

Financial Results for 3rd quarter of the Fiscal Year ending March 31, 2010

January 28th, 2010

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FINANCIAL RESULTS Q3 FY2009

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Actual business results are the outcome of a number of unknown variables and may substantially differ from the figures projected herein.

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

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Agenda

- **Our business lines and respective segments**
- **Summary**
- **Consolidated performance review of Q3 ended December 31st, 2009**
- **Outlook of full year of fiscal year ending March, 2010**
- **New products launched for growth in FY2010**

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
	Mobile Handset	R&D and manufacturing tester for 3G and beyond 3G.	Japan, UK, USA
	General Purpose	Testers for general electronics components and emerging wireless technologies	Japan, USA, 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

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Summary (1)

1. Financial results of 3Q FY2009 (Consolidated)

Unit: Billion Yen

	3Q FY2008 (Apr. to Dec.)	3Q FY2009 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	61.4	55.5	(5.9)	-10%
Net Sales	62.0	50.1	(11.9)	-19%
Operating Income (loss)	(0.5)	1.9	2.4	-
Ordinary Income (loss)	(1.5)	1.0	2.5	-
Income(loss) before income taxes	(3.2)	1.3	4.5	-
Net Income (loss)	(3.7)	0.2	3.9	-
Free Cash Flow	3.3	5.8	2.5	78%

Note : Numbers are rounded off in each column

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The severe economic environment has continued, with total amount of orders received for the third quarter (9 months) of FY2009 decreasing 10% year-on-year, and sales decreasing 19% year-on-year.

Despite a decrease in sales, operating income improved 2.4 billion yen over the same period of FY2008, for which a loss of 0.5 billion yen was posted. This is due to a reduction in fixed costs through implementing the Urgent Management Measures and Management Innovation 2008 in FY2008, and the effect of cutting operating expense of the Group as a whole in FY2009.

Ordinary income stood at 1.0 billion yen due to the effect of foreign exchange loss and interest payable.

The reason that income before taxes is 0.3 billion yen higher than the ordinary income is that approximately 0.3 billion yen has been posted as extraordinary gains mainly due to the sale of investment securities.

Net income of 0.2 billion yen was posted. This is an improvement of 3.9 billion yen over the same period of FY2008, for which a loss of 3.7 billion yen was posted.

Summary (2)

Overall business conditions

Test & Measurement (T&M)	The severe business environment continued due to customers' cutbacks on capital investments. Demand for measuring instruments for the LTE* development was in line with expectations. Although investment in 3G infrastructure in China turned out as planned, some orders for measuring instruments were delayed. Service Assurance business received an order from an operator in Latin America.
Information & Communications	As planned
Industrial Automation	Capital investment in Asia has been recovering; overall performance was in line with projections
Others	Optical devices are experiencing strong demand thanks to the popularization of broadband, but price has declined. The precision measurement business has been lackluster due to customers' reduced capital investments.

Notes) LTE (Long Term Evolution): A wireless standard for the next-generation mobile phones.

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Although the speed of recovery varies among business fields, the Japanese economy generally shows a slower recovery compared with that of other regions.

The Test & Measurement segment continued to experience severe conditions in its existing business as customers still have been reducing capital investments.

On the other hand, measuring instruments for LTE, a new business in the segment, saw emerging demand associated with the LTE development from chipset and handset vendors outside Japan. Chinese 3G-related business showed a somewhat slower growth in orders for handheld measuring instruments for infrastructure development as network equipment vendors have postponed their investments. While we are receiving inquiries from vendors outside Japan about measuring instruments for the development of TD-SCDMA handsets, demand for measuring instruments for manufacturing had not picked up as expected.

