envision : ensure

2015 Anritsu Integrated Reporting

120th

Company Philosophy and Mission

Company Philosophy

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

Company Vision

Achieve continuous growth with sustainable superior profits through innovation using all knowledge of all parties

Company Policy

1. Make energetic organization synthesizing the knowledge of all employees
2. Capture growth drivers through innovation
3. Be a leader in the global market
4. Contribute to the creation of a society that is friendly to people and the Earth as a good corporate citizen

About This Report

In 2015, Anritsu Corporation marked the 120th anniversary of its founding. Over this period, Anritsu has contributed to the development of the telecommunications field through its wireline and wireless communications equipment as well as its test and measurement devices. The source of the strength that has sustained Anritsu's corporate activities over 120 years has been the two strong strands of DNA that run through the Company and may be expressed as "Sincerity, Harmony, and Enthusiasm" and "Original & High Level."

This report has been prepared to help our stakeholders understand these two strands of DNA. As an integrated report, this publication presents information on financial factors, including financial performance and corporate strategy, and non-financial factors, such as information on environmental and social matters in an integrated fashion.

Looking ahead, we will manage Anritsu with a strong sense of purpose and, through our main business activities, will aim to contribute to the creation of a safe, secure, and prosperous global society.

1. For information on facts and other information that have a material impact on the Anritsu organization's capabilities for creating corporate value in the short, mid, and long terms, please refer to the Review of Operations section of this report (beginning on page 14) or our Website: http://www.anritsu.com/ir
2. In preparing this report, we have made reference to international reporting frameworks, including those provided by the International Integrated Reporting Council (IIRC) and others as well as the G4 Sustainability Reporting Guidelines (Version 4) of the Global Reporting Initiative (GRI).

Contents

Notes regarding use of forecasts and other forward-looking information

The business forecasts mentioned above are based on recent information and reasonable judgments made with available information. The reader should be aware that these projections are not promises, and actual results may be materially different from these projections due to known or unknown risks, changes related to uncertainties, and other factors.

Directors

Director (Audit Committee member) **Tomoyuki Kikugawa**

Outside Director (Audit Committee member) **Takaya Seki**

Outside Director **Sachiko Ichikawa**

Outside Director **Teruaki Aoki**

Outside Director **Takashi Sano**

Outside Director (Audit Committee member) **Yuji Inoue**

Director **Toshisumi Taniai**

Representative Director **Kenji Tanaka**

Representative Director, President **Hirokazu Hashimoto**

Director **Fumihiro Tsukasa**

Director **Akifumi Kubota**

Supporter of the UN Global Compact

Anritsu is actively responding to the requirements of global society through its business activities.

In March 2006, Anritsu declared its support of the 10 principles of the UN Global Compact (UN-GC), which are grouped in four categories: Human Rights, Labor, Environment, and Anti-Corruption. The Anritsu Group as a whole integrates these principles into its CSR activities.

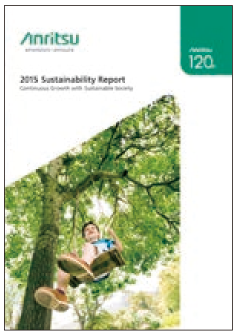
THE GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

Promotion of CSR Management: http://www.anritsu.com/csr

Based on its Company Philosophy, which is expressed as "Sincerity, Harmony, and Enthusiasm" and "Original & High Level," Anritsu promotes communication with its stakeholders as regards social issues relating to the economy, society, and the natural environment, and takes initiatives to address these issues in its main business. Our principal activities are presented on our Website as CSR (sustainability) promotion activities.



2015 Sustainability Report

Our Other Disclosure Publications: http://www.anritsu.com/ir

- Financial Information
- Securities Reports, Quarterly Financial Reports, Internal Control Reports
- Mid-term Business Plan, Business Briefings
- Business Reports • Information for the General Meeting of Shareholders
- Other Information

Anritsu's Value Creation Model

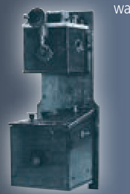
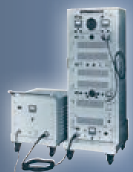
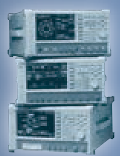
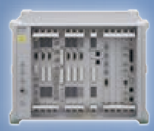
120 Years of History

1900 1950 1975 2000

Wireless communications~Mobile measurement

Quality assurance for microwave telecommunications equipment
Contributed to the installation of NTT's microwave systems linking Tokyo and Osaka

Signaling tester
Contributed to realization of the third-generation mobile virtual network and the rapid spread of service area

TYK-type wireless telephones
Became pioneer in commercializing wireless telephone sets, thus contributing to making safe navigation through Ise Bay possible

Measuring devices for all tests in mobile device development
PDC terminal measuring devices contributed to spreading digital mobiles in Japan

Japan "firsts" and world "firsts" that changed society

TV broadcasting equipment
Developed TV broadcasting equipment in response to requests from Japan's father of TV, Dr. Kenjiro Takayanagi

Cable loss tester
World's first handheld measurement device for maintenance and management of wireless networks




Radio receivers
Japan's first radio receiver

Bit error tester
Featured fastest error detection in the world, thus contributing to the stability of communications

Wireline communications~Network Infrastructure Measurement

Semiconductor laser
Began in-house development of key devices to support the coming age of optical communications

Quality assurance for optical communications equipment
Contributed to the spread of ultra-high-speed Internet and broadband communications




Automatic public telephone unit
The first public telephone installed in Japan

Optical fiber damage inspection equipment
Searches for damage to optical fiber and supports communications security

Over 120 years—Building our brand through innovation and earning trust as well as creating cutting-edge core technologies
(Telecommunications, test and measurement, high frequency transmission, fiber optics, and sensors)

Expanding our management resources and customer support system to the global market

Stable financial base to deal with changes in the operating environment

Anritsu
envision : ensure

Sincerity, Harmony, and Enthusiasm

Trust

Contributing to Build a Safe, Secure, and Comfortable Society

Maintaining Harmony with the Global Socio-Economy

Promoting Global Environmental Protection

Promoting Communications

Advanced capabilities

Innovative

Original & High Level

Company Philosophy

Sources of Anritsu value

Anritsu's corporate mission

Continuous Growth with Sustainable Superior Profits

2020 VISION

Financial capital

- **Management with awareness of the cost of capital**
- Management for improving ROE and ACE (Original Anritsu KPI for increasing corporate value)
- Adoption of International Financial Reporting Standards (IFRS)

Manufactured capital

- **Global supply chain system**
- Realize stable global procurement and production systems through partnership with business associates
- Create risk management systems for the overall value chain
- Global development of service and support centers with close ties to the local regions of our customers

Intellectual capital

- **120 years of accumulated knowledge and innovation**
- R&D system with centers in Japan, the United States, Europe, and Asia
- Global customer support systems
- Management systems for quality, safety, and the environment

Human capital

- **Fusion of global and local team management**
- Corporate governance system that contributes to increasing corporate value
- Professional human resources around the globe
- High level of compliance awareness and satisfaction among employees and customers

Social and relationship capital

- **CSR management awarded as "A Sincere Corporation"**
- The Anritsu Group's Corporate Behavior Charter and Code of Conduct
- Trust in the Anritsu brand
- Partnering with our customers

Natural capital

- **Environmental management through life-cycle thinking**
- Environmental management in the global organization
- Realization of high environmental efficiency and performance
- Implementation of life-cycle assessment in all product development

Test and Measurement business

Supporting broadband services

Contributed to ongoing development of smartphone terminals

MOBILE

Supporting wireline and wireless infrastructure

NETWORK INFRASTRUCTURE

Evaluation of electronic devices that support daily life

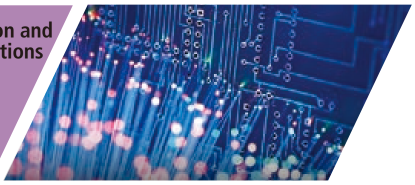
ELECTRONICS

Industrial automation

Support safety and security in the food product business through devices to detect foreign matter

Information and communications services and devices

Realized broadband services



Business Origination

Building the society of the future through innovation

Increasing corporate value

Anritsu's strengths

Anritsu's businesses contribute to society and stakeholders

How Anritsu will Achieve “Continuous Growth with Sustainable Superior Profits”

For over 120 years, Anritsu has often made history in the fields of information and communications, consistently demonstrating its value to society. We have done so by emphasizing two objectives. The first is to create value through leading-edge solutions that meet the needs both of our customers and society overall. We are also dedicated to innovating new businesses by thoroughly assessing our core technologies from a wide variety of perspectives, sharpening our competitive edge in the process.

The cornerstone of our commitment to leading-edge solutions and innovation is our Corporate Philosophy of “Sincerity, Harmony, and Enthusiasm.” In other words, as part of our corporate DNA, we place top priority on trustworthiness in all our undertakings, on ongoing engagement with stakeholders, and on meaningful initiatives that fulfill our responsibilities to society. Going forward, we will rededicate ourselves to taking the steps necessary to achieve our goals of “Continuous Growth with Sustainable Superior Profits.”

To be sure, achieving our goal of becoming the “Global Market Leader” means we have many tasks to accomplish. We will both continue to refine our original, core business model developed since our founding and to renew our commitment to innovation that contributes to the realization of a safe, secure, and prosperous global society.

Operating profit margin	ROE	ACE	Debt rating
11%	10.2%	¥2.4 billion	A- (R&I)

Dividend payout ratio	Percentage of women in key global managerial positions	Energy usage (25% reduction from 2005)	Cumulative registration of eco-excellent products
43.1%	44%	25% reduction	32 types

Note: ACE is Anritsu's original key performance indicator (KPI): Operating income after tax minus capital cost. Eco-excellent products meet Anritsu's original guidelines for eco-friendly products.

Management Performance in Fiscal 2014

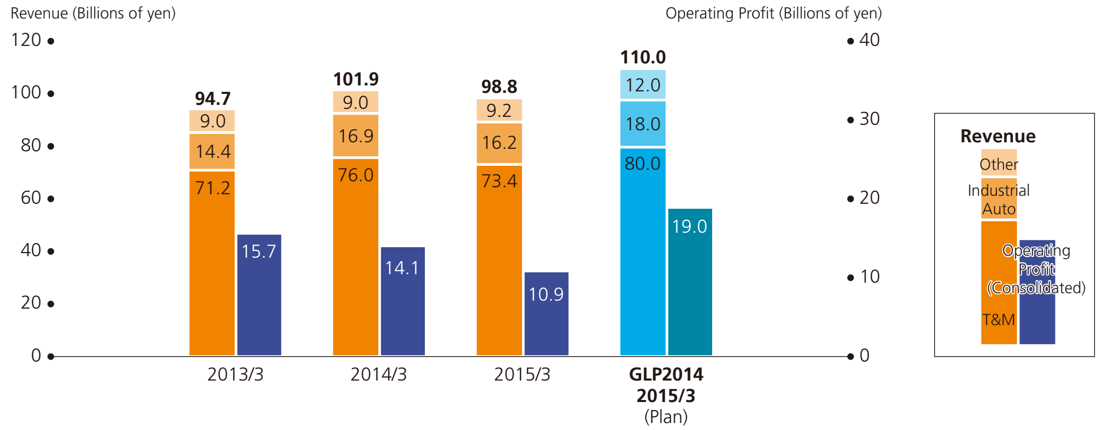
Turning to performance in fiscal 2014, ended March 31, 2015, orders for the Anritsu Group were ¥101.1 billion, representing a 3% decrease from the previous fiscal year. Revenues declined 3%, to ¥98.8 billion, with operating profit down 23%, to ¥10.9 billion. The main factors behind these results were an increase in our investments to expand business in growing global markets, and costs associated with responding to overseas customers in both our Test and Measurement and Industrial Automation businesses.

Notably, at the end of fiscal 2014, the backlog of orders for the Group as a whole increased 13% over the previous fiscal year-end to reach ¥19.7 billion. In our Test and Measurement segment, orders rose 7% to ¥15.5 billion. Overall, from the final quarter of fiscal 2014, orders across all of our businesses indicated a clear recovery trend.

Results under the GLP2014 Mid-term Business Plan

The businesses of our Group are facing dramatic transformations in the environment. The mobile market, for example, saw significant changes after growing rapidly between 2012 and 2014. As mobile terminals underwent a sudden shift towards enhanced functionality and general-purpose configurations, competition among industry participants intensified, resulting not only in new business alliances, but also exits from the sector. Amid uncertainties in the investment plans of our customers, we succeeded in capturing market

Review of Mid-term Business Plan (GLP2014) (FY2012–FY2014)



share by proactively introducing new test and measurement systems to support our customers' advanced development projects and by offering state-of-the-art solutions to manufacturers seeking productivity improvements.

In our Industrial Automation business, we strengthened our local production systems and sales support capabilities and also took other steps to proactively support forecast business expansion overseas. As a result of these measures, the ratio of sales of Industrial Automation business in total overseas sales grew from 30% in fiscal 2011 to 40% in fiscal 2014.

To drive our GLP2014 Mid-term Business Plan, I have whole-heartedly encouraged Anritsu management and other team members to pay special attention to our dual "G" concepts of "Growth" and "Global". We are targeting growth to become market leaders who can continue to create real value for society. And to sustain profitable growth, our global strategy offers access to opportunities spanning new product development, sound profit structures, and global management resources. We can surely tap into additional growth opportunities worldwide by quickly adapting our regional business portfolios in response to the changes in the international strategies of our customers.

Since fiscal 2013, with our Business Originating Center at the core, we have been embarking on a range of market research and business planning activities, such as identifying and developing new business partners as well as forming new business alliances. Including the development of new products, over the past three years we have made clear progress via these initiatives and are thus well prepared to transition to our next GLP2017 Mid-term Business Plan.

2020 VISION and Our GLP2017 Mid-term Business Plan

The two goals of our 2020 VISION long-term management vision are, firstly, "to be a global market leader" and, second, "to originate new businesses."

Our GLP2017 Mid-term Business Plan, covering the fiscal years 2015 to 2017, will serve as an important milestone in realizing our long-term vision. During this time frame, our fundamental medium- to long-term strategy will be to accurately identify growth drivers, and consequentially to achieve sustainability in terms of business growth and superior levels of profitability.

The growth driver for the Test and Measurement business is "expanding and innovating in the broadband field." Indeed, beyond mobile communications connecting people with each another, the "Internet of Things (IoT)" is a world where anything embedded with connectivity can exchange data over the Internet. With this in mind, we have reaffirmed our commitment to capturing new business opportunities related to the development of communications technologies underpinning IoT.

2020 VISION and GLP2017

Mid- and Long-term Management Basic Strategy
Capture growth drivers without fail, and realize "continuous profitable growth"

	Market average annual growth rate	Growth driver	Target	
			Sales growth rate	Operating margin
T&M	3–5%	Broadband expansion and innovation (1) IoT (M2M) (2) LTE-Advanced, 5G, Connectivity (3) New base station network	≧7%	≧20%
Industrial Auto	3–5%	Improvement of safety, security, and health Solutions with X-ray for quality assurance	≧7%	≧12%
Consolidated	—	—	—	≧18%
ROE	—	—	≧15%	

The growth driver for the Industrial Automation business is "increasing safety, security, and health." With the food product and pharmaceutical-related markets as our focus, our policy will be to further accelerate the expansion of sales in overseas markets where growth is expected.

In both the Test and Measurement and Industrial Automation businesses, there are sectors where we anticipate double-digit growth well beyond the annual growth of between 3% and 5% is forecast for the market overall.

We will target such high-growth businesses by fully utilizing our competitive advantages. Specifically, we will aim to ensure 7% year-on-year growth in revenue, surpassing the growth of the market as a whole. Further, over the mid-to-long term our goal is to achieve an operating profit ratio of 18% and ROE of 15%. During the three years of the GLP2017 Mid-term Business Plan, 2015 is the year for planting seeds, with the potential for growth recovery foreseen for the latter half of 2016. In fiscal 2017, the final year of the plan, our targets are revenues of ¥120 billion, operating profit of ¥17 billion, and an operating profit ratio of 14%.

Business Strategy for Attaining GLP2017 Objectives

Let me now outline our business strategies in concrete terms and explain how we intend to attain the objectives we set in GLP2017.

In the test and measurement market, we will win global business by providing high-value-added solutions as we work to secure our position as the global market leader. Growth opportunities clearly abound. Indeed, technological progress seems almost limitless when it comes to realizing a broadband environment that will make real contributions by assuring "a safe, secure, and comfortable society, always and everywhere." We are in fact seeing major growth opportunities in our mobile business, including mobile terminal testing and measurement, and in the network infrastructure business, where testing and measurement of wireless infrastructure are critical.

Our mobile business is in fact poised for expansion. While mobile communications currently link people, going forward services will broaden to link various devices and equipment. The LTE system will evolve into the LTE-Advanced system, and further growth is forecast with the utilization of 5G systems scheduled to go into commercial use in 2020.

The approaching 5G era will feature faster and higher volume communications systems. For example, automated cars will offer substantially greater agility of control, contributing to a safer and more secure society. In the medical field, the advent of remote medical treatment systems utilizing high-precision 3D data will reduce interregional differences in medical care. Doctors will be able to make use of vast amounts of genome data to treat diseases that have so far been difficult to cure and to contribute to improved patient health outcomes overall.

In addition, 5G technology will make possible the development of robust communications systems that can withstand major earthquakes, tsunami, and typhoons, and other natural disasters. To cope with this expansion in the scope of applications, networks will evolve to cover wider geographical areas, realize faster transmission speeds, and achieve transmission “immediacy” (zero delays), all of which means we must continue to innovate to surpass current solutions.

We can all take pride in the fact that Anritsu is the recognized global market leader in the mobile Test and Measurement business. While maintaining this leadership position, we will also continue to pioneer developing new businesses with new industry growth drivers beyond the telecommunications field.

In the network infrastructure business, we must both provide quality assurance and focus on the quality of the customer experience, while also offering innovations in the optimization and improved efficiency of network construction and maintenance. In fact, Anritsu is the only company in the test and measurement field that has continued to offer solutions for both wireless and wired line telecommunications. This strength will be a driving force for our growth over the next three year period. To proactively address the requirements of new customers, we will draw on our advantages in optical fiber and wireless test and measurement technology as well as our track record and client base assets as the leading supplier of wireless test and measurement equipment.

Next, I would like to talk about our goals for boosting the profitability in the Test and Measurement business. Our strategy for improving gross profit is to expand our offerings of high-value-added solutions and services. In addition, we are introducing innovations into our business processes, including detailed project management, selective investments in strategic cost items, and thoroughgoing emphasis on improving management using individual key performance indicators (KPIs).

In the Industrial Automation business, we will utilize the position we have achieved as a top player in Japan’s cutting-edge market and work to expand our market share in the North American and Asian markets, which are forecast to grow to become huge markets. Our long-term target is to raise the overseas sales revenue ratio to 50% and broaden the range of our overseas resources.

