

April 27, 2004

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 3RD QUARTER RESULTS

Syracuse, NY – Anaren, Inc. (NASDAQ: ANEN) today reported results for the third quarter ended March 31, 2004. Net sales from continuing operations for the quarter were \$22.4 million, up 24% from the third quarter of fiscal year 2003, and up 14% sequentially from the second quarter of fiscal 2004.

Operating income for the third quarter was \$2.7 million, or 12% of net sales, up \$2.6 million from the third quarter of last year, and up \$774,000, or 39% sequentially from the second quarter of fiscal 2004. Income from continuing operations for the third quarter was \$2.2 million, or \$0.10 per diluted share compared to \$600,000, or \$0.03 per diluted share in the third quarter of fiscal 2003 and \$1.6 million, or \$0.07 per diluted share in the second quarter of fiscal 2004.

Net income for the third quarter was \$2.3 million, or \$0.10 per diluted share compared to a net loss of (\$1.0) million, or (\$0.04) per diluted share, including a loss from discontinued operations of (\$1.6) million for the third quarter of fiscal 2003. Net income for the second quarter of fiscal 2004 was \$1.3 million, or \$0.06 per diluted share, including a net loss from discontinued operations of (\$300,000).

Lawrence A. Sala, Chairman and CEO said, “strong sequential revenue growth, cost savings from our restructuring initiatives, and improved factory utilization all contributed to the significant improvement in operating profitability for the quarter. We are capitalizing on the strength in our end markets, and our greatly improved revenue and operating performance demonstrate the successful execution of our strategy.”

For the nine months ended March 31, 2004, net sales were \$60.3 million, up 5.6% from net sales of \$57.0 million for the first nine months of fiscal 2003. Net income from continuing operations for the first nine months of fiscal 2004 was \$5.0 million, or \$0.23 per diluted share compared to \$3.2 million, or \$0.14 per diluted share for the first nine months of fiscal 2003. Net income for the nine months ended March 31, 2004 was \$5.3 million, or \$0.24 per diluted share compared to a net loss of (\$337,000), or (\$0.02) per diluted share for the nine months ended March 31, 2003.

Balance Sheet

Cash, cash equivalents and marketable debt and equity securities at March 31, 2004 were \$119 million. In the third quarter, the company generated \$4.5 million in positive operating cash flow and did not repurchase any shares of its common stock.

Wireless Group

Wireless Group net sales for the quarter were \$15.5 million, up 44% from the third quarter of fiscal year 2003, and up 19% sequentially from the second quarter of fiscal 2004. Mr. Sala noted that, "demand from Wireless infrastructure OEM customers increased throughout the quarter. In addition, we initiated production of a new custom assembly that we anticipate will generate more than \$1.0 million in quarterly revenue." During the quarter, the Wireless Group also introduced its next generation Xinger II surface mount component product line which offers tremendous performance improvements and is compliant with emerging global environment friendly initiatives. "The Xinger II product line not only solidifies our leadership position in high power passive surface mount components but expands our addressable market. The performance and packaging improvements provide our customers with improved amplifier efficiency, reliability and manufacturability," said Mr. Sala.

In the consumer component product segment, initial production orders were received for baluns used in satellite television receivers. In addition, several new products were introduced during the quarter including a 2.5mm x 2.0mm filter balun for Bluetooth® applications and 2.0mm x 1.2mm baluns for wireless handset applications.

Space and Defense Group

Space and Defense Group net sales for the quarter were \$6.9 million, down 5.8% from the third quarter of last year, and up 4.3% sequentially from the second quarter of fiscal 2004. Space and Defense new orders for the quarter totaled \$13.9 million resulting in a book-to-bill ratio of 2.0 to 1.0 for the quarter. New orders for the quarter were driven by the previously announced \$11.0 million order from Raytheon for Digital Radio-Frequency (RF) Memory subsystems used in the Raytheon AN/ALQ-187 internal (RF) jammer. In addition, follow on orders were received for Passive Ranging Subsystem (PRSS) receivers. Space and Defense backlog at March 31, 2004 was \$40.7 million, up 54% compared to \$26.3 million at June 30, 2003.

