June 11, 2015

FOR IMMEDIATE RELEASE

Company Name: **ANRITSU CORPORATION**
Representative: Hirokazu Hashimoto, President & Director
Code Number: 6754 (Tokyo Stock Exchange, First Section)
Media Contact: Toshisumi Taniai; Director & Senior Vice President
(Phone: +81 46 296 6507)

Notice Regarding Supplementary Explanation on Performance-Related Stock Compensation Program to be Newly Introduced for Directors of the Company

Supplementary Notes Regarding Proposal 9 "Determination of Amount and Elements of Stock Compensation for Directors (excluding Directors elected as Audit Committee Members)" to be deliberated at the 89th Ordinary General Meeting of Shareholders

As you are already informed by the "Notice Regarding Introduction of New Performance-Related Stock Compensation Program for Directors of the Company" dated April 27, 2015, Anritsu Corporation ("Company") has decided to submit the proposition regarding introduction of a Performance-Related Stock Compensation Program as an incentive plan for Directors of the Company ("Program") to the 89th Ordinary General Meeting of Shareholders to be held on June 25, 2015. This supplementary explanation on the contents of such proposal (Proposal 9) is given to all the Shareholders for their reference for consideration of the proposal, along with the "Notice of the 89th Ordinary General Meeting of Shareholders" dated June 3, 2015.

(1) Outline of the Program

This is a performance-related stock compensation program to distribute a certain number of the Company's shares, which are acquired though a trust established based on the underlying funds contributed by the Company, to Directors of the Company (excluding Outside Directors and Directors elected as Audit Committee Members) through the trust. The number of the Company's shares to be distributed to each Director is calculated on the number of evaluation points granted to him/her taking into consideration his/her title and the degree of his/her attainment of numeral target for the management benchmark, and the like, in accordance with the "Rules on Distribution of Shares to Officers" established by the Board of Directors of the Company.

- **Directors those who are eligible for this Program shall be limited to Executive Directors. Outside Directors and Directors elected as Audit Committee Members are not eligible for the same.**
- **When the Company's shares are acquired through the trust under this Program, the share dilution will not occur since such shares are acquired from financial instruments exchange markets.**

(2) Calculation Method of Number of Evaluation Points Granted to Each Director

In accordance with the "Rules on Distribution of Shares to Officers" to be separately established, the base amount for distribution by title for each Director will be determined in a prescribed month every year. The number of evaluation points granted to each Director will be calculated by dividing (a) the amount obtained by multiplying (i) the base amount for distribution by title granted to each Director by (ii) a factor representing the degree of his/her contribution to the Company's performance, consisting of the degree of his/her attainment of numeral target regarding the management benchmark set by the Company and another degree of his/her attainment of managerial goal including non-financial aspects, set by each Director in advance, by (b) the Base Stock Price. Evaluation points granted to each Director will be converted to the common stock of the Company on a one to one basis.

- **The formula for calculation of number of evaluation points is as follows:**

$$\text{Number of Evaluation Points} = \frac{\text{(i) the base amount for distribution by title} \times \text{(ii) a factor representing the degree of contribution to the Company's performance}}{\text{Base Stock Price*}}$$

(ii) = A factor representing the degree of attainment of numeral target regarding the management benchmark (0〜2.0) ×0.7 + A factor representing the degree of attainment of managerial goal including non-financial aspects (0〜2.0) ×0.3

* The Base Stock Price shall be the average closing price (rounded out to the nearest yen) for normal transactions of the Company's common stock on the Tokyo Stock Exchange on each day in June 2015.

- **A factor representing the degree of each Director's contribution to the Company's performance will be determined within the range from 0% to 200% for each fiscal year during the Trust term, taking into account the Mid Term Business Plan "GLP2017" in which, for FY2017, the consolidated revenue target is set at JY 120 billion and the net profit target is set at JY 13 billion, based on the degree of his/her attainment of the respective targeted values of consolidated revenue, consolidated operating profit, cash flows from operating activities and capital efficiency (ACE*, ROIC) (as published in a Consolidated Financial Summary at beginning of such year) as well as another degree of his/her attainment of managerial goal including non-financial aspects**

*ACE (Anritsu Capital-cost Evaluation) = Operating profit after tax − Cost of capital

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(For reference)
This document has been disclosed on April 27, 2015 which is in regard to "Performance-Related Stock Compensation Program".

