

Financial Results for 3rd quarter of the Fiscal Year ending March 31, 2011

January 28th, 2011

Hirokazu Hashimoto
President and Group CEO
Anritsu Corporation



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

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Financial Results FY2010Q3
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Agenda

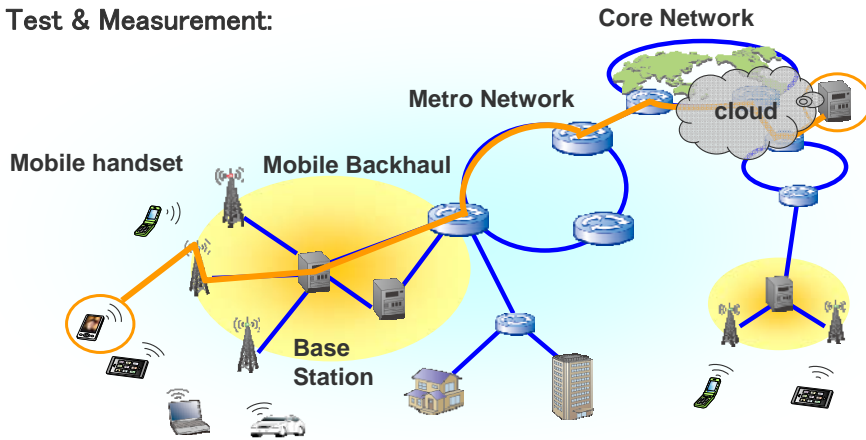
1. Outline of our business
2. Consolidated performance review of 3Q ended December 31st, 2010
3. Outlook of full year of fiscal year ending March, 2011
4. Market trend and actions
-T&M business mobile markets-

1. Outline of our business -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%

1. Outline of our business -Test & Measurement-

Test & Measurement:



Test & Measurement solutions for
handset : R&D, production, conformance test and interoperability test,
network infra. : installation & maintenance and service assurance
devices : R&D and production

Anritsu provides test & measurement solutions from wireless to wired in mobile broadband field.

In Test and Measurement (T&M) segment, which is our core business, we are providing instruments and technology mainly focusing on Test and Measurement solutions in mobile broadband field.

In all areas from Devices, Mobile handsets, Base Stations, and Mobile Back-haul, to Metro/ Core networks, we are able to provide Test and Measurement solutions for developments, manufacturing, installation and maintenance.

Our clients diverse from telecommunications carriers, equipment/ terminal vendors, telecommunications construction contractors, chip-set vendors, and telecommunications components vendors, to IT service providers.

1. Outline of our business -Info.&Comm. Industrial Automation-

Info. & Comm.:

Video monitoring system and telemetering system for rivers and dams,
 Bandwidth controller for keeping the high quality in IP network ,
 Disaster mitigation communication system for safety confirmation, etc.



Bandwidth controller Receiving terminal
 disaster mitigation
 Comm. system

Industrial Automation :

X-ray inspection system and check-weigher for foods, pharmaceuticals and cosmetics







In Information and Communications segment, we are providing disaster mitigation communication system and IP infrastructure solutions to Japanese government and municipal offices. For customers in the private-sector market, mainly financial institutions and telecom carriers, we are providing telecommunication equipment for improving quality of service in IP network, including bandwidth controllers .

Industrial Automation segment: We are providing inspection solutions for production management and quality assurance to the food, pharmaceutical and cosmetics industries.

2. Consolidated performance - key topics for Q3-

Driven by T&M business for the LTE and smartphone.
North American and Asian markets showed solid performances.

	Segment	3Q FY2010	Actual
	Test & Measurement (T&M)	The demand of T&M for LTE development is strong. The demand of T&M for smartphone production is increasing.	
	Information & Communications	This business is slack due to the reduction of public investment.	
	Industrial Automation	Food inspection business is firm in ASEAN and North America, while sluggish in Japan due to seasonality.	
	Others	Demand for optical devices due to popularization of broadband waned.	

