

1st Quarter of FY2010 Financial Results Q&A Summary

■ Test and Measurement Segment

<LTE>

Q: Please inform us about the status of inquiries from individual telecommunications companies regarding LTE.

A: We are receiving more inquiries, primarily from telecommunications companies and terminal vendors with plans for commercialization within the year. We are lending measuring equipment to customers, while at the same time carrying out activities leading to official order placement. The same is true for competition. Our domestic/overseas sales composition for the first quarter was approximately 30% domestic, 70% overseas.

Q: Please tell us about the status of LTE business competition - Is the depressed euro helping competitiveness?

A: We estimate our share at approximately 50%. There is always price competition; we don't see this as being a result of the devalued euro.

Q: How will LTE business progress along individual field lines, such as devices, terminals, base stations, and the like?

A: Customer needs for each type of device have transitioned to development, production, construction, and the like, resulting in changes in measurement solutions themselves. Currently, there is less development demand for base stations, and demand has moved on to the production and construction phases. In these phases, measuring equipment segmented as general purpose in electronics market has been used. The development phase of terminals is continuing, and the production phase is starting up.

<Other>

Q: Please inform us about terminal business conditions and directions in specific regions.

A: In America, we have received many requests from telecommunications companies for not only conformance test (CT) and interoperability test (IOT) but also terminal and base stations measurement functions. We also expect long-term measurement demand from terminal vendors such as smartphone vendors.

A: Our business activities in Japan are centered on NTT DoCoMo related business, including terminal vendors.

In China, we have received CT orders in June from China Mobile, which is promoting TD-SCDMA. We are carrying out sales promotion activities targeting terminal vendors which are commercializing TD-SCDMA terminals.

Q: Would it be fair to conclude based on increasing second quarter R&D cost that return contributions will grow from next quarter on? Will R&D costs increase from the second quarter on?

A: At the present point, we have not changed this period's full business year development investment of 10 billion yen. Our investment is based on long-term outlook, and improving development productivity (ROI).

Q: Please inform us about service assurance business conditions.

A: Estimates for the first quarter were low, and have been slightly surpassed. Once goodwill amortization is excluded, the deficit margin has been reduced. Latin America project installation is currently underway.

■ Earnings Outlook

Q: Please inform us why second quarter forecasts are in the red.

Some sales initially forecast for the second quarter came in early, during the first quarter. These forward purchases are resulting in fewer second quarter sales than initially forecast, and an increased number of LTE related development projects and correspondingly higher R&D investment. As such, measurement segments profitable in the first quarter will break even in the second quarter.

Q: Please inform us about the assumed exchange rate revision and how much of an effect it will have on operating profits.

A: We have maintained the assumed exchange rate of 90 yen to the dollar, but changed the euro rate from 125 yen to 110 yen to the euro. The impact on operating profits for every yen to the dollar is 70 million yen, and for every yen to the euro is 30 million yen.