend policy and with the objective of responding to the sustained support of its shareholders.

For the fiscal year ending March 31, 2015, Anritsu plans to pay dividends of ¥24.00 per share, which are expected to include an interim dividend of ¥12.00 per share.

Business Segments

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

Test and Measurement

This segment develops, manufactures, and sells measuring instruments and systems for a variety of communications applications, and service assurance, to telecom operators, manufacturers of related equipment, and maintenance and installation companies around the world. During the fiscal year ended March 31, 2014, demand for measuring instruments for mobile R&D and network infrastructure was strong in North America. Demand for measuring instruments for manufacturing smartphones was firm mainly in Asia. On the other hand, demand for measuring instruments for mobile R&D and mobile production was stagnant in Japan. Consequently, segment revenue increased 6.6% compared with the previous fiscal year, to ¥75,963 million, and operating profit decreased 13.2%, to ¥13,011 million. The Test and Measurement business, which accounts for approximately 75% of the Anritsu Group's revenue, is divided into the following three sub-segments.

1. Mobile

The Mobile sub-segment includes measuring instruments for mobile phone acceptance testing by mobile phone service operators, and for design, production, function and performance verification, and maintenance of mobile phone handsets by manufacturers of mobile phones, IC chipsets, and relevant components. Demand in this sub-segment tends to be influenced by factors that include technological innovations in mobile phone services, market penetration, number of new subscribers, and new mobile phone models and mobile phones shipped.

Along with the dramatic expansion in mobile broadband services for smartphones, tablets, and other devices, services based on LTE, the high-speed communications standard, are being rolled out globally on a full scale. As a result, development of IC chipsets and mobile handsets supporting LTE is being actively undertaken, and demand for related measuring equipment is expanding. To meet demand for test and measurement systems that perform protocol conformance testing and interoperability testing as well as for measuring instruments for manufacturing mobile devices, the Company is continuing to work to develop and launch competitive products. To maintain and expand its market position, the Company is also endeavoring to expand its portfolio of solutions for LTE and the further-evolved LTE-Advanced handset market. In addition, in the emerging countries, including China and India, the usage of third-generation (3G) commercial services is expanding, and LTE commercial services are being introduced. In tandem with these trends, these countries are also expected to be promising markets as they develop into production centers, supplying mobile terminals to the world market. Anritsu will work to further expand business by providing competitive products, such as measuring equipment for manufacturing.

2. Network Infrastructure

The Network Infrastructure sub-segment includes network construction maintenance, monitoring and service quality assurance solutions for wireline and wireless service providers, and solutions for communications equipment manufacturers in areas that include design, production, and testing. In this sub-segment, with the increasing popularity of broadband networks, service offerings are developing to include not only music and video distribution but also cloud computing services. Along with this, access to the Internet through mobile terminals is rising rapidly, and, as a result, data traffic is increasing, thus bringing stronger demand for higher-speed networks.

In the field of network infrastructure, full-scale construction of 100Gbps networks that can handle the rapid increase in high-speed traffic, as well as full-fledged research and development for 400Gbps network equipment, is under way. Additionally, demand for installation of base stations and mobile backhaul equipment is increasing to meet surging demand for data communications driven by the popularization of devices, such as smartphones and tablets. As a result, demand for related measuring equipment is also increasing. In service assurance, increased demand is anticipated for solutions that ensure service quality due to the development of new services using networks as platforms. The Network Infrastructure sub-segment is working to expand business by providing comprehensive solutions from constructing and monitoring communications infrastructure to ensuring service quality in addition to R&D solutions for telecommunications equipment.

3. Electronics

The Electronics sub-segment includes measuring instruments widely used in the electronics industry, particularly for design, production, and evaluation of electronic devices used in telecommunications network-related communications equipment and other electronic equipment. Demand in this sub-segment tends to be impacted by the scale of production of electronic components and products used in telecommunications equipment, intelligent home appliances, and automobiles.

The expansion of mobile broadband services is driving growth in demand for development and manufacturing of wireless modules for a broad array of applications. Anritsu will work to further expand the business in this sub-segment by offering a wider range of applications for the electronics market and enhancing its lineup of general-purpose measuring equipment.

Industrial Automation

This segment develops, manufactures, and sells production management and quality management systems, including precision, high-speed auto checkweighers, automatic combination weighers and metal detectors, for the food, pharmaceutical, and cosmetics industries, and precision measuring instruments for quality inspection in high-density mounting of electronic components for the electronics industry.

During the fiscal year ended March 31, 2014, in business for the food industry, demand for food inspection systems was firm as a result of initiatives, such as capturing renewed demand in Japan and acquiring new customers in the North American market. As a result, segment revenue increased 17.2% compared with the previous fiscal year, to ¥16,920 million, and operating profit increased 48.3%, to ¥1,208 million.

The Industrial Automation business accounts for about 16% of the Anritsu Group's revenue. Since approximately 80% of segment revenue is made to food manufacturers, this segment is substantially influenced by the impact of economic growth rates and changes in consumer spending, which would affect results on food manufacturers' business.

Core products include highly precise checkweighers for high-speed food processing lines, as well as X-ray and other inspection systems that detect and remove metal fragments, stones, and other alien materials in food processing with high precision. Anritsu's products have been growing mainly in the Japanese market. In addition, continuous investment aimed at expanding market share in Asia, the United States, and Europe resulted in an overseas revenue ratio of approximately 35%.

Demand for quality control inspection solutions is expected to remain firm overall, particularly in emerging countries, as interest among food manufacturers remains high. To meet this demand, Anritsu will develop and deliver quality assurance solutions, and will optimize its supply chain, including overseas production in order to expand the business and increase profitability.

