



April 26, 2018

FOR IMMEDIATE RELEASE

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Notice Regarding Continuation of Performance-Related Stock Compensation Program with Partial Change

Anritsu Corporation (“Company”) announces that the Board of Directors of the Company (“Board of Directors”) has resolved at its meeting held on April 26, 2018, regarding the Performance-Related Stock Compensation Program (“Program”) for Directors of the Company (excluding Outside Directors and persons those who are Audit Committee members, the same shall apply hereinafter.) (“Directors”) that: the existing Program, which has been implemented for four (4) consecutive business years from the year ending on the last day of March 2015 to the same ending on the last day of March 2018, shall be partially changed and continued, and a proposition for such partial change and continuation of the Program (“Proposition”) shall be submitted to the 92nd Ordinary General Shareholders’ Meeting to be held on June 26, 2018 (“Shareholders’ Meeting.”)

1. Continuation of the Program with Partial Change

In considering remuneration system for the Directors and its specifics, the Company principally aims to encourage their willingness to contribute to the achievement of the Company’s management objectives and sustainable improvement in corporate value. In this light, with the approval at the 89th Ordinary General Shareholders’ Meeting held on June 25, 2015, the Company introduced the existing Program as an incentive plan employing a trust structure for distribution of shares which mainly linked to the degree of achievement of each Director’s numerical target related to the Company’s performance key indicators. To operate the existing Program, the Company established the trust for distribution of shares to its officers on August 7, 2015 (“Initial Trust”) which has continued up to the present.

The Company has now complied its three (3) years middle-term business plan (GLP2020) commencing in this year of 2018 (“GLP2020”). To give the Directors an incentive to improve the Company’s performance for the achievement of GLP2020, and to encourage them to strive for the realization of the Company’s management vision “Sustainable Profitable Growth” by sharing profits and risks of fluctuating stock price with our shareholders, the Company intends to change a part of the existing Program and continue it as the Program subject to the approval at the Shareholders’ Meeting.

The existing Program has covered the Company’s executive officers and senior corporate staff (excluding those who are residents overseas, the same shall apply hereinafter.) (“Executive Officers, etc.”) since its introduction. Thus, after the partial change thereof, the Company intends to implement the Program for them as well continuously.

Note: After the Proposition is approved and adopted at the Shareholders’ Meeting, remuneration for the Directors will be continuously composed of (i) basic salary (fixed pay), (ii) pecuniary performance-related salary (annual bonus) and (iii) the performance-related compensation under the Program (stock compensation)

Note: The continuation of the Program and other types of remuneration for the Directors were already deliberated by the Compensation Committee, an advisory body for the Board of Directors (consisting of four (4) Outside Directors and two (2) Executive Directors).

