

Financial Results for 2nd quarter of the Fiscal Year ending March 31, 2011

October 28th, 2010

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TSE code : 6754
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Financial Results 2Q FY2010

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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 2Q ended September 30th, 2010**
- **Outlook of full year of fiscal year ending March, 2011**
- **Progress of mid term business plan**

Our business lines and respective segments

| Segment | Sub segment | Main business |
|-------------------------------|------------------------|--|
| T&M | Mobile | R&D and manufacturing tester for 3G and LTE. |
| | Network 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. |
| | Electronics | Testers for general electronics components and emerging wireless technologies |
| Information and communication | | Video image distribution system, communication equipment, IP switches and related systems |
| Industrial automation | | Weigher and detectors of foreign material for food and pharmaceutical industry |
| Others | | Precision measurement business, optical devices |
| FY2009 Net Sales | | |
| | T&M 66% | Info. 7% |
| | | Industrial 16% |
| | | Others 11% |

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Financial results of 1H FY2010 (Consolidated)

8% increase in net sales,
and operating income marked a sharp recovery

Unit: Billion Yen

| | 1H FY2009 (Apr. to Sep.) | 1H FY2010 (Apr. to Sep.) | YoY | YoY (%) |
|----------------------------------|-----------------------------|-----------------------------|-------|---------|
| Order Intake | 36.2 | 35.9 | (0.3) | -1% |
| Net Sales | 33.8 | 36.6 | 2.8 | 8% |
| Operating Income (loss) | 0.9 | 2.8 | 1.9 | 209% |
| Ordinary Income (loss) | 0.1 | 1.8 | 1.7 | - |
| Income(loss) before income taxes | 0.4 | 1.7 | 1.3 | 298% |
| Net Income (loss) | (0.1) | 1.0 | 1.1 | - |
| Free Cash Flow | 4.1 | 7.0 | 2.9 | 71% |

Note : Numbers are rounded off in each column

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8% increase in net sales, and operating income marked a sharp recovery

The increase in our net sales was from some measuring instruments for LTE development, and was due to some customers investing in development ahead of our expectations.

Thanks to the effects of an increase in revenue, improved product mix, cost control and other factors, the first half saw improvements in operating income, ordinary income and net income.

Our free cash flow improved thanks to improved income and collection of receivables.

Overall business conditions

Driven by the LTE-related business.

North American and Asia markets showed solid performances.

| | |
|------------------------------|---|
| Test & Measurement (T&M) | The LTE business: The demand of T&M for development is strong, because customers are investing in LTE development ahead of schedule. A development base office was established in Romania. |
| Information & Communications | Although public investment is slack, solutions for private sector cover this business. |
| Industrial Automation | Food inspection business is firm in ASEAN and North America. |
| Others | Demand for optical devices due to popularization of broadband waned during the second quarter. |

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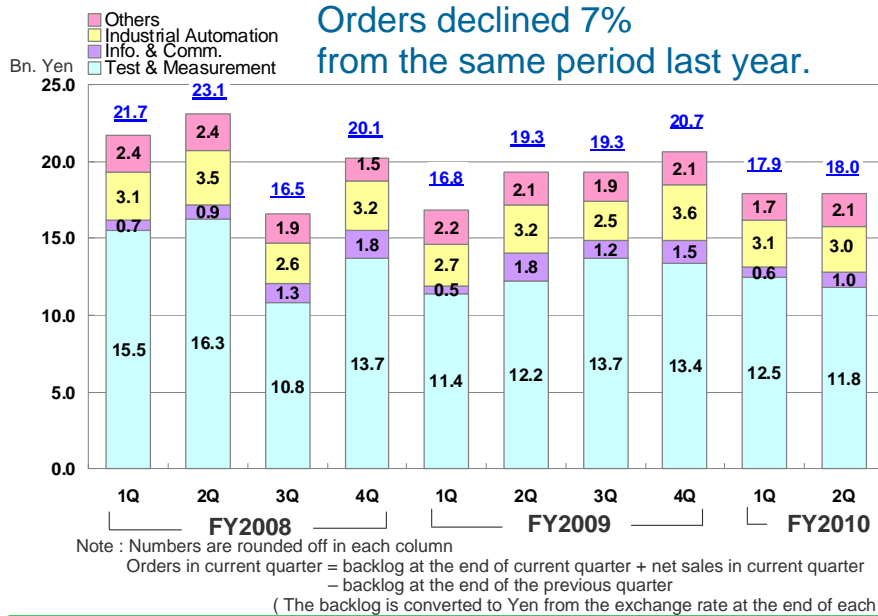
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Driven by the LTE-related business; North American and Asia markets showed solid performances.