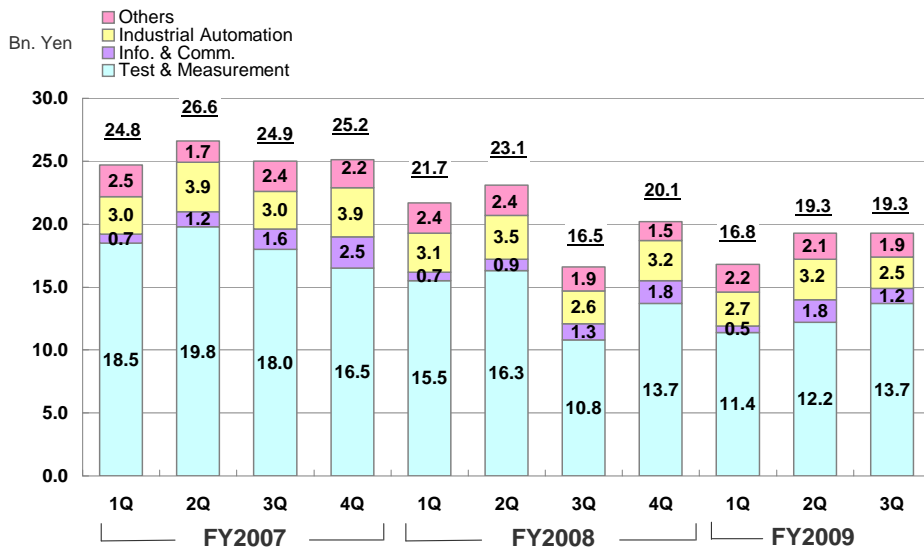
As for the Service Assurance business, we received an order from an operator in Latin America, which we had sought for some time. The business with this client is expected to gain momentum from FY2010. Overall, the Service Assurance business has progressed in line with our plan.

The Information & Communications segment has progressed according to our plan until the end of the third quarter of FY2009. However, the segment relies on the government and public organizations for much of its business, and therefore there is some uncertainty about the budget execution for the fourth quarter.

As for the Industrial Automation segment, while capital investments among Japanese medium to small food manufactures remain subdued, capital investments in Asia has been recovering.

With regard to Others segment, the optical device business is experiencing steady demand from optical communications markets in and outside Japan, but the price has been declining, putting pressure on profit.

Orders by business segment



Note : Numbers are rounded off in each column

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Orders in the Test & Measurement segment rose by 2.9 billion yen from the third quarter of FY2008. However, orders are still not on a recovery track yet. In the fourth quarter of FY2009, we are planning to facilitate a recovery in orders by capturing demand for measuring instruments related to LTE and Chinese 3G as well as those for the development of mobile handsets and telecommunication infrastructures in Asia. Orders received in the segments other than the Test & Measurement were at the same level as the same period of FY2008.

Earnings by business segment

Unit: Billion Yen

		3Q FY2008 (Apr. to Dec.)	3Q FY2009 (Apr. to Dec.)	YoY	YoY (%)
Test & Measurement	Sales	44.3	34.2	(10.1)	-23%
	Op. Income	(0.9)	0.9	1.8	-
Info. & Comm.	Sales	1.9	2.1	0.2	9%
	Op. Income	(0.6)	(0.7)	(0.1)	-
Industrial Automation	Sales	9.6	8.1	(1.5)	-16%
	Op. Income	0.2	0.3	0.1	60%
Service & Others	Sales	6.2	5.7	(0.5)	-9%
	Op. Income	0.7	1.3	0.6	81%
Total	Sales	62.0	50.1	(11.9)	-19%
	Op. Income	(0.5)	1.9	2.4	-

Note : Numbers are rounded off in each column

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Sales of the Test and Measurement segment decreased 23% compared the same period of FY2008, and the situation remains severe as assumed. We were able to secure operating income partly due to the effect of reduced cost of sales and operating expense.