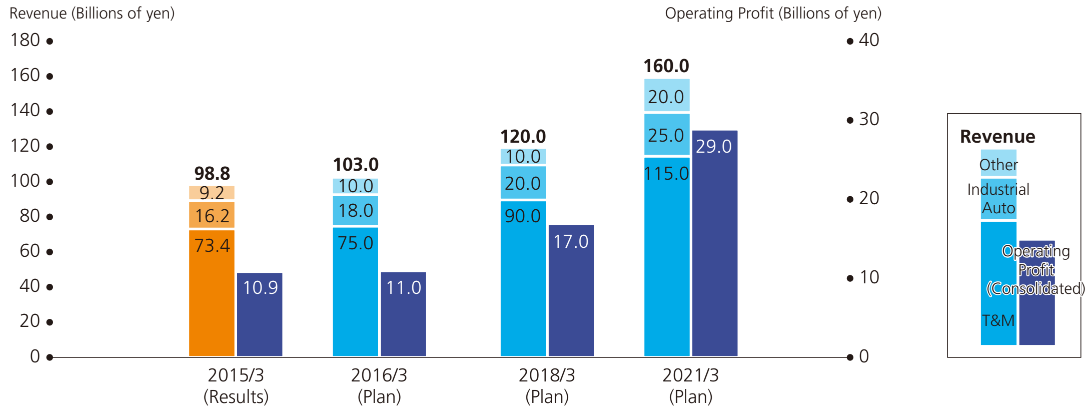
Further Augmenting Corporate Governance

While developing a corporate governance framework is important, assuring it effectively functions is more critical. After structuring an outstanding governance framework, actual results will hinge on how well it operates. I believe key success factors are to engage in dialogue with shareholders, investors, as well as a range of other stakeholders and to demonstrate transparency of management.

To be sure, such measures alone are insufficient to boost corporate value. The key to corporate success is wise strategic decision making. I am convinced that the Board of Directors must include a mix of both internal and Outside Directors who can thoughtfully make the really tough decisions. It is vital that we do several things: We must go beyond the accepted wisdom of our industry, invite to become directors those with expertise and career experience outside of Anritsu, encourage external directors to proactively offer creative and objective opinions on management and strategy, and thereby facilitate substantive debate with those within Anritsu.

As part of its corporate governance, and to provide governance that is transparent from an international perspective,

GLP2017: Revenue and Operating Profit Plan



—The Anritsu Promise—

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.
This is the commitment that
"envision : ensure" symbolizes.

Anritsu made the transition from a company with an Audit & Supervisory Board to one with an Audit Committee. Our goals are to raise the ratio of Outside Directors, assure greater management accountability, and stimulate discussions that take account of the shareholders' perspective. Auditors have been given voting privileges within the Board of Directors as members of the Audit Committee, and the audit functions of the Board of Directors have been strengthened.

Financial Strategy and Increasing Shareholder Value

Our financial strategy for realizing our objective of attaining "Continuous Growth with Sustainable Superior Profits" comprises the following three summary points.

(1) We will take steps to increase return on capital and corporate value as we expand returns to shareholders.

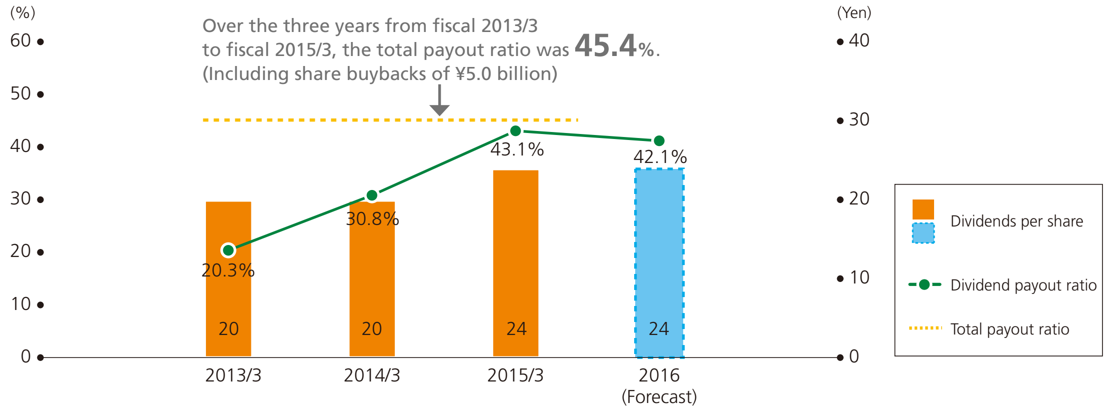
(2) We will give priority to using cash for strategic investments that produce growth.

(3) We will continue to bolster our financial position, raising our ratio of shareholders' equity to total assets to between 60% and 70% and maintaining a debt rating of A- or higher.

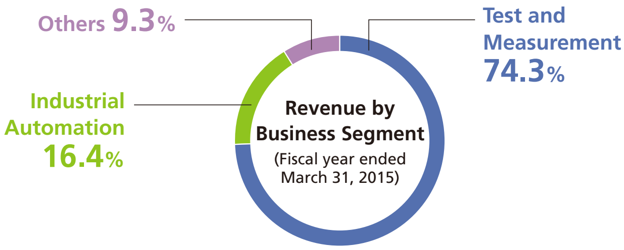
In particular, we will aim to increase our ACE*, which is our original indicator expressing corporate value and is defined as operating profit after taxes minus capital cost. Consequently, we will be able to improve our ROE and to be responsive to the expectations of our shareholders and investors. The Anritsu Group will continue to work not only to raise its corporate value and shareholder value, but also to operate as a company that is indispensable to society. Finally, we wish to take this opportunity to express our sincere thanks to our shareholders for their steadfast understanding and support.

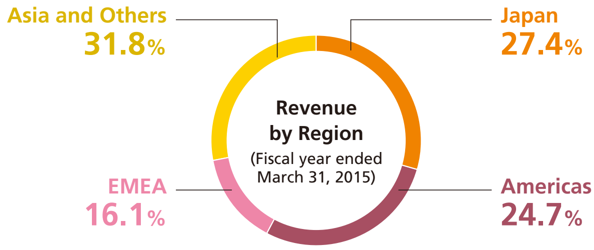
* ACE (Anritsu Capital-cost Evaluation)=Operating profit after tax - Capital cost

Dividends Per Share/Outlook for Dividends



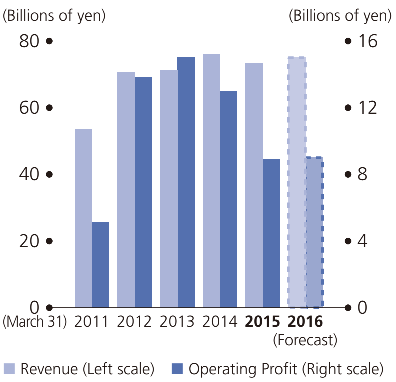
Anritsu at a Glance





Revenue/Operating Profit (Loss)	Sectors and Solutions	Main Customers

Test and Measurement



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

Main Customers:

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

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)

Main Customers:

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

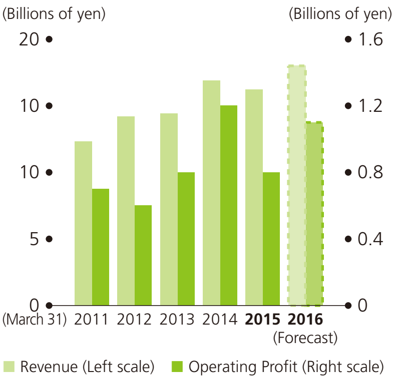
Electronics Market

- 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:

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

Industrial Automation



Contaminant Detectors

- Contaminant detection and shape inspection

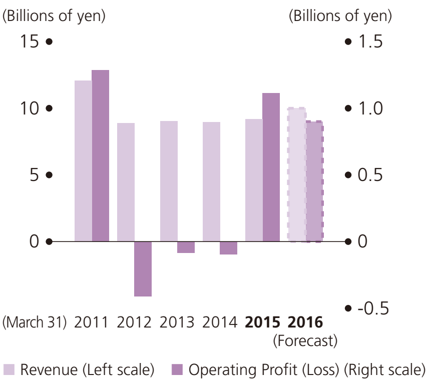
Weighers, Checkweighers

- Weighing, checkweighing, and package inspection

Main Customers:

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

Others



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.

Main Customers:

- 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

Main Customers:

- Electrical equipment manufactur-ers
- Telecommunications equipment manufacturers

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

Responding to Society's Needs for Advanced and Innovative Telecommunications

Aiming for further advances in telecommunications systems that can be used anytime and anywhere

Contribution of Anritsu as a top supplier in the mobile test and measurement field

R&D Applications

Anritsu participated in the development of international standards for 3G mobile phones and became the first in the world to develop virtual base station simulators. With our base in technology we developed and our resulting customer base, we are contributing to the development research in next-generation LTE standards and LTE-Advanced systems.

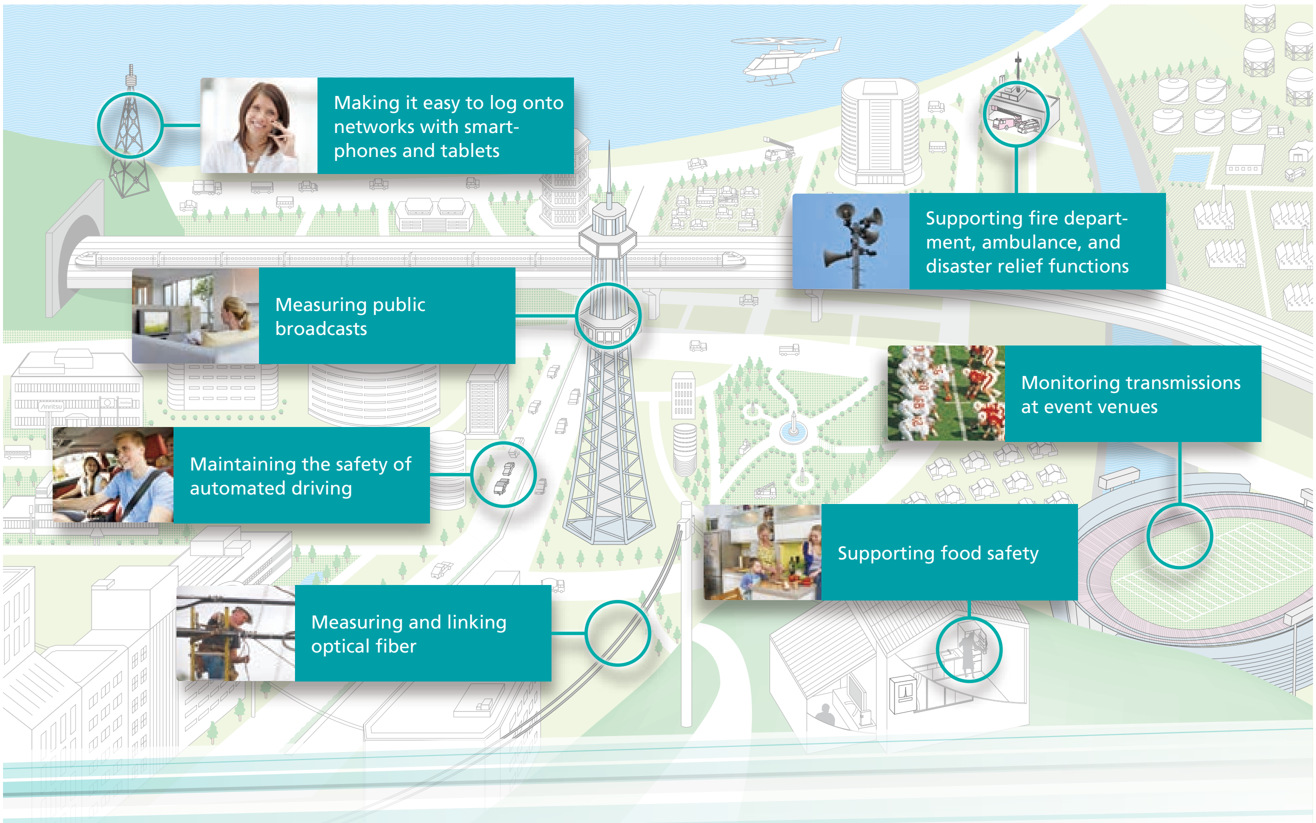
Applications in Manufacturing and Mass Production

Anritsu offers test and measurement solutions. These include the simultaneous testing of multiple terminals as well as wireless sending and receiving tests. They also include simultaneous measurement of multiple wireless devices with a single measuring device and support the development of higher-quality terminals and increases in productivity.

Network Construction and Maintenance Solutions

To respond to mobile needs in the construction and maintenance of networks, Anritsu became the first in the world to develop compact measuring devices. These contribute to repair work and expansion on mobile broadband networks, which are coming into wider use around the world.

Anritsu Contributes to Comfortable Living



Message from the CFO

Akifumi Kubota

Vice President
CFO

Financial Strategies Supporting "Continuous Growth with Sustainable Superior Profits"

"Investing for growth," "expanding returns to shareholders," and "strengthening our financial position" are essential for sustainable growth. After giving consideration to the changes in the market environment and competitive situation as well as to the financial market environment, our financial position, and other factors, at the end of the day, properly managing these activities constitutes the central core of our financial strategy.

Going forward, the forecast is for change to become even more severe than in the prior periods. Anritsu is working to improve its ACE key performance indicator, while at the same time placing priority on optimizing cash flow, "investing in growth," "boosting returns to shareholders," and "fortifying our financial position."

Accomplishments under GLP2014

To strengthen its global competitiveness, Anritsu implemented initiatives to create a management infrastructure and framework designed to perform well in an international context.

As part of these activities, Anritsu adopted the globally recognized International Financial Reporting Standards (IFRS) beginning in the first quarter of fiscal 2012. In addition, we positioned ROE and ACE as our key management indicators and took action to increase corporate value.

Moreover, to continue to secure stable growth in cutting-edge technology markets, we believe that further improvement in our financial position will be invaluable. We worked to achieve a ratio of shareholders' equity to total assets of greater than 60% as well as a debt/equity (D/E) ratio of less than 0.3.

The results are noteworthy. We successfully fulfilled various global investment criteria standards. Recognized as a company that is highly attractive to investors, our stock was chosen for inclusion in the well-regarded JPX-Nikkei Index 400, and our debt rating was upgraded to A-.

Financial Strategies and Initiatives under GLP2017

In view of the strengthening of our financial position due to initiatives under the previous medium-term management plan, under our new medium-term business plan GLP2017, strengthening our cash flow is the highest priority item in our financial strategy for attaining continuous growth with sustainable profitability. To be sure, the capability to efficiently generate cash flow, which mirrors corporate value, is the basis of competitiveness.

To differentiate Anritsu in harshly competitive global markets and achieve growth in the medium-to-long term, it will be critical to utilize cash generated via profits and capital efficiencies and proactively invest it in business development activities where we forecast growth. We will also carry out strategic investments, focusing on M&A. We will then recover appropriate returns on our investments, increase returns to shareholders, substantially strengthen our financial position, and then make further investments in opportunities with growth potential.

Projecting Anritsu's corporate value into the future, our financial objectives under GLP2017 may be summarized as follows.

Initiative 1 Our goals are to raise ROE, which was 10% in fiscal 2014, to 14% in fiscal 2017 and increase ACE from ¥3.0 billion to ¥8.0 billion in fiscal 2017. To this end, we will work to improve profitability and efficiency and generate corporate value in excess of capital costs.

Initiative 2 By strengthening our cash flow, our goal is to raise our operating cash flow margin from 8% in fiscal 2014 to 13% in fiscal 2017. Moreover, we will shorten our cash conversion cycle (CCC), which is another important KPI, by 20 days, from 140 days in fiscal 2014 to 120 days in fiscal 2017. We will realize these goals through increasing profitability by accelerating cost reductions and utilizing expenses more efficiently. We will also work to improve asset efficiency by reducing inventories, promoting recovery of receivables, and other measures.

Initiative 3 We have a number of options for boosting corporate value when making strategic investments. One of our most-important management issues will be to consider and implement investments from a medium- to long-term perspective based on scenarios of either further expanding existing businesses (via strengthening technological capabilities, expanding marketing power, etc.), and/or accelerating the development of new businesses.

In our development activities, as in the past, we will aim for developmental ROI (defined as gross profit on net sales divided by the amount of developmental investments) equal to or greater than 4.0 as a key factor in raising our investment efficiency.

* ACE: Anritsu's original KPI for corporate valuation, defined as operating profit after tax minus capital cost

Financial Strategy for Achieving Continuous Growth with Sustainable Superior Profits

1. ROE/ACE improvement targets

We will work to improve capital efficiency and corporate value, and enhance returns to shareholders.

	FY2014 (Results)	FY2015	FY2017
ROE	10.2%	10%	14%
ACE	¥2.4 billion	¥3.0 billion	¥8.0 billion
Operating cash flow margin	7.7%	9%	13%

2. Strategic investment plan (Cash-based)

We will prioritize the allocation of cash to strategic investments to achieve growth.

		FY2014	Total of FY2015-17
Normal investments*1		¥3.0 billion	¥11.0 billion
Strategic investments*2	M&A	—	¥6.0 billion
	BCP	¥2.9 billion	¥4.0 billion

*1 Normal investments include software investments.
*2 Strategic investments: These are plan figures that show the usage of cash flow assumed for FY2015 through FY2017 and are not an upper limit on the amounts of investment.

3. We will continue to work to strengthen our financial structure (Equity ratio: 60% to 70%, credit rating of at least A-).

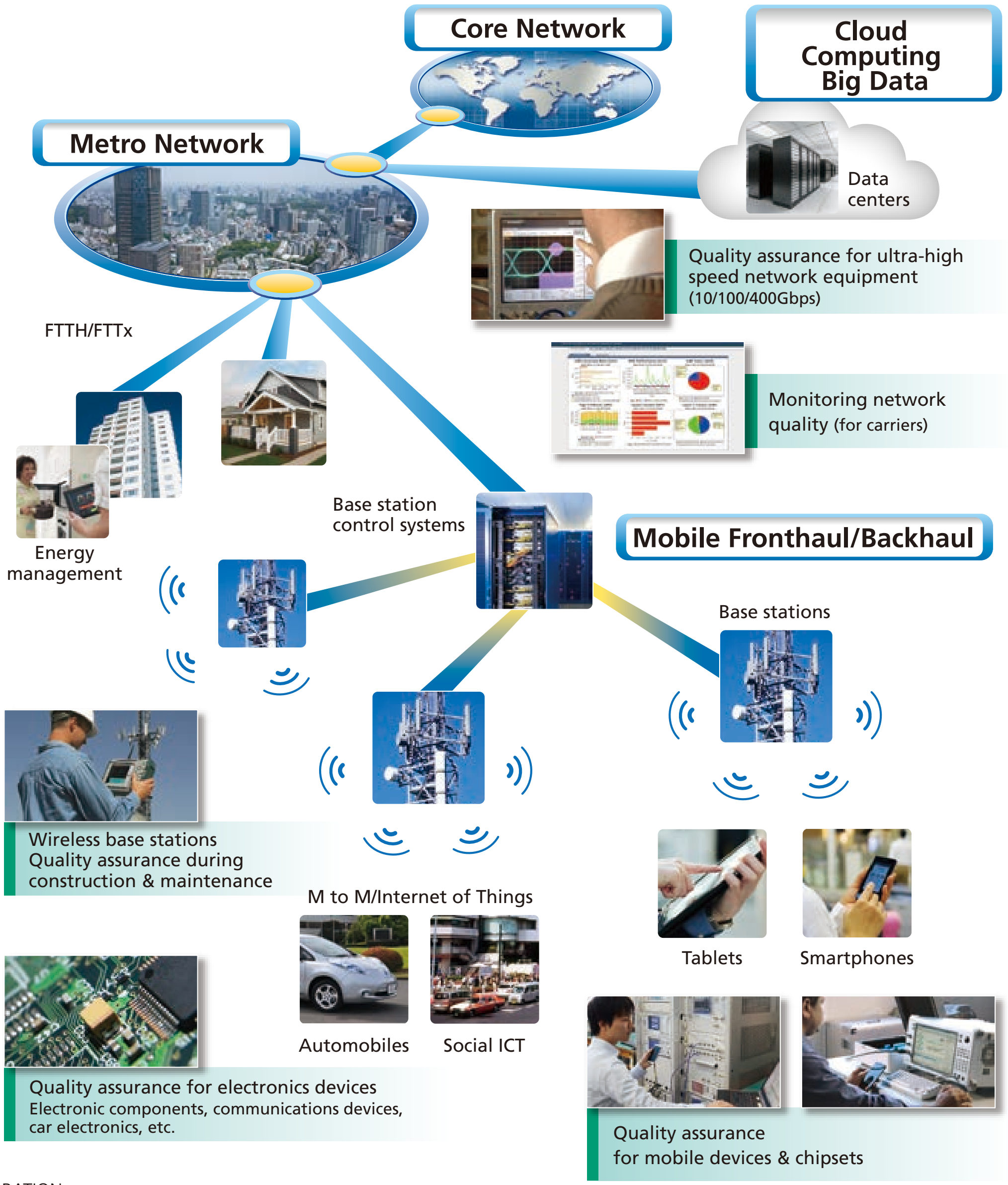
Test and Measurement

Making Our Lives More Convenient and Comfortable

Solutions that Support Social Innovation by Realizing Mobile Broadband and IoT

Business Areas

Telecommunications services that we can use at any time and anywhere have become an indispensable presence in our lives. 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, in the midst of the fast-changing communications industry, we contribute to the development of mobile broadband service by offering testing solutions for leading-edge market needs and are contributing to the advance of IoT services.

