

A year of expansion.



**Anaren**<sup>®</sup>  
What'll we think of next?<sup>™</sup>

Annual report 2006

In last year's report, we demonstrated how Anaren is *"Focused. On Growth."*

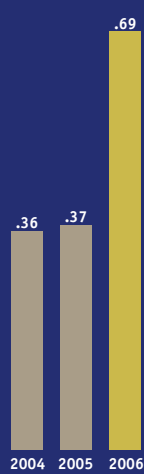
This year, we've elected to spotlight some of the exciting results of that focus — in the form of expanded product lines, capacity, talent, technology portfolios, profits, and, most important, sales — as we surpassed \$100 million for the first time in our company's history.



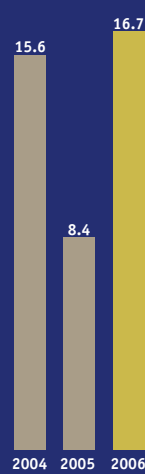
Net sales  
(millions)



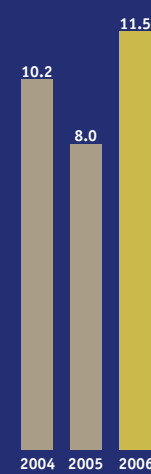
New orders  
(millions)



EPS  
(diluted, in dollars)



Operating Cash Flow  
from Continuing  
Operations  
(millions)



Operating Margins  
as a Percentage of  
Net Sales



R&D as a  
Percentage of  
Total Revenues

## Dear fellow shareholders...

Fiscal 2006 was a year of growth and expansion for Anaren as net sales exceeded \$100 million for the first time in our history. Beyond the overall growth in net sales, our performance in 2006 expanded in nearly every way:

- Operating profits grew 60% to 11.5% of net sales
- New orders grew to a record \$108 million
- EPS grew 53.6% to \$0.69 per diluted share; excluding equity-based compensation expense, EPS grew 132% to \$0.86 per diluted share
- R&D Spending grew 40% to 8.3% of net sales
- Customer service levels increased by 15%
- Space & Defense Group Net Sales grew 28% to \$38.7 million
- Cash, cash equivalents, and marketable debt securities increased to \$89 million

In addition to the strong performance from our Space & Defense Group, the operational improvements at Anaren Ceramics and the increasing contribution of our China operation have had a positive impact on our profitability, product development times, and customer service levels. We are investing in the technologies, people, processes, and partners that will continue to enhance our growth and operating performance in the future.

Our ability to attract, develop and retain talented and uniquely skilled Anaren associates is fundamental to our future growth and success. In addition to the general demands of a growing technology-based business, our depth of microwave expertise demands unique management and engineering skill sets that are not always readily available. As such, internal professional development and training programs can provide a meaningful competitive advantage. Important progress was made during fiscal 2006 as we significantly intensified our staff development activity and recruiting initiatives — including identification of next-generation leaders, incentivizing key contributors, and assigning mentors within our engineering departments. As a result, we expanded our engineering team by more than 20% and launched a company-wide development initiative to

ensure a continuous flow of talented associates that are ready and able to focus their talents on next-generation and emerging growth opportunities in the medical and defense electronics market, as well as on consumer and infrastructure wireless applications.

Progress continued this year in expanding our addressable markets through new product and technology development as well as extending our global reach. In fiscal 2006, we initiated new investment in multi-layer ceramic and multi-function microwave assembly technology that increases our addressable opportunities in high-volume military radar, receiver and missile applications. We also expanded our consumer component product offering by more than 118% and invested in the development of a new, low-cost wireless infrastructure component product line that we believe expands our opportunity in infrastructure applications at virtually every OEM across the globe. Beyond the innovative design approach employed, our China-based material sourcing, assembly and test capability enables an exceptionally efficient and cost-effective solution for our tremendously price-conscious wireless infrastructure customers. Our expanding presence in Asia likewise positions us well for the growing wireless technology deployments in this important region. Our plan to provide our customers with the leading price, performance, and integration — by combining our unique microwave design capability with highly integrated manufacturing techniques — is paying off.

