

April 28, 2005

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

CONTACT: Joseph E. Porcello, VP of Finance
315-432-8909

ANAREN REPORTS 3RD QUARTER RESULTS

Syracuse, NY – Anaren, Inc. (NASDAQ: ANEN) today reported net sales from continuing operations for the third quarter ended March 31, 2005 were \$21.8 million, down 3% from the third quarter of fiscal year 2004, and down 8% sequentially from the second quarter of fiscal 2005.

Net income for the third quarter was \$1.9 million, or \$0.09 per diluted share, including \$397,000 in charges for the consolidation of the RF Power and Amitron subsidiaries. This compares to net income of \$2.3 million, or \$0.10 per diluted share for the third quarter of last year. Net income for the second quarter of fiscal 2005 was \$981,000 or \$0.05 per diluted share, including \$849,000 in charges for the subsidiary consolidation. The effective tax rate for the third quarter of fiscal 2005 was 19.1%, which compares to 28.3% in the third quarter of fiscal 2004 and 9.4% in the second quarter of fiscal 2005.

Operating income for the third quarter was \$1.7 million, or 8.0% of net sales, down 36% from the third quarter of last year, and up \$834,000, or 91% sequentially from the second quarter of fiscal 2005. Operating income for the third and second quarters included consolidation charges of \$397,000 and \$849,000, respectively.

Lawrence A. Sala, Anaren's President and CEO said, "The sequential improvement in profitability for the quarter was driven by a more favorable wireless product mix and the reduction in expenses resulting from the subsidiary consolidation completed in the second quarter. Wireless market demand was relatively stable throughout the quarter and visibility remains limited."

For the nine months ended March 31, 2005, net sales were \$70.3 million, up 17% from net sales of \$60.3 million for the first nine months of fiscal 2004. Income from continuing operations for the first nine months of fiscal 2005 was \$4.8 million, or \$0.24 per diluted share compared to \$5.0 million, or \$0.23 per diluted share for the first nine months of last year. Net income for the first nine months of fiscal 2005 was \$4.8 million, or \$0.24 per diluted share compared to \$5.3 million, or \$0.24 per diluted share for the first nine months of last year.

Balance Sheet

Cash, cash equivalents and marketable debt and equity securities at March 31, 2005 were \$96.0 million. The Company generated \$2.3 million in cash from operations for the quarter. During the quarter, the Company repurchased 733,337 shares of its common stock for \$9.3 million.

Wireless Group

Wireless Group net sales from continuing operations for the quarter were \$14.2 million, down 9% from the third quarter of fiscal year 2004, and down 12% sequentially from the second quarter of fiscal 2005. Despite the decline in wireless net sales, the more favorable product mix drove improved profitability for the quarter. Robust new product development activity continued throughout the quarter including a new custom design win for a wireless infrastructure application and the introduction of a new family of 0.06" x 0.03" (1.5 mm x 0.75 mm) components for consumer applications such as Bluetooth, WLAN, and mobile telephones. This product line represents a 50% reduction in size from our previous product offering and greatly enhances our cost and size competitiveness.

Space and Defense Group

Space and Defense Group net sales for the quarter were \$7.6 million, up 11% from the third quarter of fiscal 2004, and relatively unchanged sequentially from the second quarter. New orders for the quarter totaled \$8.0 million and included contracts for radar and passive ranging subsystems. In addition to these follow-on orders, the group captured three new contracts for radar subsystems during the quarter. Space and Defense backlog at March 31, 2005 was \$43.0 million, up 16% from \$37.1 million at June 30, 2004.

Outlook

Given the current Wireless demand, our Space and Defense order backlog, and an anticipated tax rate of approximately 22%, we expect net sales to be in the range of \$20.0 - \$22.0 million and earnings per diluted share to be in the range of \$0.08 - \$0.10 for the fourth quarter of fiscal 2005.

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 some of

our customers' increased demands; unanticipated delays and/or difficulties associated with effectively operating the Company's recently consolidated Anaren Ceramics subsidiary; 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 or extended postponements; 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 ongoing military operations; and litigation involving antitrust, intellectual property, environmental, product warranty, product liability, and other issues. You are encouraged to review Anaren's 2004 Annual Report, Anaren's Form 10-K for the fiscal year ended June 30, 2004 and Anaren's Form 10-Q for the three months ended March 31, 2005 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 Thursday, April 28, 2005 at 5:00 p.m. EDT. A replay of the conference call will be available at 8:00 p.m. (EDT) beginning April 28, 2005 through midnight May 1, 2005. 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 9424672. If you are unable to access the Live Webcast, the dial in number for the U.S. is 1-800-946-0782 and International is 1-719-457-2657.

