

# Anaren®

What'll we think of next?™



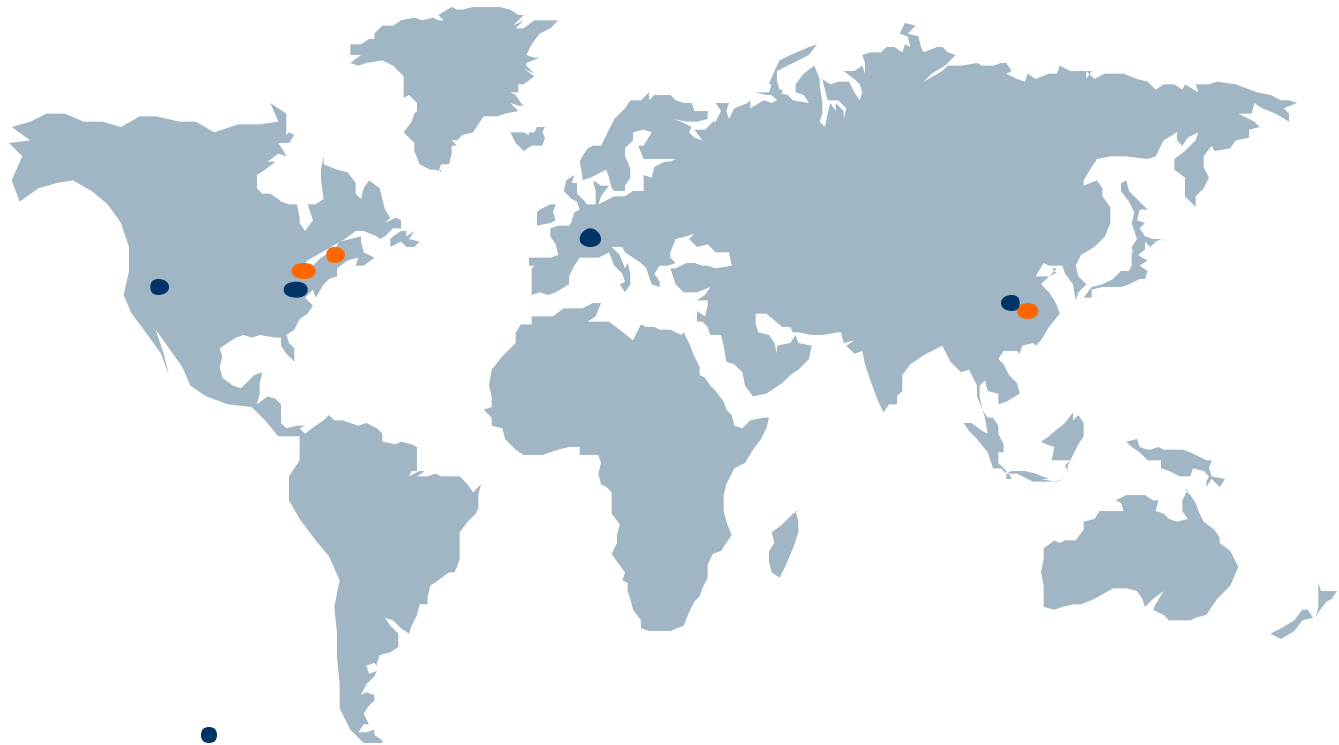
February 2007  
A year of expansion.

# Safe harbor statement

- Statements contained in this presentation, other than historical facts, are forward-looking statements pursuant to the Safe Harbor provisions of the Private Securities Litigation Reform Act of 1995. These forward-looking statements necessarily involve risks and uncertainties that could cause actual results to differ materially from those stated by management.
- These risks and uncertainties are described in more detail in Anaren's Annual Report and in Anaren's Form 10-K and 10-Q Reports and exhibits to those reports filed with the Securities and Exchange Commission.

# Anaren, Inc.

Founded in 1967, Anaren provides highly integrated microwave components, assemblies and subsystems to the Wireless communications, Satellite communications, and Defense electronics markets.



## R&D/Manufacturing

- > Anaren, Inc. (HQ) – Syracuse, NY
  - now expanding by 54,000 sq. ft.
- > Anaren Ceramics, Inc. – Salem, NH
  - moved to new 65,000 sq. ft. plant
- > Anaren Communications – Suzhou, China
  - moving to 76,000 sq. ft. plant

## Regional Sales Offices

- > East-coast – E. Syracuse, NY
- > West-coast – Sacramento, CA
- > EU – Hampshire, England
- > Asia – Suzhou & Shenzhen, China

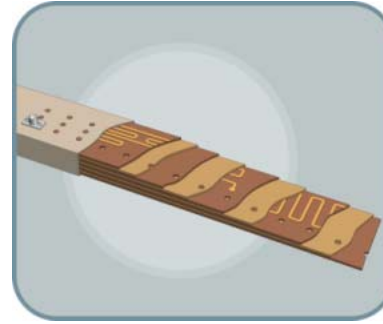
## Distribution

- > Richardson Electronics – Chicago, IL
  - 70 sales offices, 45 stocking, 29 countries
- > Avnet – Phoenix, AZ
  - 268 locations, 70 countries

# Our threefold technology edge

## Engineering strength

- Exceptional microwave/RF design & modeling
- Broad engineering capability (process, mechanical, manufacturing)
- Design to spec focus



## Advanced microwave manufacturing

- Superior microwave performance
- Miniaturization & cost reduction
- High power handling
- Supports all air interfaces
- Broad frequency range (DC to >20GHz)
- Applying to *both* standard & custom

## Broad market applicability

- Wireless infrastructure
- Wireless subscriber
  - Sat-TV, WiMAX, WLAN, Bluetooth, cell phones, HDTV
- Space & defense electronics
- Medical, automotive, other

