

FOR IMMEDIATE RELEASE

January 28, 2003

FROM: Anaren, Inc.
6635 Kirkville Road
East Syracuse, NY 13057

CONTACT: Lawrence A. Sala, President/CEO
Joseph E. Porcello, VP of Finance
315-432-8909

ANAREN REPORTS 2ND QUARTER RESULTS

Syracuse, NY – Anaren, Inc. (NASDAQ: ANEN) today reported results for the second quarter ended December 31, 2002. Net sales for the quarter were \$20.9 million, up 21% from net sales of \$17.2 million for the second quarter of fiscal year 2002. Operating income for the second quarter was \$2,000, compared to an operating loss of \$1.8 million for the second quarter of last year, and a \$455,000 operating loss in the first quarter of fiscal 2003. Net income for the second quarter was \$475,000, or \$0.02 per diluted share compared to \$3.1 million, or \$0.13 per diluted share for the second quarter of fiscal 2002 and \$146,000, or \$0.01 per diluted share for the first quarter of fiscal 2003. Net income for the second quarter of fiscal 2002 included an extraordinary gain of \$3.4 million, or \$0.15 per diluted share.

For the six months ended December 31, 2002, net sales were \$41.3 million, up 28% from net sales of \$32.2 million for the first six months of fiscal year 2002. Net income for the first six months of fiscal 2003 was \$621,000, or \$0.03 per diluted share compared to \$4.4 million, or \$0.19 per diluted share for the first six months of fiscal 2002, which included an extraordinary gain of \$3.4 million, or \$0.15 per share.

Lawrence A. Sala, Anaren President and CEO said “we continued to diligently pursue new product and sales opportunities during the quarter. In addition, further work-force reductions were instituted to reduce operating expenses as a result of the continued weak demand and poor visibility in the wireless market. We continue to streamline our operations and reduce our operating expenses.”

Balance Sheet

Cash, cash equivalents and marketable debt securities at December 31, 2002 were \$126.7 million. During the first six months of fiscal year 2003, the Company generated \$5.6 million in positive operating cash flow in part due to a \$2.1 million or 11% reduction in inventory and a \$1.6 million or 12% reduction in accounts receivable.

Wireless Group

In the Wireless Group, net sales for the quarter were \$13.3 million, up 25% from the second quarter of fiscal year 2002, and up 1% sequentially from the first quarter of fiscal 2003. "Our wireless product development activity is progressing well as demonstrated by the five new products introduced during the second quarter. Of particular note are the low cost mini-circulator which is 75% smaller than the initial Xinger® circulator that we introduced just nine months ago, the Xinger LNA which utilizes our Xinger packaging technology and active devices to produce a compact high performing low noise amplifier module for receiver applications, and the miniature Xinger directional couplers for lower power microwave signal processing applications. Each of these products offers our wireless customers significant cost and size savings over existing alternative solutions. In addition, we continued to advance and expand our product offering for 802.11 applications," said Sala.

Space and Defense Group

Space and Defense Group net sales for the quarter were \$7.6 million, up 14% from the second quarter of last year and up 3% sequentially from the first quarter of fiscal 2003. Space and Defense new orders for the quarter totaled \$5.9 million including follow-on orders for ship borne jamming applications, satellite antenna distribution networks and precision location receivers. The Space and Defense backlog at December 31, 2002 was \$29.7 million.

Forward-Looking Statements

The statements contained in this news release which are not historical information are "forward-looking statements". These statements involve risks and uncertainties that could cause actual results to differ materially from those discussed. Such factors include, but are not limited to: current unpredictable wireless market conditions; decline in demand for Company products; order cancellations; increased pricing pressure from our customers; decreased capital expenditures by wireless service providers; difficulties and unanticipated expense of integrating newly acquired businesses (including Celeritek, Inc. if a transaction were consummated); unanticipated difficulties in rebuilding Anaren Europe's customer base; unpredictable difficulties or delays in the development of new products; the risks associated with any technological shifts away from the Company's technologies and core competencies; unanticipated impairments of assets including investment values and goodwill; foreign currency fluctuations; preparation for war and or the outbreak of war; and litigation involving our ownership interest in Celeritek or a potential transaction with Celeritek, or involving antitrust, intellectual property, product warranty, product liability, and other issues. You are encouraged to review Anaren's 2002 Annual Report, Anaren's Form 10-K, for the fiscal year ended June 30, 2002 and Anaren's Form 10-Q for the three months ended December 31, 2002 and exhibits to those Reports filed with the Securities and Exchange Commission to learn more about the various risks and uncertainties facing Anaren's business and their potential impact on Anaren's revenue and earnings. Anaren disclaims any obligation to update or revise any forward-looking statement.