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, 2005</u>	<u>Mar. 31, 2004</u>	<u>Mar. 31, 2005</u>	<u>Mar. 31, 2004</u>
Net Sales	\$21,783,418	\$22,387,222	\$70,340,797	\$60,251,825
Cost of sales	<u>14,630,770</u>	<u>14,473,285</u>	<u>48,536,159</u>	<u>39,737,766</u>
Gross profit	<u>7,152,648</u>	<u>7,913,937</u>	<u>21,804,638</u>	<u>20,514,059</u>
Operating expenses:				
Marketing	1,513,274	1,714,075	5,150,892	4,980,925
Research and development	1,635,048	1,394,269	4,667,230	3,949,297
General and administrative	2,256,819	2,068,795	6,500,755	5,770,978
Restructuring	-	-	458,335	-
Total operating expenses	<u>5,405,141</u>	<u>5,177,139</u>	<u>16,777,212</u>	<u>14,701,200</u>
Operating income	<u>1,747,507</u>	<u>2,736,798</u>	<u>5,027,426</u>	<u>5,812,859</u>
Other income (expense):				
Other, primarily interest income	558,166	367,526	1,090,937	1,211,237
Interest expense	<u>(6,143)</u>	<u>(2,997)</u>	<u>(21,785)</u>	<u>(7,519)</u>
Total other income (expense), net	<u>552,023</u>	<u>364,529</u>	<u>1,069,152</u>	<u>1,203,718</u>
Income from continuing operations before income taxes	2,299,530	3,101,327	6,096,578	7,016,577
Income taxes	<u>439,000</u>	<u>879,000</u>	<u>1,274,000</u>	<u>2,006,000</u>
Income from continuing operations	<u>1,860,530</u>	<u>2,222,327</u>	<u>4,822,578</u>	<u>5,010,577</u>
Discontinued operations:				
Income (loss) from discontinued operations	-	38,579	-	(1,509,819)
Income tax benefit	-	-	-	(1,800,000)
Net income (loss) from discontinued operations	<u>-</u>	<u>38,579</u>	<u>-</u>	<u>290,181</u>
Net income	<u>\$1,860,530</u>	<u>\$2,260,906</u>	<u>\$4,822,578</u>	<u>\$5,300,758</u>
Basic earnings per share:				
Income from continuing operations	\$0.10	\$0.11	\$0.24	\$0.24
Income (loss) from discontinued operations	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.01</u>
Net income	<u>\$0.10</u>	<u>\$0.11</u>	<u>\$0.24</u>	<u>\$0.25</u>
Diluted earnings per share:				
Income from continuing operations	\$0.09	\$0.10	\$0.24	\$0.23
Income (loss) from discontinued operations	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.01</u>
Net income	<u>\$0.09</u>	<u>\$0.10</u>	<u>\$0.24</u>	<u>\$0.24</u>
Shares used in computing net earnings				
Per share:				
Basic	<u>19,336,007</u>	<u>20,565,218</u>	<u>19,689,024</u>	<u>21,150,784</u>
Diluted	<u>19,801,542</u>	<u>21,556,951</u>	<u>20,217,742</u>	<u>21,934,570</u>

