

Financial Results for 2nd quarter of the Fiscal Year ending March 31, 2009

October 30th , 2008

Hiromichi Toda
President
Anritsu Corporation

TSE code : 6754
(<http://www.anritsu.com/IR>)

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FINANCIAL RESULTS Q2 FY2008

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Agenda

-  **Our business lines and respective segments**
-  **Summary**
-  **Consolidated performance review of Q2 ended September 30th, 2008**
-  **Outlook of full year of the fiscal year ending March, 2009**
-  **Actions of Test & Measurement business**

Our business lines and respective segments



Segment	Business area	Main business	Country of division
T&M	NGN & Infrastructure	Testers to verify optical/digital/IP networks or its equipment. Handheld tester for wireless infrastructures. Wireless/VoIP network monitoring software packages and related services etc.	Japan, USA, Denmark, Italy, France
	Mobile Handset	R&D and manufacturing tester for 3G and beyond 3G.	Japan, UK
	General Purpose	Testers for general electronics components and emerging wireless technologies	USA, Japan, UK
	Information and communication	Video image distribution system, communication equipment, IP switches and related systems	Japan
	Industrial automation	Weigher and detectors of foreign material for food and pharmaceutical industry	Japan, Thailand
	Others	Precision measurement business, optical devices	Japan

Summary (1)



1. Financial results of 1H FY2008 (Consolidated)

Unit: Billion Yen

	1H FY2007 (Apr. to Sep.)	1H FY2008 (Apr. to Sep.)	YoY	YoY (%)
Order Intake	51.4	44.8	(6.6)	-13%
Net Sales	48.8	44.4	(4.4)	-9%
Operating Income (loss)	1.3	0.5	(0.8)	-
Ordinary Income (loss)	(0.3)	0.2	0.5	-
Income before Taxes	(0.3)	(1.2)	(0.9)	-
Net Income (loss)	(0.2)	(1.6)	(1.4)	-
Free Cash Flow	0.1	4.2	4.1	-

Loss on devaluation of inventories due to the application of the “accounting standard for measurement of inventories” from FY2008 is as follows;

- 1) 0.4 billion yen in cost of goods sold (non-operating income section in FY2007)
- 2) 1.4 billion yen in extraordinary loss as a result of a write-down of the year-end value of FY2007

Summary (2)



2. business review

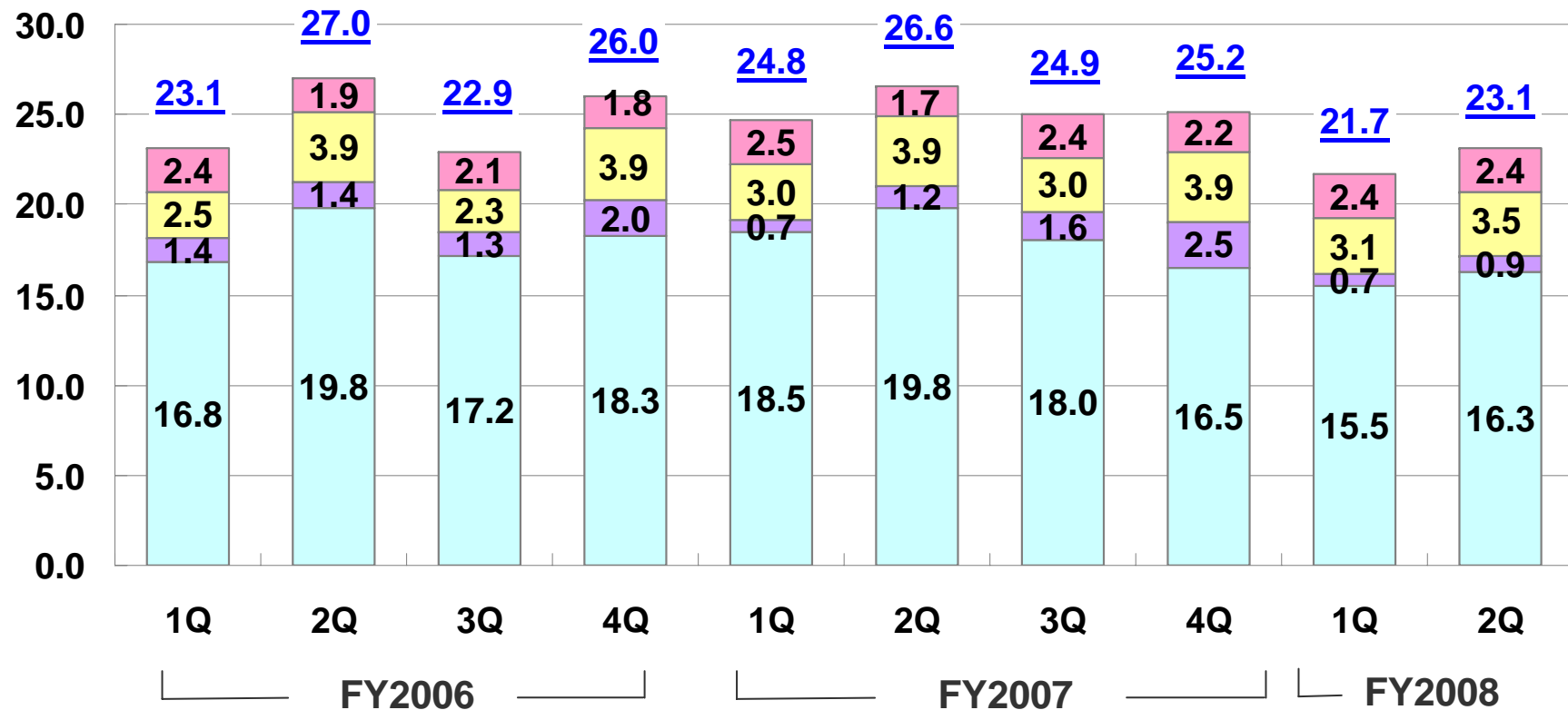
	Test & Measurement	<p>Sales in Japan was slow in handset related and general purpose testers, which was less than our forecast.</p> <p>In the US, demand was firm for handheld testers used in the installation and maintenance of wireless base stations.</p> <p>Testers for Digital/IP network had Intensifying competition.</p> <p>Revenue of Service Assurance shifted due to delay of sales order.</p>
	Information & Communication	progressed as planned
	Industrial Automation	progressed as planned
	Others	Optical devices business had better performance.