**Driven by T&M business for the LTE and smartphone.
North American and Asian markets showed solid performances.**

The factors driving our businesses were the recovery in demand of our core T&M business in the manufacturing market of mobile terminals such as smart phones, and the growing demand of research and development for LTE Network system launched by U.S Verizon Communications Inc. and Japanese NTT docomo in December 2010.

Regionally, there is a steady rise in the base station installation and maintenance market in North America. Asian market, the world's factory for mobile terminals, is showing healthy flows.

Regarding businesses beside T&M segment, there were no significant changes generally as seasonal factors also concentrate in the fourth quarter.

2. Consolidated performance -Financial results-

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

Unit: Billion Yen

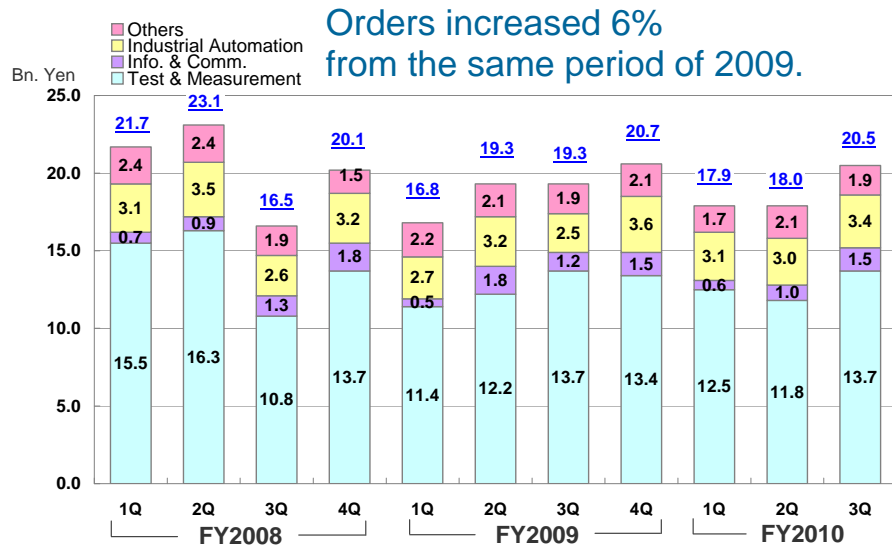
	3Q FY2009 (Apr. to Dec.)	3Q FY2010 (Apr. to Dec.)	YoY	YoY (%)
Order Intake	55.5	56.3	0.8	2%
Net Sales	50.1	53.9	3.8	8%
Operating Income (loss)	1.9	4.3	2.4	130%
Ordinary Income (loss)	1.0	2.9	1.9	191%
Income(loss) before income taxes	1.3	2.8	1.5	113%
Net Income (loss)	0.2	2.2	2.0	-
Free Cash Flow	5.8	6.6	0.8	13%

Note : Numbers are rounded off in each column

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

Major factors for the increase are; solid performance of T&M solutions for the mobile communication market, leading to the gross margin improvement; and the improvement of profitability through the streaming of fixed costs and managing cost and investment by KPI (Key Performance Indicator) management.

2. Consolidated performance -Orders by business segment-



Note : Numbers are rounded off in each column
 Orders in current quarter = backlog at the end of current quarter + net sales in current quarter
 - backlog at the end of the previous quarter
 (The backlog is converted to Yen from the exchange rate at the end of each quarter.)

Orders increased 6% from the same period last year.

The amount of orders in T&M sector was 13.7 billion yen, which is the same level as the third quarter of previous year, however, when adjusted with foreign exchange differences, there was an increase of more than 10% from the same period of the previous year.

Regarding Industrial automation business, orders in ASEAN and North American markets are continuously steady.

2. Consolidated performance -Earnings by bus. segment-

T&M business increased YoY both sales and op. income, that pulled the whole performance.