Demand for LTE-related measuring instruments showed steady performances particularly in North America and Asia, however the general purpose measuring instruments business in Japan continued to suffer from persistently constrained investments from part of the electronics industry among others.

Other businesses in general delivered steady performances.

Orders by business segment



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Amount of orders declined 7% from the same period last year

A major factor for the decrease in the amount of orders was the effect of the difference in foreign currency translations caused by the appreciation of the yen.

We calculate the amount of orders based on the backlog of orders converted in yen using the exchange rate at the end of each quarter, coupled with sales for the current quarter.

Earnings by business segment

Op. Income for T&M rose sharply,
Other Op. Incomes was almost flat from the previous year.

Unit: Billion Yen

| | | 1H FY2009 (Apr. to Sep.) | 1H FY2010 (Apr. to Sep.) | YoY | YoY (%) |
|-----------------------|------------|-----------------------------|-----------------------------|-------|---------|
| Test & Measurement | Sales | 23.0 | 25.3 | 2.3 | 10% |
| | Op. Income | 0.3 | 2.2 | 1.9 | 713% |
| Info. & Comm. | Sales | 1.1 | 1.0 | (0.1) | -7% |
| | Op. Income | (0.7) | (0.6) | 0.1 | - |
| Industrial Automation | Sales | 5.8 | 6.3 | 0.5 | 8% |
| | Op. Income | 0.3 | 0.4 | 0.1 | 34% |
| Service & Others | Sales | 3.8 | 4.0 | 0.2 | 6% |
| | Op. Income | 1.0 | 0.8 | (0.2) | -22% |
| Total | Sales | 33.8 | 36.6 | 2.8 | 8% |
| | Op. Income | 0.9 | 2.8 | 1.9 | 209% |

Note : Numbers are rounded off in each column

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Operating income for the Test & Measurement Business rose sharply, that for Other Businesses was flat from the previous year.

The Test & Measurement Business achieved increases in both sales and profits, mainly due to some front-loaded orders for measuring instruments for LTE development, demand for smart phone-related measuring instruments and a recovery in the North American market.

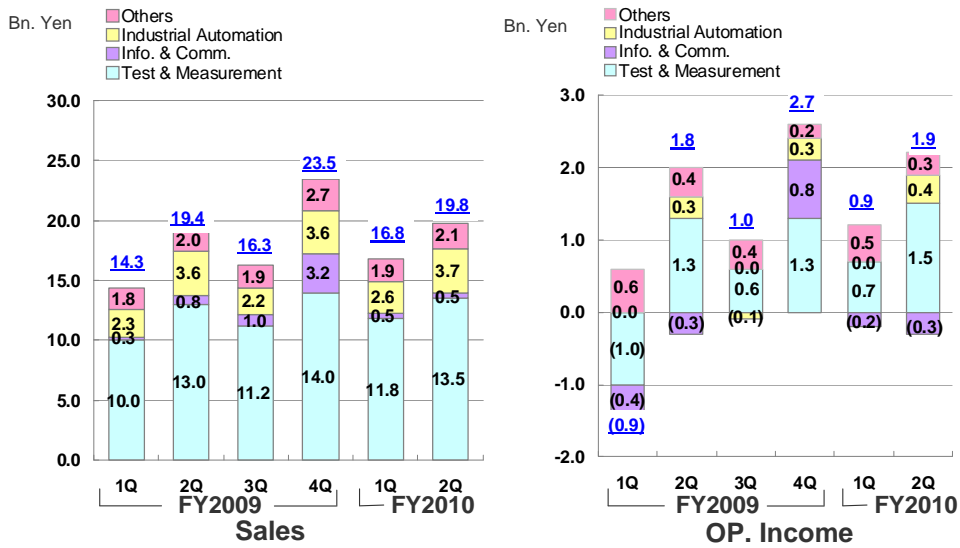
The Information & Communication Business saw slack public investments but it enjoyed steady demand for bandwidth controllers for controlling the load on communication networks. As a result, the business deficit was reduced.