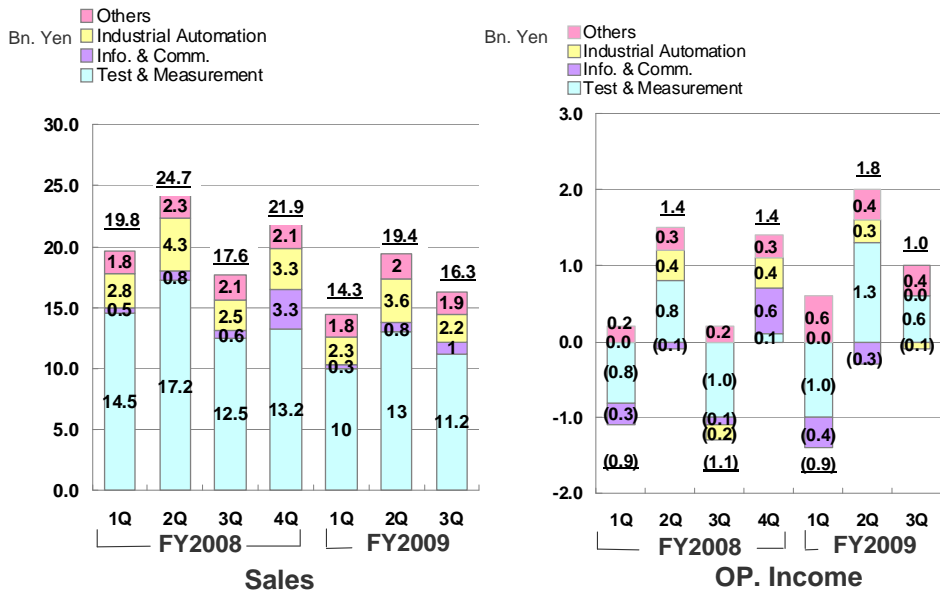
Information & Communication segment is progressing according to plan.

As for Industrial Automation segment, while there have been signs of recovery of demand in Asian markets, demand has generally decreased and sales have dropped by 1.5 billion yen compared to the same period of FY2008. Due to efforts to reduce operating expense, operating income has remained almost the same level as FY2008.

As for Others segment, the precision measurement business was weak due to sluggish demand. On the other hand, the optical device business continued to be firm, particularly for the video image distribution market, as demand increased in the optical communications market both in and outside Japan.

Overall demand has not recovered yet, with sales declining by 11.9 billion yen compared with the same period of FY2008. However, particularly due to a reduction in operating expenses, we were able to achieve a significantly higher operating profit than the same period of FY2008.

Net sales and op. income by business segment



Note : Numbers are rounded off in each column

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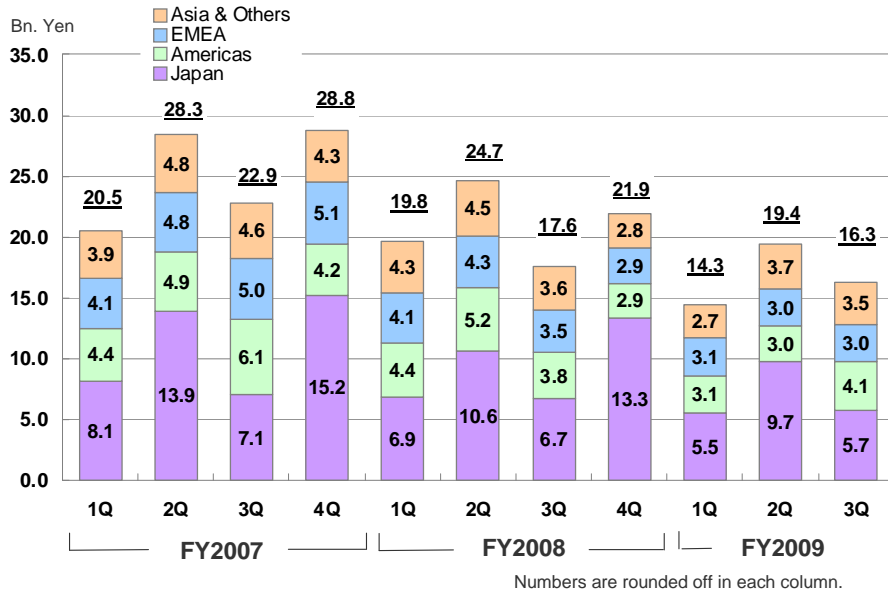
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Although sales in the Test & Measurement segment for the third quarter of FY2009 declined by 1.8 billion from the second quarter of FY2009, we were able to achieve an operating income of 0.6 billion yen. Likewise, while consolidated net sales for the third quarter of FY2009 dropped by 3.1 billion yen from the second quarter, we recorded a consolidated operating income of 1.0 billion yen.

Net sales by region



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Although a rise in demand for measuring instruments for LTE development is observed, the business environment of the Japanese market remains severe.