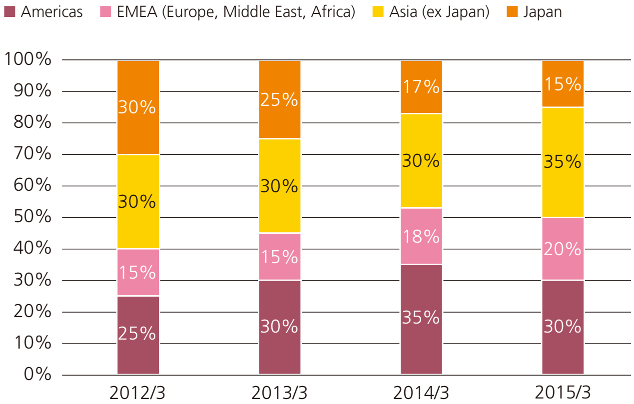


Review of Fiscal 2014 and GLP2014

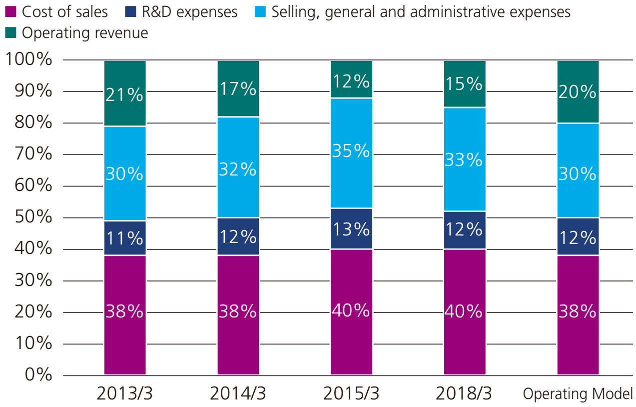
In our Test and Measurement business, where the principal market is mobile communications, from fiscal 2012 through fiscal 2014, dramatic changes in the business environment took place, including intensification of competition among mobile market players and industry realignments, such as mergers and acquisitions. Other changes included the increasing sophistication and wider penetration of mobile units at an accelerating pace. In addition, by geographical area, conditions in Asia held generally firm, but there were signs of stagnation in the Japanese market. Investment behavior among our customers continued to be uncertain, and we focused our efforts on product development markets that require cutting-edge functions and responded aggressively to manufacturing markets where increased efficiency is demanded. Overseas, we also continued to invest in strengthening our customer support functions in areas where market growth is expected.

Revenue for the fiscal year ended March 31, 2015 (fiscal 2014) amounted to ¥73,443 billion, a decrease of 3.3%, and operating profit was ¥8,944 million, a decline of 31.3%.

Test and Measurement Segment Revenue by Region



T&M Business: Profit Structure Improvement Targets



Business Environment in Fiscal 2015 and Points to Watch

In the Test and Measurement segment, we will continue to focus on three markets. In the mobile market, which is expanding worldwide, we will introduce advanced solutions, which are our strength, as quickly as possible, while also strengthening our technological support functions to tighten our relationships with customers and consolidate our competitive position.

In the network infrastructure market, base station networks are expanding, and their density (coverage) is rising along with the expansion of small cell stations (with lower output power and smaller coverage range). We are readying products to respond to this trend toward strengthening networks on a global scale.

In the electronics market, where the range of transmission methods is expanding, we will make timely introductions in the electronic components market, where major growth is expected going forward to support M2M and the Internet of Things (IoT). We will also raise our profile by making well-timed launches of millimeter wave solutions in the 5G field, including the automotive area.

Other areas of focus will be structuring a global procurement system, and making active progress in increasing the efficiency of our R&D and customer support, as we also work to increase profitability.

Test and Measurement Segment—New Products

Radio Communication Analyzer: MT8821C

First in the industry to make possible assessment of 3CC and 2 x 2 MIMOs

Network Master Series: MT1000A and MT1100A

Responds to needs in the development, manufacturing, construction, and maintenance areas

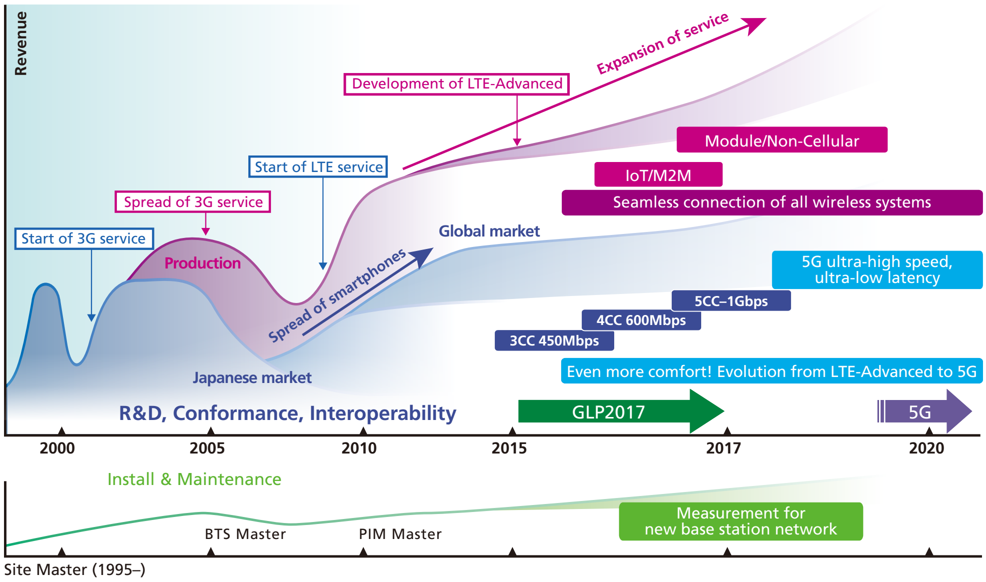
Mid- to Long-term Business Environment and Anritsu Initiatives

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

Under GLP2017, the strategy and growth opportunities in the Test and Measurement business are due to technical progress that will permit the realization of a broadband environment that will create social value and customer experience value by providing "a safe, secure, and comfortable society always and everywhere."

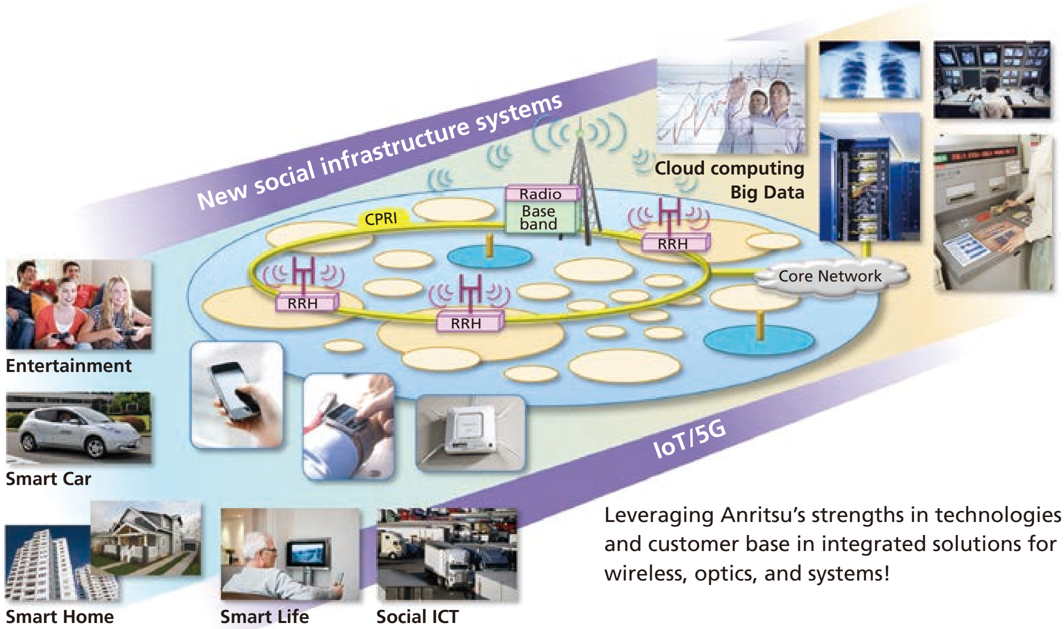
Mobile Business Strategy

Going forward, the mobile business area is expected to expand to include services on many more kinds of devices. The LTE system will evolve into the LTE-Advanced, and growth will continue in preparation for "5G" that is scheduled for commercialization in 2020.



Network Infrastructure Business Strategy

In the network infrastructure business, looking ahead, a huge number of small cells will be layered over traditional macrocells, and optical fiber will be used for connections. Anritsu will respond to the emerging needs of its customers by leveraging its superior in-house optical and wireless technologies as well as its record of performance and its customer base as a top supplier for wireless measurement devices.



Message from the Test and Measurement Group President—Working to Attain Objectives of GLP2017

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

Looking Back on GLP2014

The mobile measurement business underwent substantial change over the course of our GLP2014 Mid-term Business Plan. We moved from a period when smartphones and other devices were competing on functions to a period when the competition has shifted to enhancing the customer experience. As a result, the players in this market changed significantly. Anritsu launched two initiatives to transform its approach. First, we strengthened our partnerships with the leading players in the market and with new chip vendors. Second, we reinforced our global support systems. Based on our actions over the past three years, we were able to enhance our systems to respond promptly to the diverse needs of customers who are world leaders and were able to build a solid foundation for the next stage of growth.

Initiatives to Achieve GLP2017 Goals without Fail

We are working to realize the objectives of our next medium-term business plan GLP2017. To do so, we will continue to provide high-value-added solutions to capture global business opportunities, and are committed to attaining this new plan's goals without fail. Our GLP2017 plan also marks a milestone on our way to the goal of our 2020 VISION, which is to consolidate our position as a global market leader. On the cutting edge of mobile communications technology, LTE-Advanced will evolve to provide even faster and higher-quality performance. Clearly, we have built bonds of trust with our customers who are world leaders in this field, and are offering them timely test and measurement solutions, including carrier aggregation and advanced antenna technology (MIMO, Multiple Input Multiple Output), which are component technologies for LTE-Advanced systems. Through such initiatives, we are making a significant contribution to the development of next-generation mobile communications technologies.

The volume of data transmission is rising sharply along with the wider use of smartphones and tablets. The forecast calls for the construction of new base station networks and installation of small cells. The number of mobile bases linked with optical fiber is likely to increase rapidly. We anticipate that demand for optical time domain reflectometers (OTDRs) and other optical fiber network test and measurement equipment will rise apace.

Moreover, as a result of the wider use of LTE systems around the world, communications functions featuring low cost and low power consumption for use in IoT applications are appearing, and there is a growing movement toward using LTE systems in network bases. We are moving forward with strengthening our capabilities in this area. We will aim for expanding sales in the M2M/IoT markets, where a dramatic rise in demand is expected.

Along with changes in the market environment, growth in Asian markets outside Japan, including China, has been exceptionally robust. We believe that major growth-related issues will be strengthening our support systems in Asia, expanding our customer base, and making sure we capture demand for test and measurement equipment related to research and development as well as to manufacturing in the mobile device field.

If we look forward to the year 2020, commercialization of 5G systems will be in sight. Both LTE-Advanced systems and new network stations are component technologies that will merge in the future with 5G systems that are currently under development. A key in this area will be the realization of 5G for use with micro- and milli-wave technology, which is an area of competitive advantage for Anritsu.

One of Anritsu's assets is its ability to flexibly respond to dynamic changes in the market environment. We at Anritsu are dedicated to fielding as quickly as possible cutting-edge solutions that reflect emerging transformations in the marketplace.

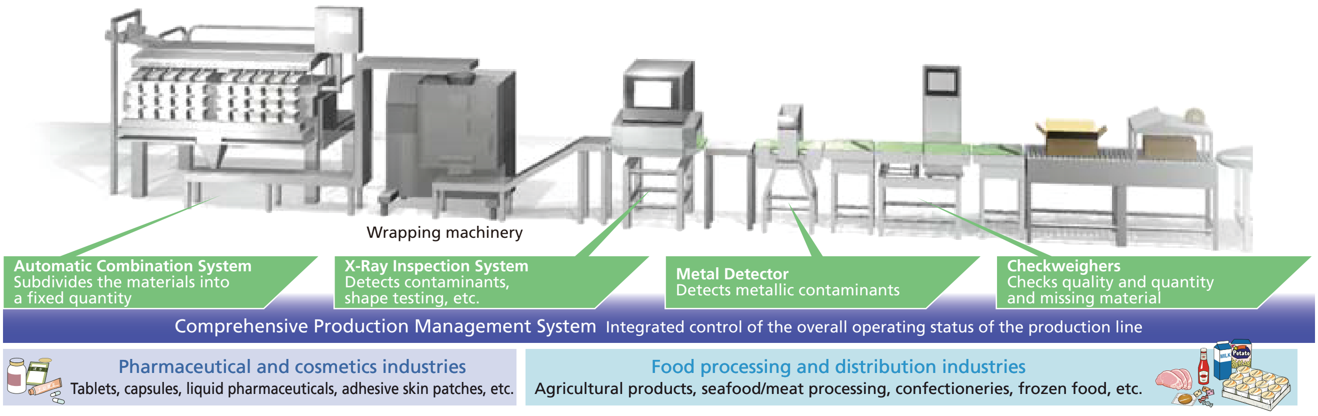
Industrial Automation

Living Safely Everyday

Supporting safety and security through contaminant detectors

Business Areas

One of mankind's common desires is for safety and security of the foods we eat and the pharmaceuticals we take. 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 us the opportunity to conduct business in markets where stable growth is expected.



Review of Fiscal 2014 and GLP2014

During the first half of fiscal 2014, ended March 31, 2015, customers in Japan appeared to be adopting a cautious stance toward capital investment, but sales proceeded smoothly in the second half. Overseas markets, especially in North America, held firm. In addition, to capture investment demand in Japan and expand revenue overseas, we made investments in R&D and conducted aggressive marketing activities. As a result, revenue amounted to ¥16,198 million (a decrease of 4.3% from the previous fiscal year), and operating profit was ¥824 million, a 31.8% decline.

Under GLP2014, to expand our business activities in overseas markets that are expected to grow, we strengthened our local manufacturing and sales support systems. As a consequence, overseas revenue of the Industrial Automation business expanded from 30% of total revenue in fiscal 2010 to 40% in fiscal 2014.

New Products in Industrial Automation

X-ray inspection systems: XR75 Series

Restrains maintenance expenses and lowers total life-cycle costs

Metal detector: M5 Series

High cost performance

Business Environment in Fiscal 2015 and Points to Watch

Achieved deeper market penetration through increasing product value added and differentiation

In growth markets overseas, we are working to optimize our supply chain by implementing a strategy of producing locally for local sales. We are also strengthening the competitiveness of our products, price competitiveness, and local engineering functions. We will also deepen ties with global food product manufacturers and develop business with new customers.

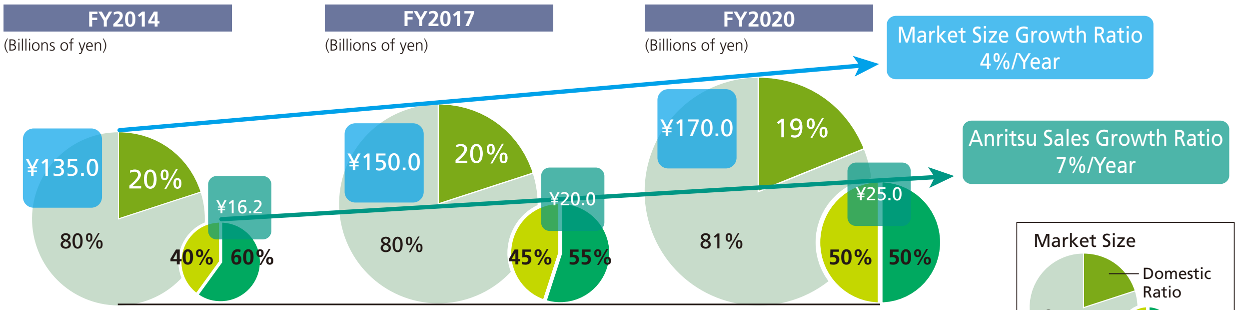
Environment and Initiatives under GLP2017

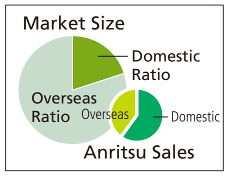
Growth drivers in industrial automation will be the desire for greater safety, security, and health improvement

Drawing on the position we have built as a top player in the advanced Japanese market, we will work to expand our market share in North America and the rest of Asia, both of which are expected to become enormous markets in the years to come. Our long-term goal is to raise the percentage of overseas revenue in total revenue to 50% and expand our overseas management resources.

Industrial Solutions business: Expanding overseas businesses

The quality assurance market for food and pharmaceutical products will remain stable with an average annual growth rate of 4% (Anritsu's estimates).





Market	Major initiatives
North America	Develop market with X-ray inspection systems as a key solution
Japan	Improve market share through quality assurance solutions with high added value in response to cutting-edge needs

Message from the Industrial Solutions Business Group President
—Working to Attain the Objectives of GLP2017

Fumihiro Tsukasa
Senior Vice President
Industrial Solutions Business Group President

Industrial Solutions Business Group Vision and Initiatives

The Industrial Solutions Business Group has set targets for fiscal 2020 of ¥25.0 billion in revenues and an operating profit ratio of 12%. We are at work enhancing our business base to make the transition from an exporter business model to a "produce locally for local sale" business model. In terms of production systems, the Industrial Solutions Business Group aims to structure a global supply chain that combines optimal production and local production effectively to meet requirements for quality, delivery schedules, and cost minimization.