The Industrial Automation Business posted increases in both sales and profits, thanks to robust performances particularly in Asia and the Americas.

Profits for other businesses fell, as the demand for optical devices for the video services waned during the second quarter and the precision measurement business was weak.

Net sales and op. income by business segment

Op. margin of 2Q Consolidated 9.6% and T&M 11.1%



Note : Numbers are rounded off in each column

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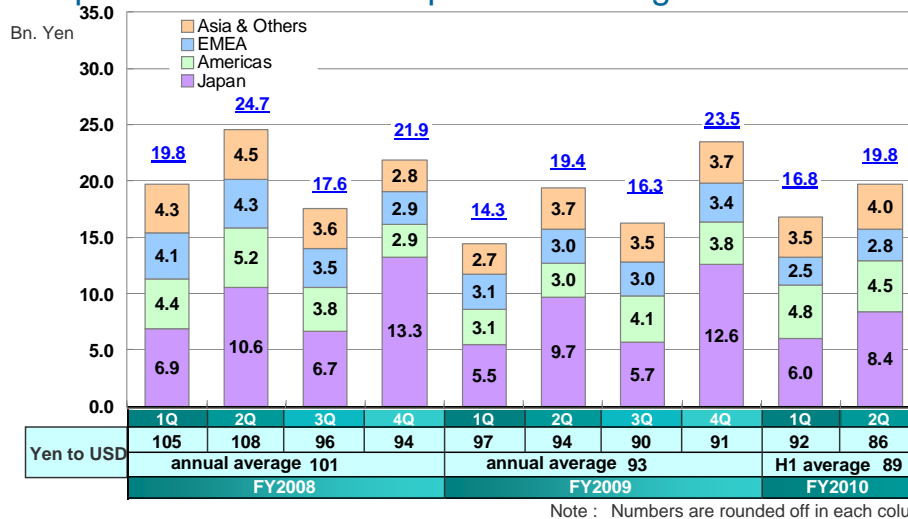
Operating margin for consolidated basis and the Test & Measurement business of the second quarter achieved 9.6% and 11.1% respectively.

Although the withdrawal and alleviation of measures to reduce fixed cost coupled with the appreciation of the yen put some pressure on profits, our profitability has steadily improved since the trough of the first quarter of the previous fiscal year.

Consolidated operating margin of the second quarter achieved 9.6%.

Net sales by region

The Americas are recovering in the wireless infrastructure market and the mobile market.
Capital investments in Japan lack strength.



Note : Numbers are rounded off in each column.

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Note : Numbers are rounded off in each column.

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The Americas are on the track to recovery, while Japanese capital investments lacked strength.

The American markets have recovered to levels before the Lehman shock, due to such factors as increased government demand in wireless infrastructure market, vendors and operators demands in the LTE-related & smartphone-related markets.

The Japanese market has been lackluster due to weak demand of general purpose measuring instruments for electronics. In the EMEA market, companies are still holding off on capital investment, due to such factors as unstable credit in finance.

In the EMEA market, companies are still holding off on capital investment, due to such factors as unstable credit in finance.

Other Asian markets are strong, due to such factors as creation of telecom infrastructure, demand for measuring instruments for the development and manufacture of mobile handset and demand for food inspection system market.

Other incomes and expenses

Foreign exchange losses increased.

Unit: Million Yen

| | 1H FY2009 (Apr. to Sep.) | 1H FY2010 (Apr. to Sep.) | 2Q FY2010 (Jul. to Sep.) |
|--|-----------------------------|-----------------------------|-----------------------------|
| Operating income (loss) | 912 | 2,819 | 1,905 |
| Interest & dividends | (205) | (298) | (154) |
| Foreign exchange | (448) | (667) | (153) |
| Others | (118) | (98) | (94) |
| Other income (loss) | (770) | (1,062) | (401) |
| Ordinary income (loss) | 142 | 1,757 | 1,504 |
| Gain on sales of noncurrent assets | 149 | - | - |
| Gain on sales of Investment securities | 140 | - | - |
| Loss on adjustment for changes of accounting standard for asset retirement obligations | - | (68) | - |
| Loss on valuation of investment securities | (6) | (1) | (0) |
| Extraordinary income (loss) | 282 | (69) | (0) |
| Income (loss) before income taxes | 424 | 1,688 | 1,504 |

Note : Numbers are rounded off in each column

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Non-operating loss increased due to the impact of foreign exchange losses.