Orders by business segment



Bn..Yen

- Others
- Industrial Automation
- Info. & Comm.
- Test & Measurement



Note : Numbers are rounded off in each column

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Earnings by business segment

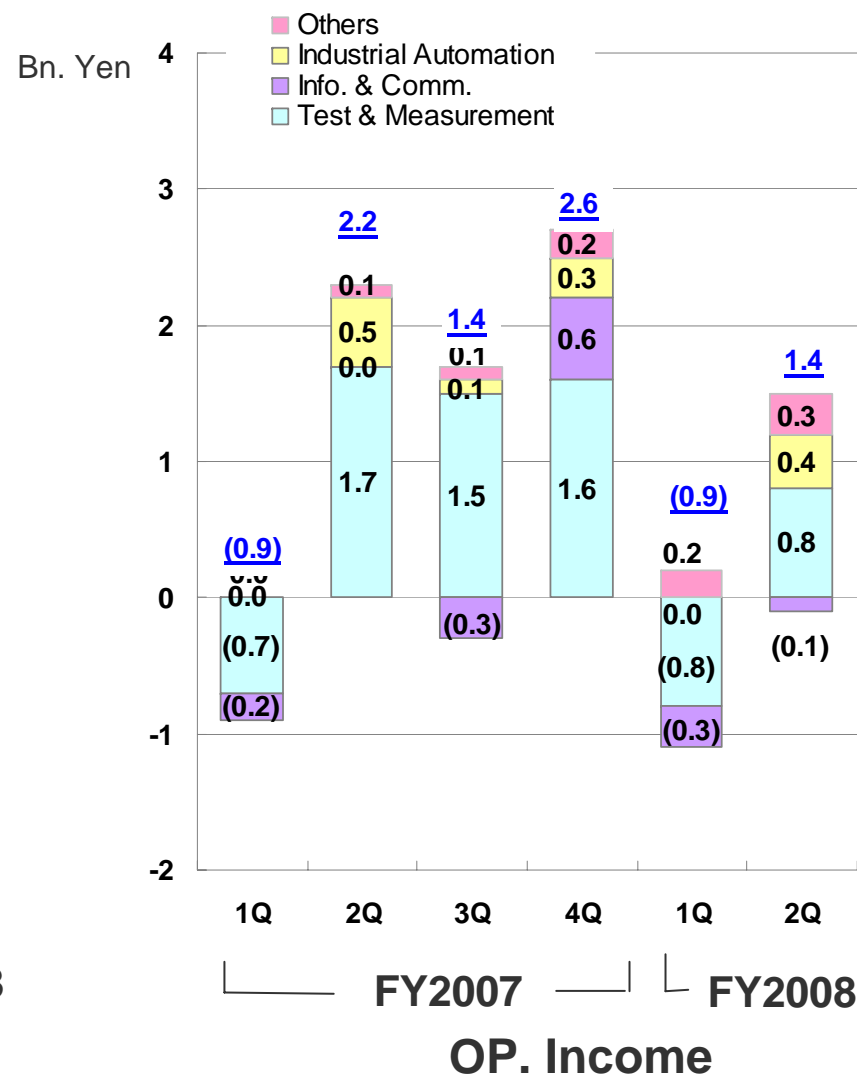
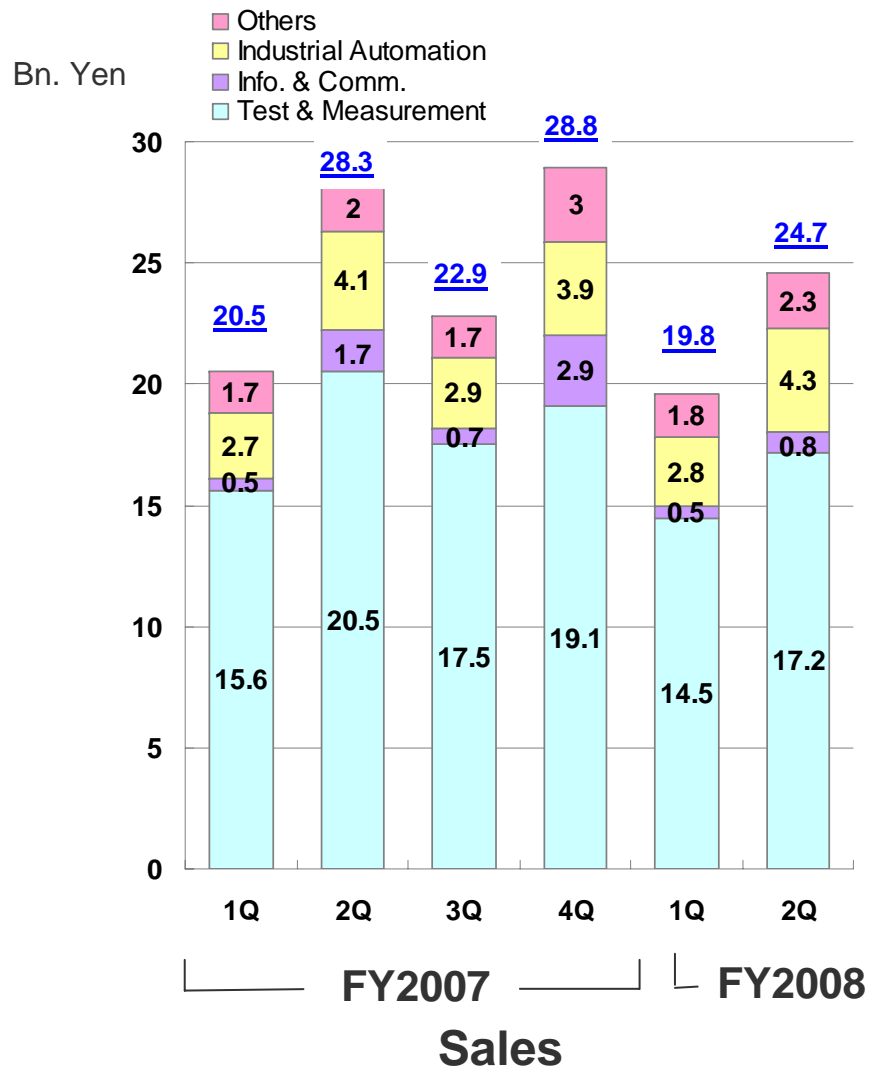
Unit: Billion Yen

		FY2007 (Apr. to Sep.)	FY2008 (Apr. to Sep.)	YoY	YoY (%)
Test & Measurement	Sales	36.1	31.8	(4.3)	-12%
	Op. Income	1.0	0.1	(0.9)	-
Info. & Comm.	Sales	2.2	1.4	(0.8)	-38%
	Op. Income	(0.3)	(0.5)	(0.2)	-
Industrial Automation	Sales	6.8	7.2	0.4	5%
	Op. Income	0.5	0.4	(0.1)	-
Service & Others	Sales	3.7	4.1	0.4	11%
	Op. Income	0.1	0.5	0.4	-

0.3 billion of loss on devaluation of inventories was included in the operating income of Test & Measurement due to the application of the new accounting standard.