Thank you for your continued interest in Anaren. Know that we continue to invest in our technology and our team, remaining focused on growth through innovation that creates sustainable competitive advantage. Also know that each and every Anaren associate is committed to our core values of Integrity, Teamwork, Leadership, Operational Excellence, Customer Satisfaction and Innovation, creating value for our customers and our shareholders alike.



Lawrence H. Sala  
CEO & President, Anaren, Inc.



## Expanding our infrastructure.

*Were you to visit Anaren in FY 2006, you'd have undoubtedly noticed the paradox of having to grow our physical space and capacity in order to supply technologies that are increasingly diminished in size.*

**> Broke ground on a 54,000 sq. ft. expansion of our Syracuse, NY headquarters:** Funded in part by a grant of \$500,000 from the Empire State Development Corporation of New York State (total estimated project cost \$10.9 million), this expansion increases capacity for (1) design and assembly of extremely high-complexity solutions for Space & Defense Unit customers, (2) thinking, with the completion of a new, dedicated R&D/design center — we're calling it our "ThinkTank" — that will fuel innovation company-wide, and (3) high-volume standard product manufacturing demanded by Wireless Unit customers. The expansion will also afford us workflow advantages and flexible manufacturing "cells" that readily and rapidly adapt to new projects. Estimated completion: 2<sup>nd</sup> quarter, 2007.

**> Initiated relocation of our Suzhou, China operation to a nearby facility three times its size:** Driven by strong sales — and having surpassed our expectations in terms of material sourcing, customer service, and ability to handle both high-volume and complex-assembly manufacturing — our Pacific Rim operation is moving from a 25,000-square-foot plant to a new, 76,000-square-foot plant in the same industrial complex. The new operation will enable production of an expanded array of custom wireless products and the move will be completed by year end 2006.

**> Completed Salem, NH consolidation with Anaren Ceramics running strong:** Our two previously separate, ceramics-based technology operations are now fully integrated, running more efficiently, and directed by a new, fully energized management and engineering team as Anaren Ceramics. Equipped with now fully operational LTCC manufacturing systems, our new 65,000 sq. ft. Salem plant can quickly accommodate expansion, should we need to support accelerating growth in the ceramics arena.



## 2006 /// Space & Defense Unit highlights

- > On the whole, U.S. defense and homeland security spending has risen 41% since 2001 in order "to rebuild and transform our Armed Forces...the largest increase in defense spending since the Reagan Administration."\*** Because your company remained committed to the development of military technology in the leaner 90s, we find ourselves very well-positioned to supply solutions well-suited for the war on terrorism and today's global military realities. With \$39.2 million in new orders and shipments of \$38.7 million, 2006 was our Space & Defense Unit's best-ever year from virtually every metric — representing 28% growth in net sales from fiscal 2005 and accounting for more than 37% of total corporate net sales.
- > We continued development of our innovative Integrated Microwave Assemblies (IMAs).** Fully leveraging materials expertise across Anaren's business units — as well as expertise from new, strategic component and manufacturing allies — this high-complexity, high-density passive and active capability has broad applicability to all our *Tier 1* customers. Ingenious and highly dense packaging will deliver tremendous gains in weight- and space-savings, performance, and space-suitable durability.
- > Answering U.S. military demand for digital "sensor" solutions to better detect today's airborne, naval, and terrestrial targets and threats, we made major strides in the development of next-generation models of our proven EW products — such as Digital Frequency Discriminators (DFDs), Digital Radio Frequency Memories (DRFMs), and Passive Ranging Subsystems (PRSSs); in total, we booked over \$22 million in US military contracts for this category. We also made infrastructure investments to increase opportunities for additional sales/content in this arena.**
- > We made great strides in affording our design team a broader and more flexible toolset. Drawing on a wide range of materials and employing equally varied manufacturing techniques — we are achieving innovative, entirely new, and very promising packaging combinations and performance gains. Additionally, we strengthened our engineering talent pool — and are far more able to design and manufacture across all engineering disciplines. This quest for a broader resource set will continue through strategic procurement and, potentially, acquisition activity.**
- > Our space and defense-specific sales representative team also grew stronger this year — totaling 15 well-connected, relationship-oriented experts who are working closely and collaboratively with both longstanding and new divisions within our *Tier-1* Space & Defense customers.**

