

2nd Quarter of FY2010 Financial Results Q&A Summary

【Test and Measurement Segment】

Q: Please explain the factors behind the strong performance of the LTE handset-related business, current status of its development and customers.

A: The current development situation of LTE handset-related products shows that the development of chipsets and core components of the handset is under way. The commercialization development of some of these products has commenced. We get the impression that development of customer services and products is progressing faster than we initially anticipated.

There is a time lag in the commencement of development between “1st Tier” and “2nd Tier” customers. We understand that front runners in LTE are 1st Tier vendors in North American and Korea.

Q: What is your outlook regarding LTE for the current and coming fiscal years?

We are aware that demand for measuring instruments used in LTE or LTE-related business from customers belonging to every layer of the broadband communication industry, from lower to upper, is expanding. Our LTE-related measuring instruments business for the current fiscal year is projected to represent roughly 20% of the entire Measurement Group business and we have achieved about half of the projection in the first half.

A: We expect that the level of demand for the next fiscal year will exceed that of the current fiscal year. Regarding handset acceptance testing conducted by telecommunications carriers, we expect demand for the conformance test and interoperability test to increase on the back of expansion in services and applications provided by operators. We also believe that the scheduled commercialization of handsets, including voice-capable devices, during the second half of 2011 will initiate the demand for measuring instruments used for the production of handsets.

Q: When do you think the telecommunications carriers investing in LTE will commercialize their services?

We predict that front runners’ services will be commercialized in one or two years, while those of the following runners take 4 or 5 years. Among operators, those in the U.S. are

A: expected to come to the market relatively earlier than the others. European operators are likely to commercialize services later than their U.S. counterparts, as Europeans are prioritizing the return on investment in 3G/3.5G technologies.

Q: With regard to LTE conformance testing, were there any companies certified ahead of Anritsu? What is the advantage of Anritsu?

A: As a measuring instruments vendor for the U.S. telecommunications carrier employing CDMA2000, Anritsu has not been taken a lead over others so far, but a few measuring instruments vendors have already been certified by certification bodies. In respect of LTE, we were certified ahead of or at a similar time to others. We believe that our advanced technological capabilities and the ability to implement the proposed roadmap with a high degree of certainty are positively accepted.

Q: What are the reasons behind Anritsu’s winning of the Frost & Sullivan award?

A: Frost & Sullivan is a global, leading research and consulting firm specializing in IT and telecom-related markets. The firm awarded Anritsu for its extensive lineup of products for the LTE market. Anritsu provides solutions for LTE chipsets, the development and manufacture of handsets, production, construction and maintenance of base stations, among others.

【Others】

Q: What is the difference in costs and expenses between actual results and initial projections?

Personnel expenses for the previous fiscal year decreased temporarily but rose back to their original level as forecast at the beginning of the year. With the help of company-wide streamlining efforts, we succeeded in cutting down overall costs and expenses other than personnel expenses.

A: Actual R&D costs for the first half came to 4.6 billion yen, falling short of the initial estimate (5 billion yen), as some projects were delayed into the second half due to various factors.

Q: Please comment on the likelihood of attaining your announced forecast for this fiscal year.

We are planning to keep our full-year net sales projection unchanged and maintain the same level of operating income as the first half. We expect to face several risks during the second half of this fiscal year, including exchange risk, uncertainty over Japanese customers' future capital spending plans, increase in R&D costs (up 800 million yen from the first half), etc. However, we factored these risks into our announced forecast. We have already discussed countermeasures and recovery steps against risks, striving steadfastly to achieve the announced forecast.

Q: How likely do you think the Mid-term Business Plan (operating income 9 billion yen: operating margin 10%) will be achieved?

A: The current term is the first year of the Plan. We have now revised our estimate of operating margin upward to 7% from 5%, set at the beginning of the fiscal year. If we successfully achieve the estimate for this fiscal year, the target operating margin of 10% by the year ending March 2013 becomes realistic.

Q: Please explain the demand for your Industrial Automation Business' s X-ray inspection systems in the North American market.

A: X-ray inspection systems enable the examination of food products for foreign bodies, such as metal, plastic, bones, etc. In Japan, demand for such inspections of processed food, ingredients, etc. is widening. In North America, we also see a demand for the inspection of food for foreign bodies, particularly bones in meat. We expect demand for food inspection in North America to grow.