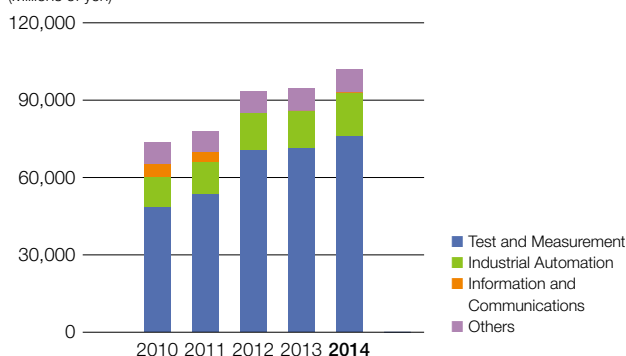
Others

This segment comprises information and communications, devices, logistics, welfare services, real estate leasing, and other businesses.

Profit in this segment grew during the fiscal year ended March 31, 2014 compared with the previous fiscal year due to the absence of impairment losses for buildings, which were included in the previous fiscal year, despite business restructuring expenses in the devices business that were recorded. As a result, segment revenue decreased 0.5% compared with the previous fiscal year, to ¥8,971 million, and operating profit increased 46.7%, to ¥942 million.

Revenue by Business Segment

(Millions of yen)



Liquidity and Financial Condition

Fund Procurement and Liquidity Management

The Anritsu Group's funding requirements are mainly for working capital to purchase materials and cover expenses incurred in the manufacturing, sales, and marketing of products; for capital investments; and for R&D expenses. The Group secures sufficient funding to cover these requirements from retained earnings, bank borrowings, and capital market funding. To ensure stability in funding, the Anritsu Group arranged for a line of credit of ¥10 billion in March 2014, which is effective through March 2017. Looking forward, while preparing for unforeseen financial risks, both domestically and overseas, in a dramatically changing market environment, the Anritsu Group will swiftly and flexibly meet its capital requirements for working capital, regular repayment of long-term borrowings, and business growth.

During the fiscal year ended March 31, 2014, as a result of bank loan repayment, as of March 31, 2014, the balance of interest-bearing debt (excluding leases payable) was ¥18.9 billion (compared with ¥19.4 billion at the end of the previous fiscal year), and the debt-to-equity ratio was 25% (compared with 30% at the end of the previous fiscal year), both substantial improvements. In addition, the turnover ratio on the end-of-period balance of revenue to inventories was 6.1 times. The Company will utilize increased cash flow generated by improvements in ACE (net operating profit after tax less an adjustment for the cost of capital) and asset turnover as well as enhanced

capital efficiency resulting from measures that include an internal Group cash management system to make further reductions in interest-bearing debt, improve the debt-to-equity ratio, and enhance shareholders' equity and fortify its financial structure.

At the end of March 2014, Rating and Investment Information, Inc. (R&I), a credit rating agency, rated Anritsu's short-term debt a-2 and its long-term debt BBB+. R&I upgraded its ratings to a-1 for short-term debt and A- for long-term debt in May 2014. Anritsu will continue working to enhance its financial stability in order to improve its debt rating.

Notes: 1. Debt-to-equity ratio: Interest-bearing debt / Equity capital
2. ACE (Anritsu Capital-cost Evaluation): Net operating profit after tax – cost of capital

Cash Flow

Cash and cash equivalents as of the end of the fiscal year increased ¥5,525 million from the end of the previous fiscal year, to ¥43,215 million. Free cash flow, the sum of cash flows from operating activities and cash flows from investing activities, improved from ¥6,740 million in the previous fiscal year to ¥8,481 million.

Cash flow from operating activities improved from a net inflow of ¥11,771 million in the previous fiscal year to an inflow of ¥13,793 million. The main reason for this improvement was profit before tax booked in the period. Depreciation and amortization expense was ¥3,052 million, an increase of ¥217 million compared with the previous fiscal year.

Cash flow from investing activities changed from a net outflow of ¥5,031 million in the previous fiscal year to an outflow of ¥5,312 million. This was primarily due to the acquisition of property, plant and equipment as a result of the construction of a new factory to strengthen the manufacturing capability. It was also due to the promotion of the scrap and build plan in accordance with BCP (Business Continuity Planning) at the head office site, which used cash totaling ¥4,771 million.

Cash flows from financing activities improved from a net outflow of ¥10,036 million in the previous fiscal year to an outflow of ¥4,360 million. The primary factor was due to payment of cash dividends totaling ¥3,225 million.

Assets, Liabilities, and Net Assets

Total assets as of March 31, 2014, were ¥127,150 million, an increase of ¥12,055 million (10.4%) over the previous fiscal year-end. Cash and cash equivalents increased in the period, and inventories increased, resulting in current assets as of the end of the fiscal year reaching ¥90,011 million, an increase of ¥10,059 million (12.6%) over the previous fiscal year-end.

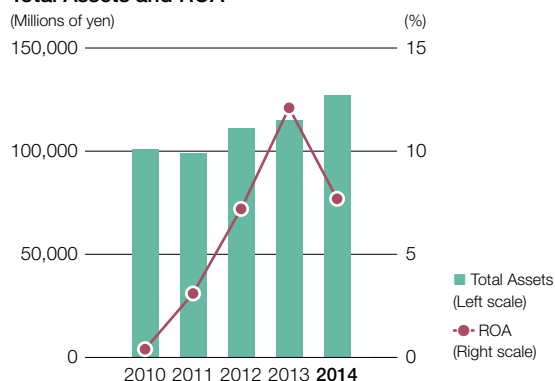
The turnover ratio of the end-of-period balance of revenue to inventories was 6.1 times, unchanged from the level in the previous fiscal year-end. Non-current assets increased mainly due to an increase in property, plant and equipment, to ¥37,139 million, a ¥1,996 million increase (5.7%) over the previous fiscal year-end.