Conference Call

Anaren will host a live teleconference, open to the public, on the Anaren Investor Info, Live Webcast Web Site (<http://www.anaren.com>) and ccbn.com at <http://www.streetevents.com> on Tuesday, January 28, 2003 at 5:00 p.m. EST. A replay of the conference call will be available at 7:00 p.m. (EST) beginning January 28, 2003 through midnight January 31, 2003. To listen to the replay, interested parties may dial in the U.S. at 1-888-203-1112 and international at 1-719-457-0820. The access code is 618096. If you are unable to access the Live Webcast, the dial in number for the U.S. is 1-800-753-0420 and International is 1-913-981-5501.

Company Background

Anaren designs, manufactures and sells complex microwave signal distribution networks and components for the wireless communications, satellite communications and defense electronics markets. For more information on Anaren's products, visit our Web site at www.anaren.com.

Anaren, Inc. and Subsidiaries
Consolidated Condensed Statements of Income
(Unaudited)

	Three Months Ended		Six Months Ended	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Net Sales	\$20,885,138	\$17,244,979	\$41,309,011	\$32,246,170
Cost of sales	<u>15,314,622</u>	<u>12,777,227</u>	<u>30,346,988</u>	<u>22,647,365</u>
Gross profit	<u>5,570,516</u>	<u>4,467,752</u>	<u>10,962,023</u>	<u>9,598,805</u>
Operating expenses:				
Marketing	1,652,078	1,849,196	3,385,883	3,368,231
Research and development	1,527,747	1,591,697	2,928,808	2,744,363
General and administrative	2,388,420	2,083,467	4,697,102	3,842,158
Restructuring	-	-	403,403	-
Fire related	-	<u>711,400</u>	-	<u>711,400</u>
Total operating expenses	<u>5,568,245</u>	<u>6,235,760</u>	<u>11,415,196</u>	<u>10,666,152</u>
Operating income (loss)	<u>2,271</u>	<u>(1,768,008)</u>	<u>(453,173)</u>	<u>(1,067,347)</u>
Other income (expense):				
Interest expense	(10,162)	(68,891)	(29,684)	(85,139)
Other, primarily interest income	<u>641,059</u>	<u>1,011,256</u>	<u>1,310,231</u>	<u>2,292,327</u>
Total other income (expense), net	<u>630,897</u>	<u>942,365</u>	<u>1,280,547</u>	<u>2,207,188</u>
Income (loss) before income taxes and extraordinary item	633,168	(825,643)	827,374	1,139,841
Income taxes	<u>158,000</u>	<u>(474,000)</u>	<u>206,000</u>	<u>117,000</u>
Net income (loss) before extraordinary item	475,168	(351,643)	621,374	1,022,841
Extraordinary item – gain on acquisition	-	<u>3,407,244</u>	-	<u>3,407,244</u>
Net income	<u>\$475,168</u>	<u>\$3,055,601</u>	<u>\$621,374</u>	<u>\$4,430,085</u>
Basic earnings (loss) per share:				
Net income (loss)				
before extraordinary item	\$0.02	(\$0.02)	\$0.03	\$0.05
Extraordinary item – gain on acquisition	<u>0.00</u>	<u>0.15</u>	<u>0.00</u>	<u>0.15</u>
Net income	<u>\$0.02</u>	<u>\$0.13</u>	<u>\$0.03</u>	<u>\$0.20</u>
Diluted earnings (loss) per share:				
Net income (loss) before extraordinary item	\$0.02	(\$0.02)	\$0.03	\$0.04
Extraordinary item – gain on acquisition	<u>0.00</u>	<u>0.15</u>	<u>0.00</u>	<u>0.15</u>
Net income	<u>\$0.02</u>	<u>\$0.13</u>	<u>\$0.03</u>	<u>\$0.19</u>
Shares used in computing net earnings				
Per share:				
Basic	<u>22,301,824</u>	<u>22,336,004</u>	<u>22,316,557</u>	<u>22,293,076</u>
Diluted	<u>22,821,430</u>	<u>23,164,627</u>	<u>22,816,521</u>	<u>23,148,911</u>

Anaren, Inc. and Subsidiaries
Consolidated Condensed Statements of Income
(Unaudited)

	Three Months Ended		Six Months Ended	
	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>	<u>Dec. 31, 2002</u>	<u>Dec. 31, 2001</u>
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	<u>73.3%</u>	<u>74.1%</u>	<u>73.5%</u>	<u>70.2%</u>
Gross profit	<u>26.7%</u>	<u>25.9%</u>	<u>26.5%</u>	<u>29.8%</u>
Operating expenses:				
Marketing	7.9%	10.7%	8.2%	10.5%
Research and development	7.3%	9.2%	7.1%	8.5%
General and administrative	11.5%	12.1%	11.3%	11.9%
Restructuring	0.0%	0.0%	1.0%	0.0%
Fire related	<u>0.0%</u>	<u>4.2%</u>	<u>0.0%</u>	<u>2.2%</u>
Total operating expenses	<u>26.7%</u>	<u>36.2%</u>	<u>27.6%</u>	<u>33.1%</u>
Operating income (loss)	<u>0.0%</u>	<u>-10.3%</u>	<u>-1.1%</u>	<u>-3.3%</u>
Other income (expense):				
Interest expense	-0.1%	-0.4%	-0.1%	-0.3%
Other, primarily interest income	<u>3.1%</u>	<u>5.9%</u>	<u>3.2%</u>	<u>7.1%</u>
Total other income (expense), net	<u>3.0%</u>	<u>5.5%</u>	<u>3.1%</u>	<u>6.8%</u>
Income (loss) before income taxes and extraordinary item	3.0%	-4.8%	2.0%	3.5%
Income taxes	<u>0.7%</u>	<u>-2.8%</u>	<u>0.5%</u>	<u>0.3%</u>
Net income (loss) before extraordinary item	2.3%	-2.0%	1.5%	3.2%
Extraordinary item – gain on acquisition	<u>0.0%</u>	<u>19.7%</u>	<u>0.0%</u>	<u>10.5%</u>
Net income	<u>2.3%</u>	<u>17.7%</u>	<u>1.5%</u>	<u>13.7%</u>