### Multi-layer stripline

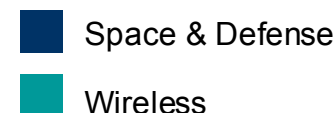
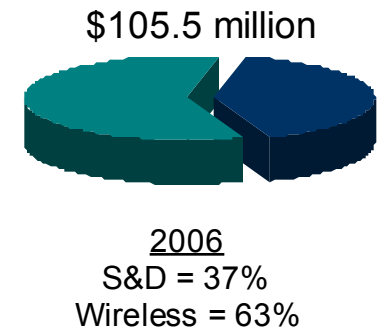
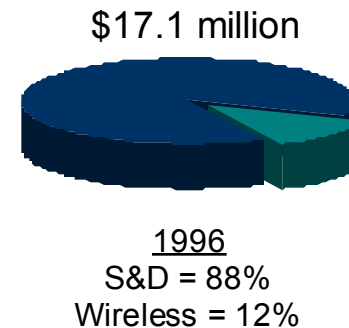
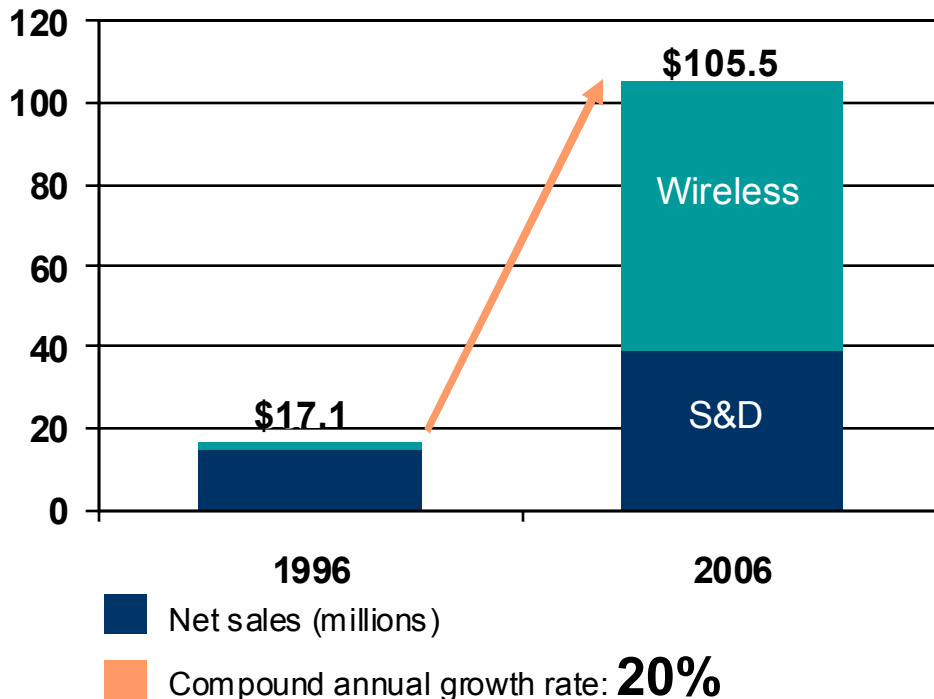
- > compact
- > highly complex & dense
- > high power
- > proprietary interconnects
- > automated assembly

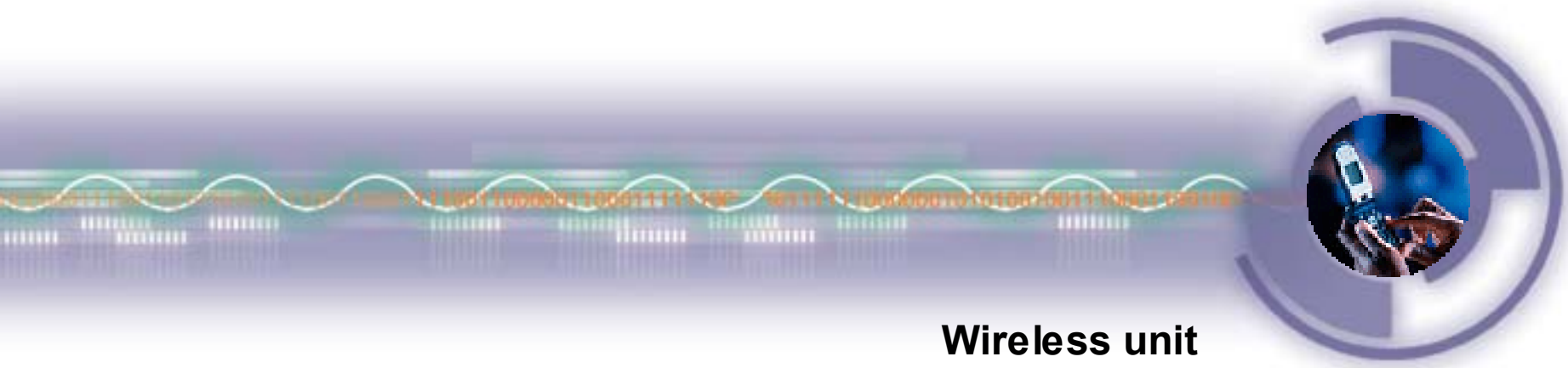
### Thick-film & LTCC

- > miniature
- > high precision circuits
- > highly integrated
- > proprietary vias & interconnects
- > strong materials & process expertise