Unit: Billion Yen

		3Q FY2009 (Apr. to Dec.)	3Q FY2010 (Apr. to Dec.)	YoY	YoY (%)
Test & Measurement	Sales	34.2	37.9	3.7	11%
	Op. Income	0.9	3.6	2.7	297%
Info. & Comm.	Sales	2.1	1.7	(0.4)	-21%
	Op. Income	(0.7)	(0.6)	0.1	-
Industrial Automation	Sales	8.1	8.5	0.4	6%
	Op. Income	0.3	0.2	(0.1)	-13%
Service & Others	Sales	5.7	5.9	0.2	4%
	Op. Income	1.3	1.1	(0.2)	-20%
Total	Sales	50.1	53.9	3.8	8%
	Op. Income	1.9	4.3	2.4	130%

Note : Numbers are rounded off in each column

T&M business achieved both sales and income, that pulled the whole performance.

Sales in T&M business reached 37.9 billion Yen (11% increase of the same period in the previous year), achieved a significant growth in earnings with the 9.6% operating profit.

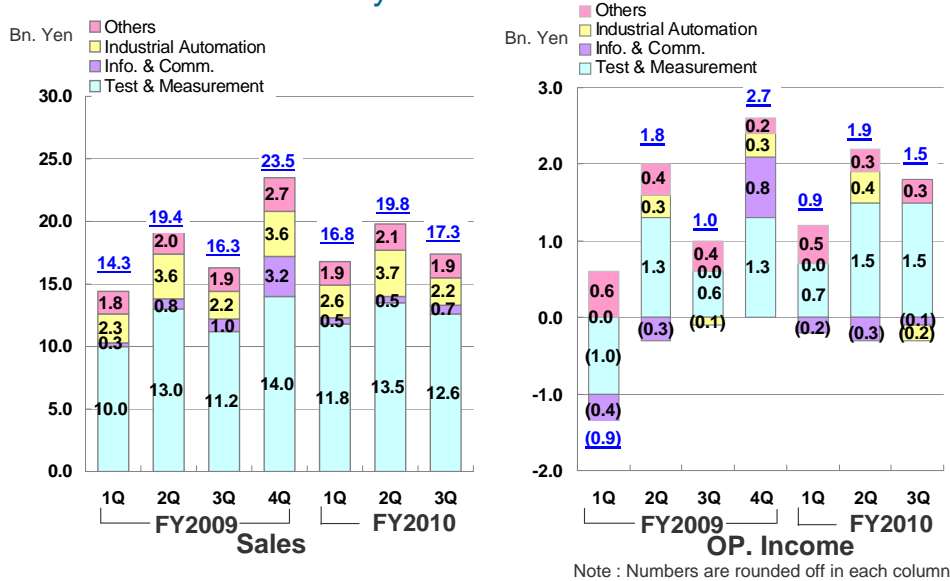
The increase was due to, (1) a steady growth in manufacturing solutions of mobile terminals, which can cover multiply all type transmission systems such as 3G, 3.5G and LTE, (2) orders from leading operators and vendors of North America and Asia based on an increase in LTE-related demands.

Sales in Information and communications business was lowered due to the budget constraints on public spending in our core video surveillance market, regardless of the continuous steadiness from the second quarter of the bandwidth control equipment business, which can manipulate the communication network load.

Industrial automation business turned to be slightly stagnant due to seasonal factors of the third quarter as a trigger, despite of the robust orders in ASEAN region and X-ray Inspection System market in North America.

Regarding Others segment, Video distribution service market-related Optical Devices sector is slowing down due to investment saturation.