Our principal markets are food products and pharmaceuticals. From a global perspective, both of these markets are growing steadily as a result of technological progress in process packaging and expansion in the distribution of processed foods in small-lot packages. As a top company in the market, the biggest issue for us is to provide stable supplies of quality-assured products. In addition, demand for our products is demonstrating sustained growth not only among large companies, but also among medium-sized enterprises, both in the industrialized markets and emerging markets as well.

As a milestone along the way to reaching our 2020 VISION plan, in our Mid-term Business Plan GLP2017 we have set a revenue target of ¥20.0 billion in fiscal 2017.

Our core strategies for reaching these targets are (1) to create a growth spiral through strengthening our own value chain by solving quality assurance issues among customers in the industrialized countries and (2) to differentiate our quality assurance solutions via utilization of sensing technologies and leveraging of workplace experience. We are planning to build on the value we have created from our position in Japan, which features the most-advanced quality assurance issues. Going forward, we will focus on expanding business opportunities in the North American market by differentiating Anritsu from competitors in terms of the originality and high level of our products, services, and responsiveness to customers.

In October 2015, we will change the name of our subsidiary Anritsu Industrial Solutions Co., Ltd., to Anritsu Infivis Co., Ltd. The aim of this name change for the core company in Anritsu's Industrial Automation business is to introduce the concept of "infi(nite)" (infinite from here on) and "vis" (or sharing vision with customers). At the same time, we will also change the name of the business segment to Product Quality Assurance.

Through initiatives such as these, we aim to establish a brand that symbolizes "quality assurance solutions that are recognized by customers around the world."

R&D

To contribute to the creation of a safe, secure, and prosperous global society, Anritsu conducts "Original & High Level" R&D related to its products and services globally in its R&D centers in Japan, the United States, Europe, and Asia.

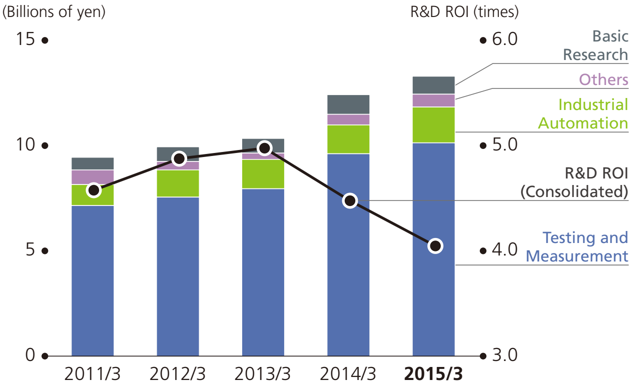
The Test and Measurement business conducts research collaboratively at Anritsu Company in the United States, Anritsu Ltd. in the United Kingdom, and Anritsu A/S in Denmark and draws on its holdings of technology to realize synergies. The Industrial Automation business conducts R&D within Anritsu Industrial Solutions Co., Ltd.

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.

R&D Expenses by Business Segment



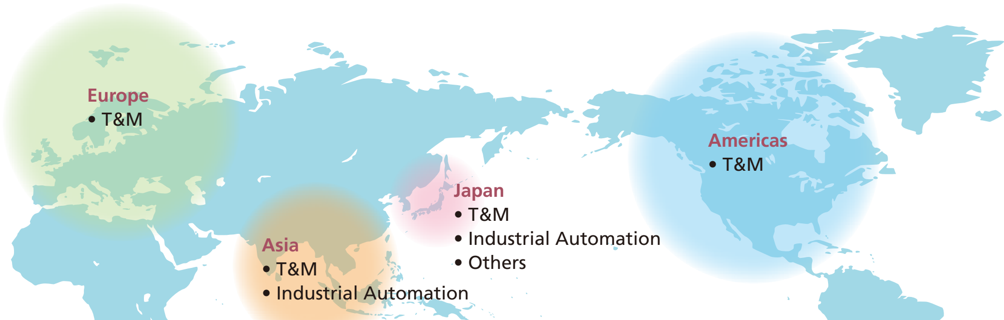
As a percentage of revenue

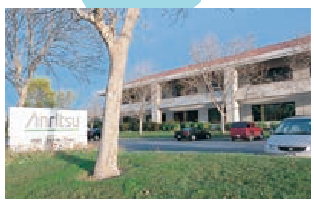
Japanese GAAP	IFRS			
10.7%	10.9%	12.3%	12.3%	13.5%

Major R&D Achievements

- Strengthened functions for testing solutions for mobile device development and production
  Solutions for LTE-Advanced (FDD/TDD)
- Test and measurement devices for network infrastructure:
  New Product Release: Network Master Pro/Flex
- R&D related to expansion of electromagnetic wave resources for the Ministry of Internal Affairs and Communications:
  High-level testing technology for weak signal wireless transmission in the range over 100 GHz
- Solutions for detecting contaminants in food products and pharmaceuticals:
  New Product Release: X-Ray Detection Devices, Metal Detectors

Global R&D Network





Strengthening Global Collaboration and Realizing Synergies

Toshihiko Takahashi
Senior Vice President
Chief CTO, Environment, and Quality Officer

In our Corporate Philosophy, the phrase "Original & High Level" refers to key concepts supported by our continuing commitments to creativity and innovation. We operate R&D centers not only in Japan but also globally, including the United States, Europe, and the rest of Asia. Each of these centers has its own field of strength. We achieve synergies through global collaboration as we work to draw on these respective strengths and continue to hone our capabilities from the perspectives of both software and hardware.

Appropriate to a company with some 120 years of history, at Anritsu's R&D centers in Japan, we have raised to a high level the comprehensive capabilities of systems that integrate our advanced hardware and software. In our European R&D center, along with our strengths in developing software, we are taking the maximum advantage of the center's location in Europe, where the unification of communications standards is quite advanced, and are accessing the latest trends in standards to provide a competitive advantage in development. In the United States, we are able to respond proactively to the demanding requirements of customers who seek quick access to information and solutions regarding IT utilization. On balance, we have the staying power to provide reliable results at a very close range to our customers.

Anritsu technical personnel regularly engage on the visions and aspirations of their customers, and are fortunate to be able to refine their own skills and knowledge as they respond to customer needs. Many of our technical personnel have had extensive careers with Anritsu, which contributes to their sense of professional achievement.

New Global Headquarters Building Completed during Anritsu's 120th Anniversary Year

In 2015, Anritsu marked the 120th anniversary of its founding. To commemorate this milestone in Anritsu's business history, the Anritsu Group completed a new global headquarters in Atsugi, Japan that is now the core of our operations. Our new headquarters building has a total of 28,000m^2 of floor space, housing our headquarters operations, a test and measurement R&D center as well as marketing and administrative divisions. Home to a total of about 1,000 employees, our new headquarters has been designed to foster an intellectually creative environment inspiring innovation and co-creation with our customers.

Featuring state-of-art security systems, our global headquarters building also incorporates the latest earthquake-resistant construction, thereby increasing safety. Aligned with our business continuity plan (BCP) readiness, the new headquarters has emergency electric power sources that can operate for 144 hours (six days) without external power inputs.

The new building was designed with the conservation of the natural environment fully in mind. Environmentally conscious aspects include the installation of a light shelf natural ventilation system on the windows of the north-south wing and other features that make it a comfortable place to work while also reducing the burden on the environment. As a result of initiatives to bring environmental issues to the fore, the building is equipped with LED lighting fixtures that incorporate environmentally attuned sensors to control light intensity and sense the presence of human beings. Under the CASBEE Kanagawa evaluation scale (which ranges from S, A, B+, B-, to C) for building planning and systems that respond to the need to address global warming, the new headquarters building received the highest S ranking.

Corporate Governance

We will continue to fulfill our corporate mission with "Sincerity, Harmony, and Enthusiasm", as stated in the Anritsu Group's Corporate Philosophy, by maintaining and implementing our internal system to facilitate transparent, fair, prompt, and bold decision making in the interests of shareholders, customers, employees, the community, and other stakeholders.

Basic Approach

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 continuing to increase corporate value. To address these issues, we are placing priority on and working to create an environment and structure where corporate governance can function effectively.

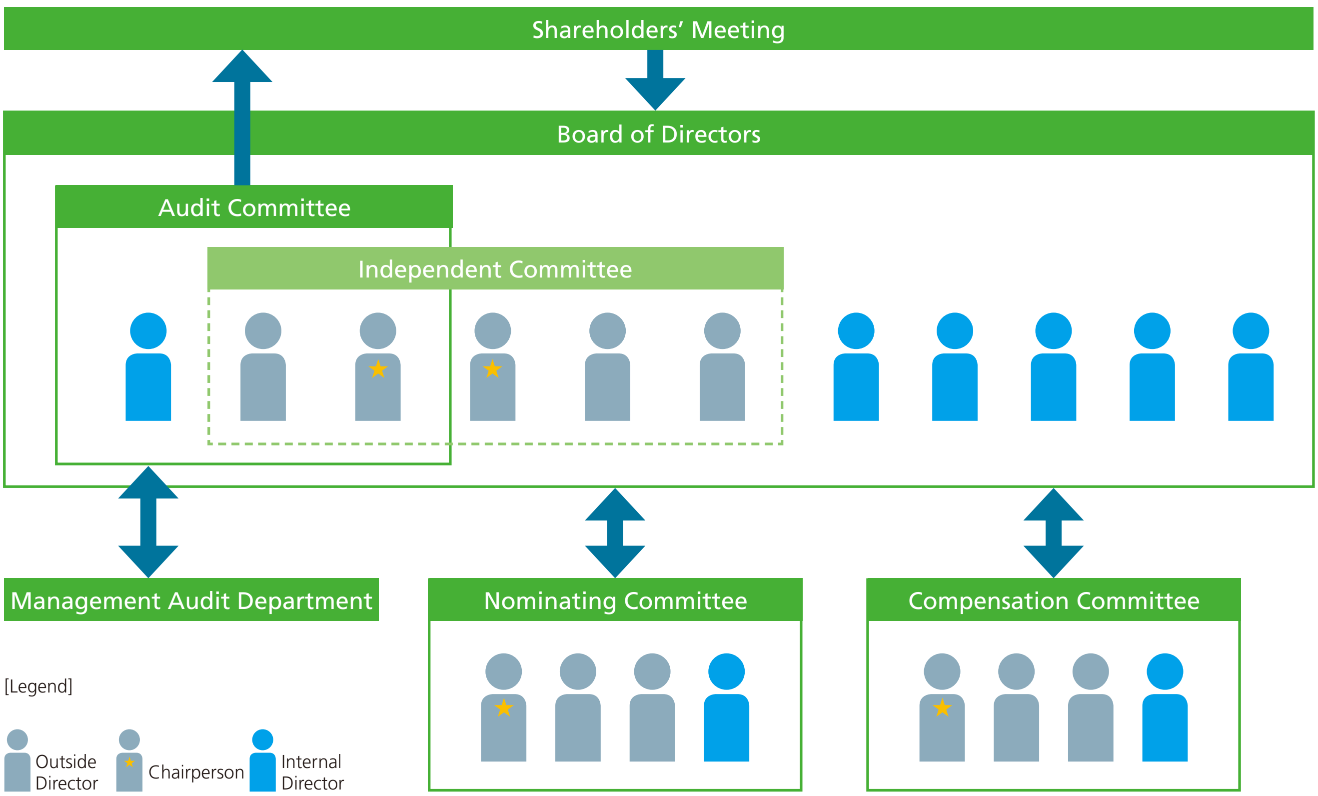
1. Greater management transparency
2. Appropriate and timely disclosure of information
3. Stronger management supervision
4. Management resources development

Management System

Anritsu, as a company with an Audit & Supervisory Board, appointed three independent outside directors and two independent outside audit & supervisory board members. In addition, Anritsu formed its Nominating Committee and Compensation Advisory Committee, as voluntary advisory bodies to the Board of Directors, which are composed mainly of outside directors, with the aim of securing transparency and accountability. Through these and other activities, Anritsu has been taking initiatives to strengthen its corporate governance system.

Beginning in June 2015, Anritsu started to move forward with these corporate governance initiatives by continuing the functions of the Nominating and Compensation Advisory Committees, choosing to become a "Company with an Audit Committee" as provided in the revised Companies Act, and forming an Audit Committee with the aim of strengthening

Corporate Governance System



its corporate governance system. The reasons for becoming a Company with an Audit Committee are as follows.

1. In view of the Company's high consolidated overseas revenue ratio and high foreign stock ownership ratio, we will establish a corporate governance system that is easily understandable from a global perspective.
2. By bringing together independent outside directors with valuable skills and insight and including them in the membership of the Company's Board of Directors to increase transparency and hold active discussions from the shareholders' viewpoint.
3. By establishing an Audit Committee and providing voting rights in the Board of Directors to Directors who are members of the Audit Committee, we will strengthen their audit and supervisory functions and substantially enhance our internal control system.

■ Supervision and Execution of Management

Anritsu has separated the functions of the Board of Directors, responsible for the supervision of management and the functions of the executive officers. Material matters regarding the execution of business are deliberated and decided at the Management Strategy Conference, which is chaired by the CEO. Major items related to management strategy, especially basic management policies and medium- to long-term business strategies as well as financial strategies, are decided by the Board of Directors after discussions in the Management Strategy Conference.

■ Selection of Directors and Members of Management

The Nominating Committee and Compensation Advisory Committee have a total of four members each; three are outside directors and one is an internal director. Each committee is a chaired by an outside director. The Nominating Committee is responsible for the preparation of a list of candidates for executive officers and other members of management at the same level as executive officers. It also prepares a list of candidates for outside director that takes account of criteria for independence, diversity of the Board, and other considerations and submits it to the Board of Directors.

■ Ratio of Outside Directors

Anritsu promotes management that draws on external perspectives as one of its measures to strengthen corporate governance. The Board of Directors comprises eleven members, including five executive directors, and five outside directors so that the supervision of management is substantially reinforced. This composition rises the percentage of outside directors in the Board of Directors to increase transparency, and hold active discussions from the shareholders' perspective.

■ Independent Committee

In a new corporate governance initiative, the Independent Committee has been formed to have five independent outside directors as members, including outside directors who are members of the Audit Committee. As a result, along with the appointment of a lead independent outside director, a venue for lively discussion has been created, and members are able to exchange information and share awareness from an independent and objective perspective as well as provide advice and recommendations to the management.

■ Activities of Outside Directors

During the fiscal year under review, outside directors attended nearly all the meetings of the Board of Directors and provided advice based on their professional insights . As an activity unique to Anritsu, outside directors assume the role of lecturers and give talks to top management regarding practical issues based on their specialist knowledge, which is useful in promoting the further development of management personnel.

Compensation of Directors

The compensation of Directors and executive officers is discussed in the meetings of the Compensation Committee, an advisory group to the Board of Directors. Discussions cover directors' bonuses based on performance in the previous fiscal year, the scheme for Director's compensation, compensation levels for the current fiscal year, and other related matters. Basic policies for Director's compensation and related matters are as follows.

1. Creation of systems that will create motivation for achieving corporate objectives and continuing to create corporate value
2. Creation of attractive systems that will enable the Company to secure capable and diverse personnel as Directors of a global corporation
3. Securing appropriateness and objectiveness in the compensation determination process and in allocation of compensation

Directors and Executive Officers

Directors

Representative Director, President
Hirokazu Hashimoto

Apr. 1973	Joined the Company
Apr. 1998	Senior Manager of Accounting & Control Dept.
Jun. 2002	Director of the Company, Vice President, Senior Manager of Accounting & Control Dept.
Apr. 2004	Senior Vice President
Jun. 2006	Executive Vice President
Jun. 2007	Representative Director
Apr. 2010	Representative Director, President (Incumbent) Anritsu Group CEO (Incumbent)

Representative Director
Kenji Tanaka

Apr. 1974	Joined the Company
Mar. 2002	Senior Manager of Marketing Dept., Wireless Com Div., Measurement Solutions
Apr. 2003	Senior Manager of Product Marketing Dept., Wireless Measurement Business Dept., Measurement Business Div.
Apr. 2004	Vice President, Senior Manager of Wireless Measurement Business Dept., Measurement Business Div.
Apr. 2008	General Manager of Marketing Dept., Sales and CRM Strategy Group
Apr. 2009	General Manager of Marketing Div.
Jun. 2009	Director of the Company, General Manager of Marketing Div.
Apr. 2010	Executive Vice President, Measurement Business Group President (Incumbent)
Jun. 2010	Representative Director (Incumbent)
Apr. 2012	Senior Executive Vice President (Incumbent)

Director
Fumihiro Tsukasa

Apr. 1974	Joined the Company
Jun. 2000	Senior Manager of Marketing Dept., Industrial Solutions
Jul. 2002	Senior Manager of 2nd Development Dept., Development Div., Anritsu Industrial Solutions Co., Ltd. (AI)
Apr. 2005	Senior Manager of Development Support Dept., Development Div., AI
Apr. 2006	Deputy General Manager of Manufacturing Div., AI
Jun. 2006	Vice President, General Manager of Manufacturing Div., AI
Apr. 2008	General Manager of Management Strategy Center of AI
Jun. 2008	Representative Director & President of AI (Incumbent)
Apr. 2011	Vice President of the Company Industrial Solutions Business Group President (Incumbent)
Apr. 2012	Senior Vice President of the Company (Incumbent)
Jun. 2012	Director of the Company (Incumbent)

Director
Toshisumi Taniai

Apr. 1981	Joined the Company
Jul. 2004	Senior Manager of Sales Support Dept., Sales Div.
Apr. 2008	Senior Manager in charge of Human Resource and Administration Dept.
Apr. 2009	Vice President (Incumbent) Senior Manager of Human Resource and Administration Dept.
Apr. 2011	Chief Corporate Officer (Incumbent)
Jun. 2011	Director of the Company (Incumbent)
Apr. 2013	Chief Management Strategy Officer (Incumbent), General Manager of Management Strategy Center (Incumbent)
Apr. 2015	Senior Vice President (Incumbent)

Director
Akifumi Kubota

Apr. 1983	Joined the Company
Apr. 2004	Senior Manager in charge of Accounting & Control Dept.
Apr. 2007	Senior Manager of Accounting & Control Dept.
Apr. 2010	Vice President (Incumbent) Chief Financial Officer (CFO) (Incumbent)
Jun. 2013	Director of the Company (Incumbent) Senior Manager of Accounting & Control Dept. (Incumbent)

Director*
Teruaki Aoki

Jan. 1970	Joined Sony Corporation
Jun. 1989	Director of Sony Corporation
Jun. 1996	Managing Director of Sony Corporation
Apr. 1998	President & COO of Sony Electronics Inc. (U.S. corporation)
Jun. 2003	Senior Executive Vice President of Sony Corporation
Apr. 2005	President of Sony University of Sony Corporation (Incumbent)
Feb. 2006	Director of Micron Technology, Inc. (U.S. corporation)
Apr. 2006	Executive Alumnus of Sony Corporation (Incumbent)
Jun. 2007	Outside Director of Citizen Holdings Co., Ltd.
Jun. 2011	Representative Director of Micron Japan, Ltd. (Incumbent)
Jun. 2014	Director of the Company (Incumbent)

Reason for appointment: The Company appoints Mr. Teruaki Aoki as an Outside Director in the expectation to reflect his abundant experience and remarkable insight as a manager of business operations with considerable insight on global business to the Company's management.