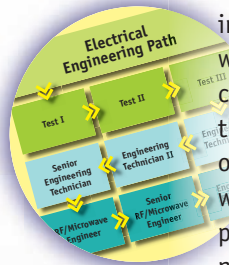


\* FY06 Budget Priorities, Office of Management & Budget, The White House Website

*Increases in physical plants notwithstanding, your company made important investments in the people behind our ingenuity this year.*

> **We embarked upon the most sweeping Organizational Development initiative in our history:** Tracking to our *Strategic Plan*, and spearheaded by Amy Tewksbury, our Human Resources department launched a three-pronged initiative to ensure our talent pool is strong and well-prepared for the future. (1) The initiative commenced with a company-wide assessment that afforded us a snapshot of our current organization — evaluating every single employee worldwide with regard to performance, growth potential, career aspirations, and developmental needs. (2) An implementation phase ensued and is ongoing, touching on all aspects of development — from identifying re-assignments for on-the-job development, to training and mentoring future leaders, to defining skill-sets for all job titles. (3) Recognizing the importance of keeping good people, we also launched a retention plan that surveys our employees for a continuous sense of satisfaction and morale, recognizes outstanding achievements, and clearly articulates our values.

> **Aggressive recruitment of varied engineering talent:** Always an RF shop renowned for its *theoretical* signal management expertise, today's Anaren has a vastly strengthened bench in engineering disciplines required for both *practical*, low-cost, and high-volume application of microwave science *and* for highly complex, high-frequency technologies and subsystems. Electrical, mechanical, chemical, process, testing, and project engineering titles now account for 15% of our company's staff and are a key aspect of our competitive edge. Assertive recruitment tactics include national/international advertising, attendance of national technology recruitment conferences, relationship-building with engineering schools, and job fairs hosted at our Syracuse HQ.



## 2006 /// Wireless Unit highlights

- > Demand for wireless infrastructure worldwide remained robust in FY06, as many OEMs consolidated or struck alliances to gain competitive advantage. For different reasons, performance and cost reduction remained paramount in *both* developed and emerging markets: In the U.S. and E.U., system suppliers pushed more services and content through modestly upgraded *existing* systems in order to forego much-anticipated 3G investments. Meanwhile, rapid expansions and new builds in India, China, and South America that would otherwise suggest a boom of opportunity *also* faced downward price pressure, albeit due to the subscription- and service-fee limitations of these low-wage regions. In either geographic scenario, Anaren delivered the goods — providing high-performance, low-cost, and high-volume technology to *all* of the world's leading infrastructure suppliers to the tune of \$62.6 million in 2006.
- > 2006 saw tremendous and renewed progress in our Ferrite capabilities — due in large measure to innovative engineering, materials sourcing, and manufacturing advances achieved by our Suzhou, China team. Whereas Anaren's initial foray into circulator technology proved somewhat price-prohibitive, we are now positioned as a cost *and* performance leader in this growing custom category that is ripe for Anaren-style technology disruption.
- > On the ceramics side of our portfolio, we ramped up production, yield, customer service, and sales at our newly consolidated Salem, NH plant — where our combination of microwave and ceramic know-how affords us the advantage on build-only competitors. Key accomplishments in FY06 included launching a next-generation, high-power resistor line that consolidates 300 highly specialized models to 15 more-broadly applicable SKUs. As an added benefit, the line's unique design offers excellent heat-dissipation qualities that will shortly be transplanted across other Anaren product lines. Another win was our introduction of a high-voltage resistor line for defibrillators and other high re-charge medical applications — extending the inroads we've made into healthcare electronics over the last few years.
- > Individual wireless product lines aside, the year's highlights also included a major integration win: A truly global Anaren design team successfully developed a high-power base station combiner that is approximately 70% smaller than the industry standard; in a more standardized form, this space-saving, performance-boosting unit will be commercialized and marketed to other OEMs thereafter, further enhancing our position in the base station equipment segment.