Discontinued Operations

On July, 10, 2003, the Company announced its decision to dispose of its Anaren Europe operation. During the first quarter, the Company ceased production at Anaren Europe and liquidated substantially all of the assets of that operation. As a result, effective for the first quarter ended September 30, 2003, all sales and expenses attributable to Anaren Europe operations have been reclassified as discontinued operations in the income statements. Net income for the third quarter ended March 31, 2004 included income of \$39,000 related to the closure of Anaren Europe.

Forward-Looking Statements

The statements contained in this news release which are not historical information are "forward-looking statements". These, and other forward-looking statements, are subject to business and economic risks and

uncertainties that could cause actual results to differ materially from those discussed. The risks and uncertainties described below are not the only risks and uncertainties facing our Company. Additional risks and uncertainties not presently known to us or that are currently deemed immaterial may also impair our business operations. If any of the following risks actually occur, our business could be adversely affected, and the trading price of our common stock could decline, and you may lose all or part of your investment. Such known factors include, but are not limited to: the Company's ability to timely ramp up to meet our customers' increased demands; increased pricing pressure from our customers; decreased capital expenditures by wireless service providers; the possibility that the Company may be unable to successfully execute its business strategies or achieve its operating objectives, generate revenue growth or achieve profitability expectations; successfully securing new design wins from our OEM customers, reliance on a limited number of key component suppliers, unpredictable difficulties or delays in the development of new products; order cancellations including the new Wireless custom assembly placed into production during the third quarter; 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; diversion of defense spending away from the Company's products and or technologies due to on-going military operations; and litigation involving antitrust, intellectual property, environmental, product warranty, product liability, and other issues. You are encouraged to review Anaren's 2003 Annual Report, Anaren's Form 10-K for the fiscal year ended June 30, 2003 and Anaren's Form 10-Q for the three months ended March 31, 2004 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, earnings and stock price. Unless required by law, 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, April 27, 2004 at 5:00 p.m. ET. A replay of the conference call will be available at 8:00 p.m. (ET) beginning April 27, 2004 through midnight April 30, 2004. 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 739405. If you are unable to access the Live Webcast, the dial in number for the U.S. is 1-800-500-0177 and International is 1-719-457-2679.

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.
Consolidated Condensed Statements of Income
(Unaudited)

	Three Months Ended		Nine Months Ended	
	<u>Mar. 31, 2004</u>	<u>Mar. 31, 2003</u>	<u>Mar. 31, 2004</u>	<u>Mar. 31, 2003</u>
Net Sales	\$22,387,222	\$18,101,491	\$60,251,825	\$57,035,831
Cost of sales	<u>14,473,285</u>	<u>12,420,998</u>	<u>39,737,766</u>	<u>38,971,984</u>
Gross profit	<u>7,913,937</u>	<u>5,680,493</u>	<u>20,514,059</u>	<u>18,063,847</u>
Operating expenses:				
Marketing	1,714,075	1,513,614	4,980,925	4,647,000
Research and development	1,394,269	1,789,137	3,949,297	4,717,945
General and administrative	2,068,795	1,918,469	5,770,978	6,287,299
Restructuring	<u>-</u>	<u>295,706</u>	<u>-</u>	<u>295,706</u>
Total operating expenses	<u>5,177,139</u>	<u>5,516,926</u>	<u>14,701,200</u>	<u>15,947,950</u>
Operating income	<u>2,736,798</u>	<u>163,567</u>	<u>5,812,859</u>	<u>2,115,897</u>
Other income (expense):				
Interest expense	(2,997)	(10,135)	(7,519)	(39,768)
Other, primarily interest income	<u>367,526</u>	<u>499,530</u>	<u>1,211,237</u>	<u>1,767,200</u>
Total other income (expense), net	<u>364,529</u>	<u>489,395</u>	<u>1,203,718</u>	<u>1,727,432</u>
Income from continuing operations before income taxes	3,101,327	652,962	7,016,577	3,843,329
Income taxes	<u>879,000</u>	<u>41,812</u>	<u>2,006,000</u>	<u>667,812</u>
Income from continuing operations	<u>2,222,327</u>	<u>611,150</u>	<u>5,010,577</u>	<u>3,175,517</u>
Discontinued operations:				
Income (loss) from discontinued operations	38,579	(1,625,071)	(1,509,819)	(3,988,064)
Income tax benefit	<u>-</u>	<u>(55,812)</u>	<u>(1,800,000)</u>	<u>(475,812)</u>
Net income (loss) from discontinued operations	<u>38,579</u>	<u>(1,569,259)</u>	<u>290,181</u>	<u>(3,512,252)</u>
Net income	<u>\$2,260,906</u>	<u>\$(958,109)</u>	<u>\$5,300,758</u>	<u>\$(336,735)</u>
Basic earnings per share:				
Income from continuing operations	\$0.11	\$0.03	\$0.24	\$0.14
Income (loss) from discontinued operations	<u>0.00</u>	<u>(0.07)</u>	<u>0.01</u>	<u>(0.16)</u>
Net income	<u>\$0.11</u>	<u>\$(0.04)</u>	<u>\$0.25</u>	<u>\$(0.02)</u>
Diluted earnings per share:				
Income from continuing operations	\$0.10	\$0.03	\$0.23	\$0.14
Income (loss) from discontinued operations	<u>0.00</u>	<u>(0.07)</u>	<u>0.01</u>	<u>(0.16)</u>
Net income	<u>\$0.10</u>	<u>\$(0.04)</u>	<u>\$0.24</u>	<u>\$(0.02)</u>
Shares used in computing net earnings				
Per share:				
Basic	<u>20,565,218</u>	<u>22,224,562</u>	<u>21,150,784</u>	<u>22,286,339</u>
Diluted	<u>21,556,951</u>	<u>22,224,562</u>	<u>21,934,570</u>	<u>22,286,339</u>