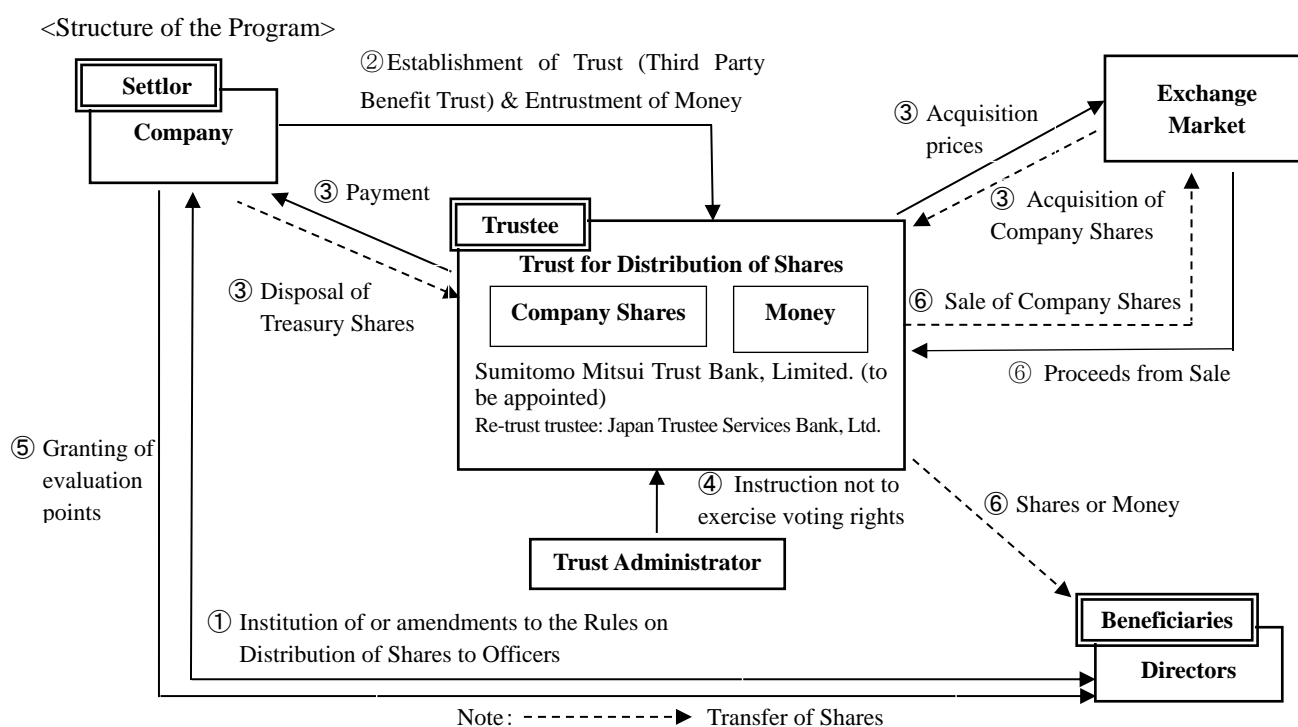
2. Contents of the Program

(1) Outline of the Program

The framework of the Program is a stock compensation system employing a trust structure for officers established with the money contributed by the Company (“Trust”). With such money, the Trust acquires shares of the Company (“Company Shares”) and distributes to each Director at the time of his/her retirement from the office of Director (“Time of Retirement”) a specific number of the Company Shares which corresponds to the cumulative number of evaluation points granted to him/her in accordance with the “Rules on Distribution of Shares” stipulated by the Board of Directors (“Rules”).

The chart below shows the outline and structure of the Program. Once the Program continuously applies to the Executive Officers, etc. as described in 1. above, they will be included in “Beneficiaries” indicated below.

Note: Under the existing Program, the Company Shares have been distributed to each Director at the prescribed timing every year. However, with the continuation of the Program, the timing of the distribution will be changed to, in principle, the Time of Retirement.



- ① Once the Proposition is approved at the Shareholders’ Meeting, the Company will institute the “Rules on Distribution of Shares to Officers” at the Board of Directors’ meeting. (In practice, the existing Rules is to be amended by resolution of the Board of Directors.)
- ② The Company will establish a new trust for distribution of shares (Third-Party Benefit Trust) for Directors those who have satisfied specific requirements as beneficiaries (to be detailed in ⑥ below) (“Trust.”) The Company will entrust money to the Trustee, the amount of which is equivalent to funds necessary to acquire the Company Shares (within the range approved at the Shareholders’ Meeting.) When there are remaining Company Shares or money held in the Initial Trust, such Shares or money will be transferred to the Trust in whole or part. If the term of the Trust (“Trust Term”) is re-extended and the Program is further continued, the same procedure will apply to such case and the Company will entrust additional amount of money necessary to acquire the Company Shares for distribution to the Directors under the Program during such re-extended Program Period (to be defined below) (“Additional Trust.”)

- ③ The Trustee will acquire a specific number of the Company Shares in a lump which is estimated to be needed for distribution in the future (through the exchange market including off-floor trading or by subscribing for treasury shares disposed of by the Company), using the money in the Trust (including the money entrusted from the Company as described in ② above and the same transferred from the Initial Trust to the Trust) as underlying funds.
- ④ The Company and the Trustee will appoint a Trust Administrator (a person who is independent of the Company and Officers of the Company) who shall protect the interest of beneficiaries those who are covered by the Rules and supervises the Trustee through the Trust Term. The Trust Administrator will instruct the beneficiaries not to exercise their voting rights pertaining to the Company Shares in the Trust, and accordingly, the beneficiaries shall not exercise such voting rights through the Trust Term.
- ⑤ Based on the Rules, the Company will grant evaluation points to the Directors.
- ⑥ Directors those who have satisfied requirements set in the Rules and a trust agreement for the Trust (“Qualified Directors”) will receive the distribution of the Company Shares, the number of which corresponds to the cumulative number of evaluation points granted, as beneficiaries of the Trust. When the Company needs to sell a specific ratio of the Company Shares and turn them into money for withholding and paying tax, such as withholding income tax, on behalf of the Directors, or any of events described in advance in the Rules or a trust agreement occurs, the Company will sell the Company Shares (initially to be distributed to the Directors) in whole or part at the exchange market, and instead of the Company Shares distribute the proceeds from such sale to the Directors.
- Sumitomo Mitsui Trust Bank, Limited (to be appointed as the Trustee of the Trust) will entrust (*sai-shintaku*) assets held in the Trust (“Trust Assets”) to Japan Trustee Service Bank, Ltd (“Re-Trust Trustee.”)