2. Consolidated performance -Sales & op. income by bus. segment T&M (in Apr. to Dec.) increased sales and income for the two consecutive years



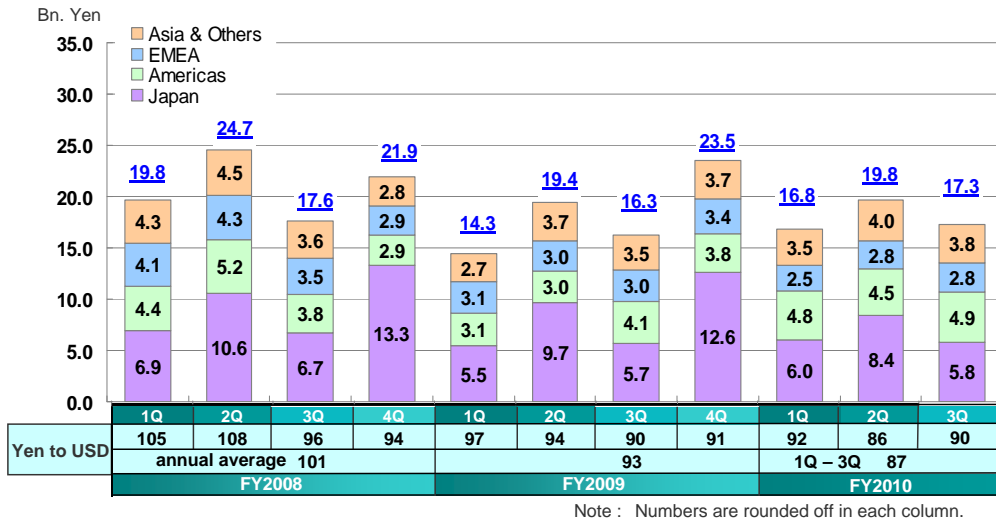
T&M (Apr. to Dec.) increased sales and income for the two consecutive years.

Although cost increased along with expansion of operations and recovery of business performance coupled with the appreciation of yen put some pressure on profits, our profitability has steadily improved since the trough of the first quarter of previous fiscal year.

The operating margin of the third quarters for the T&M business was 11.6% and 8.6% for the entire business.

2. Consolidated performance -Sales by region-

The Americas showed solid performances in the wireless infrastructure market and the mobile market.



The Americas are solid performances in wireless infrastructure market and the mobile market.

The Americas market posted increase in sales for three consecutive quarters, due to such factors as solid investment of the installation & maintenance in wireless infrastructure and expansion of development application of mobile broadband including LTE. In this fiscal year, revenues in the Americas market were increased to the corresponding period in the previous year for three consecutive quarters.

Feeble situation in the Japanese market remain unchanged for capital investment on test and measurement instruments by Electronics-related corporations manufacturing electronic devices etc.

The Industrial automation segment is not extending significantly as well.

Asian Market is steadily recovering in spite of no dramatic growth occurred on each of test and measurement as well as Industrial automation business.

2. Consolidated performance -Other incomes and expenses -

Non-operating expenses for 3Q was 333 million yen due to the factors of foreign exchange losses and interest, etc.

Unit: Million Yen

	3Q FY2009 (Apr. to Dec.)	3Q FY2010 (Apr. to Dec.)	3Q FY2010 (Oct. to Dec.)
Operating income (loss)	1,873	4,311	1,492
Interest & dividends	(363)	(444)	(146)
Foreign exchange	(432)	(843)	(177)
Others	(74)	(108)	(10)
Other income (loss)	(869)	(1,395)	(333)
Ordinary income (loss)	1,004	2,916	1,158
Gain on sales of noncurrent assets	149	-	-
Gain on sales of Investment securities	140	-	-
Gain on retirement by purchase of bonds	62	-	-
Loss on adjustment for changes of accounting standard for asset retirement obligations	-	(68)	-
Loss on valuation of investment securities	(17)	(1)	(0)
Extraordinary income (loss)	334	(69)	(0)
Income (loss) before income taxes	1,338	2,847	1,158

Note : Numbers are rounded off in each column

Non-operating expenditure for the third quarter was 333 million yen due to the factors such as foreign exchange losses and interest rates.