# Expanding our technological prowess.

*In our continuing search for ways to enhance our products' performance, drive out cost, drive up real value, and ship on time — your company made significant progress on several technology fronts this year.*

> **Strategic sourcing.** In many companies, procurement remains a 'buyer-based' function focused on cost, baseline specifications, and supply continuity. While we have not foregone these important fundamentals, Anaren took steps this year to employ procurement in a more strategic fashion. Rather than developing products and then shopping for materials that fit our specifications — we're proactively seeking out new materials, leapfrog technologies, and specialized-supplier alliances worldwide that render Anaren purchasing an enabling tool for invention, a way to reduce time to market, and a means to obtain the best "Total Cost Solution."

> **Sharpening our technological edge "across the board."** Technology-driven acquisitions of the last few years have, as planned, helped us add several complementary products to our portfolio. Today, our agility in matching these different technologies to one another for optimum performance — or, in some cases, integrating them altogether to achieve superior package-sizes and manufacturability in the process — is fast allowing us to grab new content and market share. One example is the way we've integrated ceramic capabilities into our Space & Defense Unit; another is our Wireless Unit's just-developed high-power, compact combiner (see page 5), which incorporates Xinger®-brand couplers, RFP-II resistors, Ferrite circulators, and other custom Anaren circuitry in a particularly elegant and compact package.

> **Embedding engineering at all our global locations.** In FY06, we also began to distribute our intelligence (so to speak) by strengthening our engineering teams — and the design, modeling, and testing equipment resources available to them — at Salem, NH and Suzhou, China. By cloning our HQ's culture at these locations, we're (1) providing customer service wherever it's needed, (2) bringing fresh, globally minded perspectives to any hard-nut problem we're attempting to crack company-wide, and (3) we're ensuring each location has both design and manufacturing prowess, making them micro manifestations of our overall strategy.



## 2006 /// Consumer Components Group highlights

> While industry-wide wireless system deployment continued to grow in FY06, the number and sheer variety of consumer devices utilizing content and services by those systems continued to astound — with current worldwide cell phone subscriptions of over 2 billion expected to grow by 800 million in 2006 alone.\* Encouraged by this demand, and confident we can ably ply our craft in the miniaturized, end-user side of the wireless world, we are pleased to report our new Consumer Components Group (CCG) increased sales 125% to over \$4 million. We likewise doubled our capacity in order to accommodate future growth — and invested aggressively in engineering talent, high-volume manufacturing equipment, and a broader supply base.

> 2006 saw us add several new components to our CCG family — including baluns, hybrid couplers, power dividers, crossovers, and new balun variations already 60% smaller than our first surface-mount baluns introduced only two years ago. We also developed new iterations of last year's "0404" part suited for wireless LAN, wi-max, Bluetooth®, and similar applications — and redoubled efforts to secure reference designs within these high volume platforms.

> Perhaps the most promising new CCG development, however, is traction we are getting with our new "0805" broadcast balun. Driven by U.S. FCC mandates requiring all TV systems to "go digital" by the year 2010 — demand for digitally enabled satellite and cable TVs is skyrocketing. Anaren has achieved design-in wins with leading equipment providers that will place our new 0805 component in many of the key products that will make the analog-to-digital migration possible — including set-top boxes, TV tuners, converters, upgrade kits, and tomorrow's high-def TVs themselves (300 million of the latter being sold in the U.S. alone in 2006). Better still: A parallel demand curve is emerging in the E.U., where analog systems are also moving to digital — and in developing nations, where the very first full-scale TV system infrastructure deployments and mass marketing of TVs will be digital to begin with.