# Investment highlights

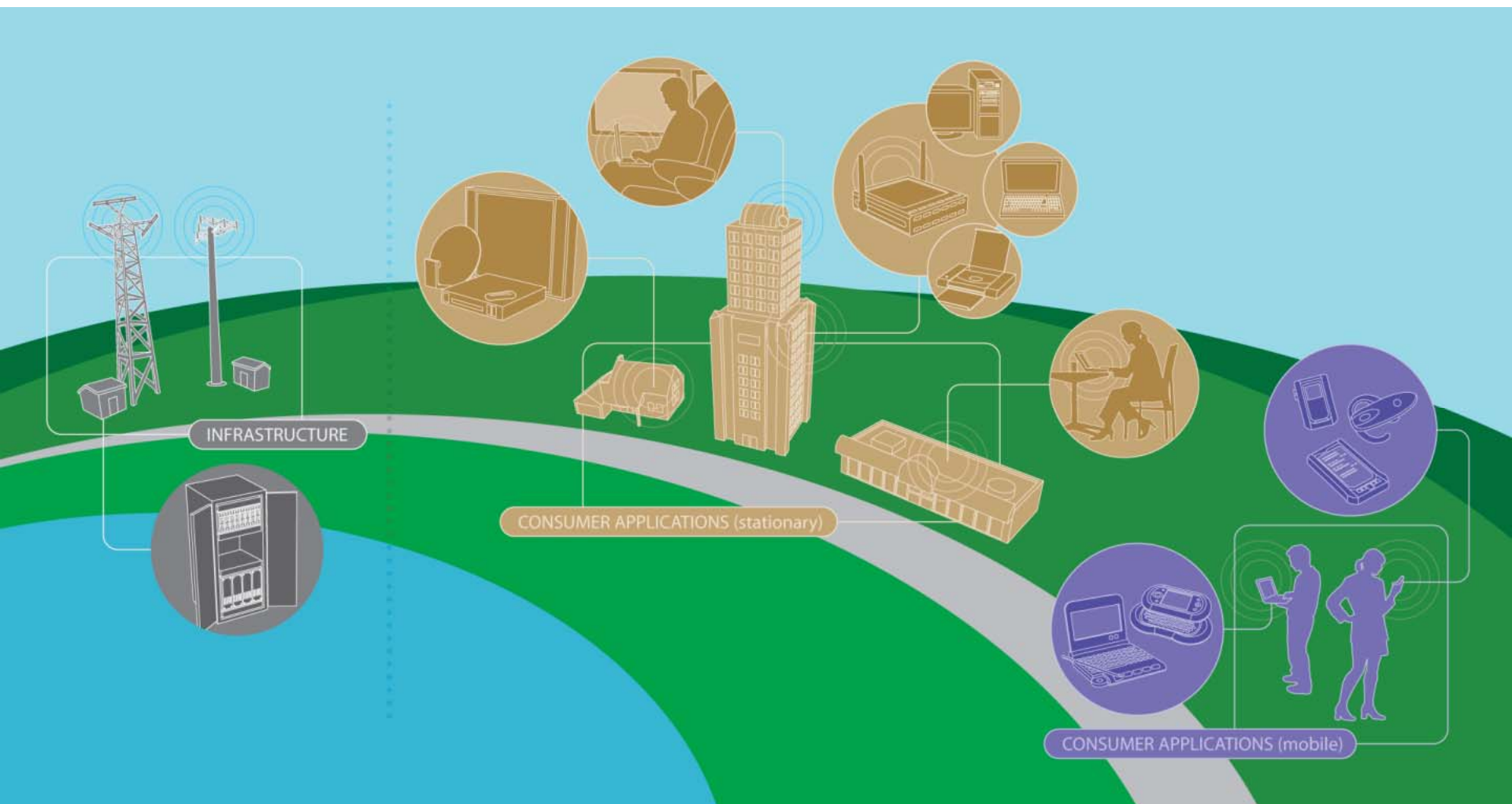
- Serving the wireless, space & defense markets
- World-class customer base
- Innovative products and manufacturing technologies
- Excellent growth potential
- Strong revenue & earnings track record





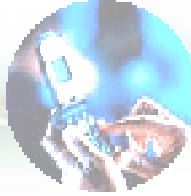
**Wireless unit**

# Where our technology applies



Standard & custom components targeted to consumer & infrastructure applications.  
ASPs are \$.05-20 and \$20-500 respectively.

# Revenue growth



## Infrastructure products

61%



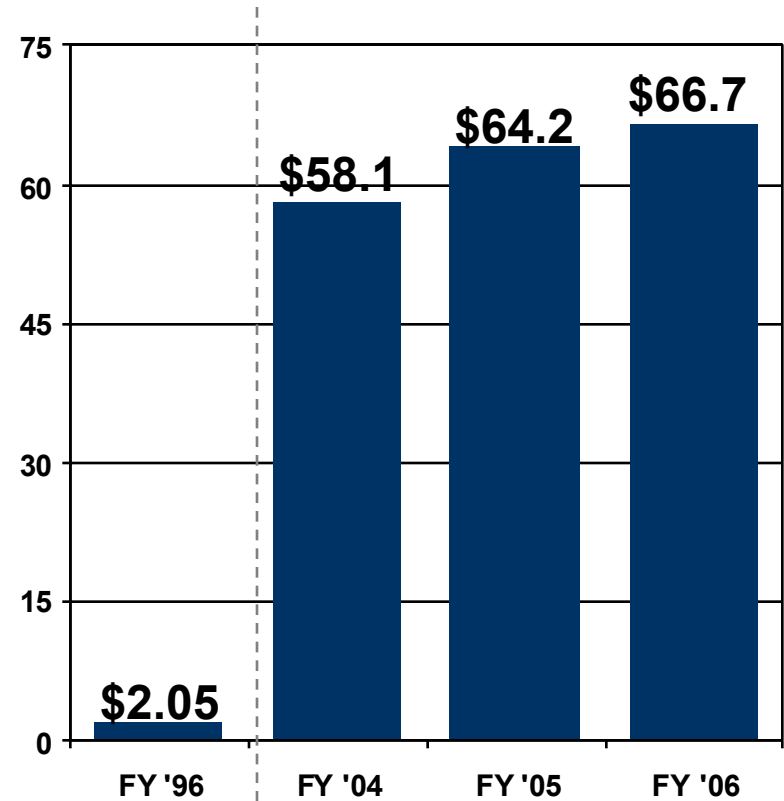
Standard infrastructure products  
ASP: \$.50 - \$20