Total liabilities as of March 31, 2014 increased ¥1,698 million (3.4%) compared with the end of the previous fiscal year, to ¥52,253 million. The balance of bonds and other borrowings fell during the period. The current ratio decreased from 308.0% as of the end of the previous year to 266.3% as of March 31, 2014. Net working capital* increased from the ¥31,858 million as of the end of the previous fiscal year to ¥34,289 million as of March 31, 2014. Interest-bearing liabilities decreased ¥559 million, to ¥18,858 million as of the end of the period.

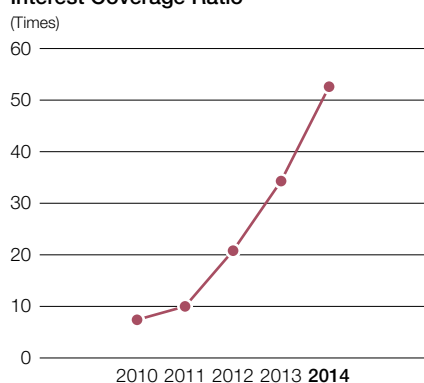
Total equity attributable to owners of parent increased ¥10,343 million (16.0%) over the end of the previous fiscal year, to ¥74,886 million. The ratio of equity attributable to owners of parent to total assets improved to 58.9% as of March 31, 2014, from 56.1% at the previous year-end.

* Net working capital = Accounts receivable and other receivables + Inventories – Accounts payable and other payables
Net working capital has been recalculated according to the above formula from last fiscal year

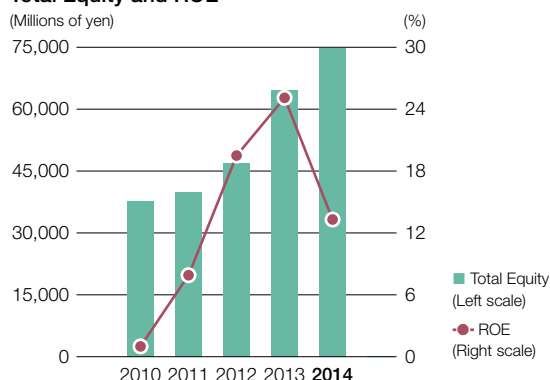
Total Assets and ROA



Interest Coverage Ratio



Total Equity and ROE



Capital Expenditures

The Anritsu Group is concentrating management resources in areas related to the quality and high performance of communications networks. These networks are steadily progressing in the integration of wireline and wireless communications, acceleration of network speeds, and increase of network capacities. During the fiscal period, capital expenditures were primarily in the core Test and Measurement segment, with the primary objectives of developing new products and reducing cost of sales in order to keep in step with technological innovation and market competition.

The Test and Measurement segment invested in line with plans to build a new factory to bolster production capacity and improve headquarters facilities. The Industrial Automation segment continued investing to increase the manufacturing efficiency and improve information systems.

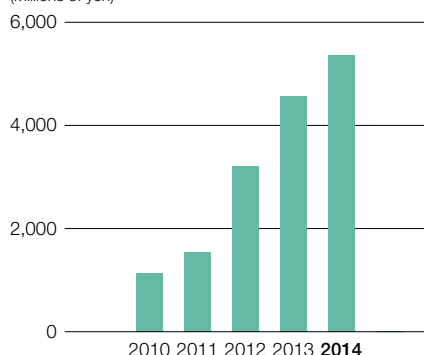
The Others segment invested to improve development environments and processes for new products and core technologies in the communications networks businesses. The segment also invested in equipment for sales efforts.

Overview of Capital Expenditures

Year ended March 31	Millions of yen		YoY (%)
	2014	2013	
Test and Measurement	¥4,966	¥3,982	124.7
Industrial Automation	191	212	90.1
Subtotal	5,158	4,194	123.0
Others	197	369	53.4
Total	¥5,355	¥4,563	117.4

Capital Expenditures

(Millions of yen)



Research and Development

The Anritsu Group undertakes global R&D programs for Original & High Level products and services at its development centers in Japan, the United States, and Europe. The aim is to contribute to the realization of a safe, secure, and affluent global society. The Test and Measurement segment implements programs

at U.S.-based Anritsu Company, U.K.-based Anritsu Ltd., Denmark-based Anritsu A/S, and Italy-based Anritsu Solutions S.r.l. These centers coordinate to elicit synergies through the sharing of technologies.

R&D programs for the Industrial Automation segment are implemented by Anritsu Industrial Solutions Co., Ltd. Due to the adoption of IFRS, a portion of the Group's R&D investments has been capitalized as intangible assets. Details of R&D investments in FY2013, including those capitalized as intangible assets, are the following.

Year ended March 31	Millions of yen		% of revenue
	2014	2013	
Test and Measurement	¥ 9,669	¥ 7,974	9.5
Industrial Automation	1,375	1,373	1.3
Others	506	266	0.5
Basic Research	938	711	0.9
Total	¥12,488	¥10,323	12.3

Principal results of R&D programs in each business segment are as follows.

Business Segment	Model	Product	Application	Contribution
Test and Measurement	ML8780/81A	Area tester	Base station area signal quality evaluation	Optimizes signal quality in LTE service areas
	MP1800A	Signal quality analyzer	Diverse multichannel signal testing for high-speed device development	Increases quality of development and manufacturing operations for high-speed optical network equipment that responds to growth in data traffic
	MT8820C	Radio communications analyzer	Testing for portable device signal transmission/receiving capabilities	Expands device functions for LTE-Advanced technology compatibility
	MD8430A	Signaling tester	Carrier aggregation testing	Provides testing solutions for leading-edge technology for faster data transmission speeds (300Mbps) to aid in the progression and growth of mobile communications
	ME7873/ME7834	LTE RF	Protocol conformance testing/CAT	Aides effective development and quality control of LTE/LTE-Advanced devices to bring about optimal environments for transmission
Industrial Automation	KD7447FWE	X-ray foreign matter tester	Real-time testing of packaging defects, such as biting	Aides quality assurance in safe and secure food production
	KWS9006 Multiple Measurement System SSV Series	Weight sorter	Quality testing	Aides quality assurance in safe and secure food production
Others	NH Series	Remote monitoring and control device	Remote monitoring and control of waterworks and other facilities	Aides in environmental monitoring at waterworks and facilities monitoring at railways, electric power companies, and other utilities
	NC5200 Series	Remote monitoring device	Remote monitoring of accident and disaster information	Strengthens remote monitoring device functionality to help bring about safe and secure society

Management Objectives and Indicators

Anritsu aims to maximize corporate value by managing its operations with a focus on cash flow. In addition, to evaluate the added value generated by capital invested, Anritsu uses an original metric, ACE (Anritsu Capital-cost Evaluation), for evaluating the results of each business. A target for ROE is also set as an indicator of the efficiency of capital invested.