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

	Three Months Ended		Nine Months Ended	
	<u>Mar. 31, 2004</u>	<u>Mar. 31, 2003</u>	<u>Mar. 31, 2004</u>	<u>Mar. 31, 2003</u>
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	<u>64.7%</u>	<u>68.6%</u>	<u>66.0%</u>	<u>68.3%</u>
Gross profit	<u>35.3%</u>	<u>31.4%</u>	<u>34.0%</u>	<u>31.7%</u>
Operating expenses:				
Marketing	7.7%	8.4%	8.3%	8.2%
Research and development	6.2%	9.9%	6.5%	8.3%
General and administrative	9.2%	10.6%	9.6%	11.0%
Restructuring	<u>0.0%</u>	<u>1.6%</u>	<u>0.0%</u>	<u>0.5%</u>
Total operating expenses	<u>23.1%</u>	<u>30.5%</u>	<u>24.4%</u>	<u>28.0%</u>
Operating income (loss)	<u>12.2%</u>	<u>0.9%</u>	<u>9.6%</u>	<u>3.7%</u>
Other income (expense):				
Interest expense	(0.0%)	(0.1%)	(0.0%)	(0.1%)
Other, primarily interest income	<u>1.6%</u>	<u>2.8%</u>	<u>2.0%</u>	<u>3.1%</u>
Total other income (expense), net	<u>1.6%</u>	<u>2.7%</u>	<u>2.0%</u>	<u>3.0%</u>
Income from continuing operations before income taxes	13.8%	3.6%	11.6%	6.7%
Income taxes	<u>3.9%</u>	<u>0.2%</u>	<u>3.3%</u>	<u>1.1%</u>
Income from continuing operations	<u>9.9%</u>	<u>3.4%</u>	<u>8.3%</u>	<u>5.6%</u>
Discontinued operations:				
Income (loss) from discontinued operations of Anaren Europe	0.2%	(9.0%)	(2.5%)	(7.0%)
Income tax benefit	<u>0.0%</u>	<u>(0.3%)</u>	<u>(3.0%)</u>	<u>(0.8%)</u>
Net income (loss) from discontinued operations	<u>0.2%</u>	<u>(8.7%)</u>	<u>0.5%</u>	<u>(6.2%)</u>
Net income	<u>10.1%</u>	<u>(5.3%)</u>	<u>8.8%</u>	<u>(0.6%)</u>

Anaren, Inc.
Consolidated Statements of Income
(Unaudited)