Translation for Reference Purpose Only

April 27, 2015

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Company Name: **ANRITSU CORPORATION**
Representative: Hirokazu Hashimoto, President & Director
Code Number: 6754 (Tokyo Stock Exchange, First Section)
Media Contact: Toshisumi Taniai; Director & Senior Vice President
(Phone: +81 46 296 6507)

Notice Regarding Introduction of New Performance-Related Stock Compensation Program for Directors of the Company

Anritsu Corporation ("Company") announces that, at the Board of Directors' meeting held on April 27, 2015, a resolution was made to introduce a Performance-Related Stock Compensation Program as an incentive plan for Directors of the Company ("Directors") using a trust ("Program") and a proposal for introduction of the Program would be deliberated at the 89th Ordinary General Meeting of Shareholders ("Shareholders' Meeting") to be held on June 25, 2015.

1. Background and Purposes of Introducing the Program

The Company has been developing its business to achieve further growth according to the three (3) years middle-term business plan commencing in this year of 2015. As separately notified as of today in "Notice Regarding Partial Amendments to the Articles of Incorporation", the Company will transfer from the current "Company with the Board of Company Auditors" to a "Company with an Audit Committee" newly founded by an amendment law of Companies Act (Law No. 90, Heisei 26 nen) subject to the approval of a proposition for such amendments to the Articles of Incorporation at the Shareholders' Meeting.

As a Company with an Audit Committee, the Company is determined to continuously strive for further strengthening of corporate governance and increase in its corporate value. In this connection, for the purpose of improving the Company's mid- and long term performance as well as encouraging the willingness of Directors to contribute to increase in the corporate value, the Company has decided to introduce the Program for Directors (excluding Outside Directors and Directors elected as Audit Committee members, the same shall apply hereafter) as the new incentive plan using a trust structure that relates to the degree of their attainment of numeral target regarding the Company's management benchmark, which is generally considered highly transparent and objective. The introduction of the Program for Directors is subject to the approval of a resolution on Officers' compensation at the Shareholders' Meeting.

Along with the introduction of the Program, the current stock options for Directors will continue until the respective exercise periods for each new share subscription right would expire or such right would lapse. No more new stock options will be granted hereafter.

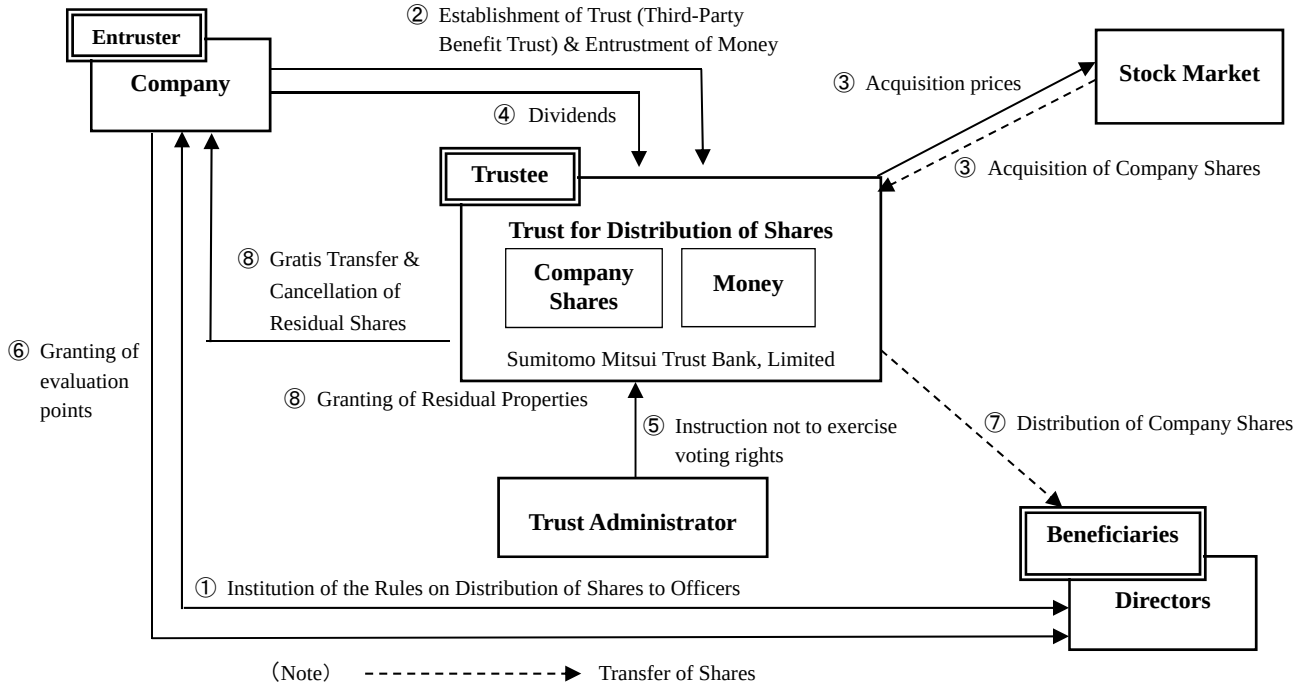
> (Note) At the Board of Directors' meeting held on April 27, 2015, it was resolved that another incentive plan with the same structure as that of the Program would be introduced for Vice Presidents and Executive Officers, those who are important employees of the Company.