To attain its Management Vision of “Continuous Growth with Sustainable Superior Profits,” the Anritsu Group prepared its Anritsu 2020 VISION, which has a time horizon of 10 years (starting 2010). The Group is implementing a medium-term milestone plan entitled Mid-term Business Plan GLP2014 (GLP2014). The principal management targets under this plan and progress today are shown in the following table.

Year ended March 31	Billions of yen		
	2013 (Actual)	2014 (Actual)	2015 (Target)
Revenue	94.7	101.9	110.0
Operating profit	15.7	14.1	19.0
Profit	13.9	9.3	13.0
ACE	9.5	4.8	9.0
ROE (%)	25	13	17

In response to dramatic changes in the market environment, and to competition, from the fiscal year ended March 31, 2013 in which GLP2014 was formulated up to the present, the Company has been taking appropriate actions such as working more closely with customers by strengthening the overseas support system. This is done with a view to expanding sales in overseas markets. In addition, the Company is working to further increase profitability through more-efficient production, cost reduction, and improvement of operational processes.

Outlook and Management Issues for the Year Ending March 31, 2015

During the fiscal year ending March 31, 2015, the global economy is expected to recover mainly in the Americas. However, uncertainties remain about trends in the European and Chinese economies and rising geopolitical risks. Also, it will continue to be necessary to continually pay close attention to increasingly intense price competition and trends in foreign exchange rates.

In this market environment, the Anritsu Group will undertake the following measures.

In the core Test and Measurement segment, the Anritsu Group will work more closely with customers by sharing development road maps with them and strengthen technical support. This will further establish a competitive position in the mobile market, where demand is projected to continue expanding worldwide. In the network infrastructure market, with the expansion and increased density of the base station network and the shift to broadband of network equipment, the Anritsu Group will globally provide products that respond to reinforcement of such network infrastructure. In the electronics market, various

wireless technologies are applied to transportation devices, home appliances, and social infrastructure as well, and the Anritsu Group will aim to expand business by providing test and measurement solutions that have enhanced user convenience in growth fields. The Anritsu Group will also work aggressively to structure a global procurement system and strengthen its R&D and customer support services, with the objectives of aggressively expanding its business activities and achieving further improvements in profitability.

In the Industrial Automation segment, while developing the market with a strategy of higher added value and differentiation, Anritsu aims to expand business in the growing overseas markets by further strengthening the business base and expanding global procurement and overseas production to introduce products that are highly cost-competitive.

The Anritsu Group is planning on further growth in revenue in its Test and Measurement business, driven by expansion in the mobile device field. In the Industrial Automation business, growth in demand is expected in both domestic and overseas markets. The outlook for operating profit and profit is for increases from those of the previous fiscal year ended March 31, 2014.

Risk Information

The following lists operational and financial issues presented in this annual report and that have the potential to materially affect investor decisions. Forward-looking items included herein reflect the Anritsu Group's judgment as of March 31, 2014.

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

The Anritsu Group works to deploy its well-developed technological capabilities to promptly provide cutting-edge products and services that offer value to customers. However, the rapid pace of technological innovation in the Group's core information and communications markets and the Group's ability to deliver products and services in a timely manner to meet the needs and wants of customers are factors that have the potential to exert a material impact on financial condition and operating results.

2. Market Fluctuation Risk

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

Because a high percentage of Test and Measurement segment revenue is in the telecommunications market, capital investment trends among telecom operators, telecommunications equipment manufacturers, and electronic component manufacturers have the potential to exert a material effect on business results. Telecom operators are progressively adopting technologies to handle rapid increases in data traffic even as

they curtail capital investment. However, they are also increasingly adopting shared open network use in order to increase service development efficiency. Moreover, business results for the mobile communications measuring instrument field, the cornerstone of earnings for the Anritsu Group, are affected by changes in technological innovation in mobile phone services, the number of subscribers, and the replacement ratio for mobile phones. Business results are also affected by factors such as changes in development methods as seen in the shift to mobile phone software platforms and response to intensifying price competition in measuring instruments used in handset production.

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

3. Global Business Development Risks

The Anritsu Group markets its products globally, and conducts business in the Americas, Europe, Asia, and elsewhere. In particular, the overseas sales ratio for the Test and Measurement business is about 83%, and many customers likewise operate on a global scale. As a result, economic trends in countries worldwide, international conditions, and progress in the Group's global strategy have the potential to exert a material impact on earnings. In addition, global-scale mergers, acquisitions, and realignment in the telecommunications industry are changing the competitive landscape. Significant changes in capital investment programs that can result have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

4. Foreign Exchange Risk

The Anritsu Group's sales outside Japan account for approximately 70% of consolidated revenue. The Anritsu Group hedges foreign exchange risk using instruments, including forward foreign exchange contracts for foreign exchange transactions, that occur upon collection of accounts receivable and other events. However, rapid changes in foreign exchange rates have the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

5. Long-Term Inventory Obsolescence Risk

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

6. Risk Related to Deferred Tax Assets

The Anritsu Group applies deferred tax accounting and recognizes deferred tax assets. Calculation of deferred tax assets is based on projections that include estimates of future taxable profit, and the actual benefit may differ from the projection. If the tax benefits based on the estimate of future taxable profit are judged to be unavailable, these deferred tax assets are written down, which has the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

7. Risk Related to Retirement Benefit Obligations

The amounts of retirement benefit payments and obligations incurred in connection with employee defined-benefit pension plans of the parent company and certain of its subsidiaries are calculated based on actuarial assumptions, including discount rates, made for calculations and the expected return on such pension plan assets. If the discount rates and other actuarial assumptions, which were made for the calculations of the expected amount of obligations under these defined-benefit pension plans, undergo change, this has the potential to exert a material impact on the Anritsu Group's financial condition and operating results.