> Lastly, our CCG team grew in terms of selling strength, as we added several new regional sales agents; deployed a technical-sales specialist from headquarters to build lasting relationships with our new customers; secured and stocked several new segment-savvy distributors; launched a new CCG-specific branch of anaren.com

\* Plunkett Research, Ltd., *Wireless, Cellular & RFID Industry Trends*, plunkettresearch.com



## Anaren products

Anaren's products are found in complex commercial telecommunications applications (such as satellite communication systems, wireless communication base stations and microcells); a wide array of commercial, industrial and consumer products where precision signal management is required (including medical, automotive, broadcasting, and handheld-consumer applications); and within electronic defense systems that detect, identify, elude and counter radar signals (as such, they are used worldwide in land-based, shipborne and airborne applications).



## Officers

From left to right:

Timothy P. Ross

*Senior Vice President, Business Development*

Mark P. Burdick

*Senior Vice President, General Manager*

Amy B. Tewksbury

*Senior Vice President, Human Resources*

Gert Thygesen

*Senior Vice President, Technology*

David M. Ferrara

*Secretary, General Counsel*

Lawrence A. Sala

*Chairman, President, Chief Executive Officer*

Joseph E. Porcello

*Senior Vice President, Finance & Treasurer*

Carl W. Gerst, Jr.

*Vice Chairman, Chief Technical Officer*

## Directors

Lawrence A. Sala, *Chairman*

Carl W. Gerst, Jr.

Herbert I. Corkin

Dale F. Eck

James G. Gould, CPA

Robert U. Roberts

Matthew S. Robison

John L. Smucker

Dr. David L. Wilemon

**Legal Counsel:** Bond Schoeneck & King, PLLC, Syracuse NY

**Transfer Agent:** Inquiries regarding misplaced or lost stock, change of address or other administrative matters should be sent to our Transfer Agent: The American Stock Transfer & Trust Company, 59 Maiden Lane, New York, NY 10007, 718-921-8208

**Annual Meeting:** The annual meeting of the shareholders of Anaren, Inc., will be held November 2, 2006, at 9:00 a.m. at the Wyndham Hotel off Carrier Circle at 6301 Route 298, East Syracuse, NY, 13057. Proxies for the meeting will be solicited by the Company. This annual report is not part of the proxy solicitation.

**Form 10-K:** Anaren's annual report on Form 10-K to the Securities and Exchange Commission for fiscal 2006 is available upon written request to Anaren, Inc. 6635 Kirkville Road, East Syracuse, NY, 13057, to the attention of Investor Relations. For your convenience, it may also be reviewed online or requested in hard-copy format via the Anaren website: [www.anaren.com](http://www.anaren.com).

**Safe Harbor Statements:** Statements that are not historical facts, including statements about Anaren's future growth, market penetration, operating performance, profitability, goals and objectives, and various statements included in management's discussion and analysis, are forward-looking statements that involve risks and uncertainties that could cause Anaren's results to differ materially from those stated in any forward-looking statement. These risks are described in the Forward-Looking Cautionary Statement included in the "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Form 10-K for fiscal 2006 and in the Company's Security and Exchange Commission filings.

**Auditors:** KPMG LLP

**About Anaren Stock:** The common stock of Anaren, Inc., trades on the NASDAQ National Market under the symbol ANEN.

**Inquiries about the company:** Anaren welcomes inquiries from its stockholders and other interested investors. Please direct all inquiries, including requests for additional annual report copies, Form 10-K, or other information to:

David M. Ferrara  
Secretary and General Counsel  
6635 Kirkville Road  
East Syracuse, NY 13057