Note : Numbers are rounded off in each column

Net sales and op. income by business segment



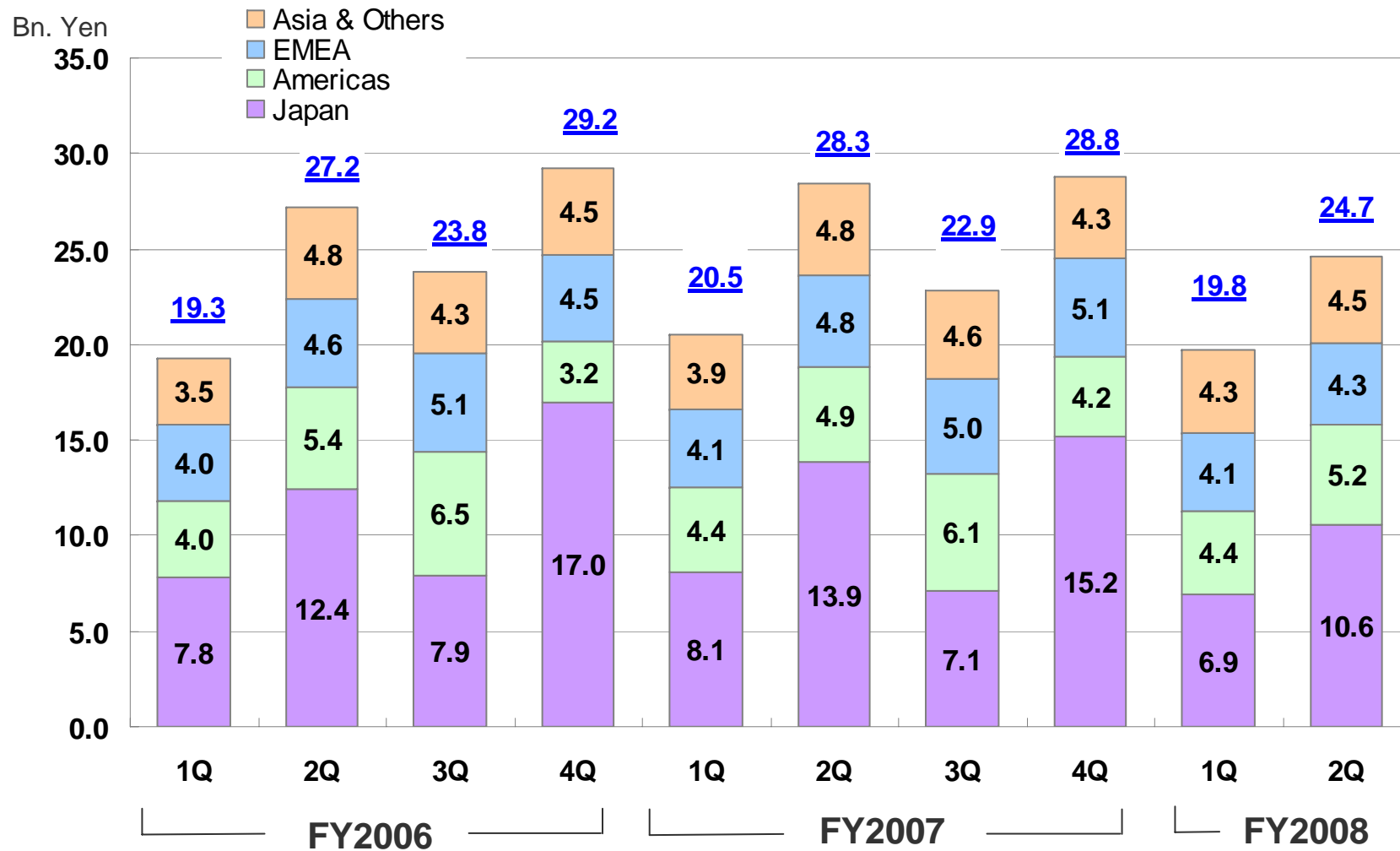
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Note : Numbers are rounded off in each column

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Net sales by region



Numbers are rounded off in each column.