39%



Custom products  
ASP: \$20 - \$500

## Growth of net sales

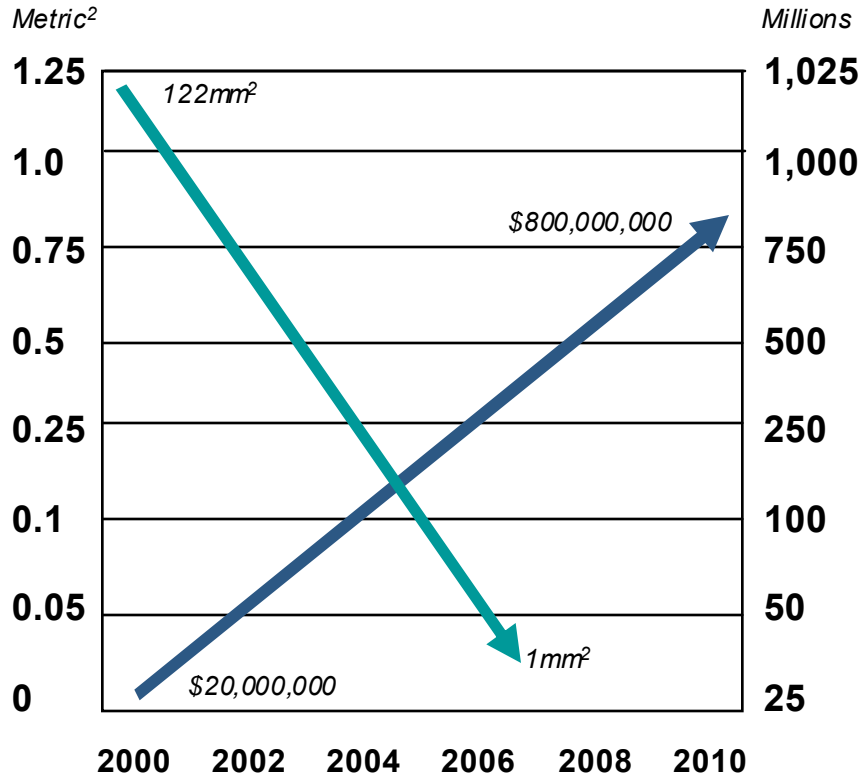
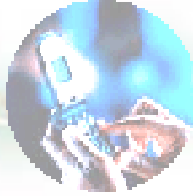


Net sales (millions)

# World-class infrastructure customers

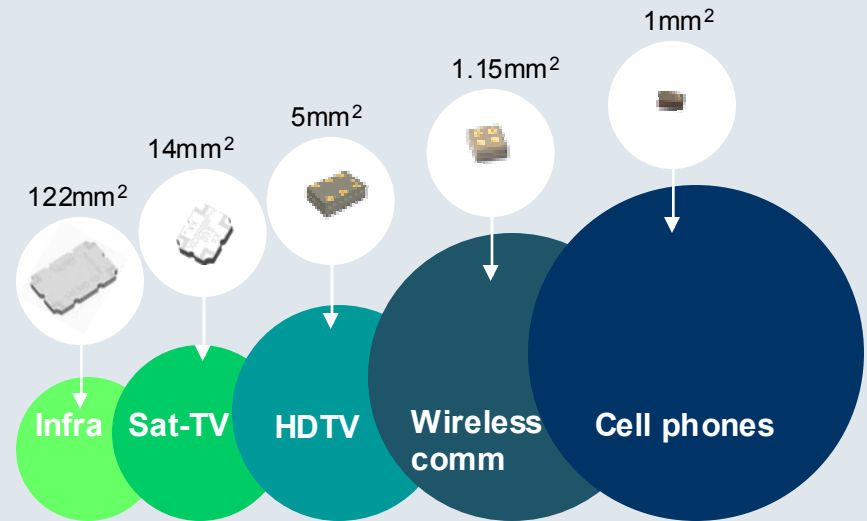


# Positioned for growth in consumer products



- Projected addressable market:  
 Wireless Lans, Bluetooth, WiMax, UWB,  
 Zigbee, Handsets, Sat-TV, DVB-S/C/&T/H
- Reduction of Anaren SMT components

> 100:1 reduction in product size  
 > 40:1 increase in addressable market



Products and market sizes are not to scale.