Whilst Yen is stabling with the exchange rate of approximately 80 yen for a U.S dollar, approximately 0.8 billion yen of foreign exchange loss against U.S dollar and Euro has incurred, and foreign exchange loss grew larger with Yen's appreciation tendency against foreign currencies also in the third quarter. Assumed exchange rate for the second fiscal half is 85 yen for a U.S dollar and 110 yen for a Euro.

2. Consolidated performance -Cash Flow-

We are creating stable cash flow.

Apr. – Dec. Cash Flow (CF)

Operating CF : 7.5 Bn. Yen
 Investing CF : -0.9 Bn. Yen
 Financial CF : 4.3 Bn. Yen

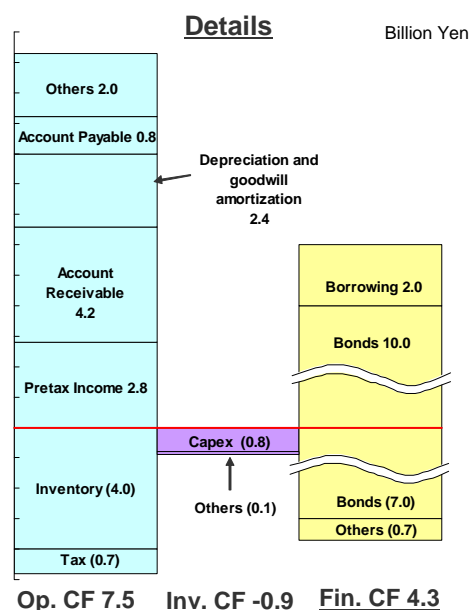
Free Cash Flow

Op. CF + Inv. CF : 6.6 Bn. Yen

Cash at the end of period

36.8 Bn. Yen

Note : Numbers are rounded off in each column



We are creating stable cash flow.

Major factors for 7.5 billion yen of operating cash flow were those such as gross margin improvement as well as operating budget and capital improvement. Capital investment was executed as planned.

Free cash flow for the fiscal year is forecasted to be 6 billion yen as possibilities of capital outflow expected to be caused by an increase in operating capital due to expansion of operations in the fourth quarter.

Japanese yen 10 billion Euro-Yen convertible bonds were issued in September in the first fiscal half in order to redeem 7 billion yen bonds with warrants, and also to conduct capital adequacy and raise growing capital.

3. Outlook for full year of FY2010

We revised our forecast for FY2010 upward.

Unit: Billion Yen

	FY2009	FY2010 (Apr.2010 - Mar. 2011)				
	Actual	Previously announced forecast (2010.10.27)	Forecast	YoY	YoY(%)	
Net Sales	73.5	77.0	77.0	3.5	5%	
Operating Income (loss)	4.6	5.6	6.5	1.9	42%	
Ordinary Income (loss)	3.6	4.0	4.8	1.2	34%	
Net Income (loss)	0.4	2.5	3.0	2.6	679%	
Test & Measurement	Sales	48.3	51.5	52.0	3.7	8%
	Op. Income	2.3	3.9	4.8	2.5	113%
Info. & Comm.	Sales	5.3	5.5	5.0	(0.3)	-6%
	Op. Income	0.1	0.0	0.0	(0.1)	-
Industrial Automation	Sales	11.6	12.5	12.5	0.9	7%
	Op. Income	0.6	0.6	0.6	0.0	-2%
Others	Sales	8.3	7.5	7.5	(0.8)	-10%
	Op. Income	1.6	1.1	1.1	(0.5)	-30%

Note 1 : Exchange rate for Q4(estimate) 1USD = 85 yen, 1EURO=110 yen

Note 2 : Numbers are rounded off in each column

We revised our performance estimate for FY2010 upward.

Based on the good performance of the T&M business until three quarter, we revised our full year profit forecast upward.

Net sales throughout the fiscal year as in consolidated total is set to be as originally planned due to the facts such as concerns on future prospects for the orders in the Japanese market at which sales intensively occurs in the fourth quarter, although upward swing for T&M business in North American market is expected.