Other incomes and expenses



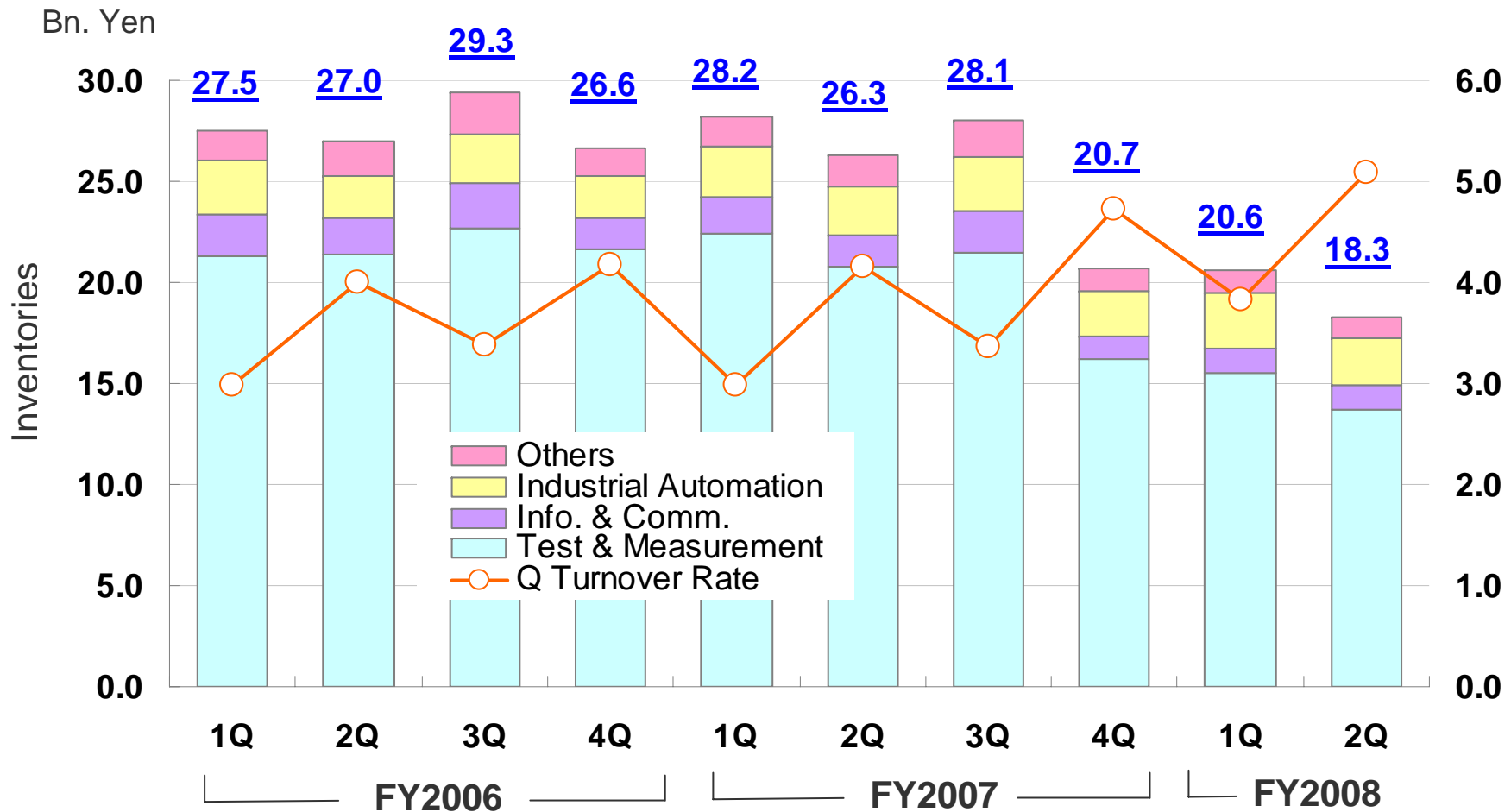
Unit: Million Yen

	FY2007 (Apr. - Sep.)	FY2008 (Apr. - Sep.)
Operating income (loss)	1,276	544
Interest & dividends	(327)	(241)
Devaluation and disposal of inventories	(913)	(Note) (12)
Foreign exchange	(11)	(179)
Others	(342)	65
Other income (loss)	(1,593)	(367)
Ordinary income (loss)	(317)	177
Devaluation of inventories	-	(1,358)
Others	(29)	(17)
Extraordinary gain (loss)	(29)	(1,375)
Income (loss) before taxes	(346)	(1,198)