**Consolidated Condensed Statements of Operations** (in thousands)

Years Ended June 30, 2006, 2005 and 2004

|   | 2006                    | 2005                   | 2004                   |
|---|-------------------------|------------------------|------------------------|
| <b>Net sales</b>  | <b>\$ 105,464</b>       | <b>\$ 94,461</b>       | <b>\$ 85,079</b>       |
| Cost of sales   | 67,189                  | 64,591                 | 55,070                 |
| Gross profit  | <u>38,275</u>           | <u>29,870</u>          | <u>30,009</u>          |
| <b>Operating expenses:</b>                                  |                         |                        |                        |
| Marketing   | 7,036                   | 6,858                  | 6,723                  |
| Research and development                                    | 8,748                   | 6,288                  | 5,861                  |
| General and administrative                                  | 10,345                  | 8,685                  | 8,731                  |
| Restructuring   | —                       | 458                    | —                      |
| Total operating expenses                                    | <u>26,129</u>           | <u>22,289</u>          | <u>21,315</u>          |
| <b>Operating income</b>                                     | <b><u>12,146</u></b>    | <b><u>7,581</u></b>    | <b><u>8,694</u></b>    |
| Other income (expense), net                                 | 2,428                   | 1,570                  | 1,668                  |
| Income before income taxes                                  | 14,574                  | 9,151                  | 10,362                 |
| Income taxes  | 3,225                   | 1,738                  | 2,695                  |
| Income from continuing operations                           | <u>11,349</u>           | <u>7,413</u>           | <u>7,667</u>           |
| Discontinued operations:                                    |                         |                        |                        |
| Income (loss) from discontinued operations of Anaren Europe | 817                     | —                      | (1,510)                |
| Income tax benefit  | —                       | —                      | (1,800)                |
| Income from discontinued operations                         | <u>817</u>              | <u>—</u>               | <u>290</u>             |
| <b>Net income</b>   | <b><u>\$ 12,166</u></b> | <b><u>\$ 7,413</u></b> | <b><u>\$ 7,957</u></b> |
| Basic earning per share:                                    |                         |                        |                        |
| Income from continuing operations                           | \$ 0.66                 | \$ 0.38                | \$ 0.37                |
| Income from discontinued operations                         | 0.05                    | —                      | 0.01                   |
| <b>Net income</b>   | <b><u>\$ 0.71</u></b>   | <b><u>\$ 0.38</u></b>  | <b><u>\$ 0.38</u></b>  |
| Diluted earnings per share:                                 |                         |                        |                        |
| Income from continuing operations                           | \$ 0.64                 | \$ 0.37                | \$ 0.35                |
| Income from discontinued operations                         | 0.05                    | —                      | 0.01                   |
| <b>Net income</b>   | <b><u>\$ 0.69</u></b>   | <b><u>\$ 0.37</u></b>  | <b><u>\$ 0.36</u></b>  |
| Shares used in computing net income per share:              |                         |                        |                        |
| Basic   | 17,157                  | 19,346                 | 21,026                 |
| Diluted   | <u>17,682</u>           | <u>19,832</u>          | <u>21,808</u>          |

**Consolidated Condensed Balance Sheets** (in thousands)

|   | <u>June 30, 2006</u>     | <u>June 30, 2005</u>     |
|---|--------------------------|--------------------------|
| <b>Assets</b>                                     |                          |                          |
| Current assets:                                   |                          |                          |
| cash, cash equivalents                            | \$ 15,733                | \$ 5,901                 |
| short-term investments                            | 66,760                   | 52,508                   |
| Accounts receivables, net                         | 16,362                   | 14,780                   |
| Other receivables                                 | 1,176                    | 1,145                    |
| Inventories                                       | 22,133                   | 19,403                   |
| Other current assets                              | 2,312                    | 1,772                    |
| <b>Total current assets</b>                       | <b><u>124,476</u></b>    | <b><u>95,509</u></b>     |
| Property, plant and equipment                     | 27,635                   | 24,984                   |
| Marketable debt securities                        | 6,131                    | 23,600                   |
| Goodwill  | 30,716                   | 30,716                   |
| Other intangibles                                 | 374                      | 673                      |
| <b>Total assets</b>                               | <b><u>\$ 189,332</u></b> | <b><u>\$ 175,482</u></b> |
| <b>Liabilities and stockholder's equity</b>       |                          |                          |
| Current liabilities                               |                          |                          |
| Accounts payable                                  | \$ 6,799                 | \$ 6,077                 |
| Accrued expenses                                  | 3,255                    | 2,332                    |
| Other liabilities                                 | 1,929                    | 2,546                    |
| <b>Total current liabilities</b>                  | <b><u>11,983</u></b>     | <b><u>10,955</u></b>     |
| Other non current liabilities                     | 4,898                    | 5,448                    |
| <b>Total Liabilities</b>                          | <b><u>16,881</u></b>     | <b><u>16,403</u></b>     |
| Total stockholders' equity                        | 172,451                  | 159,079                  |
| <b>Total liabilities and stockholders' equity</b> | <b><u>\$ 189,332</u></b> | <b><u>\$ 175,482</u></b> |