# World-class consumer customers



RFmagic



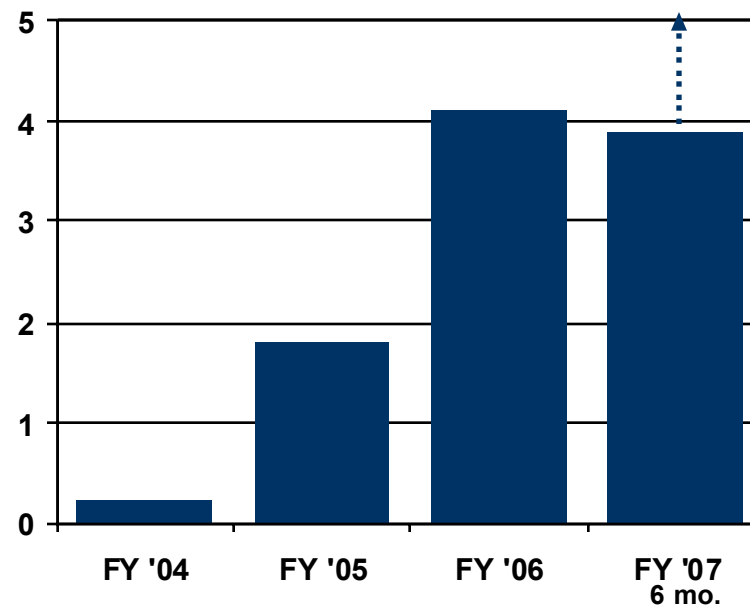
CalAmp

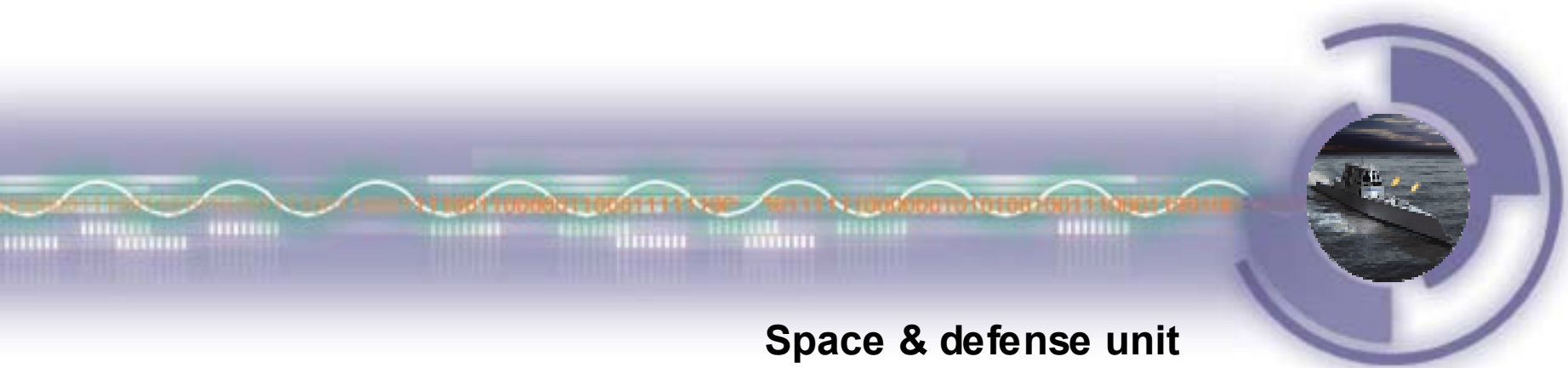
Global (UK) Ltd  
Communications



## Annual sales

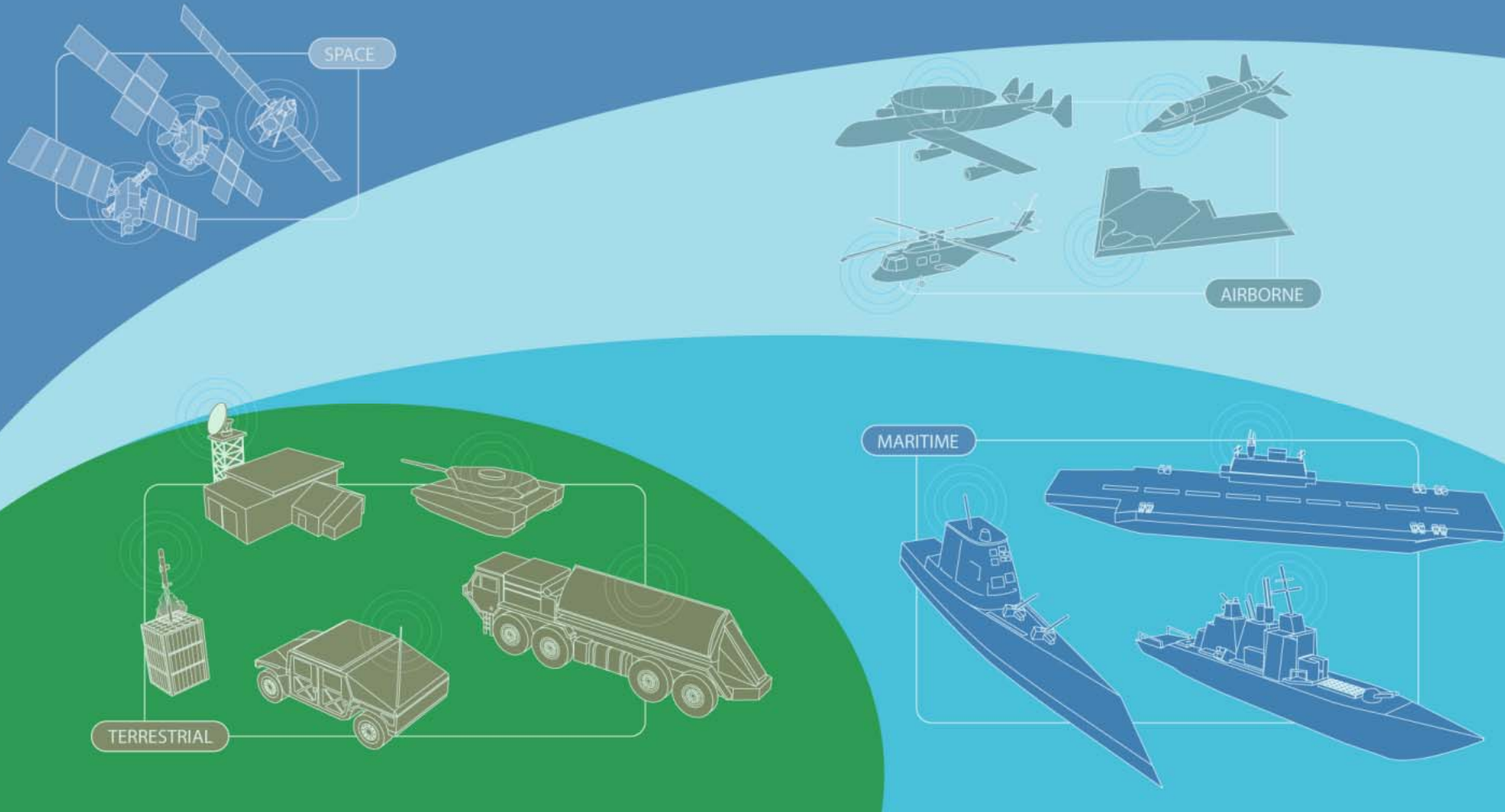
In millions





**Space & defense unit**

# Where our technology applies

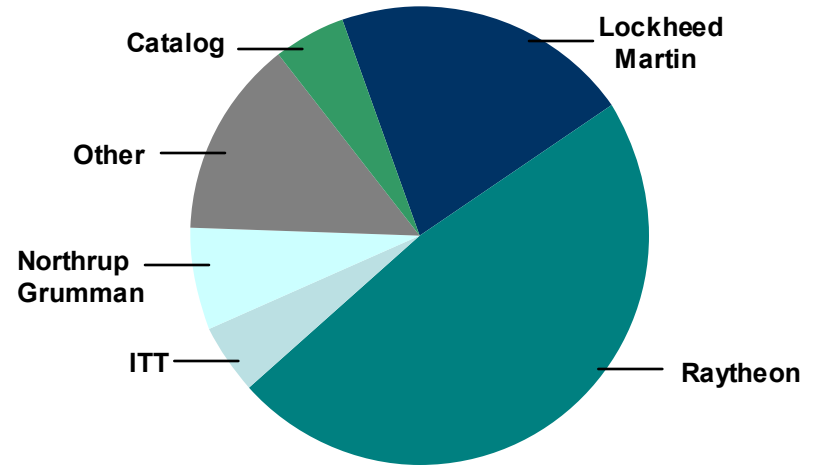


Complex components & subsystems. ASPs are \$500-200K.

# Programs



Space programs	Anaren is supplying
MUOS	Beamformer, INETS
AEHF	Beamformer
Defense Programs	Anaren is supplying
IDECM, ASPIS	DRFM, DFD
LAMPS, E2-C	EW Receiver Subsystems
BMDS/THAAD, SPY-3	Antenna Feed Networks
E2-C Advanced Hawkeye	Phase/Amplitude Control Networks
ESSM	Missile Receiver Components