Director*
Sachiko Ichikawa

Apr. 1989	Joined The Dai-Ichi Kangyo Bank, Ltd. (Currently Mizuho Bank, Ltd.)
Feb. 1990	Resigned The Dai-Ichi Kangyo Bank, Ltd.
Apr. 1997	Registration of Attorney-at-law, Joined TANABE & PARTNERS
Jan. 2005	Registration of Attorney-at-law (New York, U.S.)
Nov. 2009	Auditor of the Board Director Training Institute of Japan (Incumbent)
Jan. 2011	Partner of TANABE & PARTNERS (Incumbent)
June 2015	Director of the Company (Incumbent)

Reason for appointment: The Company appoints Ms. Sachiko Ichikawa as an Outside Director in the expectation to reflect her abundant legal knowledge and remarkable insight regarding mainly corporate governance and compliance as an attorney-at-law.

Director*
Takashi Sano

Oct. 1973	Joined Arthur Andersen (Currently KPMG AZSA LLC)
Feb. 1979	Joined NEMIC-LAMBDA K.K. (Currently TDK-Lambda Corporation)
Jun. 1986	President of NEMIC-LAMBDA Singapore PTE. LTD. (Currently TDK-Lambda Singapore Pte. Ltd.)
Dec. 1992	Joined Inoue Saito Eiwa Audit Corporation (Currently KPMG AZSA LLC)
Jan. 1993	Registration of C.P.A.
Aug. 1997	Representative Partner of Asahi Audit Corporation (Currently KPMG AZSA LLC)
Dec. 2007	Established Sano CPA office (Incumbent)
Jun. 2011	Outside Corporate Auditor of Zuken Inc.
Jun. 2014	Outside Director of Zuken Inc. (Incumbent)
Jun. 2015	Director of the Company (Incumbent)

Reason for appointment: The Company appoints Mr. Takashi Sano as an Outside Director in the expectation to reflect his abundant experience and remarkable insight as a manager of business operation with considerable insight on global business and his abundant knowledge and remarkable insight on finance and accounting as a CPA to the Company's management.

Director (Audit Committee Member)
Takaya Seki

Apr. 1977	Joined Toyo Trust and Banking Co., Ltd. (Currently Mitsubishi UFJ Trust and Banking Co., Ltd.)
Oct. 1995	Assistant Manager of Stock Transfer Agency Department of Toyo Trust and Banking
Mar. 2001	Resigned Toyo Trust and Banking Co., Ltd. Joined Mizuho Securities Co., Ltd.
Oct. 2001	Senior Research Manager and Chief Researcher, Japan Investor Relations and Investor Support, Inc.
Apr. 2006	Lecturer at Meiji University Graduate School of Global Business (Incumbent)
Jun. 2008	Resigned Mizuho Securities Co., Ltd. and Japan Investor Relations and Investor Support, Inc. Managing Director of Corporate Practice Partners, Inc. (Incumbent)
Mar. 2009	PhD (Econ), Kyoto University
Jun. 2011	Director of the Company
Apr. 2012	Lecturer, Meiji University School of Commerce Visiting Professor, Reitaku University Faculty of Economics and Business Administration (Incumbent)
Apr. 2014	Lecturer, Meiji University, The Organization for International Collaboration (Incumbent)
Jun. 2015	Director of the Company (Audit Committee Member) (Incumbent)

Reason for appointment: The Company appoints Mr. Takaya Seki as an Outside Director in the expectation to reflect his abundant knowledge and remarkable insight as an expert on global corporate governance to the Company's management and audit.

Director* (Audit Committee Member)
Yuji Inoue

Apr. 1971	Joined Ricoh Co., Ltd.
Jan. 1997	Deputy General Manager of Finance and Accounting Division
Apr. 1998	General Manager of Finance and Accounting Division
Oct. 1998	General Manager of Business Development of Ricoh Leasing Co., Ltd.
Jun. 1999	Managing Director of Ricoh Leasing Co., Ltd.
Apr. 2000	President of Ricoh Leasing Co., Ltd.
Jun. 2000	Senior Vice President of Ricoh Co., Ltd.
Jun. 2004	Managing Director of Ricoh Co., Ltd.
Jun. 2005	President and Chief Executive Officer of Ricoh Leasing Co., Ltd.
Jun. 2009	Resigned President and Chief Executive Officer of Ricoh Leasing Co., Ltd. Corporate Auditor of Ricoh Co., Ltd.
Jun. 2013	Resigned Corporate Auditor of Ricoh Co., Ltd.
Jun. 2014	Outside Corporate Auditor of Infoteria Corporation (Incumbent)
Jun. 2015	Director (Audit Committee Member) of the Company (Incumbent)

Reason for appointment: The Company appoints Mr. Yuji Inoue as an Outside Director in the expectation to reflect his abundant experience as a manager of business operation, and abundant knowledge and remarkable insight on finance and accounting to the Company's management and audit.

Director (Audit Committee Member)
Tomoyuki Kikugawa

Apr. 1979	Joined the Company
Apr. 2001	Senior Manager of 2nd Development Dept., Research Laboratory
Apr. 2003	Senior Manager of Gas Sensor Development Project C Team, Research Laboratory
Sep. 2005	Deputy Senior Manager of Optical Devices R&D Center, Technology Representative Director and President of Anritsu Devices Co., Ltd.
Apr. 2006	Senior Manager of Optical Devices R&D Center, R&D Div.
Mar. 2008	Resigned Representative Director and President of Anritsu Devices Co., Ltd.
Apr. 2008	Senior Manager of Core Technology R&D Center, R&D Group
Apr. 2009	Representative Director and President of Anritsu Devices Co., Ltd.
Apr. 2011	Vice President of the Company
Nov. 2012	General Manager of Technology Management Center
Mar. 2013	Resigned Representative Director and President of Anritsu Devices Co., Ltd.
Jun. 2013	Resigned Vice President Full-time Audit & Supervisory Board Member
Jun. 2015	Resigned Full-time Audit & Supervisory Board Member Director (Audit Committee Member) (Incumbent)

* Outside Directors as specified in Japan's Company Act, Article 2-15

Executive Officers

Hirokazu Hashimoto*
President
Group CEO

Kenji Tanaka*
Senior Executive Vice President
Test and Measurement Business Group President

Fumihiro Tsukasa*
Senior Vice President
Industrial Solutions Business Group President

Toshihiko Takahashi
Senior Vice President
Chief CTO, Environment, and Quality Officer

Toshisumi Taniai*
Senior Vice President
Chief Corporate Officer

Takashi Seike
Senior Vice President
Chief Measurement Business Group Global Strategy Officer

Nobuo Funahashi
Vice President
Information & Communication Group President

Akifumi Kubota*
Vice President
Chief Financial Officer

Gerald Ostheimer
Vice President
Chief EMEA Business Officer
Chief Service Assurance Business Officer
Chief Integrated Network Infrastructure Business Officer

Yasunobu Hashimoto
Vice President
Chief Japan Sales Officer

Tsukasa Hattori
Vice President
Chief SCM Officer

Wade Hulon
Vice President
Chief Americas Business Officer

Toru Wakinaga
Vice President
Chief Asia Pacific Business Officer

Yukihiro Takahashi
Vice President
Chief Marketing Officer

Hirokazu Hamada
Vice President
Chief Measurement Business R&D Officer

* Concurrently serving as director

Message from an Outside Director

Takaya Seki

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

One of the most-important issues in corporate management today is corporate governance, which is a system for the management of companies that have many stakeholders and for the imposition of discipline among persons responsible for corporate management. The most-visible corporate governance reforms provide for incorporating the perspectives of persons outside the company when managing the company and heightening of awareness of the importance of strategies to strengthen profitability and competitiveness. Understanding that corporate governance can be effective in reinvigorating the Japanese economy, the government has passed relevant laws and has readied the frameworks for promoting its support by corporations.

Anritsu has been highly evaluated by third parties and has been selected to receive the Corporate Value Improvement Award granted by the Tokyo Stock Exchange. This selection is based on Anritsu's adoption of an external checking system and its initiatives in raising management transparency as well as the high percentage of its shares held by non-Japanese investors.

I believe that the job of directors within the corporate governance framework is to maximize the corporate value of Anritsu in the aggregate for its stakeholders, or, in other words, all who have relationships with Anritsu. This is because Anritsu is supported by many people who highly evaluate it, including its employees, business partners, the community, shareholders, and others. Each of these groups obtains benefits from their transactions and other relationships with Anritsu, and they impart optimum value to Anritsu as a leading company in its field.

As a further corporate governance initiative, in June 2015, Anritsu made the transition to a Company with an Audit Committee. I, too, have received the confidence of shareholders and have been appointed as a Director and Audit Committee member. My role as a Director is to check whether the Company is being managed properly as evidenced by its internal control system and to "put on the brakes," if necessary, and, also to become an "axle" enabling management to robustly take up the challenges of business execution. The new system is designed to increase flexibility in performing this role. This is a heavy responsibility, and I intend to earnestly work to secure and benefit Anritsu's valuable corporate assets, its employees, customers, the community, and all shareholders.

Corporate Social Responsibility (CSR) Management

Basic Approach to CSR

The Anritsu Group fulfills its corporate responsibilities in economic, social, and environmental terms through CSR in its business activities, based on compliance with laws, ethics, and social expectations, under its business philosophy of “Sincerity, Harmony, and Enthusiasm.” In addition, the Anritsu Group aims to increase its corporate and brand value by building even better relationships with all stakeholders through ongoing communication.

GLP2017

Indicators	FY2014	FY2017
Revenue	¥98.8 billion	¥120.0 billion
Operating profit	¥10.9 billion	¥17.0 billion
Profit	¥7.9 billion	¥13.0 billion
ROE	10.2%	14.0%
ACE*	¥2.4 billion	¥8.0 billion

*ACE (Anritsu Capital-cost Evaluation): operating profit after tax-capital cost)

2020 VISION

1. To be Global Market Leader
- Create uniquely Anritsu-like corporate value
- Build a world-class, strong, profit-generating platform

2. Create New Business by Emerging Business
- Demonstrate cutting-edge tech in new business fields

Goal 1
Contributing to Build a Safe, Secure,and Comfortable Society
1. Service to Customers
2. Solutions for Social Issues
3. Response to Social Expectations

Goal 2
Maintaining Harmony with the Global Socio-Economy
4. Establishment of Compliance
5. Promotion of Risk Management
6. Supply Chain Management
7. Respect for Human Rights and Promotion of Diversity
8. Human Resource Development
9. Labor Safety and Health
10. Promotion of Social Contribution Activities

Goal 3
Promoting Global Environmental Protection
11. Promotion of Environmental Management

Goal 4
Promoting Communications
12. Communications with Stakeholders

CSR Goals of Anritsu

Towards the Achievement of Four CSR Goals

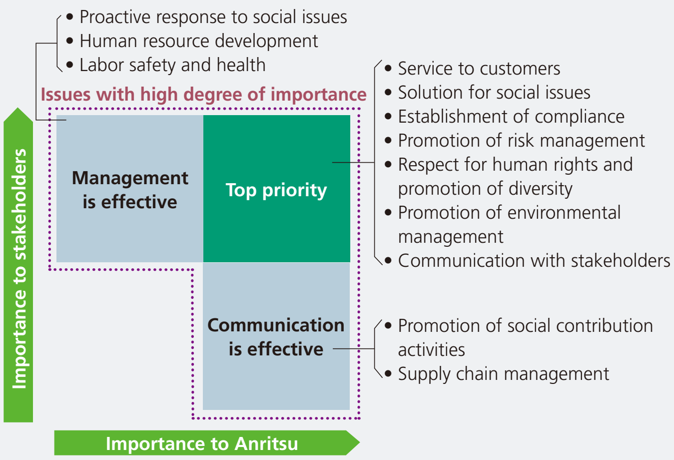
At Anritsu, we drew up the Anritsu Concept for CSR Activities in 2006, to identify CSR goals for the mid-to-long term in our activities. We share the four CSR goals involved with all our stakeholders, and we intend to make this future concept a reality, by taking responsibility for progress with our mid-term business plans, GLP2017 and 2020 VISION.

Since we specified these four CSR goals, we have reviewed them whenever necessary, in terms of priority issues and objectives, to take account of changes in the business environment and society’s expectations. We also disclose a broad range of information, including the state of progress with our initiatives to achieve sustainable growth, which will benefit all members of society as well as the Anritsu Group.

Materiality Assessment Methods and Results

In 2008, Anritsu conducted a materiality assessment based on discussions with 30 key people in the Group, regarding 142 items of corporate behavior expected by society. These have been classified by stakeholder, with due consideration for objectivity and completeness.

As a result of that assessment, among the 142 items, the 12 items shown in the red sector were recognized as having particular importance, and designated as priority issues for the Anritsu Group.



CSR Goal 1: Help to ensure a safe, secure, and comfortable society

Mid-term goals

Priority issue	Mid-term goals for 2017
Service to customers	At least 90% of customers satisfied
Solution for social issues	Establishment of global promotion system
Social expectations	Establish KPI regarding solution of social problems as a business and set goals

Related G4 aspects

Economy: Economic performance, presence in communities, procurement practices
Society (product responsibilities): Safety and health for customers, labeling of products and services, compliance

Solving Network Issues among Customers and Society, to Help Achieve a Sustainable Society

In response to the dramatic evolution of communications technology over the last 120 years, Anritsu has deployed advanced measurement technology. This, too, will help to achieve a society where people can "connect anytime, anywhere, safely, securely, and comfortably."

■ Helping to Ensure Reliable Connection, Anytime, Anywhere

In response to the dramatic evolution of communications technology over the last 120 years, Anritsu has deployed advanced measurement technology.

This is one way Anritsu will help to achieve a sustainable society where people can "connect anytime, anywhere, safely, securely, and comfortably," by solving network issues among customers and society as an advanced, reliable provider of measurement solutions, covering all kinds of wireless and wireline connection.

As one notable result in 2014, Anritsu conducted a joint verification using a carrier aggregation modem being developed by a customer and the MD8430A signaling tester from Anritsu, succeeding in data communication that bundled three frequencies for the first time in the industry. In the LTE-Advanced system, which is being progressively introduced worldwide, carrier aggregation, which achieves high speed by bundling of frequency bands, is a key technology.

Signaling tester (base station simulator) MD8430A

■ Strict, Efficient Export Management

Anritsu's measuring instruments incorporate a full array of the latest hardware and software technologies. This raises the possibility that they could be abused for purposes such as WMD development. Anritsu has designated this as one of seven key risks in import-export management, and, accordingly, conducts strict, appropriate management.

Anritsu has acquired certification as an AEO (Authorized Economic Operator), in line with international standards to both ensure and facilitate security in international trade, and has obtained all relevant permits from METI. By implementing a personnel system appropriate to a global importer and exporter, plus Anritsu's own management rules, which apply worldwide, and an information system that enables efficient risk assessment and inspection, Anritsu achieves both strict management that helps to ensure international security and speedy responses to customers' needs.

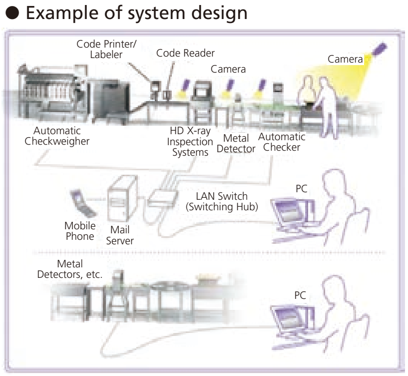
AEO JAPAN

AEO logo

Helping to Ensure Food Safety and Security

While people's dietary lifestyles become more fulfilling year by year, a succession of incidents, such as food recalls and inclusion of external contaminants, has also occurred. In Anritsu's industrial machinery, detection equipment is provided to identify contaminants that find their way into food products during manufacture, and to eliminate any defective products. We also offer the QuiCCA quality management and control system, to centralize management of quality records in manufacturing. QuiCCA facilitates automatic, comprehensive recording and analysis of information related to the shipping quality of food products. Moreover, if any abnormality occurs, this system can identify the process involved, and respond promptly to prevent defective products from being shipped, helping to ensure food safety and security.

● Example of system design



CSR Goal 2: Harmony with the global economy and society

	Priority issue	Mid-term goals for 2017
Mid-term goals	Establishment of compliance	Implementation and continuance of compliance training for all employees
	Promotion of risk management	Development of centralized system for global risk management and auditing system
	Supply chain management	PDCA cycle for CSR sourcing strategy and establishment of BCP system for SCM overall
	Respect for human rights, promotion of diversity, and human resource development	Due diligence regarding human rights; Diversity in hiring and review of evaluation/compensation system
	Labor safety and health	Achievement and continuation of zero-accident record
	Promotion of social contribution activities	Promotion of social contribution activities at key global centers in four quadrants

Global Value Chain

At all stages of our business activities, from upstream to downstream, Anritsu is supported by a strong value-chain system.

While working with suppliers to achieve growth and solve social issues, we have reinforced our compliance in the sales phase, implementing strict procedures. To ensure that this value chain can be maintained even in emergencies, we also consistently reinforce our BCP initiatives.

Promotion of Global CSR

The Anritsu Group promotes its CSR activities globally; we have established a system of regions to deepen communication with all stakeholders worldwide, and we pursue the exchange of information, based on an annual schedule.

The following 10 items are reported annually, by the person responsible that year, from each region's representative to the CSR/CS Promotion Team at Anritsu's Head Office.

- CS Activities
- Quality Improvement
- Health and Safety
- Compliance
- Supply Chain
- Information Security
- Protecting Human Rights
- Valuing Employees
- Promotion of Environmental Management
- Conducting Social Contribution Activities

Also, as business becomes increasingly global, even closer coordination is required among all operational and management divisions. Global meetings that connect our Atsugi Head Office with key centers in Koriyama, the U.S., the EU (the U.K. and Denmark), and Asia (China) are held on both regular and ad hoc schedules.

Business Continuity Management

For a manufacturing company, stable sourcing of production materials is the foundation of BCP. Among the Group's manufacturing centers, Tohoku Anritsu and Anritsu's Koriyama office had anticipated natural disasters, such as earthquakes, as a major risk before the Great East Japan Earthquake, and taken steps to ensure BCP.

Following the Great East Japan Earthquake, we compiled a database of conditions at the centers of our trading partners (about 2,000 centers), and worked to identify and minimize emergency-related risks. In addition, we made arrangements for sharing of this information within Anritsu. Furthermore, in order to respond to a diverse range of risks, we conduct simulations that extrapolate anticipated risks globally, and utilize the experience gained in this way to improve and reinforce our BCP.

Global training

Related G4 aspects	Society (labor practices and decent work): Training, education, diversity, equal opportunity, evaluation of suppliers' labor practices Society (human rights): Non-discrimination, child labor, forced labor, evaluation of suppliers' human rights record Society (social): Anti-corruption initiatives, anti-competitive practices, compliance

Promotion of Diversity

Given the rapid evolution of business worldwide, we believe it is important to attract a diverse workforce in terms of nationality, gender, age, and views on work. This enables us to develop systems and programs that allow every individual to demonstrate their strengths in accordance with their lifestyle, and to provide safe, secure, and comfortable working conditions.

