

3rd Quarter of FY2010 Financial Results Q&A Summary

Q: What is the reason for the major improvement of Third Quarter Results?

It is due to the facts such as

- A:** (1) Steady performance of T&M solutions for mobile terminal production and LTE-related development in the mobile communication market led to the gross margin improvement.
(2) Improvement of profit structure through expenditure management by streamlining of fixed costs and managing KPI (Key Performance Indicator).

Q: What are the percentages of sales and growth for each sub-segment of T&M business in the third quarter?

- A:** The sales ratios of the mobile market, the network infrastructure market, and the electronics market are 30%, 40%, and 30% respectively. The growth rates are approximately 30% for the mobile market, 10% for the network infrastructure market, and 0% for the electronics market.

Q: Please describe about the competitive advantage of measuring instruments for the mobile terminal production.

- A:** Measuring instruments for production are corresponding with CDMA terminals in addition to LTE. We are a leading company of LTE while CDMA2000-related vendors were remotely related to us. Therefore we have been enhancing testing capability of CDMA2000, and now our production-floor solutions covering both systems are accepted by chipset and terminal vendors in 2010.

Q: Please describe the current situation of the LTE business, and the outlook for the future.

- A:** Demands of measuring instruments for development of chipsets and terminals are increasing mainly overseas such as in United States and South Korea. Verizon Wireless in the United States and NTT Docomo in Japan had commercialized the LTE at the end of 2010. Also, more than 100 other telecom operators are scheduled to commercialize LTE in the future.
Demands of measuring instruments for core development of chipsets and terminals, for commercial development, and Conformance system for terminals can be expected. Additionally, we are expecting demands of hand-held measuring instrument, which occupies high share globally, to be increased in installation and maintenance field since there are necessities of improvements for wireless infrastructure.

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

- A:** We have revised our estimate of operating margin upward by 5% to 8.4% in this fiscal year. If we successfully achieve the estimate for this fiscal year, the targeted operating margin of 10% by the term ending March 2013 will become realistic.

Q: Please describe about the mid-term prospects for the production system.

- A:** The US division has been using the Overseas EMS at a part of their production process. The Japanese division will consider outsourcing portions of production, which exceed the current domestic production capacity.

Q: What is the outlook for fixed costs for the future?

- A:** Fixed costs in this fiscal year are progressing at low level for the efficiency improvement of business operations by KPI (Key Performance Indicator) management and the cost reduction of corporations overseas due to the appreciation of the yen.

Q: Please describe the attitudes on redemption of the corporate bonds and cares for the long-term borrowing for fiscal year ending March 2013.

- A:** As a means of fund-raising, we would like to secure the presence in each market of the corporate bond, the convertible bond, and the borrowing. For the mid-term, we would like to aim D/E ratio of 0.5.