8. Effect of Revisions to Accounting Standards

The Anritsu Group voluntarily adopted IFRS accounting standards for its financial statements. However, if, in the future, new accounting principles, tax laws, etc., are applied and/or changes are made in such regulations, potential to exert a material impact on the Anritsu Group's financial condition and operating results exists.

9. Risk of Natural Disasters and Other Unexpected Events

The Anritsu Group operates production and sales activities globally. Consequently, the occurrence of major earthquakes or other natural disaster, fire, war, acts of terrorism, or violence could exert a material impact on the Anritsu Group's financial condition and operating results by disrupting the business activities of the Group or its suppliers and customers due to damage to key facilities, or by causing political or economic instability.

Consolidated Statement of Financial Position

	Millions of yen		Thousands of U.S. dollars*
	End of FY2013 as of March 31, 2014	End of FY2012 as of March 31, 2013	End of FY2013 as of March 31, 2014
Assets			
Current assets:			
Cash and cash equivalents	¥ 43,215	¥ 37,690	\$ 420,052
Trade and other receivables	25,688	23,884	249,689
Other financial assets	1,099	23	10,682
Inventories	17,053	16,165	165,756
Income tax receivables	183	492	1,779
Other assets	2,773	1,698	26,955
Total current assets	90,011	79,952	874,913
Non-current assets:			
Property, plant and equipment	19,748	17,274	191,952
Goodwill and intangible assets	2,023	1,341	19,664
Investment property	2,164	2,330	21,034
Trade and other receivables	307	279	2,984
Other financial assets	2,209	1,786	21,472
Investments accounted for using equity method	250	238	2,430
Deferred tax assets	10,265	11,754	99,776
Other assets	173	141	1,681
Total non-current assets	37,139	35,143	360,993
Total	¥127,150	¥115,095	\$1,235,906
Liabilities and Equity			
Liabilities			
Current liabilities:			
Trade and other payables	¥ 8,451	¥ 8,190	\$ 82,144
Bonds and borrowings	6,899	2,472	67,059
Other financial liabilities	249	552	2,420
Income tax payables	3,836	1,997	37,286
Employee benefits	7,112	6,735	69,129
Provisions	291	326	2,829
Other liabilities	6,958	5,689	67,632
Total current liabilities	33,796	25,961	328,499
Non-current liabilities:			
Trade and other payables	393	380	3,820
Bonds and borrowings	11,960	16,946	116,252
Other financial liabilities	104	313	1,011
Employee benefits	3,323	5,586	32,300
Provisions	131	123	1,273
Deferred tax liabilities	324	687	3,149
Other liabilities	2,222	559	21,598
Total non-current liabilities	18,457	24,594	179,403
Total liabilities	52,253	50,555	507,902
Equity:			
Common stock	19,052	19,052	185,187
Additional paid-in capital	28,192	28,110	274,028
Retained earnings	30,730	23,161	298,698
Retained earnings (Cumulative translation differences at the date of transition to IFRS)	(7,208)	(7,208)	(70,062)
Total retained earnings	23,522	15,953	228,636
Treasury stock	(869)	(867)	(8,447)
Other components of equity	4,989	2,295	48,493
Total equity attributable to owners of parent	74,886	64,543	727,897
Non-controlling interests	11	(3)	107
Total equity	74,897	64,540	728,004
Total	¥127,150	¥115,095	\$1,235,906

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥102.88 to U.S. \$1.00, the approximate exchange rate on March 31, 2014.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

As of March 31

	Millions of yen		Thousands of U.S. dollars*
	FY2013 From April 1, 2013 to March 31, 2014	FY2012 From April 1, 2012 to March 31, 2013	FY2013 From April 1, 2013 to March 31, 2014
Continuing operations			
Revenue	¥101,853	¥94,685	\$990,017
Cost of sales	46,898	43,716	455,851
Gross profit	54,955	50,969	534,166
Other revenue and expenses			
Selling, general and administrative expenses	28,621	24,346	278,198
Research and development expense	12,227	10,156	118,847
Other income	522	311	5,074
Other expenses	506	1,064	4,918
Operating profit (loss)	14,123	15,714	137,277
Finance income	687	1,269	6,678
Finance costs	580	876	5,638
Share of profit (loss) of associates and joint ventures accounted for using equity method	10	32	97
Profit (loss) before tax	14,240	16,139	138,414
Income tax expense	4,921	2,251	47,833
Profit (loss) from continuing operations	9,319	13,888	90,581
Profit (loss)	9,319	13,888	90,581
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Change of financial assets measured at fair value	273	410	2,654
Remeasurements of defined benefit plans	1,489	(469)	14,473
Total	1,762	(59)	17,127
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation	2,421	2,536	23,532
Share of other comprehensive income of associates and joint ventures accounted for using equity method	—	(2)	—
Total	2,421	2,534	23,532
Total of other comprehensive income	4,183	2,475	40,659
Comprehensive income	¥ 13,502	¥16,363	\$131,240
Profit (loss), attributable to:			
Owners of parent	¥ 9,305	¥13,896	\$ 90,445
Non-controlling interests	14	(8)	136
Total	¥ 9,319	¥13,888	\$ 90,581
Comprehensive income attributable to:			
Owners of parent	¥ 13,488	¥16,371	\$131,104
Non-controlling interests	14	(8)	136
Total	¥ 13,502	¥16,363	\$131,240
Earnings per share		Yen	U.S. dollars*
Basic earnings per share	¥64.93	¥98.41	\$0.63
Diluted earnings per share	64.89	97.03	0.63