While demand for measuring instruments related to LTE, TD-SCDMA (Chinese 3G) and smart phones as well as those for government programs has been rising, business conditions in the markets outside Japan, too, generally remain severe as our customers continue to hold back on capital investments.

Business in Americas generally seems to be recovering. In Asia, there are some signs of an improved environment as demand for measuring instruments related to telecommunications infrastructures has been robust, and capital investment in industrial machinery has begun to recover in the food inspection market.

Other incomes and expenses

Unit: Million Yen

	3Q FY2008 (Apr. to Dec.)	3Q FY2009 (Apr. to Dec.)	3Q FY2009 (Sep. to Dec.)
Operating income (loss)	(533)	1,873	961
Interest & dividends	(346)	(363)	(159)
Foreign exchange	(686)	(432)	16
Others	25	(74)	43
Other income (loss)	(1,007)	(869)	(99)
Ordinary income (loss)	(1,540)	1,004	862
Gain on sales of noncurrent assets	-	149	-
Gain on sales of Investment securities	-	140	-
Gain on retirement by purchase of bonds	-	62	62
Gain on reversal of subscription rights to shares	35	-	-
Loss on valuation of investment securities	(52)	(17)	(10)
Loss on valuation of inventories	(1,358)	-	-
Business structure improvement expenses	(295)	-	-
Extraordinary income (loss)	(1,670)	334	52
Income (loss) before income taxes	(3,210)	1,338	914

Note : Numbers are rounded off in each column

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Other incomes and expenses recorded loss of 869 million yen (9 months) due to interest payable and foreign exchange loss.

As for extraordinary gain and loss, extraordinary gain of 334 million yen was posted, which include gain on sales of investment securities, gain on retirement by repurchase of bonds and gain on sales of fixed assets which was incurred due to the sale of some of our land in conjunction with the government's road expansion project.

Cash Flow

1H Cash Flow (CF)

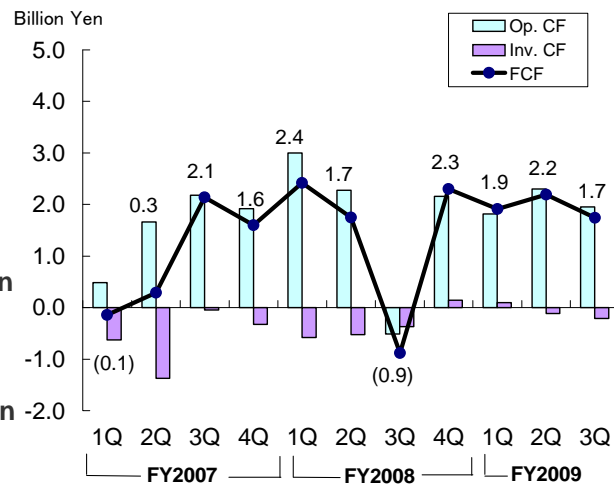
Operating CF : 6.1 Bn. Yen
 Investing CF : -0.2 Bn. Yen
 Financial CF : 3.1 Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 5.8 Bn. Yen

Cash at the end of period

27.3 Bn. Yen



Note : Numbers are rounded off in each column

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Operating cash flow reached to 6.1 billion yen due to progress in collecting accounts receivable – trade.

Cash flow from financing activities reached 3.1 billion yen. 8.0 billion yen of the 15 billion yen in bonds with subscription rights to shares that are scheduled for redemption in September 2010 were repurchased at par value and cancelled.

As a result, cash at the end of the period stood at 27.3 billion yen.

Outlook for full year of FY2009

Unit: Billion Yen

	FY2008	FY2009 (Apr.2009 - Mar. 2010)			
	Actual	Forecast	YoY	YoY(%)	
Net Sales	83.9	73.0	(10.9)	-13%	
Operating Income (loss)	0.9	3.0	2.1	231%	
Ordinary Income (loss)	0.2	1.5	1.3	779%	
Net Income (loss)	(3.5)	0.5	4.0	-	
Test & Measurement	Sales	57.4	48.5	(8.9)	-16%
	Op. Income	(0.8)	1.3	2.1	-
Info. & Comm.	Sales	5.2	5.0	(0.2)	-4%
	Op. Income	0.1	0.0	(0.1)	-
Industrial Automation	Sales	13.0	12.0	(1.0)	-8%
	Op. Income	0.6	0.4	(0.2)	-33%
Others	Sales	8.3	7.5	(0.8)	-10%
	Op. Income	1.0	1.3	0.3	26%