<Outline of the Program>

① Persons to be covered by the Program	Directors of the Company (excluding Outside Directors and persons those who are Audit Committee members)
② Period to be covered by the Program (“Program Period”)	From the year ending on the last day of March 2019 to the year ending on the last day of March 2021
③ Upper limit on amount of money contributed by the Company as funds to acquire the Company Shares during the Period in ② above (three (3) business years) (“Upper Compensation Limit”)	JY 210 million in total
④ Method for acquiring the Company Shares	Through the exchange market (including off-floor trading) or by subscribing for treasury shares disposed of by the Company
⑤ Upper limit on the total number of evaluation points to be granted to the persons in ① above	50,000 points per business year
⑥ Criteria for granting evaluation points	Granting based on his/her title and the degree of attainment of the performance target (to be detailed in (6) below)
⑦ Timing of distribution of the Company Shares to the person in ① above	In principle, at the time of his/her retirement from the office of Director (“Time of Retirement”)

(2) Entrusting Money to Trustee

Subject to the approval of this Proposition at the Shareholders’ Meeting, the Company will entrust funds to the Trust the amount of which is necessary to acquire, in advance for a specified period, a specific number of the Company Shares as reasonably estimated to be needed for distribution to the Directors as per (7) and (8) below. The Trust will acquire the Company Shares using the money in the Trust (including the money entrusted from the Company to the Trust and the money transferred from the Initial Trust to the Trust) as underlying funds as per (5) below.

Sumitomo Mitsui Trust Bank, Limited, which is to be appointed as the Trustee of the Program, will entrust (*sai-shintaku*) Trust Assets to Japan Trustee Service Bank, Ltd.

(3) Extension of Program Period and Trust Term

The Company has operated the existing Program through the period of four (4) consecutive business years (from the year ending on the last day of March 2015 to the year ending on the last day of March 2018.) Subject to the approval of this Proposition, the Company will extend and reset the period covered by the Program (“Program Period”) for three (3) consecutive business years from the year ending on the last day of March 2019 to the year ending on the last day of March 2021. With respect to the Trust (to be newly established along with the continuation of the Program), the Trust Term shall also be reset for approximately three (3) years from July 2018 to August 2021 (as scheduled.) Provided, however, that as per (4) below, the Program Period and the Trust Term may be further extended thereafter.

(4) Upper Limit on Amount of Money Contributed by the Company

Once the Program is continued and the Trust is established for the Qualified Directors as beneficiaries, the Company will contribute a sum of money up to JP 210 million (“Upper Contribution Limit”) during the Program Period as funds necessary to acquire the Company Shares for distribution to such Directors who are in office during three (3) business years in the Program Period as their compensation under the Program. Also, if there are any remaining Company Shares or money in the Initial Trust at the termination thereof, the Company will transfer them to the Trust in whole or part.

Note: In practice, the Company will entrust to the Trust an actual total sum of money for acquiring the Company Shares as described above and estimated necessary costs and expenses such as trust fee and trust administrator fee, etc. When the Program continuously applies to the Executive Officers, etc. as well, the Company will additionally entrust funds necessary to acquire the Company Shares for distribution to them.

At the expiry of the Trust Term (or if the Trust Term is re-extended and the Program is continued again after following procedures below, at the expiry of such re-extended Trust Term), the Company may, by a decision of the Board of Directors, set another extension period within three (3) business years and re-extend the Program Period and the Trust Term to continue the Program further. (In this context, the re-extension of the Trust Term includes a case that the Trust Assets in the Trust are transferred to another trust to be established by the Company for the same purpose of the Trust, and the Trust Term is substantively re-extended.) When the Program is continued again as described above, the Company will additionally contribute a sum of money up to the amount calculated by multiplying the number of additional business years in such re-extended Program Period by JP 70 million per business year as funds necessary to additionally acquire the Company Shares for distribution to the Directors under the Program. And the Company will continue to grant evaluation points as per (6) below and distribute the Company Shares as per (8) below to the Directors.

Even when the Company chooses not to re-extend the Program Period for the continuation of the Program under the preceding paragraph, if there are Directors those who have earned evaluation points and are still in office at the expiry of the Trust Term, the Company may re-extend the Trust Term until the Time of Retirement and the completion of the distribution of the Company Shares to them.

(5) Method for Acquiring the Company Shares by the Trust

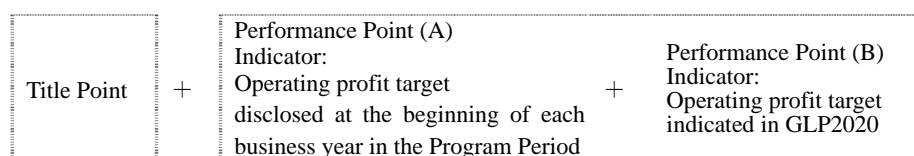
The Trust plans to acquire the Company Shares through the exchange market or by subscribing for treasury shares disposed of by the Company using the money in the Trust as underlying funds as per (2) above. Specifics of such acquisition method will be determined and disclosed after the Proposition is approved at the Shareholders’ Meeting. During the Trust Term, if it becomes likely to be insufficient in the number of Company Shares in the Trust to correspond to a total number of evaluation points granted to the Directors during the same period due to increase in the number of Directors and other factors, the Company may additionally entrust money to the Trust within the Upper Contribution Limit set in (4) above.