Consolidated Statement of Changes in Equity

Years Ended March 31

Millions of yen								
FY2012 (From April 1, 2012 to March 31, 2013)								
	Common stock	Additional paid-in capital	Retained earnings	Treasury stock	Other components of equity	Total equity attributable to owners of parent	Non-controlling interests	Total equity
Balance at April 1, 2012	¥17,106	¥26,332	¥ 4,882	¥(853)	¥ (649)	¥46,818	¥—	¥46,818
Profit (loss)	—	—	13,896	—	—	13,896	(8)	13,888
Other comprehensive income	—	—	(469)	—	2,944	2,475	—	2,475
Total comprehensive income	—	—	13,427	—	2,944	16,371	(8)	16,363
Stock options exercised	21	16	—	—	—	37	—	37
Conversion of debt to equity	1,925	1,808	—	—	—	3,733	—	3,733
Stock options granted	—	44	—	—	—	44	—	44
Stock option expired	—	(4)	4	—	—	—	—	—
Redemption of bonds with subscription rights to shares	—	(86)	86	—	—	—	—	—
Dividends paid	—	—	(2,446)	—	—	(2,446)	—	(2,446)
Purchase of treasury stock	—	—	—	(14)	—	(14)	—	(14)
Acquisition of subsidiary with non-controlling interests	—	—	—	—	—	—	5	5
Transfer from other components of equity to retained earnings	—	—	0	—	(0)	—	—	—
Total transactions with owners and other transactions	1,946	1,778	(2,356)	(14)	(0)	1,354	5	1,359
Balance at March 31, 2013	¥19,052	¥28,110	¥15,953	¥(867)	¥2,295	¥64,543	¥ (3)	¥64,540

FY2013 (From April 1, 2013 to March 31, 2014)								
Balance at April 1, 2013	¥19,052	¥28,110	¥15,953	¥(867)	¥2,295	¥64,543	¥ (3)	¥64,540
Profit (loss)	—	—	9,305	—	—	9,305	14	9,319
Other comprehensive income	—	—	1,489	—	2,694	4,183	—	4,183
Total comprehensive income	—	—	10,794	—	2,694	13,488	14	13,502
Stock options granted	—	82	—	—	—	82	—	82
Dividends paid	—	—	(3,225)	—	—	(3,225)	—	(3,225)
Purchase of treasury stock	—	—	—	(2)	—	(2)	—	(2)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Total transactions with owners and other transactions	—	82	(3,225)	(2)	—	(3,145)	(0)	(3,145)
Balance at March 31, 2014	¥19,052	¥28,192	¥23,522	¥(869)	¥4,989	¥74,886	¥11	¥74,897

Thousands of U.S. dollars*								
FY2013 (From April 1, 2013 to March 31, 2014)								
Balance at April 1, 2013	\$185,187	\$273,231	\$155,065	\$(8,427)	\$22,307	\$627,363	\$ (29)	\$627,334
Profit (loss)	—	—	90,445	—	—	90,445	136	90,581
Other comprehensive income	—	—	14,473	—	26,186	40,659	—	40,659
Total comprehensive income	—	—	104,918	—	26,186	131,104	136	131,240
Stock options granted	—	797	—	—	—	797	—	797
Dividends paid	—	—	(31,347)	—	—	(31,347)	—	(31,347)
Purchase of treasury stock	—	—	—	(20)	—	(20)	—	(20)
Dividends to non-controlling interests	—	—	—	—	—	—	(0)	(0)
Total transactions with owners and other transactions	—	797	(31,347)	(20)	—	(30,570)	(0)	(30,570)
Balance at March 31, 2014	\$185,187	\$274,028	\$228,636	\$(8,447)	\$48,493	\$727,897	\$107	\$728,004

Consolidated Statement of Cash Flows

Years Ended March 31

	Millions of yen		Thousands of U.S. dollars*
	FY2013 (12 months) From April 1, 2013 to March 31, 2014	FY2012 (12 months) From April 1, 2012 to March 31, 2013	FY2013 (12 months) From April 1, 2013 to March 31, 2014
Cash flows from (used in) operating activities			
Profit (Loss) before tax	¥14,240	¥16,139	\$138,414
Depreciation and amortization expense	3,052	2,836	29,666
Impairment loss	87	768	846
Interest and dividends income	(159)	(126)	(1,545)
Interest expenses	271	462	2,634
Loss (Gain) on disposal of property, plant and equipment	10	254	97
Decrease (Increase) in trade and other receivables	(736)	604	(7,154)
Decrease (Increase) in inventories	(197)	(594)	(1,915)
Increase (Decrease) in trade and other payables	(349)	(1,357)	(3,392)
Increase (Decrease) in employee benefits	854	(3,561)	8,301
Other, net	(792)	(1,263)	(7,699)
Sub Total	16,281	14,162	158,253
Interest received	127	94	1,234
Dividends received	50	33	486
Interest paid	(254)	(473)	(2,469)
Income taxes paid	(2,942)	(2,171)	(28,596)
Income taxes refund	531	126	5,161
Net cash flows from (used in) operating activities	13,793	11,771	134,069
Cash flows from (used in) investing activities			
Payments into time deposits	(1,182)	—	(11,489)
Proceeds from withdrawal of time deposits	125	—	1,215
Purchase of property, plant and equipment	(4,771)	(4,479)	(46,374)
Proceeds from sale of property, plant and equipment	10	5	97
Purchase of other financial assets	(5)	(5)	(49)
Proceeds from sale of other financial assets	5	1	49
Proceeds from government grants	1,434	—	13,939
Other, net	(928)	(553)	(9,021)
Net cash flows from (used in) investing activities	(5,312)	(5,031)	(51,633)
Cash flows from (used in) financing activities			
Proceeds from long-term borrowings	—	6,000	—
Repayments of long-term borrowings	(600)	(9,100)	(5,832)
Proceeds from issue of bonds	—	6,000	—
Redemption of bonds	—	(9,950)	—
Proceeds from issue of shares	—	37	—
Dividends paid	(3,225)	(2,446)	(31,347)
Other, net	(535)	(577)	(5,200)
Net cash flows from (used in) financing activities	(4,360)	(10,036)	(42,379)
Effect of exchange rate change on cash and cash equivalents	1,404	1,390	13,646
Net increase (decrease) in cash and cash equivalents	5,525	(1,906)	53,703
Cash and cash equivalents at beginning of period	37,690	39,596	366,349
Cash and cash equivalents at end of period	¥43,215	¥37,690	\$420,052