	<u>Mar. 31, 2004</u>	Three Months Ended <u>Mar. 31, 2003</u>	<u>Dec. 31, 2003</u>
Net Sales	\$22,387,222	\$18,101,491	\$19,593,930
Cost of sales	<u>14,473,285</u>	<u>12,420,998</u>	<u>12,952,703</u>
Gross profit	<u>7,913,937</u>	<u>5,680,493</u>	<u>6,641,227</u>
Operating expenses:			
Marketing	1,714,075	1,513,614	1,681,384
Research and development	1,394,269	1,789,137	1,133,246
General and administrative	2,068,795	1,918,469	1,863,784
Restructuring	<u>-</u>	<u>295,706</u>	<u>-</u>
Total operating expenses	<u>5,177,139</u>	<u>5,516,926</u>	<u>4,678,414</u>
Operating income	<u>2,736,798</u>	<u>163,567</u>	<u>1,962,813</u>
Other income (expense):			
Interest expense	(2,997)	(10,135)	(1,550)
Other, primarily interest income	<u>367,526</u>	<u>499,530</u>	<u>375,735</u>
Total other income	<u>364,529</u>	<u>489,395</u>	<u>374,185</u>
Income before income taxes	3,101,327	652,962	2,336,998
Income taxes	<u>879,000</u>	<u>41,812</u>	<u>746,000</u>
Income from continuing operations	<u>2,222,327</u>	<u>611,150</u>	<u>1,590,998</u>
Discontinued operations:			
Income (loss) from discontinued operations	38,579	(1,625,071)	(335,053)
Income tax benefit	<u>-</u>	<u>(55,812)</u>	<u>-</u>
Net income (loss) on discontinued operations	<u>38,579</u>	<u>(1,569,259)</u>	<u>(335,053)</u>
Net income	<u>\$2,260,906</u>	<u>\$(958,109)</u>	<u>\$1,255,945</u>
Basic earnings per share:			
Income from continuing operations	\$0.11	\$0.03	\$0.08
Income (loss) from discontinued operations	<u>0.00</u>	<u>(0.07)</u>	<u>(0.02)</u>
Net income	<u>\$0.11</u>	<u>\$(0.04)</u>	<u>\$0.06</u>
Diluted earnings per share:			
Income from continuing operations	\$0.10	\$0.03	\$0.07
Income (loss) from discontinued operations	<u>0.00</u>	<u>(0.07)</u>	<u>(0.01)</u>
Net income	<u>\$0.10</u>	<u>\$(0.04)</u>	<u>\$0.06</u>
Shares used in computing net income per share:			
Basic	<u>20,565,218</u>	<u>22,224,562</u>	<u>21,123,035</u>
Diluted	<u>21,556,951</u>	<u>22,224,562</u>	<u>21,887,468</u>

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

	Three Months Ended		
	<u>Mar. 31, 2004</u>	<u>Mar. 31, 2003</u>	<u>Dec. 31, 2003</u>
Net Sales	100.0%	100.0%	100.0%
Cost of sales	<u>64.7%</u>	<u>68.6%</u>	<u>66.1%</u>
Gross profit	<u>35.3%</u>	<u>31.4%</u>	<u>33.9%</u>
Operating expenses:			
Marketing	7.7%	8.4%	8.6%
Research and development	6.2%	9.9%	5.8%
General and administrative	9.2%	10.6%	9.5%
Restructuring	<u>0.0%</u>	<u>1.6%</u>	<u>0.0%</u>
Total operating expenses	<u>23.1%</u>	<u>30.5%</u>	<u>23.9%</u>
Operating income (loss)	<u>12.2%</u>	<u>0.9%</u>	<u>10.0%</u>
Other income (expense):			
Interest expense	(0.0%)	(0.1%)	(0.0%)
Other, primarily interest income	<u>1.6%</u>	<u>2.8%</u>	<u>1.9%</u>
Total other income (expense), net	<u>1.6%</u>	<u>2.7%</u>	<u>1.9%</u>
Income from continuing operations before income taxes	13.8%	3.6%	11.9%
Income taxes	<u>3.9%</u>	<u>0.2%</u>	<u>3.8%</u>
Income from continuing operations	<u>9.9%</u>	<u>3.4%</u>	<u>8.1%</u>
Discontinued operations:			
Income (loss) from discontinued operations of Anaren Europe	0.2%	(9.0%)	(1.7%)
Income tax benefit	<u>0.0%</u>	<u>(0.3%)</u>	<u>0.0%</u>
Net income (loss) from discontinued operations	<u>0.2%</u>	<u>(8.7%)</u>	<u>(1.7%)</u>
Net income	<u>10.1%</u>	<u>(5.3%)</u>	<u>6.4%</u>