(6) Method for Granting Evaluation Points to Director

Based on the Rules (to be amended by resolution of the Board of Directors), the Company will grant to each Director a specific number of evaluation points calculated based on his/her title and the degree of attainment of the performance target (as detailed below) on the date of grant set in the Rules every year during the Trust Term. Provided, however, that a total number of evaluation points granted by the Company to the Directors shall not exceed 50,000 points per business year.

Note: For specifics of the granting method and related matters, the Board of Directors will determine within the scope described in the preceding paragraph. However, the Company plans to adopt the method, the skeleton of which is as follows:

- Evaluation points consist of (i) a point for his/her title to be granted subject to his/her fulfillment of own duties as an Executive Director by providing continuous service through the Program Period (“Title Point”), and (ii) another point that fluctuates depending on the degree of attainment of the performance target set by the Board of Directors in advance (“Performance Point”).
- For the Performance Point, at the start of the Program, the Company will use its operating profit as an indicator to measure the achievement of the performance target. The indicator consists of (A) the operating profit target to be disclosed at the beginning of each business year in the Program Period, and (B) the operating profit target at the end of three (3) business years indicated in GLP2020. The number of evaluation points to be granted to each Director will fluctuate in the range between 0 and 100 depending on the degree of attainment of his/her target level set in advance based on the indicator.



(7) Distribution of Company Shares Based on Number of Evaluation Points Granted to Director

Each Director will receive the distribution of the Company Shares based on the cumulative number of evaluation points granted to him/her as per (6) above, after following procedures described in (8) below.

One (1) evaluation point shall be equivalent to one (1) common stock of the Company Shares. Provided, however, that if any situation deemed reasonable to adjust the number of Company Shares for distribution, for instance, share splitting or combination of shares, arises, such number shall be reasonably adjusted according to the ratio of such splitting or combination, etc.

(8) Distribution of Company Shares to Directors

The Company Shares shall be distributed to each Director from the Trust as per (7) above, in principle at the Time of Retirement after following the procedures to confirm that he/she has satisfied beneficiary requirements provided for in the Rules.

When the Company needs to sell a specific ratio of the Company Shares and turn them into money for withholding and paying tax, such as withholding income tax, on behalf of each Director, or any event described in advance in the Rules or a trust agreement occurs, the Company will sell the Company Shares (initially to be distributed to the Directors) in whole or part at the exchange market, and instead of the Company Shares distribute to the Directors the proceeds from such sale.

(9) Exercising Voting Rights

Voting rights pertaining to the Company Shares held in the Trust shall not be exercised without exception. With that, the Company intends to ensure the neutrality of the Company management in connection with the exercise of voting rights pertaining to the Company Shares in the Trust.

(10) Dividends Treatment

Dividends pertaining to the Company Shares held in the Trust shall be received by the Trust and used for the acquisition of the Company Shares as well as payment of the Trustee’s trust fee and other costs related to the Trust.

(11) Treatment of Remaining Trust Assets at Termination of the Trust

When there are remaining Trust Assets at the termination of the Trust, for the remaining Company Shares, the Company plans to acquire, without compensation, and cancel them by resolution of the Board of Directors. Also, for the remaining money, the Company plans to donate a specific sum of money to a public interest benefit promotion corporation which has interest neither in the Company nor any Officer of the Company by providing for such donation in the Rules and a trust agreement in advance.

(Reference) Outline of Trust Agreement for the Trust

- ① Trust Settlor : The Company
- ② Trustee : Sumitomo Mitsui Trust Bank, Limited (to be appointed)
Re-trust (*Sai-Shintaku*) Trustee : Japan Trustee Services Bank, Ltd.
- ③ Beneficiaries : Persons those who have satisfied beneficiary requirements from among
Directors, Executive Officers and Senior Corporate Staff
- ④ Trust Administrator : A third party with no interest in the Company to be appointed
- ⑤ Exercise of Voting Rights : Through the Trust Term, voting rights pertaining to the Company Shares
in the Trust shall not be exercised.
- ⑥ Type of Trust : Pecuniary trust other than money trust (Third-Party Benefit Trust)
- ⑦ Date of Transfer of Trust Assets
from the Initial Trust to the Trust : Scheduled in July 2018
- ⑧ Date of Entrustment of Money to
the Trust : Scheduled in July 2018
- ⑨ Trust Term : Scheduled from July 2018 to August 2021
- ⑩ Purpose of Trust : To distribute the Company Shares to beneficiaries in accordance with the
Rules on Distribution of Shares

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