Global comparison of women's advancement

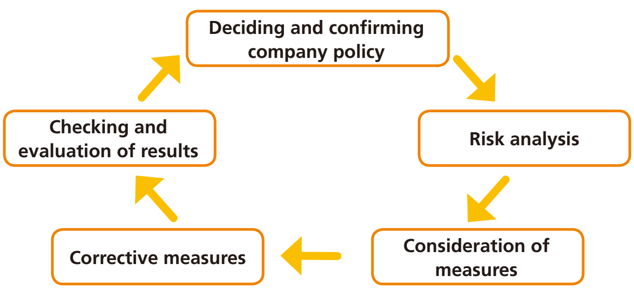
	Japan	U.S.	EMEA	Asia and others	Global total
Women as a percentage of the workforce (number of female employees/total number of employees)					
Fiscal 2014	13%	30%	21%	26%	19%
Fiscal 2013	13%	30%	22%	26%	19%
Fiscal 2012	17%	31%	25%	31%	22%
Relative weighting of women in executive roles, defining the value for men as 100 ((Number of female executives/Number of female employees)/(Number of male executives/Number of male employees)					
Fiscal 2014	9%	56%	72%	66%	44%
Fiscal 2013	9%	59%	60%	78%	47%
Fiscal 2012	8%	59%	82%	57%	45%

Due Diligence regarding Human Rights

To ensure that the Anritsu Group continues to earn the trust of stakeholders, we have designated "responding to human rights issues" as one CSR strategic issue, and formed a working group that involves all relevant divisions. In this way, we plan to globally implement due diligence regarding human rights.

In 2015, we began by specifying and publishing our policy.

Process of responding to human rights issues



Anti-Corruption Initiatives

For the Anritsu Group, which is engaged in business globally, preventing bribery and other forms of corruption is recognized as an important issue in terms of compliance. Accordingly, we take anti-corruption initiatives, to ensure that our corporate activities are soundly conducted in good faith and meet the expectations of society. In particular, laws to prevent bribery in countries such as the U.S. and the U.K. are stringent, applying to business dealings even outside those countries. In the U.K., activities by distributors are also subject to regulation; so, we work to keep our staff informed through seminars and other training.

The Anritsu Group already includes prohibition of bribery in its Code of Conduct, but to raise employee consciousness even further, in 2012, we drew up the Anritsu Group Bribery Prevention Policy, heightening awareness within the Group both in Japan and overseas. In addition, we provide anti-bribery education for sales staff in Japan, who are especially at risk of inadvertent misconduct.

Anti-corruption initiatives to date

2012	Specification of Anritsu Group Bribery Prevention Policy, raising awareness of bribery prohibition in the Anritsu Group in Japan and overseas
2013	Production of global case studies, including anti-corruption issues, and support of education
2014	Global WBT (Web-based training) on anti-corruption issues, received by 1,435 people

CSR Goal 3: Promotion of environmental protection

Mid-term goals

Priority issue	Mid-term goals for 2017
Total energy consumption	Reduction by at least 3% relative to fiscal 2014 (global Anritsu Group)
Water consumption	Reduction by at least 3% relative to fiscal 2014 (global Anritsu Group)
Development of excellent eco-products	Raise percentage of eco-products to at least 10% and improve at least 30% in electricity consumption for all products involved

Related G4 aspects

Environment; Energy, water, atmospheric emissions, products and services, compliance, environmental assessment of suppliers

Promotion of Environmental Management

Anritsu pursues the development and manufacturing of products that are eco-friendly and contributes to creating prosperous societies where mankind lives in harmony with nature. Anritsu promotes environmental management globally throughout its entire value chain.

Anritsu's Environmental Management

Developing corporate environmental management group-wide, Anritsu further advances its activities toward the creation of Eco-Office, Eco-Factory, and Eco-Products with Eco-Minded Employees.

Eco-Mind

We are aware that each and every one of our employees is part of the life cycle of products, and, in our business activities, we work to improve the natural environment and aim to be good corporate citizens who contribute to society.

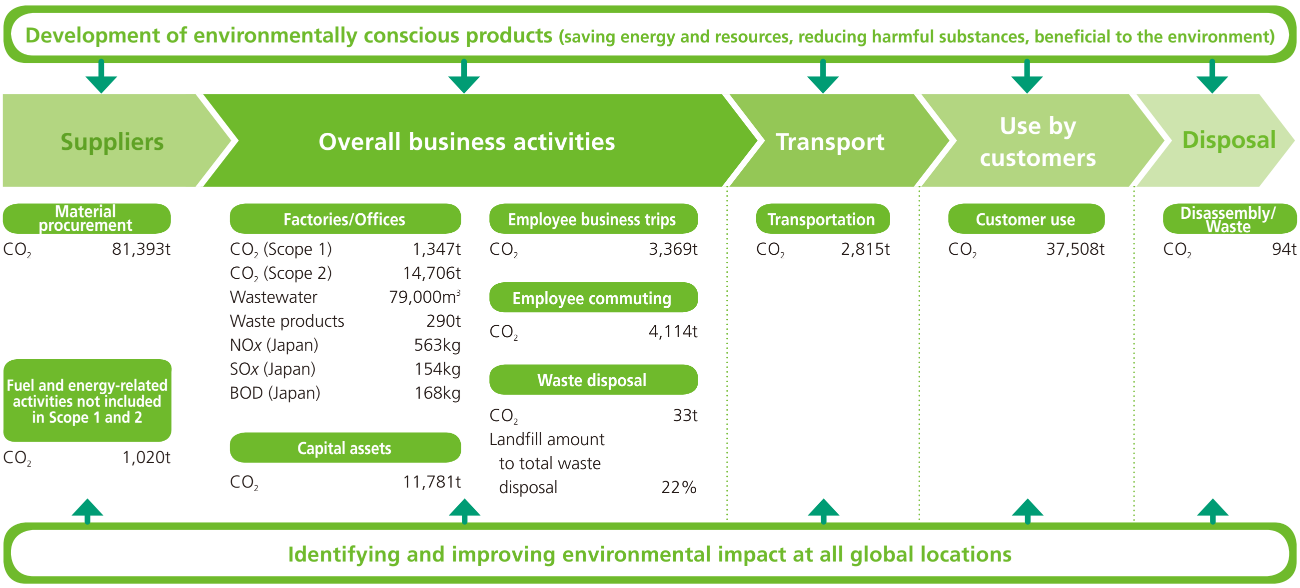
Eco-Offices and Eco-Factories

In our offices, we work to reduce environmental impact by reducing consumption of energy and resources, and by practicing 3R*. In our factories, we work to reduce environmental impact through energy conservation and 3R, as well as complying with environmental regulations and minimizing pollution risks.

* 3R: Reduce, reuse, recycle

Eco-Products

As well as considering the environment throughout the entire life cycle of products, by reducing consumption of energy and resources and minimizing usage of harmful substances, we develop products that can help achieve environmental improvements in customers' usage environments.



Notes: 1. Figures are calculated in accordance with "Basic guidelines on calculating greenhouse gas emissions in the supply chain."
2. For details, please refer to our 2015 CSR Report.

CSR Goal 4: Promotion of environmental protection

	Priority issue	Mid-term goals for 2017
Mid-term goals	Communication with stakeholders	Establishment of communication based on unified principles Ongoing disclosure of sustainability information in conformity with GRI

Communication with Stakeholders

Anritsu establishes partnerships by proactively disclosing information and dialoging with stakeholders throughout its business activities.

■ External Evaluation

Anritsu has been selected for the FTSE4 Good Index Series by the U.K.-based FTSE Group, a global SRI fund.

In addition, Anritsu has been selected by Morningstar for the MS-SRI, a socially responsible index fund comprising 150 companies that are listed on the Japanese stock exchange and have excellent CSR performance.

Going forward, Anritsu will forthrightly address any needs and issues, and increase its corporate value, as well as disclosing information in good faith to all stakeholders.

FTSE4Good

MS-SRI Morningstar Socially Responsible Investment Index

■ Relationships with NGOs and NPOs

Anritsu has become a sponsor for a project to support outdoor play by children in Fukushima Prefecture, which is managed by Save The Children Japan and implemented by the NPO Kodomo no Mori Network. In 10 days of play-support activities between July and October, a total of 26 employees have taken part as volunteers.

Since the Great East Japan Earthquake, these activities have been conducted with the aim of giving children chances to get outdoors and experience nature, to help solve the problem of fewer opportunities for children to play outside, especially in Fukushima.

© Save The Children Japan

Convivial Meeting for Trading Partners

Anritsu aims to further strengthen relationships with its trading partners, and meet society's expectations throughout the entire supply chain.

On January 21, 2015, we held a convivial meeting for trading partners, where 287 people from 142 companies in and outside Japan (127 Japanese and 15 non-Japanese companies) gathered together. We explained business opportunities and our strategy in the measurement sector, in line with the advance of mobile broadband, which is one of Anritsu's growth drivers; we also shared our sourcing policy and vision with these trading partners.

In addition, as well as announcing our new logo, we unveiled our Japanese character for this year, chosen among entries by employees; this character is *shin,* meaning "new." We also presented commendations, certificates of appreciation, plaques, and mementoes to trading partners.

11-Year Summary of Selected Financial•Nonfinancial Data

ANRITSU CORPORATION AND CONSOLIDATED SUBSIDIARIES Years ended March 31

← International Financial Reporting Standards (IFRS)

Financial information

	Millions of yen	Thousands of U.S. dollars*1		Millions of yen	
	2015	**2015**	2014	2013	2012
For the year:					
Revenue	**98,840**	**822,638**	101,853	94,685	93,623
Cost of sales	**46,148**	**384,086**	46,898	43,716	44,398
Gross profit	**52,692**	**438,552**	54,955	50,969	49,225
Other revenue and expenses	**41,809**	**347,974**	40,833	35,255	35,224
Operating profit	**10,883**	**90,578**	14,123	15,714	14,000
Profit from continuing operations	**7,875**	**65,543**	9,319	13,888	7,973
Net cash flows from (used in) operating activities	**7,583**	**63,113**	13,793	11,771	16,143
Net cash flows from (used in) investing activities	**(6,049)**	**(50,345)**	(5,312)	(5,031)	(2,175)
Net cash flows from (used in) financing activities	**(11,235)**	**(93,509)**	(4,360)	(10,036)	(2,264)
Free cash flow	**1,534**	**12,768**	8,481	6,740	13,968
Depreciation and amortization	**3,187**	**26,525**	2,864	2,562	2,469
Capital expenditures	**9,613**	**80,008**	5,355	4,563	3,200
R&D expense	**13,366**	**111,244**	12,488	10,323	9,842
At year-end:					
Total assets	**126,893**	**1,056,122**	127,150	115,095	111,287
Total equity	**78,666**	**654,732**	74,897	64,540	46,818
Cash and cash equivalents	**34,916**	**290,603**	43,215	37,690	39,596
Interest-bearing debt	**16,065**	**133,708**	18,859	19,417	30,113

		U.S. dollars*1			Yen
Earnings per share:					
Basic earnings per share	**55.72**	**0.46**	64.93	98.41	62.17
Diluted earnings per share	**55.72**	**0.46**	64.89	97.03	56.33
Cash dividends	**24.00**	**0.20**	20.00	20.00	15.00
Equity attributable to owners of parent	**572.04**	**4.76**	522.54	450.36	341.43
Key financial indicators:					
Operating profit margin (%)	**11.0**		13.9	16.6	15.0
Return on equity (%)*2	**10.2**		13.3	25.0	19.5
Anritsu Capital-cost Evaluation*3	**2,454**	**20,424**	4,759	9,495	5,163
Return on assets (%)*4	**6.2**		7.3	12.1	7.2
Ratio of net assets to total assets (%)	**62.0**		58.9	56.1	42.1
Net debt-to-equity ratio (times)*5	**—**	**—**	—	—	—
Interest coverage ratio (times)*6	**41.7**		52.6	34.3	20.8
Dividend payout ratio (%)	**43.1**		30.8	20.3	24.1
Dividends on equity (%)*7	**4.4**		4.1	5.1	4.9

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 IAS 19, 2013 actual figures have been restated based on the revised accounting policies retrospectively.

Japanese Generally Accepted Accounting

For the year:
Net sales
Cost of sales
Gross profit
Selling, general and administrative expenses
Operating income
Net income (loss)
Net cash provided by (used in) operating activities
Net cash provided by (used in) investing activities
Net cash provided by (used in) financing activities
Free cash flow
Depreciation and amortization
Capital expenditures
R&D expense

At year-end:
Total assets
Net assets
Cash and cash equivalents
Interest-bearing debt

Per share:
Net income (loss)
Basic
Diluted
Cash dividends
Total net assets

Key financial indicators:
Operating income margin (%)
Return on equity (%)*2
Anritsu Capital-cost Evaluation*3
Return on assets (%)*4
Ratio of net assets to total assets (%)
Net debt-to-equity ratio (times)*5
Interest coverage ratio (times)*6
Dividend payout ratio (%)
Dividends on equity (%)*7

*1 The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥120.15 to U.S. $1.00, the approximate exchange rate on March 31, 2015.
*2 Return on equity: Net income / (Net assets - Stock acquisition rights) (IFRS: Profit from continuing operations / (Net assets - Stock acquisition rights)

Non-financial information

				2015	2014
Social:	Human resources	Number of employees		**3,926**	3,880
		Ratio of women in managerial positions globally*	Japan	**9%**	9%
			Americas	**56%**	59%
			EMEA	**72%**	60%
			Asia, other	**66%**	78%
			World total	**44%**	47%
	Safety	Number of labor accidents (per one million hours)		**0.76**	0.00
Environmental:	Energy usage (crude oil conversion basis) kL		World total	**7,861**	7,894
	Water usage (m^3)		World total	**94,931**	104,426
	Excellent eco-products	Number of equipment types (cumulative)		**32**	30

Note: The ratio of women in managerial positions, with the number of males in managerial position as 100 = (Women in managerial positions/total number of women employees) / (Men in managerial positions/ Total male employees)

Principles (“J-GAAP”) ⟶

2012	2011	2010	2009	2008	2007	2006	2005
							Millions of yen
93,587	77,853	73,548	83,940	100,486	99,446	91,262	84,040
49,385	43,033	42,708	52,005	56,474	55,787	55,205	53,666
44,202	34,820	30,840	31,935	44,012	43,659	36,057	30,374
29,787	27,826	26,257	31,030	38,656	37,300	31,508	25,512
14,415	6,994	4,583	905	5,356	6,359	4,549	4,862
10,180	3,069	385	(3,541)	(3,901)	1,376	563	1,280
15,872	9,229	7,970	6,916	6,251	2,488	5,929	9,277
(1,964)	(1,432)	(499)	(1,326)	(2,373)	420	(10,945)	(1,046)
(2,204)	(6,050)	387	(3,848)	(6,625)	(13,974)	1,761	(9,872)
13,908	7,797	7,471	5,590	3,878	2,909	(5,015)	8,231
2,555	2,589	2,980	3,100	3,373	3,600	3,453	3,400
3,165	1,550	1,135	2,236	2,791	2,319	2,699	1,870
10,013	9,381	9,388	11,704	14,115	14,072	12,509	10,515
113,069	99,249	101,188	100,983	124,917	140,395	152,389	142,111
54,863	39,906	37,674	37,525	52,845	61,619	60,940	—
39,596	27,994	26,270	18,538	16,685	19,947	30,870	33,744
30,336	36,839	42,275	43,606	47,010	53,033	65,590	61,384
							Yen
79.39	24.09	3.02	(27.78)	(30.60)	10.79	3.76	9.31
71.01	22.08	2.77	—	—	9.72	3.39	8.22
15.00	7.00	—	3.50	7.00	7.00	7.00	7.00
399.56	313.09	295.49	294.29	414.16	483.25	477.51	472.16
15.4	9.0	6.2	1.1	5.3	6.4	5.0	5.8
21.5	7.9	1.0	—	—	2.2	0.9	2.1
9,195	1,908	(2,972)	(4,937)	(750)	(1,397)	(3,121)	(2,230)
9.0	3.1	0.4	—	—	0.9	0.4	0.9
48.5	40.2	37.2	37.1	42.3	43.9	40.0	42.4
—	0.22	0.43	0.67	0.57	0.54	0.57	0.46
28.1	10.0	7.4	1.6	6.5	5.5	4.3	5.3
18.9	29.1	—	—	—	64.9	186.2	75.2
4.2	2.3	—	1.0	1.6	1.5	1.5	1.5

*3 Anritsu Capital-cost Evaluation: Net operating income after tax - Invested capital cost (IFRS: Net operating profit after tax - Invested capital cost)
*4 Return on assets: Net income / Total assets (IFRS: Profit from continuing operations / 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 (IFRS: (Operating profit + Interest and dividends income) / Interest expenses)
*7 Dividends on equity: Total cash dividends / Net assets (IFRS: Total cash dividends / Total equity)

2013	2012	2011	2010	2009	2008	2007	2006	2005
3,771	3,681	3,614	3,589	3,697	3,963	3,990	4,052	3,610
8%	14%	12%	19%	9%	8%	8%	—	—
59%	59%	64%	64%	68%	48%	59%	—	—
82%	60%	64%	74%	97%	76%	66%	—	—
57%	54%	44%	33%	37%	53%	50%	—	—
45%	48%	48%	50%	52%	44%	45%	—	—
0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.41	0.41
7,957	8,235	8,903	8,441	8,988	9,741	10,273	10,545	10,359
110,433	125,291	125,711	122,074	142,601	160,740	157,050	161,064	175,776
29	28	27	25	22	22	17	13	11

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, 2014, and 2015.

Changes in the Scope of Consolidation

During the fiscal year ended March 31, 2015, the Anritsu Group comprised 42 consolidated subsidiaries at the end of the fiscal year.

Revenue and Profit

During the fiscal year ended March 31, 2015, the U.S. economy continued its recovery trend, although the outlook for the global economy remained uncertain due to growing geopolitical risk in the Middle East and Eastern Europe and a slowdown of growth in China. The Japanese economy showed upward momentum from the expectation of improved personal consumption through monetary/fiscal policies and wage hikes.

In the field of communications networks, 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.

LTE (Long-Term Evolution) and LTE-Advanced, a further expanded LTE, have become widely used, and demand for development of protocol conformance testing and operator acceptance testing has increased. In particular, during the fiscal year ended March 31, 2015, there were growing needs for the development of such LTE-Advanced component technologies as MIMO (Multiple-Input and Multiple-Output: technology to achieve high speed and greater capacity of wireless data communication using a number of transmitting and receiving antennas) and CA (Carrier Aggregation: technology to achieve greater bandwidth by bundling multiple carriers). In the manufacturing field, emerging device vendors in China and India that use reference designs offered by chipset vendors are growing rapidly. In addition, integration between cellular and non-cellular such as Wi-Fi is developing.

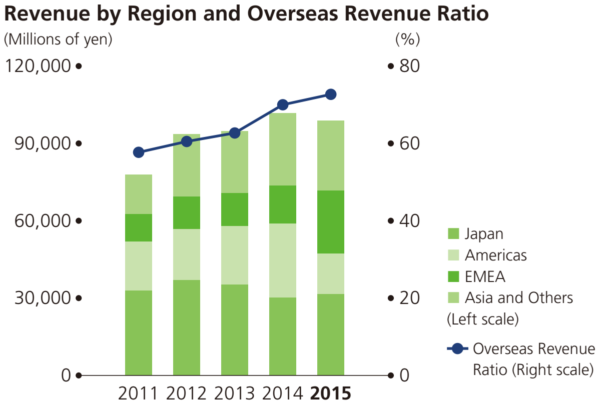
In the mobile-related market, moves aimed at corporate acquisitions, reorganizations, or mergers are gaining momentum mainly in Europe and the U.S., and the trend of customer investment seems to be fluctuating. In the smartphone manufacturing market, while the popularity of high-function, high-priced devices has run its course in the industrialized nations, low-priced device vendors have made giant strides in conjunction with the expansion of the emerging markets, and low-priced mobile service operators (MVNO, Mobile Virtual Network Operator) are also gaining prominence in the domestic market. These trends indicate diverse changes in the market environment.