# Strategic advantages



## Highly complex solutions

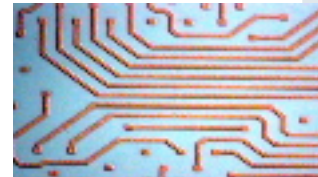
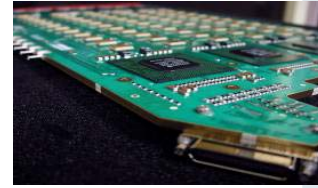
- passive & active integration
- compact & lightweight to reduce payload
- innovative use of softboard & ceramic/LTCC materials

## Higher average selling price

- \$500-250,000

## Attractive business characteristics

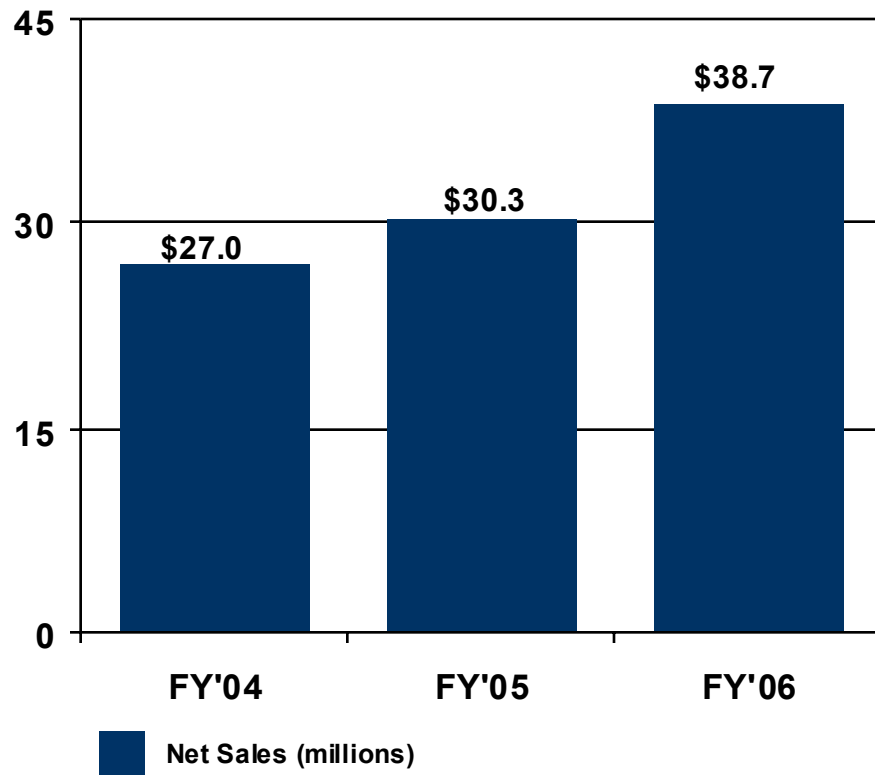
- Customer-funded development
- Typically results in sole-source, multi-year contracts



## Recent technology investments working to our advantage, including:

- > BGA interconnects – automated soldering system
- > New LTCC capability in high demand
- > Major advances in integration of active & passive Components under way (IMA)