Non-dividend for FY2009

Note 1 : Exchange rate (estimate) 1USD = 90 Yen

Note 2 : Numbers are rounded off in each column

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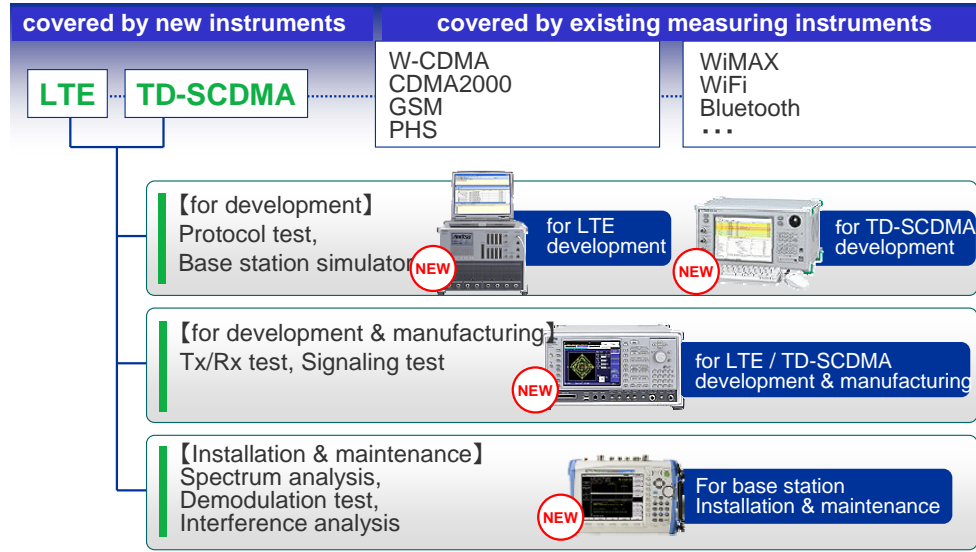
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Concerning the Test & Measurement business, which is our core business, while there have been some positive signs, including emergence of the leading edge LTE-related markets, overall capital investment is expected to remain at a reduced level in the information and communication market, particularly in Japan. In addition to this, there are several risk factors such as downswing of the global economy and rapid fluctuation in foreign exchange rates, and thus business environment will continue to be challenging with a high level of uncertainty. In light of these situations, we left our earnings forecasts unchanged.

New products launched for growth

New mobile phone standards : LTE(3.9G) and TD-SCDMA(3G) in China



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New product launch to restore and boost business growth

We have launched a number of new products.

With these products, we aim to improve our business performance effectively and swiftly, at the time of a new market start-up as well as any recovery in the business environment, taking into consideration TTM and customer needs.

Besides LTE and Chinese 3G-related businesses, we aggressively promote the test and measurement business associated with: wireline/wireless telecommunication standards, which have been evolving amid the popularization of broadband, large data transmission via backbone networks, digital consumer electronics, car electronics and the smart grid.

New products launched for growth

Popularization of broadband and high speed : from basic measurement to application analysis

■ General purpose

Optical telecom. Line /
Optical submarine cable

Optical device / module

【for development & manufacturing】
Opt. spectrum analysis,
Opt. signal quality analysis,
Eye diagram measurement

NEW

Development &
manufacturing

NEW

【for installation & maintenance】
Opt. transmission measurement
Visual fault analysis

NEW

Installation &
maintenance

**General purpose T&M will be launched for wireless telecom.,
digital home appliance, automotive electronics, digital TV
broadcasting.**

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New products launched for growth

Solutions for food and pharmaceutical products markets aiming for safe, secure and high quality

■ Inspection system

Weight measurement

Metal/alien material inspection

【for manufacturing & inspection】

High sensitivity and high speed

(DUT expansion

: product/semi-finished product/materials)



Manufacturing & inspection



【for manufacturing & inspection】

High accuracy



Manufacturing & inspection

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