Amid such business environment, the Anritsu Group carried out strategic investment mainly around development and customer support, worked to improve competitiveness in the offering of solutions by responding to international standards in the process of being updated, verifying interoperability of different communications standards, improving productivity of devices and chipsets, and enhancing efficiency of improving wireless infrastructure.

Revenue

During the fiscal year under review, demand for Test and Measurement business segment equipment for the mobile market, principally in Asia, continued to be firm, but, in Japan, the Americas, and Europe, sales were adversely affected by the impact of realignments in the industry and restraints on investment. In addition, in the network infrastructure market and electronics market, demand for test and measurement equipment was generally weak. As a result, orders in the segment for the fiscal year amounted to ¥101,084 million (a decrease year on year of 2.7%), and revenues were ¥98,840 million (a decline of 3.0%).

Revenue by Region and Overseas Revenue Ratio



Cost of Sales and Gross Profit

Cost of sales decreased ¥750 million, or 1.6%, to ¥46,148 million. Cost of sales as a percentage of total revenue was 46.7%, or about the same as in the previous fiscal year. Gross profit decreased ¥2,263 million, or 4.1%, to ¥52,692 million. The gross margin amounted to 53.3%.

Selling, General and Administrative (SG&A) Expenses and Operating Profit

SG&A expenses increased 3.4% over the previous fiscal year, to ¥29,606 million.

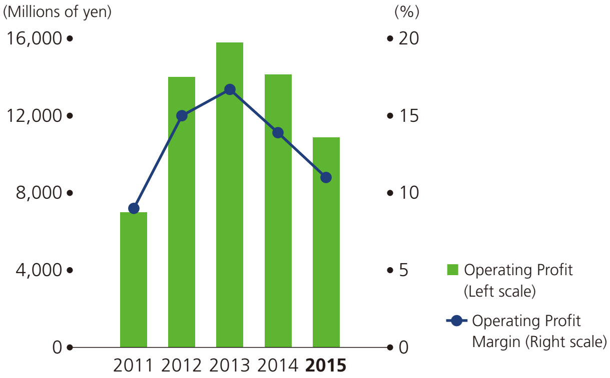
Research and development (R&D) expenses rose 5.8%, to ¥12,940 million, reaching 13.1% of consolidated total revenue. As a result of the above factors, operating profit declined 22.9%, or ¥3,240 million, to ¥10,883 million. The operating margin was 11.0%.

Other income rose from ¥522 million in the previous fiscal year to ¥1,017 million.

SG&A Expenses

	Millions of yen		YoY (%)
Year ended March 31	**2015**	2014	
Personnel expenses	**¥18,340**	¥18,226	0.6
Travel and transportation expenses	**1,985**	1,876	5.8
Advertising expenses	**1,892**	1,801	5.0
Depreciation and amortization expenses	**1,004**	722	39.1
Others	**6,385**	5,996	6.5

Operating Profit and Operating Profit Margin



Profit before Taxes and Profit

Other expenses decreased from ¥506 million to ¥280 million. Financial income increased from ¥687 million to ¥1,260 million, and financial costs amounted to ¥635 million.

As a result, profit before tax declined 18.6%, to ¥11,592 million from the previous fiscal year. The effective tax rate was 32.1% and income taxes amounted to ¥3,717 million. Profit decreased ¥1,444 million, to ¥7,875 million. Comprehensive income fell ¥1,604 million, to ¥11,898 million, and basic earnings per share were ¥55.72.

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

			%
Year ended March 31	**2015**	2014	2013
Revenue	**100.0**	100.0	100.0
Cost of sales	**46.7**	46.0	46.1
Gross profit	**53.3**	54.0	53.8
SG&A expenses	**30.0**	28.1	25.7
R&D expenses	**13.1**	12.0	10.7
Profit	**8.0**	9.1	14.7

Shareholder Return Policies

Dividend Policy

The Company's basic policy for returning profits to its shareholders is to distribute profits in accordance with its consolidated performance and by taking into account the total return ratio.

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. The Company's basic policy is to make distributions of dividends, twice a year, consisting of a fiscal year-end dividend and an interim dividend by resolution of the General Meeting of Shareholders and by approval of the Board of Directors.

The Company intends to carry out the purchase of treasury stock appropriately as necessary, by taking into account its financial situation, the trends in stock prices, and other factors, in an effort to execute capital policies that respond flexibly to changes in the corporate environment. In the fiscal year ended March 31, 2015, the Company purchased and retired ¥5,000 million in treasury stock.

Cash Dividends per Share

The Company's basic policy is to apply retained earnings to research and development and capital investment in order to respond to rapid technological advances and changes in the market structure. Anritsu plans to pay a year-end dividend of ¥12.0 per share, and total dividends for the fiscal year will be ¥24.0 per share for the fiscal year ended March 31, 2015.

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, 2015, although performance was steady on the whole in Asia, overall revenue still fell from the same period of the previous year, affected by customers' withdrawal from business and restraint on capital expenditures in other regions. Additionally, investment in research and development exceeded the level of the previous year due primarily to increased development projects, and expenses for enhancing customer support capabilities overseas also remained at a high level.

Consequently, segment revenue decreased 3.3% compared with the previous fiscal year, to ¥73,443 million, and operating profit decreased 31.3%, to ¥8,944 million.

The Test and Measurement business, which accounts for approximately 74% 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 including the technological innovations in mobile phone services, market penetration, the number of new subscribers as well as new entries in and withdrawals from the market by mobile phone and chipset manufacturers, and the number of models and shipments of mobile phones and chipsets.

Currently, a variety of mobile broadband services offered through mobile phones that support LTE are available mainly in developed countries. Leading telecom operators and mobile phone and chipset manufacturers are pursuing research and development of LTE-Advanced, the most-advanced communications system, with the aim of providing more-sophisticated and high-quality services. Moreover, mobile communications technology is also used for in-vehicle telecom handsets, and research and development for new services is progressing. Driven by these efforts, there is ongoing demand for leading-edge measuring solutions related to measuring systems that perform conformance testing and interoperability testing.

On the other hand, in the emerging countries, including China and India, smartphones using the third-generation (3G) mobile system in affordable price ranges have become widespread at an explosive pace due to improved living standards created from economic growth. Especially in China, many new mobile phone manufacturers have emerged on the back of broad use of TD-LTE and expansion of related markets. Demand is also growing for measuring solutions for the efficient manufacturing of mobile phones.

Anritsu is continuing to develop and launch competitive solutions to meet the demand for the leading-edge measuring solutions and measuring equipment for mobile phone manufacturing. As for the measuring solutions, the Company is working to further expand business in the mobile market by promptly offering functional updates in line with the evolution of communications standards.

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 including 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.

With the increasing popularity of mobile broadband networks, the use of cloud computing services is increasing, not only for personal application such as music and video distribution, but also for business. Accompanying this growth, data traffic continues to expand rapidly, and advanced telecom operators and equipment manufacturers pursuing broadband networks are commercializing 100Gbps services and concentrating on research and development of 400Gbps network equipment. Moreover, efficiently dense base station networks are being promoted by integrating and using wireline and wireless network technology in order to improve connectivity from mobile phones. Along with this, demand is growing for measuring solutions that optimize wireline and wireless technology depending on the intended use. Demand for high-speed data communication equipment is also expanding due to an increase in construction of data centers to support cloud computing services. Accompanying with this, research and development and manufacturing markets of high-speed optical communications modules are active, creating additional demand for related measuring solutions.

Anritsu is working to expand business by providing comprehensive solutions from constructing and monitoring communications infrastructure to ensuring service quality in addition to research and development 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.

Expansion of mobile broadband services and the use of the IoT (Internet of Things), such as smart meters, are driving growth in demand for measuring solutions for development and manufacturing of wireless modules for a broad array of applications. Furthermore, various wireless systems have been digitalized for effective use of frequency resources. Demand for measuring solutions for manufacturing and maintenance of new systems is also steadily growing. Anritsu will develop and deliver new products and quality assurance solutions, and will optimize its supply chain including overseas production in order to expand the business and increase profitability.

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.

During the fiscal year ended March 31, 2015, business remained solid in overseas markets especially in North America. On the other hand, customers in the Japanese market maintained a cautious stance towards capital expenditures in the first half of the fiscal year. But this returned to a favorable investment situation in the second half of the fiscal year. In addition, Anritsu proactively invested in research and development and sales promotion for capturing demand for renewing facilities in Japan and expanding sales in the overseas market.

As a result, segment revenue decreased 4.3% compared with the previous fiscal year to ¥16,198 million and operating profit decreased 31.8% to ¥824 million.

The Industrial Automation business accounts for about 16% of the Anritsu Group's revenue. Since approximately 80% of segment revenue is made of food manufacturers, this segment is substantially influenced by the impact of the economic growth rate 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 the food processing process with high precision. Anritsu's products have been grown 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 40%.

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

Others

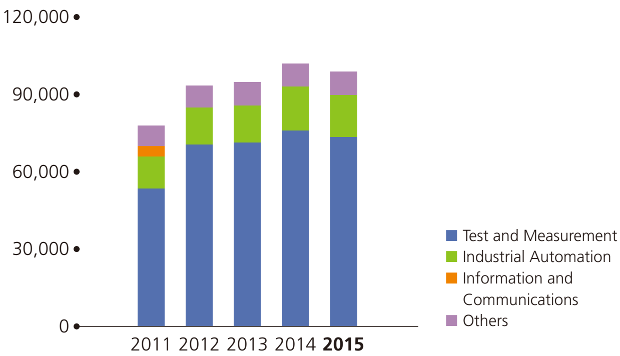
This segment comprises information and communications, devices, logistics, welfare services, real estate leasing, and other businesses.

During the fiscal year ended March 31, 2015, revenue and profit increased from the previous fiscal year, partly due to the results of business restructuring carried out in the previous fiscal year in the devices business.

Additionally, impairment losses on buildings and structures, which had been initially decided to be closed, were reversed as a result of a decision for the continued use of them in the head office site due to the partial reexamination of the plan for utilizing them. As a result, segment revenue increased 2.5% compared with the previous fiscal year, to ¥9,199 million, and operating profit increased 108.4%, to ¥1,963 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 research and development expenses. In addition, during the fiscal year ended March 31, 2015, funds were required for the construction of the global headquarters building and the purchase and retirement of treasury stock. 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 commitment line of ¥10 billion in March 2014, which is effective through March 2017. Looking forward, while preparing for unforeseen financial risks, both domestic 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, 2015, as a result of bank loan repayment, as of March 31, 2015, the balance of interest-bearing debt (excluding lease payables) was ¥16.0 billion (compared with ¥18.8 billion at the end of the previous fiscal year), and the debt-to-equity ratio was 0.20 (compared with 0.25 at the end of the previous fiscal year); both were substantial improvements. And the net debt-to-equity ratio was a negative 0.24 (compared with a negative 0.33 at the end of the previous fiscal year). In addition, the average turnover ratio on the end-of-period balance of inventories to revenue was 5.5 times.

The Company will utilize increased cash flow generated by improvements in ACE (achievement of 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 including an internal group cash management system to make further reductions in interest-bearing debt, and improve the debt-to-equity ratio, enhancing shareholders' equity and fortifying its financial structure.

During the fiscal year ended March 31, 2015, Rating and Investment Information, Inc. (R&I) upgraded Anritsu's short-term debt and long-term debt from the previous fiscal year to a-1 and to A-, respectively. Anritsu will continue working to enhance its financial stability in order to improve its debt rating.

Notes: 1. ACE (Anritsu Capital-cost Evaluation): Net operating profit after tax – Cost of capital
2. Debt-to-equity ratio: Interest-bearing debt / Equity attributable to owners of parent
3. Net debt-to-equity ratio: (Interest-bearing debt- Cash and cash equivalents) / Equity attributable to owners of parent

Cash Flow

In the fiscal year ended March 31, 2015, cash and cash equivalents (hereafter, "net cash") decreased ¥8,299 million from the end of the previous fiscal year to ¥34,916 million.

Free cash flow, the sum of cash flows from operating activities and cash flows from investing activities, was a positive ¥1,534 million (compared with a positive ¥8,481 million in the previous fiscal year).

Conditions and factors for each category of cash flow for the fiscal year are as follows.

• Cash Flows from Operating Activities

Net cash provided by operating activities was ¥7,583 million (in the previous fiscal year, operating activities provided net cash of ¥13,793 million). The main factor was an increase in recording profit before tax while a decrease in payment of income taxes was reported.

Depreciation and amortization was ¥3,372 million, an increase of ¥320 million compared with the previous fiscal year.

• Cash Flows from Investing Activities

Net cash used in investing activities was ¥6,049 million (in the previous fiscal year, investing activities used net cash of ¥5,312 million). This was primarily due to the acquisition of property, plant and equipment including the global headquarters building.

• Cash Flows from Financing Activities

Net cash used by financing activities was ¥11,235 million (in the previous fiscal year, financing activities used net cash of ¥4,360 million). The cash decrease was mainly due to repayment of long-term borrowings of ¥5,000 million, purchase of treasury stock of ¥5,000 million, and payment of cash dividends totaling ¥3,153 million (in the same period of the previous fiscal year, cash dividends were ¥3,225 million). On the other hand, the cash increase was mainly due to proceeds from long-term borrowings of ¥2,500 million.

Assets, Liabilities, and Equity

Assets, liabilities, and equity as of March 31, 2015 were as follows.

Total assets decreased ¥257 million compared with the end of the previous fiscal year, to ¥126,893 million. While cash and cash equivalents decreased, property, plant and equipment and inventories increased.

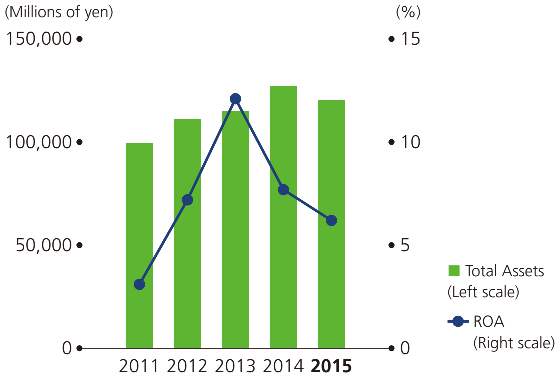
Total liabilities decreased ¥4,026 million compared with the end of the previous fiscal year, to ¥48,227 million. This was primarily due to decreases of bonds and borrowings and employee benefits in non-current liabilities, and income tax payables in current liabilities; on the other hand, trade and other payables in current liabilities increased.

Equity increased ¥3,769 million compared with the end of the previous fiscal year, to ¥78,666 million. This was mainly due to increases of other components of equity and retained earnings while a decrease was due to purchase and retirement of treasury stock of ¥5,000 million.

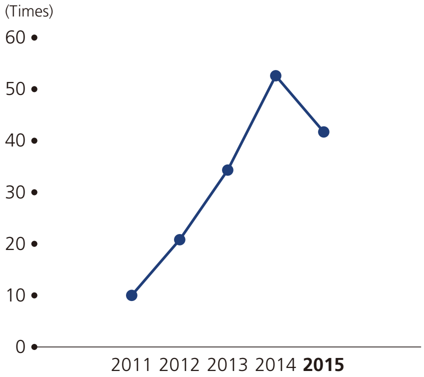
As a result, the equity attributable to owners of the parent to total assets ratio was 62.0%, compared with 58.9% at the end of the previous fiscal year.

* 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.

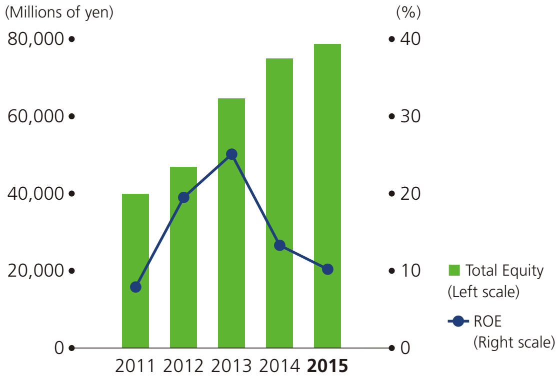
Total Assets and ROA



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, including the integration of wireline and wireless communications, the acceleration of network speeds, and the increase in network capacity.

The Test and Measurement segment invested mainly in new product development to respond to technological innovation and completion and cost reduction. The segment also invested in enhancements related to its business continuity plan (BCP), including the construction of a new global headquarters. In the Industrial Automation segment, investments were implemented mainly in improving the efficiency of the manufacturing environment and in upgrading its IT environment.

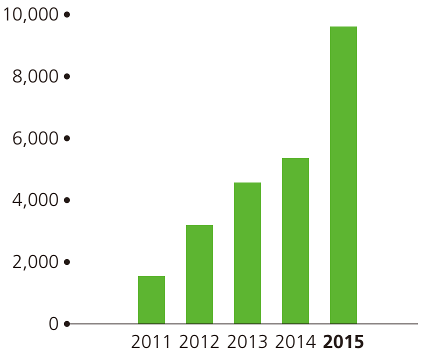
The Others segment, within the communications business, invested mainly in new product development and enhancements to the assessment environment as well as in its IT infrastructure with the aims of improving operating processes and supporting marketing activities.

Overview of Capital Expenditures

Year ended March 31	Millions of yen 2015	Millions of yen 2014	YoY (%)
Test and Measurement	**¥9,041**	¥4,966	182.0
Industrial Automation	**294**	191	153.6
Subtotal	**9,336**	5,158	181.0
Others	**276**	197	140.4
Total	**¥9,612**	¥5,355	179.5

Capital Expenditures

(Millions of yen)



Research and Development

The Anritsu Group conducts R&D related to the development of "Original & High Level" products and services in its R&D centers in Japan, the Americas, and Europe, with the aim of contributing to the realization of global societies that are "safe, secure, and comfortable."

In the Test and Measurement segment, Anritsu Company (United States), Anritsu Ltd. (United Kingdom), Anritsu A/S (Denmark), Anritsu Solutions S.r.l. (Italy), and Anritsu Solutions SK, s.r.o. (Slovakia) are working together to further realize synergies among their technologies through supplementing and complementing each other's technological strengths.

The Industrial Automation segment is conducting R&D within Anritsu Industrial Solutions Co., Ltd.

Accompanying the application of the International Financial Reporting Standards (IFRS), the Anritsu Group capitalized certain of its development investments and presented these amounts among intangible assets. The breakdown of research and development investments during the fiscal year, including those presented in intangible assets, is shown below.