Glossary

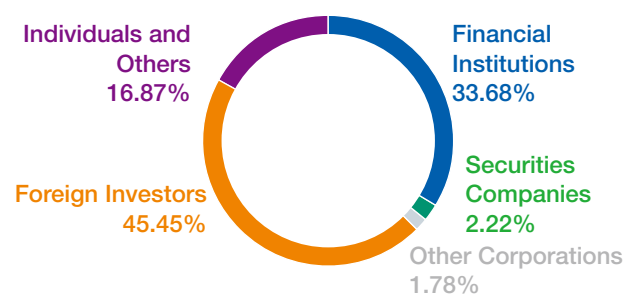
Term	Description
CoMP (Coordinated Multipoint)	Technology for sending the same signal to mobile phones simultaneously and in coordination from multiple base stations that are near each other. A key technology of LTE-Advanced.
D2D (Device to Device)	Method for LTE devices to communicate with each other without a base station between them.
eICIC (Enhanced Inter-Cell Interference Coordination)	Technology for coordinating adjacent cells and reducing interference. A key technology of LTE-Advanced.
GCF (Global Certification Forum)	An association that sets operating standards for networks and certification testing standards for mobile terminals to ensure the global interoperability of terminals. GCF certified measurement systems and measurement items guarantee that test performance (measurement procedures and measurement accuracy) are in conformance with conditions required for certification testing for mobile terminals.
ITU-T (International Telecommunication Union-Telecommunication)	The unit of the International Telecommunication Union (ITU) that coordinates telecommunications standards.
LTE	Long-Term Evolution. High-speed mobile service that enables data communication at 5 to 10 times the speed of 3G mobile phone and telecommunications services.
FD-LTE	A high-speed mobile communications system that employs Frequency-Division Duplexing (FDD) to separate a frequency band into transmission and reception portions to allow concurrent communication in both directions.
TD-LTE	A high-speed mobile communications system that employs Time Division Duplexing (TDD) to separate transmission signals and reception signals on the same frequency by short time intervals to enable alternate communication in both directions.
LTE-Advanced (LTE-A)	Fourth-generation (4G) mobile communications standard approved by the International Telecommunication Union (ITU). The goal is to run faster than LTE, which is becoming popular globally, using new technology such as carrier aggregation. The 3rd Generation Partnership Project (3GPP), which aims for greater functionality via high speeds, is currently setting the international standard.
LTE-Unlicensed	LTE transmissions method using low output-power frequency spectrums that do not need to be licensed from governments.
M to M (Machine to Machine)	Machines communicating, controlling, and operating each other without a human intermediary.
MIMO (Multiple-Input and Multiple-Output)	A wireless communications technology that uses multiple antennas at the transmitter and receiver to transmit and receive data at the same frequency axis. Capable of increasing communications speeds, a key technology of LTE-Advanced.
Public Safety	Moves to use LTE technology for wide-area public safety communications systems (e.g., those used by police or rescue workers), which have traditionally been developed independently of commercial cellular technologies. 3GPP is pushing for standardization between public safety and commercial cellular technologies.
RCS (Rich Communication Suite)	Technology for sharing multimedia information during voice communications, such as real-time messaging and presence confirmation.
VoLTE (Voice over LTE)	The system for transferring voice traffic over LTE. LTE smartphones currently use the 3G communications method for transferring voice traffic.
Wi-SUN	An international wireless communications standard. SUN is short for "Smart Utility Network," and the technology is planned for use in transmissions between wireless communications devices in utility meters, such as for gas and electric power.
WiFi interworking	Method for offloading transmissions from mobile devices from the LTE network to the WiFi (WLAN) network.
3GPP (3rd Generation Partnership Project)	A project for developing third-generation (3G) mobile phone system standards that is currently developing international standards for LTE and LTE-Advanced.
Conformance Testing/ Interoperability Testing	In regions employing 3GPP standards, this testing of the transmission/reception characteristics and performance of mobile terminals, the communications procedures of mobile terminals and base stations, and other items is designed to guarantee the interoperability of the base stations of telecom operators and the mobile terminals of manufacturers.
Carrier Aggregation	Technology that enables the combination of multiple allotted frequencies to create a larger virtual bandwidth. The larger the bandwidth, the faster large volumes of data can be transmitted. A key technology of LTE-Advanced.
Service Assurance	Solutions to assure the performance and service quality of telecom operators and service provider networks, and to raise the efficiency of network administration and operation.
Mobile Backhaul	Transmission network that connects wireless base stations to core networks.
Mobile Fronthaul	Transmission network that connects wireless base stations with network centers that aggregate the control and baseband functions of mobile base stations.
Reference Design	Product blueprint chip maker provides to device vendor for a product that uses the chip maker's products. Makes development and production of mobile devices easier.