(Note): Disposal of inventories only

Note : Numbers are rounded off in each column

Inventories



Note1: Turnover rate = (Quarter Sales X 4) / Quarter Average Inventories

Note2: Numbers are rounded off in each column

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Cash Flow



1H CF

Operating CF : 5.3 Bn. Yen
 Investing CF : - 1.1 Bn. Yen
 Financial CF : - 1.2 Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 4.2 Bn. Yen

Cash at the end of period

19.6Bn. Yen

Details

Billion Yen

	Depreciation and goodwill amortization 1.9	
Inventory 2.5		
Account Receivable 6.1		
Pretax Income (1.2)	Investment (0.9)	Borrowing (0.7)
Account Payable (2.8)	Others (0.2)	Dividend (0.4)
		Others (0.1)
Tax (0.6)		
Others (0.6)		

Op. CF 5.3 Inv. CF -1.1 Fin. CF - 1.2

Note : Numbers are rounded off in each column

Outlook for full year of FY2008



Unit: Billion Yen

		FY2007	FY2008		
		Result	Forecast	YoY	YoY(%)
Net Sales		100.5	97.0	(3.5)	-3%
Operating Income (loss)		5.4	4.0	(1.4)	-25%
Ordinary Income (loss)		(2.0)	3.0	5.0	-
Net Income (loss)		(3.9)	0.5	4.4	-
Test & Measurement	Sales	72.7	69.0	(3.7)	-5%
	Op. Income	4.1	2.5	(1.6)	-39%
Info. & Comm.	Sales	5.7	6.0	0.3	4%
	Op. Income	0.1	0.1	-	-
Industrial Automation	Sales	13.6	14.5	0.9	7%
	Op. Income	0.8	1.0	0.2	23%
Others	Sales	8.4	7.5	(0.9)	-11%
	Op. Income	0.3	0.4	0.1	18%

Dividend : 7 Yen / share a year planned as dividend (3.5Yen in 1H)

Assumption : Foreign exchange rate 1US dollar = 100 yen

Note : Numbers are rounded off in each column

Actions of Test & Measurement business

Market trend



Macro economy:

Although uncertainty of global economy has been increasing, investment in infrastructure such as telecommunication to realize safe and secured society will continue.

Telecommunication market:

Transition of mobile phone and broadband wireless

2G to 3G/3.5G

R&D for new generation (LTE, WiMAX etc.)

NGN in core network

(ultra high speed optical transmission, all IP)

FTTH in access

Execution of Management Innovation 2008

A priority matter is to achieve profit by increase of efficiency of organization

Improve product mix

- introduction of new products with higher margin
- product line-up

Enhance price competitiveness

- low cost design for field test instruments for installation and maintenance

Improve ROI of and efficiency of expenses

Actions



	Market trend	Actions
Japan	<p>Initial phase of R&D for LTE</p> <p>Growth in demand of R&D and production for RF devices of LTE and WiMAX</p> <p>Continuous investment in NGN and FTTH</p>	<p>Provide measurement solution for LTE</p> <p>Expand general purpose test solutions for RF devices</p> <p>Increase market share of optical/digital test solutions</p>
Americas	<p>Continuous investment in wireless infrastructure (cellular, WiMAX)</p> <p>Expansion of FTTH service</p> <p>Growth in demand of service quality by telecom operators</p>	<p>Keep top player position of handheld tester</p> <p>Expand handheld solutions</p> <p>Increase market share of optical/digital test solutions</p> <p>Expand service assurance business</p>
EMEA	<p>Growth in demand of network infrastructure in Middle East, Africa and Russia</p> <p>Continuous investment in service quality by telecom operators</p>	<p>Expand handheld solutions for installation and maintenance</p> <p>Expand service assurance business</p>
Asia	<p>Expansion of telecom infrastructure</p> <p>Initial phase of FTTH market</p>	<p>Expand handheld solutions for installation and maintenance</p> <p>Increase market share of optical/digital test solutions</p>

LTE (Long Term Evolution) business

LTE: Long Term Evolution the next generation (3.9G) of cellular telecommunications services

Trend of world mobile telephone systems



Generation of mobile telephone systems:

2G

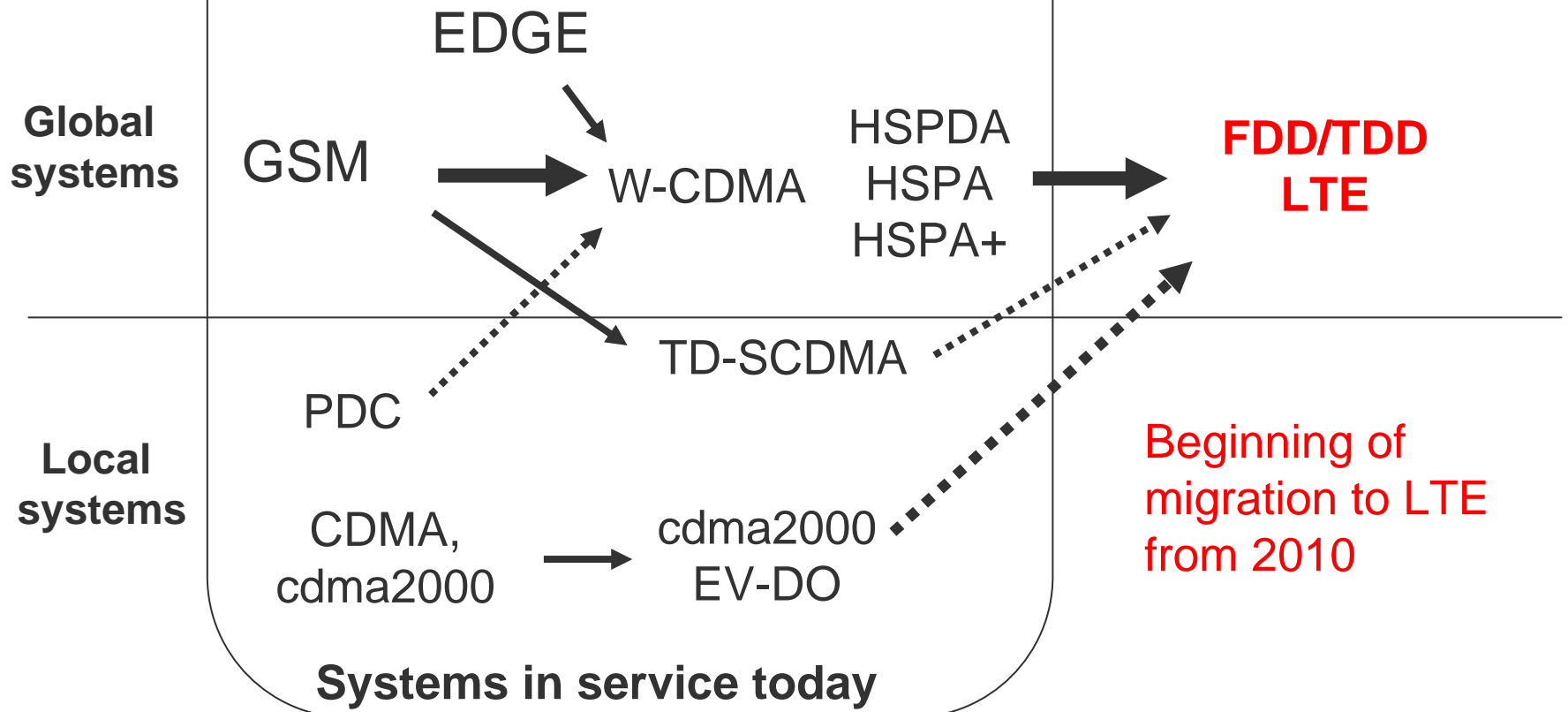
2.5G

3G

3.5G

3.9G

4G?