Appreciation of yen to the dollar and euro caused a foreign exchange loss. The expected rate was 90 yen to the dollar and 110 yen to the euro, but we have revised it to 85 yen to the dollar.

Cash Flow

We are creating cash flow continuously.

1H Cash Flow (CF)

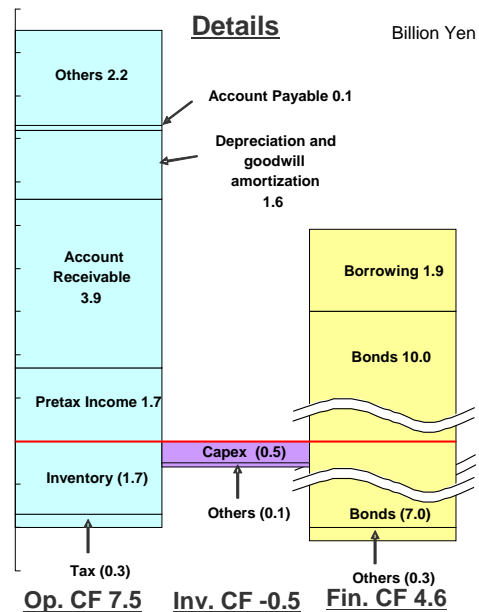
Operating CF : 7.5 Bn. Yen
 Investing CF : -0.5 Bn. Yen
 Financial CF : 4.6 Bn. Yen

Free Cash Flow

Op. CF + Inv. CF : 7.0 Bn. Yen

Cash at the end of period

37.7 Bn. Yen



Note : Numbers are rounded off in each column

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We are creating cash flow continuously.

Our operating cash flow was 7.5B yen (a 3.4B yen year-on-year increase), due to such factors as improved income and collection of receivables.

We redeemed ¥7 billion CBs and raised ¥10 billion through a Euro-Yen CB issue both in September.

Outlook for full year of FY2010

We revised our forecast for FY2010 upward.

Unit: Billion Yen

| | | FY2009 | FY2010 (Apr.2010 - Mar. 2011) | | |
|-------------------------|------------|--------|-------------------------------|-------|--------|
| | | Actual | Forecast | YoY | YoY(%) |
| Net Sales | | 73.5 | 77.0 | 3.5 | 5% |
| Operating Income (loss) | | 4.6 | 5.6 | 1.0 | 22% |
| Ordinary Income (loss) | | 3.6 | 4.0 | 0.4 | 12% |
| Net Income (loss) | | 0.4 | 2.5 | 2.1 | 549% |
| Test & Measurement | Sales | 48.3 | 51.5 | 3.2 | 7% |
| | Op. Income | 2.3 | 3.9 | 1.6 | 73% |
| Info. & Comm. | Sales | 5.3 | 5.5 | 0.2 | 4% |
| | Op. Income | 0.1 | 0.0 | (0.1) | - |
| Industrial Automation | Sales | 11.6 | 12.5 | 0.9 | 7% |
| | Op. Income | 0.6 | 0.6 | 0.0 | -2% |
| Others | Sales | 8.3 | 7.5 | (0.8) | -10% |
| | Op. Income | 1.6 | 1.1 | (0.5) | -30% |

Note 1 : Exchange rate (estimate) 1USD = 85 yen, 1EURO=110 yen

Note 2 : Numbers are rounded off in each column

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We revised our performance estimate for FY2010 upward.

We keep our net sales forecast for the full year as announced initially in April due to (1) negative impact on competitiveness by appreciation of yen and decrease in value in currency translation, (2) front-loaded orders for measuring instruments for LTE development in H1 and (3) a concern on capital investment in Japanese market.

Concerning the profit forecast, we make an upward revision on the profit forecast for the full year. Having said that, there are several factors that may strain profits, such as (1) change of assumption of yen-to-dollar from 90 yen to 85 yen, (2) increase in R&D investment for LTE measurement solutions in H2 and (3) increase in expenses from H1. We'll strive for achieving the level as close as the actual results of the H1 possible.