2. Outline of the Program

(1) Outline of the Program

This is a performance-related stock compensation program to distribute every year a certain number of the Company's shares to Directors, calculated on the number of evaluation points granted to him/her taking into consideration his/her title and the degree of his/her attainment of numeral target for the management benchmark, in accordance with the "Rules on Distribution of Company Shares to Officers" instituted by the Board of Directors of the Company, through a trust established based on the underlying funds contributed by the Company, by which the Company acquires its shares ("Company Shares", common stocks of shares of the Company, the same shall apply hereinafter). The Board of Directors of the Company will determine the base amount for calculation of evaluation points in a prescribed month every year during the period subject to the Program, in accordance with the "Rules on Distribution of Company Shares to Officers" and Directors will be distributed a certain number of Company Shares calculated on such base amount in such prescribed month every year.
The following chart shows the structure of the Program:

<Outline of Structure of the Program>



① After obtaining the approval of Officers' compensation in regard to the introduction of the Program at the Shareholders' Meeting, the Company will institute the "Rules on Distribution of Shares to Officers" at the Board of Directors' meeting based on the approval of a resolution therefor at the Shareholders Meeting.

② The Company will establish the "Pecuniary Trust Other Than Money Trust" (Third-Party Benefit Trust)" ("Trust") for Directors covered by the "Rules on Distribution of Shares to Officers" as beneficiaries, to the extent approved by the resolution at the Shareholders' Meeting, and entrust money necessary for acquisition of the Company Shares.

③ The Trustee of the Trust will acquire the Company Shares, to be distributed to the Directors in future, from the stock market, etc. using the money entrusted as the underlying funds.

④ Dividends will be paid to the Company Shares under the Trust in the same manner for other shares of the Company.

⑤ Voting rights will not be exercised for the Company Shares under the Trust during the Trust term.

⑥ The Company will grant "evaluation points" to Directors in accordance with the "Rules on Distribution of Shares to Officers" during the Trust term, under which the number of Company Shares to be distributed to them in future will be calculated.

⑦ As to a Director who has satisfied the requirements set forth in the "Rules on Distribution of Shares to Officers", the Trustee will distribute a certain number of the Company Shares to such Director in accordance with a prescribed procedure for determination of beneficiary.

⑧ Upon expiration of the Trust term, if there are residual shares or the remaining amount of money in properties of the Trust after the distribution to beneficiaries, such residual shares or remaining amount of money will be disposed of in either of the following manners in accordance with the "Rules on Distribution of Shares to Officers":

(i) Where the new trust for the same purpose of the Program is established, such Company Shares, etc. will be transferred to such new trust for the same purpose.

(ii) After the transfer in (i) above, if there still remain the Company Shares in the Trust, the Company will acquire such Company Shares without any compensation and cancel them by the Board of Directors' resolution.

(iii) After the cancellation in (ii) above, if there still remains any amount of money in the Trust, the Company will consult with the Trustee and the Trust Administrator and donate them to a specified public service promotion corporation which has interest neither in the Company nor any of Officers of the Company.

(2) Establishment, Term and Amount of the Trust, and Number of Shares to Acquire

On the condition that the introduction of the Program is approved by the Shareholders' Meeting, the Company will contribute to the Trust the amount of funds necessary for the Trust to acquire, in advance, the number of the Company Shares as reasonably deemed necessary for distribution of the Company Shares as per (4) and (5) below for the scheduled period, and establish the Trust. The Trust will acquire the Company Shares using the underlying funds contributed by the Company as per (3) below.