Regarding the profit forecast, since operating income forecast for T&M business was raised to +0.9 billion yen, overall operating income will be revised with 6.5 billion yen with 8.4% operating margin, 4.8 billion yen as ordinary income, and 3 billion yen as net income of the term.

3. 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 **4yen per share to 5yen per share**.

When taken with the interim dividend of 2yen per share, the total dividend for the year will be **7yen** 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.

4. Market trend and actions -Mobile-

(1) LTE Market Trend

- LTE service launched
 - Verizon: 38 cities on 5 December 2010
 - ⇒ 10 different LTE terminals are scheduled to be released in the first half of 2011
 - NTT docomo: 3 major cities on 24 December 2010
- Commercialization Schedule
 - AT&T in mid-2011
 - ⇒ 20 different terminals are scheduled to be released by the end of 2011
 - China Mobile in 2012
 - ⇒ TDD LTE trials will be conducted in full swing from 2011

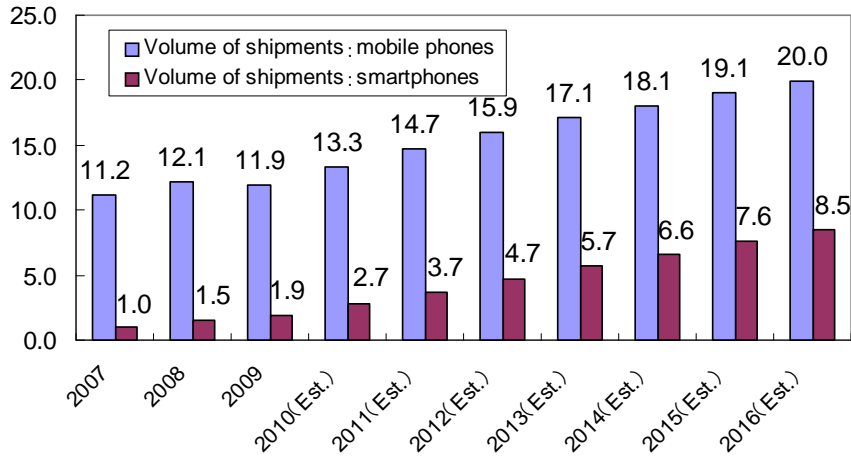
Development and commercializing pace in LTE market is faster than initial expectations. Leading operators in North America and China such as AT&T and China Mobile announced the commercialization of LTE.

We will focus on the market value chain and strive to increase orders by providing timely solutions for investment plans of our customers.

4. Market trend and actions -Mobile-

(2) The demand for T&M for production increases due to expansion of smartphone market

Unit : 100M



Source: Yano Research Institute Ltd.

An increase of demands in smart phones and its related market, is expected due to the fact that the income source of operators is shifting rapidly from voice revenue to data revenue. Developments of various Wireless Broadband systems and traffic growth are expected to lead to the new demands.

4. Market trend and actions -Mobile market-

(3) Actions

- **R&D** : Continue developments for LTE FDD and TDD system
Shift investments from core development to conformance tests
- ⇒ **Ongoing supply of T&M for R&D for both systems**
- **Conformance Test**: Increase in demands of conformance tests for commercialization.
- ⇒ **Expansion of test cases for demands in conformance tests**
Continue to acquire validations from global external certification bodies.
- **Terminal Mass Production** : Increase in test demands for various terminal manufacturing.
- ⇒ **Expand functions of test for manufacturing for all sorts of systems.**
Ability to work with several transmission standards such as GSM, W-CDMA, CDMA2000, TD-SCDMA, HSPA+, LTE FDD, LTE TDD in one test system.
- **Base station installation and maintenance**: Creation of telecommunication infrastructure by operators
- ⇒ **Expanding and providing of Hand-held measuring instruments**
- Strengthen support for global operators and vendors.

Anritsu will maintain at the leading position not only in LTE-related development field, but also in all solutions such as interoperability tests, conformance tests and mass production tests of terminals, and will continue to provide solid support to our customers as the market leader.

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