Progress of mid-term plan – Acquiring growth drivers

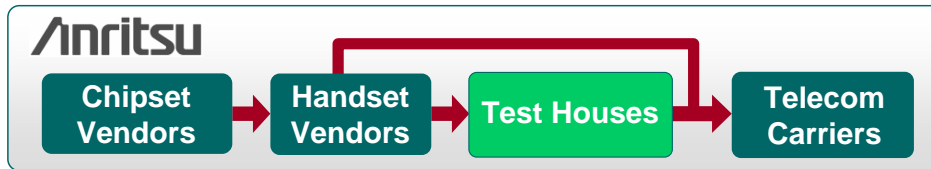
(1) LTE-related Business

-132 operators are investing in LTE.

Commercialized in 2010: NTT DOCOMO in 3 major cities, Verizon in 38 cities

-Strong demand for chipset development

-Cetecom, a leading company of testing facilities, chose Anritsu's solution for the LTE handset certification (October 2010).

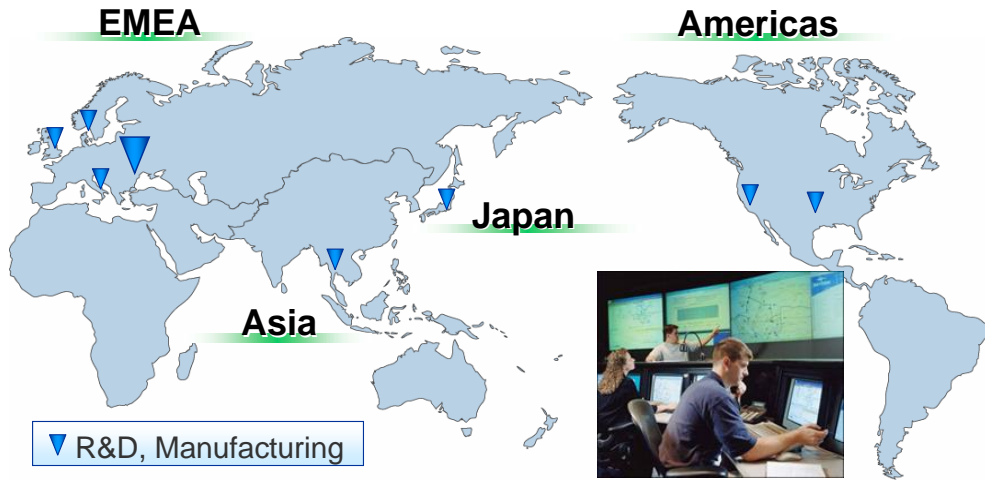


-Frost & Sullivan awarded Anritsu
2010 Global Product Line Strategy of the Year
for its extensive lineup of measuring instruments
for LTE (September).



Progress of mid-term plan – Promoting offshore develop.

**(2) We established a development base office in Romania.
Anritsu Solutions S.R.L. (Bucharest, Romania)**



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We established a development base office in Romania, with a view to promoting offshore development.

With an eye to strengthening our development resources and competitiveness, the office is principally scheduled to conduct software development for Service Assurance Business.

Progress of mid-term plan

(3) Information and Communication Business

- Making profits through the expansion of network-related businesses

Expansion of sales of bandwidth controller:
Cumulative sales exceeded 3,000 units
Expansion in the private-sector business:
Adopted at each branch of a major
financial institution



Bandwidth Controller

(4) Industrial Automation Business

- Overseas business ratio for H1 27% (Mid-term Business Plan 33% FY2012)

Food industries in ASEAN countries are
proceeding to shift their focus
from export to domestic demand
Emerging food inspection market
Cost reduction with Thai plant



Tokyo International Packaging
Exhibition 2010

Increase of dividend

In light of the upward revision to the earnings forecast for the fiscal year ending March 2011, we will increase the year-end dividend from **¥2 per share to ¥4 per share**.

When taken with the interim dividend of ¥2 per share, the total dividend for the year will be **¥6** per share.

[Dividend policy]

Anritsu's basic policy is to implement distribution of surplus as a measure to return profits to shareholders, based on the level of consolidated net profit for the relevant fiscal year.

We determine the amount of dividend with the aim of achieving the principal index of consolidated dividends on equity ratio (DOE), together with complementary factors such as dividend payout ratio.

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