More specifically, after the introduction of the Program is approved by the Shareholders' Meeting, the Company will contribute a sum of money up to JY 100 million as the funds to acquire the Company Shares for distribution thereof to Directors under the Program during the Trust term to be separately specified, in relation to the compensation, etc. for Directors during four (4) business years from the business year ending on the last day of March, 2015 to the business year ending on the last day of March, 2018 ("Initial Trust Period"). Such compensation, etc. does not include salaries for employees those who are concurrently serving as Directors. Where the Program is to be continued even after expiration of the Initial Trust Period, it shall be deliberated at another General Shareholders' Meeting.

(3) Method to Acquire the Company Shares and Upper Limit of Number of the Company Shares for Distribution to Directors

The Trust shall acquire the Company Shares through the stock market, etc. by using the funds distributed as per (2) above, as the underlying funds.

The upper limit of number of the Company Shares to be distributed to Directors under the Trust is obtained (rounded down to the nearest whole number) by dividing JY 100 million, the maximum amount to be contributed by the Company to the Trust, by the average closing price for normal transactions of the Company's common stock on the Tokyo Stock Exchange on each day (except for days on which there were no transactions) in June 2015 ("Base Stock Price" rounded out to the nearest yen, the same shall apply hereafter).
For the Initial Trust Period, once the Trust is established, the Trust shall acquire the Company Shares up to such limit without delay.

(4) Calculation Method and Upper Limit of Number of Evaluation Points Granted to Each Director

In accordance with the "Rules on Distribution of Shares to Officers" instituted by the Board of Directors of the Company, the base amount for distribution by title for each Director will be determined in a prescribed month every year (only for the initial year, it is scheduled to be determined in August 2015). The number of evaluation points granted to each Director will be calculated (rounded down to the nearest whole number) by dividing (a) the amount obtained by multiplying (i) the base amount for distribution by title granted to each Director by (ii) a factor representing the degree of his/her contribution to the Company's performance, consisting of the degree of his/her attainment of numeral target regarding the management benchmark set by the Company and another degree of his/her attainment of managerial goal including non-financial aspects, set by each Director in advance, by (b) the Base Stock Price.

When the Company Shares are distributed as per (5) below, evaluation points granted to each Director will be converted to the common stock of the Company on a one to one basis. (After the proposition for introduction of the Program is approved at the Shareholders' Meeting, if the Company carries out share splitting, gratis allocation of shares, combination of shares or the like regarding its shares, the above conversion rate between the evaluation point and the common stock of the Company will be reasonably adjusted according to the ratio of such splitting, allocation or combination, etc.)

(5) Timing for Distribution of the Company Shares

A Director who satisfies the beneficiary requirements may receive from the Trust a certain number of the Company Shares, etc. corresponding to the determined evaluation points granted as per (4) above, in accordance with a prescribed procedure for determination of beneficiary in June every year (only for the initial year, such procedure is scheduled in August 2015).

(6) Exercising Voting Rights

Voting rights pertaining to the Company Shares under the Trust shall not be exercised, without exception, at the instruction of the Trust Administrator who is independent from the Company. With that, it is intended to ensure the neutrality of the Company management on exercise of voting rights pertaining to the Company Shares under the Trust.

(7) Treatment of Dividends

Dividends pertaining to the Company Shares under the Trust shall be received by the Trust and used for acquisition prices of the Company Shares and trust fees for the Trustee, etc. in regard to the Trust.

(8) Treatment upon Termination of the Trust

In the event of delisting of the Company shares, abolishment of the "Rules on Distribution of Shares to Officers" or the like, the Trust shall terminate. As to the Company Shares out of residual properties of the Trust upon termination of the Trust, the Company will acquire, without any compensation, and cancel them by the Board of Directors' resolution. As to the remaining amount of money out of residual properties of the Trust upon termination of the Trust, the Company will donate them to a public interest benefit promotion corporation which has interest neither in the Company nor any of Officers of the Company in accordance with the "Rules on Distribution of Shares to Officers" and the Trust Agreement.

(Reference)

Details of the Trust

①Title:	Trust for Distribution of Shares to Officers
②Trust settlor:	The Company
③Trustee:	Sumitomo Mitsui Trust Bank, Limited
④Beneficiaries:	Director who satisfies beneficiary requirements from among Directors
⑤Trust Administrator:	A third party with no interest in the Company to be appointed
⑥Type of trust:	Pecuniary trust other than money trust (Third-Party Benefit Trust)
⑦Date of Trust Agreement:	Scheduled on August 7, 2015
⑧Date of Contribution of Money:	Scheduled on August 7, 2015
⑨Trust term:	Scheduled from August 7, 2015 to the last day of August 2018

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