Anaren, Inc.
Consolidated Condensed Balance Sheets
(Unaudited)

	<u>March 31, 2004</u>	<u>June 30, 2003</u>
Assets:		
Cash, cash equivalents and short-term investments	\$85,074,958	\$104,328,938
Accounts receivable, net	13,065,650	9,317,941
Other receivables	1,661,244	1,699,409
Inventories	14,853,253	15,671,659
Other current assets	<u>3,654,511</u>	<u>2,367,341</u>
Total current assets	118,309,616	133,385,288
Net property, plant and equipment	20,945,288	23,639,821
Marketable debt and equity securities	33,781,899	23,394,382
Goodwill	30,715,861	30,715,861
Other intangibles	<u>1,578,771</u>	<u>1,953,424</u>
Total assets	<u>\$205,331,435</u>	<u>\$213,088,776</u>
Liabilities and stockholders' equity		
Liabilities:		
Accounts payable	\$6,053,199	4,380,459
Accrued expenses	2,803,566	2,477,670
Customer advance payments	631,339	-
Other liabilities	<u>1,475,525</u>	<u>292,128</u>
Total current liabilities	10,963,629	7,150,257
Other non-current liabilities	<u>5,565,537</u>	<u>5,341,114</u>
Total liabilities	16,529,166	12,491,371
Stockholders' equity:		
Retained earnings	48,590,901	43,290,143
Common stock and additional paid-in capital	171,190,097	168,680,383
Accumulated comprehensive loss	(858,244)	(1,216,961)
Less cost of treasury stock	<u>(30,120,485)</u>	<u>(10,156,160)</u>
Total stockholders' equity	<u>188,802,269</u>	<u>200,597,405</u>
Total liabilities and stockholders' equity	<u>\$205,331,435</u>	<u>\$213,088,776</u>

Anaren, Inc.
Consolidated Condensed Statements of Cash Flows
March 31, 2004
(Unaudited)

	<u>Nine Months</u> <u>Mar. 31, 2004</u>	<u>Three Months</u> <u>Mar. 31, 2004</u>
Cash flows from operating activities:		
Net income	\$5,300,758	\$ 2,260,906
Net income (loss) from discontinued operations	<u>290,181</u>	<u>38,579</u>
Net income from continuing operations	5,010,577	2,222,327
Adjustments to reconcile net income to net cash provided by Operating activities:		
Depreciation and amortization of plant and equipment	3,070,731	1,071,198
Amortization of intangibles (includes patents)	374,653	124,885
Provision for doubtful accounts	127,506	51,557
Deferred income taxes (long & short term)	(1,796)	87,900
Unearned compensation	214,650	71,550
Tax benefit (expense) from stock option & grant activity	797,537	660,257
Receivables	(4,468,390)	(2,539,724)
Inventories	328,001	65,877
Other changes in operating assets and liabilities	<u>5,351,653</u>	<u>2,923,864</u>
Net cash provided by continuing operations	<u>10,805,122</u>	<u>4,739,691</u>
Net cash used for discontinued operations	<u>(405,018)</u>	<u>(247,775)</u>
Net cash provided by operating activities	<u>10,400,104</u>	<u>4,491,916</u>
Cash flows from investing activities:		
Capital expenditures	(2,651,864)	(1,171,720)
Return of investments on equities held for resale	3,497,850	3,497,850
Maturities of marketable debt securities	167,816,623	25,521,318
Purchase of marketable debt securities	<u>(151,545,000)</u>	<u>(24,758,000)</u>
Net cash (used in) provided by investing activities from continuing operations	17,117,609	3,089,448
Net cash provided by investing activities from discontinued operations	<u>1,493,378</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>18,610,987</u>	<u>3,089,448</u>
Cash flows from financing activities:		
Stock options exercised	1,497,527	1,221,129
Purchase of treasury stock	<u>(19,964,325)</u>	<u>-</u>
Net cash used in financing activities	<u>(18,466,798)</u>	<u>1,221,129</u>
Effect of exchange rates	55,570	18,330
Net increase (decrease) in cash and cash equivalents	10,599,863	8,820,823
Cash and cash equivalents at beginning of period	<u>11,062,662</u>	<u>12,841,702</u>
Cash and cash equivalents at end of period	<u>\$21,662,525</u>	<u>\$ 21,662,525</u>