# Net sales



**Backlog – \$50M**

# World-class customers



**ITT**  
DEFENSE

LOCKHEED MARTIN 

**Raytheon**

 **BOEING**<sup>®</sup>

**BAE SYSTEMS**

**NORTHROP GRUMMAN**



 **NEX1**  
FUTURE

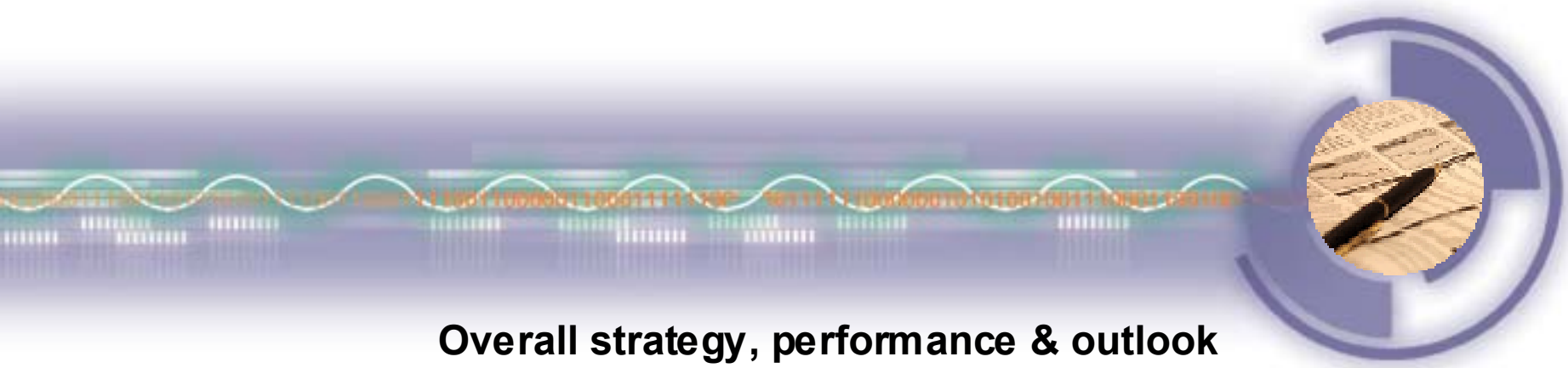
THALES

  
astrium

SPACE SYSTEMS  
**LORAL**

**HARRIS**

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



**Overall strategy, performance & outlook**

# Overall strategy



- Penetrate defense, wireless & other commercial markets
- Develop innovative products and value-added solutions
- Expand customer relationships and addressable markets
- Enhance technology leadership
- Expand our business through strategic acquisitions

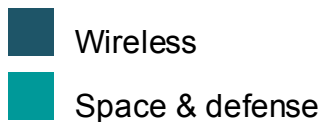
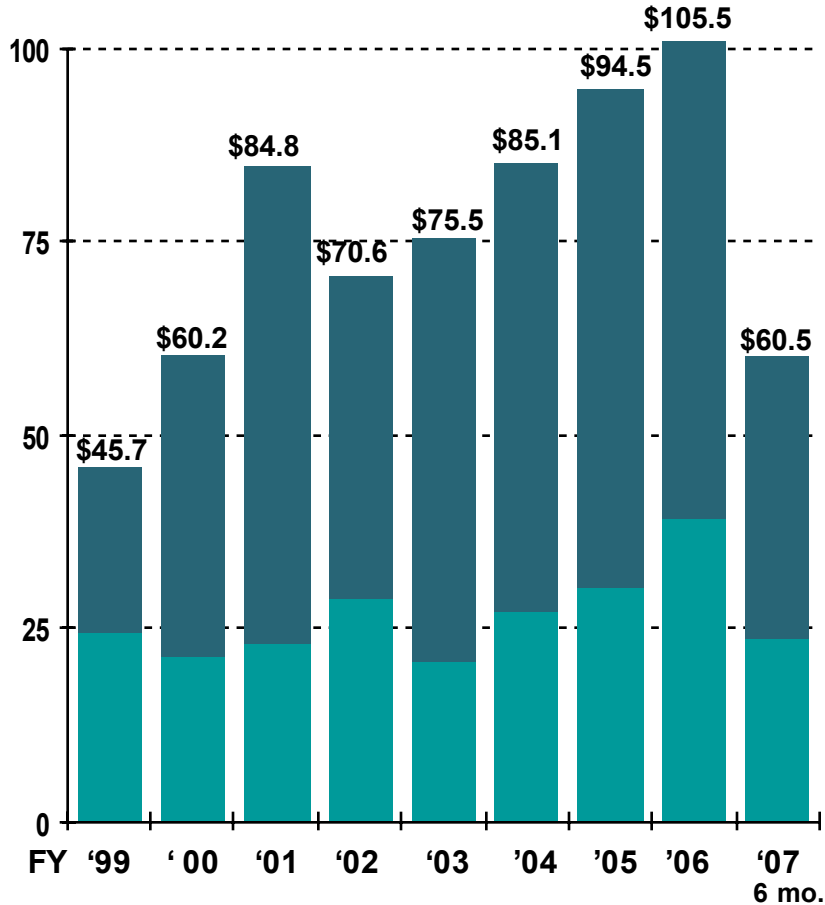