Investor Information

(As of March 31, 2014)

Head Office:	ANRITSU CORPORATION 5-1-1 Onna, Atsugi-shi, Kanagawa 243-8555, Japan Tel: +81-46-223-1111 URL: http://www.anritsu.com
Established:	March 1931
Paid-in Capital:	¥19.1 billion
Number of Employees:	3,880 (Consolidated) 757 (Stand alone)
Stock Listing:	Tokyo (Ticker Symbol No: 6754)
Transfer Agent:	Sumitomo Mitsui Trust Bank, Limited 1-4-1, Marunouchi, Chiyoda-ku, Tokyo 100-8233, Japan
Number of Shareholders:	15,390
Rating: (As of May 31, 2014)	Rating and Investment Information, Inc. Long-Term: A- Short-Term: a-1
Authorized Shares:	400,000,000
Issued Shares:	143,956,194

Breakdown of Shareholders:



Major Shareholders

Shareholder Name	Number of Shares (Thousands)	Percentage of Total Shares Outstanding
The Master Trust Bank of Japan, Ltd. (Trust Account)	10,725	7.48
Japan Trustee Services Bank, Ltd. (Trust Account)	8,421	5.88
NOMURA BANK (LUXEMBOURG) S.A. S/A NOMURA MULTI CURRENCY JAPAN STOCK LEADERS FUND	5,770	4.03
STATE STREET BANK AND TRUST COMPANY	5,463	3.81
National Mutual Insurance Federation of Agricultural Cooperatives	4,306	3.00
NORTHERN TRUST CO. (AVFC) 15PCT TREATY ACCOUNT	4,246	2.96
JP MORGAN CHASE BANK 385078	3,761	2.62
JP MORGAN CHASE BANK 385072	3,647	2.54
Japan Trustee Services Bank, Ltd. (Trust Account 9)	3,491	2.44
THE CHASE MANHATTAN BANK, N.A. LONDON SECS LENDING OMNIBUS ACCOUNT	3,172	2.21

Note: The shareholding ratio is calculated by excluding the number of treasury stock (643,246 shares).

Major Subsidiaries

Japan	Principal Businesses
Anritsu Industrial Solutions Co., Ltd.	R&D, manufacture, sales, and maintenance of industrial automation equipment
Tohoku Anritsu Co., Ltd.	Manufacture of T&M instruments and information and communications equipment
Anritsu Customer Support Co., Ltd.	Calibration, repair, and maintenance of T&M instruments
Anritsu Engineering Co., Ltd.	R&D of software
Anritsu Networks Co., Ltd.	Manufacture, sales, and maintenance of information and communications equipment
Anritsu Devices Co., Ltd.	R&D and manufacture of optical devices
Anritsu Kousan Co., Ltd.	Management of facilities, welfare services, and production of catalogs and other materials
Anritsu Real Estate Co., Ltd.	Real estate leasing
Anritsu Pro Associe Co., Ltd.	Operation of shared services center
AT Techmac Co., Ltd.	Manufacture and sales of processed products and unit assembly articles

Americas	Principal Businesses
Anritsu U.S. Holding, Inc. (U.S.A.)	Holding company for American subsidiaries
Anritsu Company (U.S.A.)	R&D, manufacture, sales, and maintenance of measuring and other instruments
Anritsu Instruments Company (U.S.A.)	R&D of T&M instruments
Anritsu Industrial Solutions U.S.A. Inc. (U.S.A.)	Sales and maintenance of industrial automation equipment
Anritsu Electronics, Ltd. (Canada)	Sales and maintenance of measuring and other instruments
Anritsu Eletrônica Ltda. (Brazil)	Sales and maintenance of measuring and other instruments
Anritsu Company S.A. de C.V. (Mexico)	Sales and maintenance of measuring and other instruments

EMEA	Principal Businesses
Anritsu EMEA Ltd. (U.K.)	Sales and maintenance of measuring and other instruments
Anritsu Ltd. (U.K.)	R&D of measuring and other instruments
Anritsu Industrial Solutions Europe Ltd. (U.K.)	Sales and maintenance of industrial automation equipment
Anritsu GmbH (Germany)	Sales and maintenance of measuring and other instruments
Anritsu S.A. (France)	Sales and maintenance of measuring and other instruments
Anritsu S.r.l. (Italy)	Sales and maintenance of measuring and other instruments
Anritsu Solutions S.r.l. (Italy)	R&D of measuring and other instruments
Anritsu A/S (Denmark)	R&D, manufacture, sales, and maintenance of service assurance system and T&M instruments
Anritsu AB (Sweden)	Sales and maintenance of T&M and other instruments
Anritsu Solutions S.R.L. (Romania)	R&D of measuring and other instruments

Asia & Others	Principal Businesses
Anritsu Company Ltd. (China)	Sales and maintenance of measuring and other instruments
Anritsu Electronics (Shanghai) Co., Ltd. (China)	Maintenance of measuring and other instruments
Anritsu (China) Co., Ltd. (China)	Sales and maintenance of measuring and other instruments
Anritsu Industrial Solutions (Shanghai) Co., Ltd. (China)	Sales and maintenance of industrial automation equipment
Anritsu Industrial Systems (Shanghai) Co., Ltd. (China)	Manufacture of industrial automation equipment
Anritsu Company, Inc. (Taiwan)	Sales and maintenance of measuring and other instruments
Anritsu Corporation, Ltd. (Korea)	Sales and maintenance of measuring and other instruments
Anritsu Pte. Ltd. (Singapore)	Sales and maintenance of measuring and other instruments
Anritsu India Private Ltd. (India)	Sales and maintenance of measuring and other instruments
Anritsu Industrial Solutions (Thailand) Co., Ltd. (Thailand)	Manufacture and maintenance of industrial automation equipment
Anritsu Pty. Ltd. (Australia)	Sales and maintenance of measuring and other instruments



ANRITSU CORPORATION

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