Trials

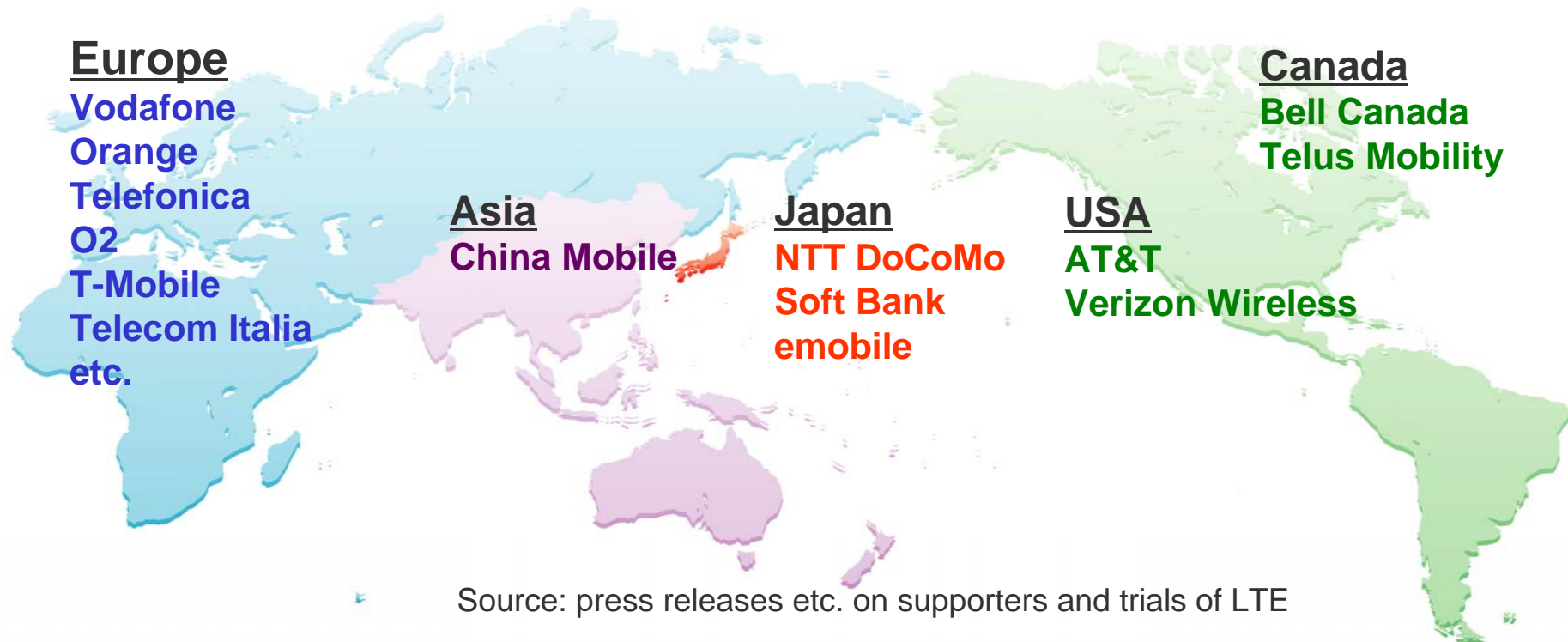


3GPP has been working on standardization on LTE as the next generation mobile communication system.

Major mobile operators plan to deploy LTE after 2009.

Some CDMA operators will also deploy LTE for the future system.

LTE will expand demand for test & measurement solutions globally.



LTE solutions by Anritsu



Anritsu aims at the leading company of LTE measurement solutions by providing them in timely manner by leveraging close relationships with major global customers and the top position of 3G/3.5G R&D solutions

	Market trend	Anritsu
Base station	R&D stage Initial production stage	1)provides R&D and production measurement solutions 2)provides handheld test instruments for installation and maintenance
Components RF front end	R&D and production stage	is providing R&D and production measurement solutions
Handset	Initial R&D stage for commercial model	will provide R&D and production solutions for chipsets and handsets
Network	R&D in the future a part of access network of NGN	will provide maintenance and quality assurance solutions

Appendix 1

The reasons of LTE introduction

high speed by mobile system comparable with optical fiber's

Higher ARPU by mobile broadband services

Flexibility of use of existing and new frequency bands (reduced cost per bit)

evolution of transmission speed

Mobile system	W-CDMA (UMTS)	HSDPA	HSPA	HSPA+	LTE
Downlink (bit/s)	384K	14.4M	14.4M	42M	326.4M
Uplink (bit/s)	384K	384K	5.8M	12M	86.4M

LTE and NGN

LTE is an access network of full IP fixed network (NGN) and realizes FMC (Fixed Mobile Convergence).

Appendix 2

- GSM: Global System for Mobile Communications
- EDGE: Enhanced Data GSM Environment
- W-CDMA: Wideband-Code Division Multiple Access
- HSDPA: High Speed Downlink Packet Access
- HSPA: High Speed Packet Access
- HSPA+: HSPA Evolution
- PDC: Personal Digital Cellular
- CDMA: Code Division Multiple Access
- TD-SCDMA: Time Division Synchronous Code Division Multiple Access
- EV-DO: Evolution Data Only
- LTE : Long Term Evolution , the next generation (3.9G) of cellular telecommunications services
- FDD: Frequency Division Duplex
- TDD: Time Division Duplex
- 3GPP: Third Generation Partnership Project
- NGN: Next Generation Networks
- UMTS: Universal Mobile Telecommunications System
- Handheld product: a category of test instrument with small form, light weight, and battery operation, which is suitable for field use

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