# Financial performance



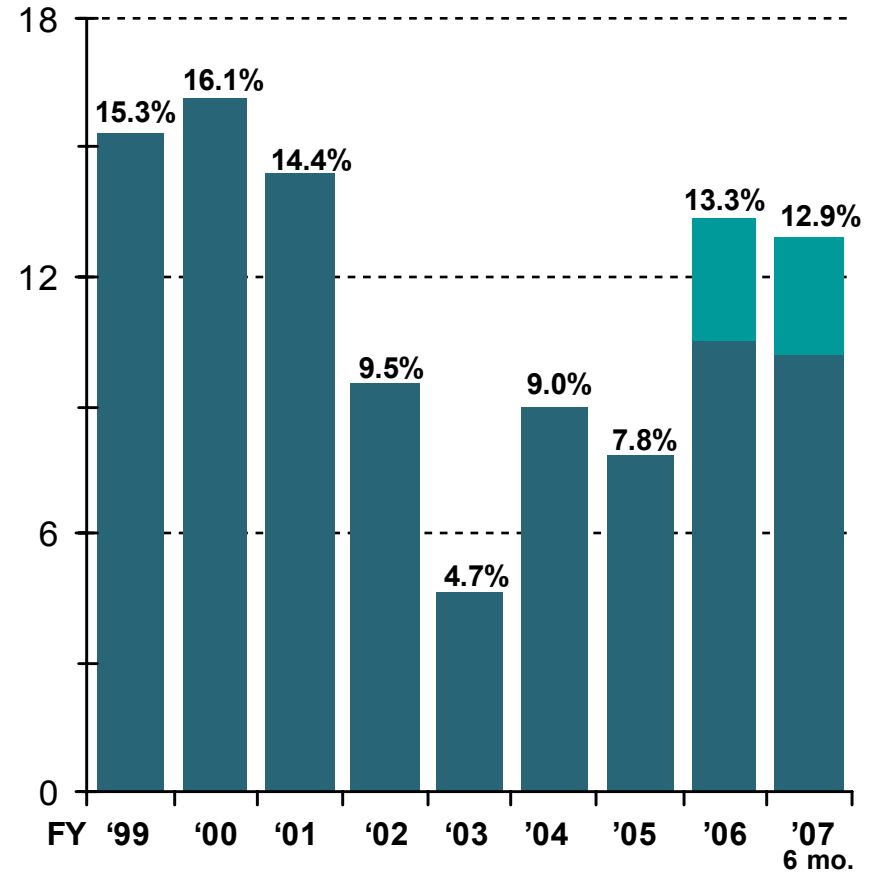
## Revenue

(\$ In millions)



## Net Income

(from continuing operations – excluding stock-based compensation)



# Financial model



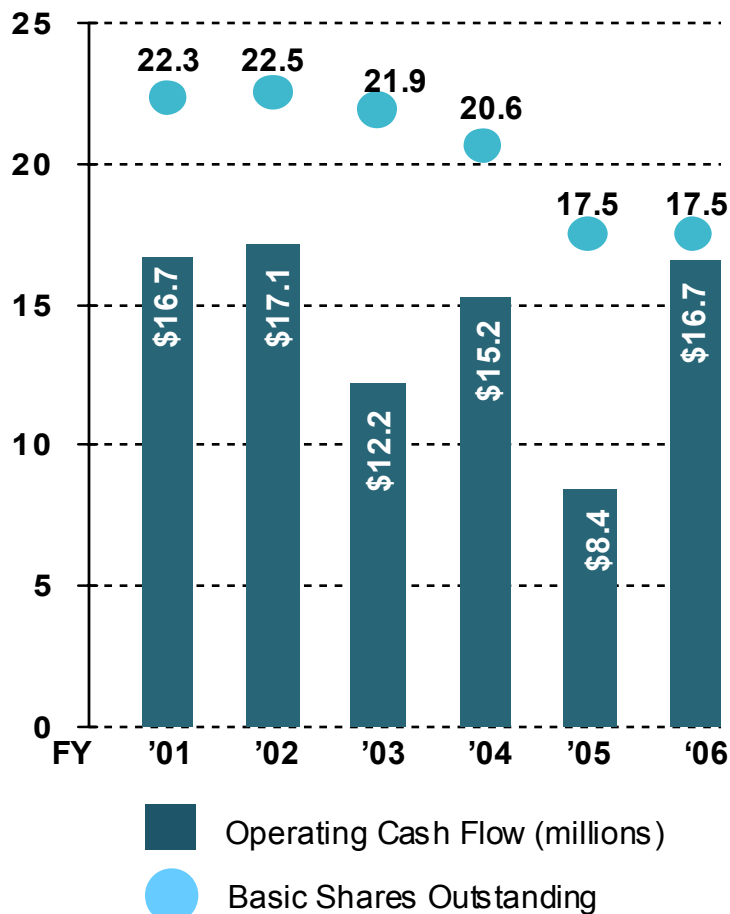
(% of Net Sales)	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006*</u>	<u>2007* model</u>	<u>2007* actual 6 mos</u>
<b>Gross Profit</b>	35.3%	31.4%	35.3%	31.6%	35.1%	35-38%	<b>37.1%</b>
<b>Operating Expense (Includes Restructuring)</b>	20.4	20.4	18.2	16.9	14.5	14-16	<b>13.7</b>
<b>R&amp;D</b>	8.9	8.1	6.9	6.7	8.0	8-9	<b>6.9</b>
<b>Operating Margin</b>	6.0	2.9	10.2	8.0	14.4	15-16	<b>16.6</b>
<b>Net Income</b>	9.5	4.7	9.0	7.8	13.4	12-15	<b>15.1</b>
<b>Stock-based Compensation</b>	-	-	-	-	3.1	3.0-3.5	<b>2.7</b>

\* Percentages stated exclude stock-based compensation expense.

# Balance sheet data & cash flow



## Operating Cash Flow & Basic Shares Outstanding



## Balance Sheet Data

September 30, 2006 (in thousands)	Actual (unaudited)
Cash and Short-term Investments	71,682
Long-term Investments	<u>19,866</u>
<b>Total</b>	<b>91,548</b>
Long-term Debt	\$0
Days Sales Outstanding	50 days
Inventory turns	3.2x

# Investment highlights



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Thank you.