**Consolidated Condensed Statements of Cash Flows** (in thousands)

Years Ended June 30, 2006, 2005 and 2004

|  | <u>2006</u>    | <u>2005</u>     | <u>2004</u>     |
|--|----------------|-----------------|-----------------|
| <b>Cash flows from operating activities:</b>                                     |                |                 |                 |
| Net income   | \$ 12,166      | \$ 7,413        | \$ 7,957        |
| Net income from discontinued operations  | 817            | —               | 290             |
| Net income from continuing operations  | 11,349         | 7,413           | 7,667           |
| Adjustments to reconcile net income to net cash provided by operating activities |                |                 |                 |
| Depreciation and amortization  | 5,208          | 5,458           | 5,007           |
| Impairment loss  | —              | 272             | —               |
| Loss on sale of equipment  | 16             | 98              | —               |
| Loss on sale of equity securities  | —              | 343             | —               |
| Provision for doubtful accounts  | (41)           | 67              | (17)            |
| Deferred income taxes  | (357)          | 559             | (141)           |
| Equity-based compensation  | 3,475          | 66              | 286             |
| Tax benefit from exercise of stock options                                       | —              | 29              | 798             |
| Changes in operating assets and liabilities                                      | (2,923)        | (5,937)         | 2,017           |
| Net cash provided by operating activities from continuing operations             | 16,727         | 8,368           | 15,617          |
| Net cash used in operating activities from discontinued operations               | (97)           | —               | (405)           |
| <b>Net cash provided by operating activities</b>                                 | <b>16,630</b>  | <b>8,368</b>    | <b>15,212</b>   |
| <b>Cash flows from investing activities:</b>                                     |                |                 |                 |
| Capital expenditures   | (7,544)        | (9,059)         | (4,275)         |
| Proceeds from sale of equity securities  | —              | 2,746           | —               |
| Proceeds from sale of equipment  | 1              | 160             | —               |
| Dividend return of capital in equities held for resale                           | —              | —               | 3,498           |
| Maturities of marketable debt securities   | 103,595        | 117,322         | 194,358         |
| Purchase of marketable debt and equity securities                                | (100,378)      | (99,240)        | (177,570)       |
| Net cash provided by (used in) investing activities from continued operations    | (4,326)        | 11,929          | 16,011          |
| Net cash provided by (used in) investing activities from discontinued operations | —              | —               | 1,493           |
| <b>Net cash provided by (used in) investing activities</b>                       | <b>(4,326)</b> | <b>11,929</b>   | <b>17,504</b>   |
| <b>Cash flows from financing activities:</b>                                     |                |                 |                 |
| Stock options exercised  | 5,549          | 225             | 1,565           |
| Tax benefit from exercise of stock options                                       | 1,679          | —               | —               |
| Purchase of treasury stock   | (9,803)        | (37,926)        | (22,097)        |
| Net cash used in financing activities from continuing operations                 | (2,575)        | (37,701)        | (20,532)        |
| Net cash used in financing activities from discontinued operations               | —              | —               | —               |
| <b>Net Cash used in financing activities</b>                                     | <b>(2,575)</b> | <b>(37,701)</b> | <b>(20,532)</b> |
| Effect of exchange rates   | 103            | 2               | 56              |
| <b>Net increase (decrease) in cash and cash equivalents</b>                      | <b>9,832</b>   | <b>(17,402)</b> | <b>12,240</b>   |
| Cash and cash equivalents at beginning of year                                   | 5,901          | 23,303          | 11,063          |
| Cash and cash equivalents at end of year   | \$ 15,733      | \$ 5,901        | \$ 23,303       |



# Anaren<sup>®</sup>

What'll we think of next?<sup>™</sup>

Anaren, Inc.  
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