Anaren, Inc.
Consolidated Statements of Income
(Unaudited)

	Three Months Ended		Three Months Ended	
	<u>Dec. 31, 2002</u>	<u>Sept. 30, 2002</u>	<u>Dec. 31, 2002</u>	<u>Sept. 30, 2002</u>
Net Sales	\$20,885,138	\$20,423,873	100.0%	100.0%
Cost of sales	<u>15,314,622</u>	<u>15,032,366</u>	<u>73.3%</u>	<u>73.6%</u>
Gross profit	<u>5,570,516</u>	<u>5,391,507</u>	<u>26.7%</u>	<u>26.4%</u>
Operating expenses:				
Marketing	1,652,078	1,733,805	7.9%	8.5%
Research and development	1,527,747	1,401,061	7.3%	6.8%
General and administrative	2,388,420	2,308,682	11.4%	11.3%
Restructuring	<u>-</u>	<u>403,403</u>	<u>0.0%</u>	<u>2.0%</u>
Total operating expenses	<u>5,568,245</u>	<u>5,846,951</u>	<u>26.7%</u>	<u>28.6%</u>
Operating income (loss)	<u>2,271</u>	<u>(455,444)</u>	<u>0.0%</u>	<u>-2.2%</u>
Other income (expense):				
Interest expense	(10,162)	(19,522)	-0.0%	-0.1%
Other, primarily interest income	<u>641,059</u>	<u>669,172</u>	<u>3.1%</u>	<u>3.3%</u>
Total other income	<u>630,897</u>	<u>649,650</u>	<u>3.0%</u>	<u>3.2%</u>
Income before income taxes	633,168	194,206	3.0%	1.0%
Income taxes	<u>158,000</u>	<u>48,000</u>	<u>0.8%</u>	<u>0.2%</u>
Net income	<u>475,168</u>	<u>146,206</u>	<u>2.3%</u>	<u>0.7%</u>
Net income per common share:				
Basic	<u>\$0.02</u>	<u>\$0.01</u>		
Diluted	<u>\$0.02</u>	<u>\$0.01</u>		
Shares used in computing net income per share:				
Basic	<u>22,301,824</u>	<u>22,331,289</u>		
Diluted	<u>22,821,430</u>	<u>22,811,612</u>		

Anaren, Inc. and Subsidiaries
Consolidated Condensed Balance Sheet

	(Unaudited) <u>December 31, 2002</u>	<u>June 30, 2002</u>
Assets:		
Cash, cash equivalents and short-term investments	\$113,195,621	\$115,341,665
Accounts receivable, net	11,495,026	13,106,583
Other receivables	1,103,927	1,206,396
Inventories	17,975,182	20,119,433
Other current assets	<u>3,057,224</u>	<u>2,486,467</u>
Total current assets	146,826,980	152,260,544
Net property, plant and equipment	27,951,805	26,592,375
Marketable debt securities	13,458,543	9,564,558
Goodwill	30,715,861	30,715,861
Other intangibles	1,879,776	2,093,610
Other assets	<u>323,418</u>	<u>359,353</u>
Total assets	<u>\$221,156,383</u>	<u>\$221,586,301</u>
Liabilities and stockholders' equity		
Liabilities:		
Accounts payable	\$3,513,396	5,046,048
Accrued expenses	3,609,230	3,297,207
Customer advance payments	0	244,831
Other liabilities	<u>218,675</u>	<u>185,725</u>
Total current liabilities	7,341,301	8,773,811
Other non-current liabilities	<u>3,345,702</u>	<u>3,259,252</u>
Total liabilities	10,687,003	12,033,063
Stockholders' equity:		
Retained earnings	47,703,971	47,082,597
Common stock and additional paid-in capital	168,589,625	168,071,340
Accumulated comprehensive loss – foreign currency translation	(457,878)	(828,061)
Less cost of treasury stock	<u>(5,366,338)</u>	<u>(4,772,638)</u>
Total stockholders' equity	<u>210,469,380</u>	<u>209,553,238</u>
Total liabilities and stockholders' equity	<u>\$221,156,383</u>	<u>\$221,586,301</u>