Research and Development

Year ended March 31	Millions of yen 2015	Millions of yen 2014	% of revenue
Test and Measurement	**¥10,189**	¥ 9,669	13.9
Industrial Automation	**1,708**	1,375	10.5
Others	**611**	506	6.6
Basic Research	**857**	938	—
Total	**¥13,366**	¥12,488	13.5

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

Business Segment	Model	Product	Application	Contribution
Test and Measurement	MT1000A	New products Network Master PRO	For assessment of development, production, construction, maintenance for communications networks and network-related equipment that support transmission volume that is increasing year by year	Contributes to quality enhancement and efficiency of network construction and maintenance through its superior battery operation
	MT1100A	New products Network Master FLEX		Contributes to increasing quality in all phases from development to maintenance, in networks from cutting-edge to legacy types in a single unit
	MS2830A	Additional functions incorporated Audio analyzer for signal analyzers	For assessment of reception sensitivity and sound quality of wireless analog signals	Can be used for digital and analog and contributes to increasing quality and efficiency of manufacturing and maintenance
	MT8852B	Additional functions incorporated Bluetooth test set for Ver. 4.2	For assessment of wireless performance of IoT systems, wearable devices, etc.	Responds promptly to latest standards and contributes to early commercialization of short-distance wireless application equipment
	MD8430A	Additional functions incorporated Signaling test compatible with LTE-Advanced	Virtual test environment for cutting-edge mobile networks	Contributes to improving quality and early commercialization of latest smartphones that operate on LTE-Advanced
	ME7873/ ME7834	Additional functions incorporated Conformance test system/ Mobile device test platform	Used for testing conformance tests to latest standards and carrier acceptance tests	Contributes to improvement in quality in and early commercialization of mobile devices that operate on LTE-Advanced
Industrial Automation	XR75 Series	New products X-Ray contamination detection unit	Used for quality assurance through detection of foreign matter in food products and pharmaceuticals	Contributes to food safety and security
	M5 Series	New products Metal detection unit		
Others	PureFlow GSX NF7101C	Traffic shaper	For increasing compatibility with large-scale networks and conformance with overseas safety standards	Offers safe and secure communications environment worldwide, leading in the cloud environment
	SightVisor NC5200	Information viewer equipment	Remote monitoring of accidents and disasters	Strengthens remote monitoring device functionality to help bring about a 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 (that began in 2010), and has prepared a mid-term milestone plan entitled Mid-term Business Plan GLP2017. The principal management targets under this plan are shown in the following table.

Billions of yen

Year ended March 31	2014 (Actual)	**2015** (Actual)	2016 (Target)
Revenue	101.9	**98.8**	103.0
Operating profit	14.1	**10.9**	11.0
Profit	9.3	**7.9**	8.0
ACE	4.8	**2.4**	3.0
ROE (%)	13	**10**	10

Outlook and Management Issues for the Year Ending March 31, 2016

During the fiscal year ending March 31, 2016, the global economy is expected to recover in the Americas. However, lingering uncertainties over trends in the European and Chinese economies and rising geopolitical risks in Eastern Europe and the Middle East have made the future unpredictable. In addition, there is a need for constant and appropriate responses to technological innovations, changes in the market environment and competitive relationships, and trends in the financial situation.

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 to establish a competitive position in the mobile market, where demand is projected to continue expanding worldwide. In the network infrastructure market, with the expansion of base station networks and increased density by small cells (complementary base stations with low-power covering a narrow range), 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 research and development and customer support services with the objectives of aggressively expanding its business activities and achieving further improvements in profitability.

In the Industrial Automation segment, the Anritsu Group seeks to optimize the supply chain under the strategy of local production for local consumption and strengthens product competitiveness, cost competitiveness, and local engineering capability in the growing overseas markets, while it develops the market with a strategy of higher added value and differentiation. The Group is also deepening ties with major global food manufacturers, and is working on ways of seeking out new customers.

The Anritsu Group is planning on growth in revenue. In the Test and Measurement business, revenue mainly derived from the mobile and network infrastructure markets is expected to remain at the same level with the fiscal year ended March 31, 2015. In the Industrial Automation business, sales are expected to increase in both domestic and overseas markets. The outlook for operating profit and profit shows increases from the fiscal year ended March 31, 2015.

Risk Information

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 Anritsu Group's core information and communications markets and the Anritsu 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 the Anritsu Group's 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 its 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 including both the Test and Measurement business and the Industrial Automation business is about 73%, and many customers likewise operate on a global scale.

As a result, economic trends in countries worldwide, changes in international conditions, compliance with required laws and regulations, and progress in the Anritsu Group's global strategy have a potential to exert a material impact on the Group's financial position and results of operations. In addition, global-scale mergers, acquisitions, and realignment in the telecommunications industry are changing the competitive landscape. Significant changes in capital investment trends that 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 73% 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 measuring instruments market, product lines are subject to rapid change in technology, which can easily 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 Defined-Benefit Pension Plan

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 assumptions, including discount rates, made for actuarial calculations and the expected return on such pension plan assets. If the discount rates and other assumptions, which were made for the actuarial 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. Impact of Revisions, Etc., in Accounting Standards

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

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 Anritsu 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 FY2014 as of March 31, 2015	End of FY2013 as of March 31, 2014	**End of FY2014 as of March 31, 2015**
Assets			
Current assets:			
Cash and cash equivalents	**¥ 34,916**	¥ 43,215	**$ 290,603**
Trade and other receivables	**24,812**	25,688	**206,509**
Other financial assets	**1,276**	1,099	**10,620**
Inventories	**19,191**	17,053	**159,725**
Income tax receivables	**206**	183	**1,715**
Other assets	**3,726**	2,773	**31,012**
Total current assets	**84,127**	90,011	**700,184**
Non-current assets:			
Property, plant and equipment	**26,877**	19,748	**223,695**
Goodwill and intangible assets	**2,558**	2,023	**21,290**
Investment property	**1,998**	2,164	**16,629**
Trade and other receivables	**394**	307	**3,279**
Other financial assets	**2,184**	2,209	**18,177**
Investments accounted for using equity method	**87**	250	**724**
Deferred tax assets	**8,651**	10,265	**72,002**
Other assets	**17**	173	**142**
Total non-current assets	**42,766**	37,139	**355,938**
Total	**¥126,893**	¥127,150	**$1,056,122**
Liabilities and Equity			
Liabilities			
Current liabilities:			
Trade and other payables	**¥ 11,537**	¥ 8,451	**$ 96,022**
Bonds and borrowings	**6,586**	6,899	**54,815**
Other financial liabilities	**82**	249	**682**
Income tax payables	**1,785**	3,836	**14,856**
Employee benefits	**6,458**	7,112	**53,749**
Provisions	**320**	291	**2,663**
Other liabilities	**7,749**	6,958	**64,496**
Total current liabilities	**34,517**	33,796	**287,283**
Non-current liabilities:			
Trade and other payables	**378**	393	**3,146**
Bonds and borrowings	**9,479**	11,960	**78,893**
Other financial liabilities	**108**	104	**899**
Employee benefits	**1,416**	3,323	**11,785**
Provisions	**127**	131	**1,057**
Deferred tax liabilities	**362**	324	**3,013**
Other liabilities	**1,840**	2,222	**15,314**
Total non-current liabilities	**13,710**	18,457	**114,107**
Total liabilities	**48,227**	52,253	**401,390**
Equity:			
Common stock	**19,052**	19,052	**158,568**
Additional paid-in capital	**28,217**	28,192	**234,848**
Retained earnings	**24,566**	23,522	**204,461**
Treasury stock	**(869)**	(869)	**(7,233)**
Other components of equity	**7,673**	4,989	**63,863**
Total equity attributable to owners of parent	**78,639**	74,886	**654,507**
Non-controlling interests	**27**	11	**225**
Total equity	**78,666**	74,897	**654,732**
Total	**¥126,893**	¥127,150	**$1,056,122**

* The U.S. dollar amounts in this report represent translations of Japanese yen, for convenience only, at the rate of ¥120.15 to U.S. $1.00, the approximate exchange rate on March 31, 2015.

Consolidated Statement of Profit or Loss and Other Comprehensive Income

As of March 31

	Millions of yen		Thousands of U.S. dollars*
	FY2014 From April 1, 2014 to March 31, 2015	FY2013 From April 1, 2013 to March 31, 2014	**FY2014 From April 1, 2014 to March 31, 2015**
Continuing operations			
Revenue	**¥98,840**	¥101,853	**$822,638**
Cost of sales	**46,148**	46,898	**384,086**
Gross profit	**52,692**	54,955	**438,552**
Other revenue and expenses			
Selling, general and administrative expenses	**29,606**	28,621	**246,409**
Research and development expense	**12,940**	12,227	**107,699**
Other income	**1,017**	522	**8,464**
Other expenses	**280**	506	**2,330**
Operating profit (loss)	**10,883**	14,123	**90,578**
Finance income	**1,260**	687	**10,487**
Finance costs	**635**	580	**5,285**
Share of profit (loss) of associates and joint ventures accounted for using equity method	**84**	10	**699**
Profit (loss) before tax	**11,592**	14,240	**96,479**
Income tax expense	**3,717**	4,921	**30,936**
Profit (loss) from continuing operations	**7,875**	9,319	**65,543**
Profit (loss)	**7,875**	9,319	**65,543**
Other comprehensive income			
Items that will never be reclassified to profit or loss			
Change of financial assets measured at fair value	**(8)**	273	**(67)**
Remeasurements of defined benefit plans	**1,339**	1,489	**11,145**
Total	**1,331**	1,762	**11,078**
Items that are or may be reclassified subsequently to profit or loss			
Exchange differences on translation	**2,692**	2,421	**22,405**
Total	**2,692**	2,421	**22,405**
Total of other comprehensive income	**4,023**	4,183	**33,483**
Comprehensive income	**¥11,898**	¥ 13,502	**$ 99,026**
Profit (loss), attributable to:			
Owners of parent	**¥ 7,858**	¥ 9,305	**$ 65,402**
Non-controlling interests	**17**	14	**141**
Total	**¥ 7,875**	¥ 9,319	**$ 65,543**
Comprehensive income attributable to:			
Owners of parent	**¥11,881**	¥ 13,488	**$ 98,885**
Non-controlling interests	**17**	14	**141**
Total	**¥11,898**	¥ 13,502	**$ 99,026**

	Yen		U.S. dollars*
Earnings per share			
Basic earnings per share	**¥55.72**	¥64.93	**$0.46**
Diluted earnings per share	**55.72**	64.89	**0.46**

Consolidated Statement of Changes in Equity

Years Ended March 31

Millions of yen

FY2013 (From April 1, 2013 to March 31, 2014)

	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, 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

FY2014 (From April 1, 2014 to March 31, 2015)

	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, 2014	¥19,052	¥28,192	¥23,522	¥ (869)	¥4,989	¥74,886	¥11	¥74,897
Profit (loss)	—	—	7,858	—	—	7,858	17	7,875
Other comprehensive income	—	—	1,339	—	2,684	4,023	—	4,023
Total comprehensive income	—	—	9,197	—	2,684	11,881	17	11,898
Stock options granted	—	25	—	—	—	25	—	25
Dividends paid	—	—	(3,153)	—	—	(3,153)	—	(3,153)
Purchase of treasury stock	—	—	—	(5,000)	—	(5,000)	—	(5,000)
Retirement of treasury stock	—	—	(5,000)	5,000	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	(1)	(1)
Total transactions with owners and other transactions	—	25	(8,153)	(0)	—	(8,128)	(1)	(8,129)
Balance at March 31, 2015	¥19,052	¥28,217	¥24,566	¥ (869)	¥7,673	¥78,639	¥27	¥78,666

Thousands of U.S. dollars*

FY2014 (From April 1, 2014 to March 31, 2015)

	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, 2014	$158,568	$234,640	$195,772	$ (7,233)	$41,524	$623,271	$ 92	$623,363
Profit (loss)	—	—	65,402	—	—	65,402	141	65,543
Other comprehensive income	—	—	11,144	—	22,339	33,483	—	33,483
Total comprehensive income	—	—	76,546	—	22,339	98,885	141	99,026
Stock options granted	—	208	—	—	—	208	—	208
Dividends paid	—	—	(26,242)	—	—	(26,242)	—	(26,242)
Purchase of treasury stock	—	—	—	(41,615)	—	(41,615)	—	(41,615)
Retirement of treasury stock	—	—	(41,615)	41,615	—	—	—	—
Dividends to non-controlling interests	—	—	—	—	—	—	(8)	(8)
Total transactions with owners and other transactions	—	208	(67,857)	(0)	—	(67,649)	(8)	(67,657)
Balance at March 31, 2015	$158,568	$234,848	$204,461	$(7,233)	$63,863	$654,507	$225	$654,732

Note: Details of Common stock, Additional paid-in capital, Retained earnings, Treasury stock and Other components of equity are described in Note 25 "Total Equity and Other Capital Items."

Consolidated Statement of Cash Flows

Years Ended March 31

	Millions of yen		Thousands of U.S. dollars*
	FY2014 (12 months) From April 1, 2014 to March 31, 2015	FY2013 (12 months) From April 1, 2013 to March 31, 2014	**FY2014 (12 months) From April 1, 2014 to March 31, 2015**
Cash flows from (used in) operating activities			
Profit (Loss) before tax	**¥11,592**	¥14,240	**$ 96,479**
Depreciation and amortization expense	**3,372**	3,052	**28,065**
Impairment loss	**86**	87	**716**
Reversal of impairment loss	**(573)**	—	**(4,769)**
Interest and dividends income	**(207)**	(159)	**(1,723)**
Interest expenses	**194**	271	**1,615**
Loss (Gain) on disposal of property, plant and equipment	**78**	10	**649**
Decrease (Increase) in trade and other receivables	**1,454**	(737)	**12,102**
Decrease (Increase) in inventories	**(869)**	(197)	**(7,233)**
Increase (Decrease) in trade and other payables	**(1,118)**	(349)	**(9,305)**
Increase (Decrease) in employee benefits	**(284)**	854	**(2,364)**
Other, net	**(1,875)**	(792)	**(15,605)**
Sub Total	**11,850**	16,281	**98,627**
Interest received	**130**	127	**1,082**
Dividends received	**84**	50	**699**
Interest paid	**(182)**	(254)	**(1,515)**
Income taxes paid	**(4,460)**	(2,942)	**(37,120)**
Income taxes refund	**161**	531	**1,340**
Net cash flows from (used in) operating activities	**7,583**	13,793	**63,113**
Cash flows from (used in) investing activities			
Payments into time deposits	**(1,278)**	(1,182)	**(10,637)**
Proceeds from withdrawal of time deposits	**1,312**	125	**10,920**
Purchase of property, plant and equipment	**(5,013)**	(4,771)	**(41,723)**
Proceeds from sale of property, plant and equipment	**24**	10	**200**
Purchase of other financial assets	**(5)**	(5)	**(42)**
Proceeds from sale of other financial assets	**—**	5	**—**
Proceeds from sale of investments accounted for using equity method	**222**	—	**1,848**
Proceeds from government grants	**117**	1,434	**974**
Other, net	**(1,428)**	(928)	**(11,885)**
Net cash flows from (used in) investing activities	**(6,049)**	(5,312)	**(50,345)**
Cash flows from (used in) financing activities			
Net increase (decrease) in short-term borrowings	**(355)**	—	**(2,955)**
Proceeds from long-term borrowings	**2,500**	—	**20,807**
Repayments of long-term borrowings	**(5,000)**	(600)	**(41,615)**
Purchase of treasury stock	**(5,000)**	(1)	**(41,615)**
Dividends paid	**(3,153)**	(3,225)	**(26,242)**
Other, net	**(227)**	(535)	**(1,889)**
Net cash flows from (used in) financing activities	**(11,235)**	(4,360)	**(93,509)**
Effect of exchange rate change on cash and cash equivalents	**1,402**	1,404	**11,669**
Net increase (decrease) in cash and cash equivalents	**(8,299)**	5,525	**(69,072)**
Cash and cash equivalents at beginning of period	**43,215**	37,690	**359,675**
Cash and cash equivalents at end of period	**¥34,916**	¥43,215	**$290,603**

Glossary

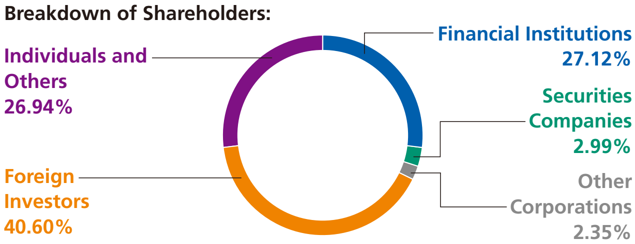
Term	Description
3GPP (3rd Generation Partnership Project)	A project for developing third-generation (3G) mobile phone system standards that is currently developing international standards for LTE and LTE-Advanced.
5G	Fifth-generation mobile communications system. Positioned as the successor specifications to fourth-generation (4G) mobile communications systems, 5G will be the next method of mobile communications.
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) is in conformance with conditions required for certification testing for mobile terminals.
IoT	Stands for the “Internet of Things.” IoT will not only allow computers and other communications devices to interact but also will give communications functions to manufacturing equipment in factories, appliances, and virtually all other things in the world around us. This will give these “things” interactive communications functions when connected with the Internet and will facilitate automatic control and remote measurement.
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.
FDD-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.
TDD-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.
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.
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.
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.
Connectivity	A general term signifying connections between and among mobile devices, etc. and other equipment and devices. This term is used to distinguish such modes as Wi-Fi, Bluetooth, NFC, and other communications modes, from cellular communications. Recently, connectivity has been extended to include automobiles, digital cameras, home appliances, game devices, and healthcare devices.
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.
Small Cells	A type of station for mobile communications, used typically to supplement the coverage of regular ground stations. Small cell stations have lower output power and are used to cover smaller areas. Small cells supplement macro cells with high output power, and are used to provide coverage to areas such as mountainous regions and buildings that macro cell signals cannot reach. Installations include the interiors of buildings that signals cannot penetrate.
Non-Cellular	In contrast to cellular communications methods, such as LTE, W-CDMA, CDMA2000, etc., non-cellular refers to short-distance WLAN (Wireless LAN), Bluetooth, etc.
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 base band functions of mobile base stations.
Life-Cycle Assessment	This is a method of calculating the burden of products on the natural environment over their full useful lives (covering sourcing of materials, manufacturing, distribution, usage, and disposal through recycling). At present, the usage of energy at each stage is measured on a CO_2 conversion basis.
Reference Design	Product blueprint chip maker provides to device vendors for a product that uses the chip maker’s products. Makes development and production of mobile devices easier.

Investor Information

(As of March 31, 2015)

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:	3,926 (Consolidated) 789 (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:	24,232
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:	138,115,294

Breakdown of Shareholders:



Major Shareholders

Shareholder Name	Number of Shares (Thousands)	Percentage of Total Shares Outstanding
BBH FOR MATTHEWS ASIA DIVIDEND FUND	7,304	5.31
The Master Trust Bank of Japan, Ltd.	5,063	3.68
National Mutual Insurance Federation of Agricultural Cooperatives	4,785	3.48
NOMURA BANK (LUXEMBOURG) S.A. S/A NOMURA MULTI CURRENCY JAPAN STOCK LEADERS FUND	4,700	3.42
Japan Trustee Services Bank, Ltd.	4,439	3.23
TAIYO FUND, L.P.	3,615	2.63
Mitsui Sumitomo Insurance Company, Limited	2,668	1.94
JUNIPER	2,544	1.85
SUMITOMO LIFE INSURANCE COMPANY	2,314	1.68
NIPPONVEST	2,250	1.64

Note: The shareholding ratio is calculated by excluding the number of treasury stock (643,983 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 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
Anritsu Industrial Solutions U.S.A. Inc. (U.S.A.)	Sales and maintenance of industrial automation equipment

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

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 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 Pty. Ltd. (Australia)	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 Industrial Solutions (Thailand) Co., Ltd. (Thailand)	Manufacture and maintenance of industrial automation equipment

On the Front Cover

Anritsu's original company, Annaka Electric Co., Ltd., developed this, the world's first practical use wireless telephone, the roots of today's smartphones.

Scene Above

The entrance to Anritsu's new global headquarters building symbolizes its limitless growth and vitality.

The paintings on both sides of the entrance door are the work of Soshi Kimata.

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