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

	Three Months Ended		Nine Months Ended	
	<u>Mar. 31, 2005</u>	<u>Mar. 31, 2004</u>	<u>Mar. 31, 2005</u>	<u>Mar. 31, 2004</u>
Net Sales	100.0%	100.0%	100.0%	100.0%
Cost of sales	<u>67.2%</u>	<u>64.7%</u>	<u>69.0%</u>	<u>66.0%</u>
Gross profit	<u>32.8%</u>	<u>35.3%</u>	<u>31.0%</u>	<u>34.0%</u>
Operating expenses:				
Marketing	6.9%	7.7%	7.3%	8.3%
Research and development	7.5%	6.2%	6.6%	6.5%
General and administrative	10.4%	9.2%	9.3%	9.6%
Restructuring	<u>0.0%</u>	<u>0.0%</u>	<u>0.7%</u>	<u>0.0%</u>
Total operating expenses	<u>24.8%</u>	<u>23.1%</u>	<u>23.9%</u>	<u>24.4%</u>
Operating income	<u>8.0%</u>	<u>12.2%</u>	<u>7.1%</u>	<u>9.6%</u>
Other income (expense):				
Other, primarily interest income	2.5%	1.6%	1.6%	2.0%
Interest expense	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Total other income (expense), net	<u>2.5%</u>	<u>1.6%</u>	<u>1.6%</u>	<u>2.0%</u>
Income from continuing operations before income taxes	10.5%	13.8%	8.7%	11.6%
Income taxes	<u>2.0%</u>	<u>3.9%</u>	<u>1.8%</u>	<u>3.3%</u>
Income from continuing operations	<u>8.5%</u>	<u>9.9%</u>	<u>6.9%</u>	<u>8.3%</u>
Discontinued operations:				
Income (loss) from discontinued operations of Anaren Europe	0.0%	0.2%	0.0%	(2.5%)
Income tax benefit	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>	<u>(3.0%)</u>
Net income (loss) from discontinued operations	<u>0.0%</u>	<u>0.2%</u>	<u>0.0%</u>	<u>0.5%</u>
Net income	<u>8.5%</u>	<u>10.1%</u>	<u>6.9%</u>	<u>8.8%</u>

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

	Three Months Ended		
	Mar. 31, 2005	Mar. 31, 2004	Dec. 31, 2004
Net Sales	\$21,783,418	\$22,387,222	\$23,650,022
Cost of sales	<u>14,630,770</u>	<u>14,473,285</u>	<u>16,888,850</u>
Gross profit	<u>7,152,648</u>	<u>7,913,937</u>	<u>6,761,172</u>
Operating expenses:			
Marketing	1,513,274	1,714,075	1,860,973
Research and development	1,635,048	1,394,269	1,387,105
General and administrative	2,256,819	2,068,795	2,141,752
Restructuring	<u>-</u>	<u>-</u>	<u>458,335</u>
Total operating expenses	<u>5,405,141</u>	<u>5,177,139</u>	<u>5,848,165</u>
Operating income	<u>1,747,507</u>	<u>2,736,798</u>	<u>913,007</u>
Other income (expense):			
Other, primarily interest income	558,166	367,526	179,714
Interest expense	<u>(6,143)</u>	<u>(2,997)</u>	<u>(9,837)</u>
Total other income	<u>552,023</u>	<u>364,529</u>	<u>169,877</u>
Income before income taxes	2,299,530	3,101,327	1,082,884
Income taxes	<u>439,000</u>	<u>879,000</u>	<u>102,000</u>
Income from continuing operations	<u>1,860,530</u>	<u>2,222,327</u>	<u>980,884</u>
Discontinued operations:			
Income (loss) from discontinued operations	-	38,579	-
Income tax benefit	<u>-</u>	<u>-</u>	<u>-</u>
Net income (loss) on discontinued operations	<u>-</u>	<u>38,579</u>	<u>-</u>
Net income	<u>\$1,860,530</u>	<u>\$2,260,906</u>	<u>\$980,884</u>
Basic earnings per share:			
Income from continuing operations	\$0.10	\$0.11	\$0.05
Income (loss) from discontinued operations	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net income	<u>\$0.10</u>	<u>\$0.11</u>	<u>\$0.05</u>
Diluted earnings per share:			
Income from continuing operations	\$0.09	\$0.10	\$0.05
Income (loss) from discontinued operations	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Net income	<u>\$0.09</u>	<u>\$0.10</u>	<u>\$0.05</u>
Shares used in computing net income per share:			
Basic	<u>19,336,007</u>	<u>20,565,218</u>	<u>19,580,182</u>
Diluted	<u>19,801,542</u>	<u>21,556,951</u>	<u>20,167,087</u>

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

	Three Months Ended		
	<u>Mar. 31, 2005</u>	<u>Mar. 31, 2004</u>	<u>Dec. 31, 2004</u>
Net Sales	100.0%	100.0%	100.0%
Cost of sales	<u>67.2%</u>	<u>64.7%</u>	<u>71.4%</u>
Gross profit	<u>32.8%</u>	<u>35.3%</u>	<u>28.6%</u>
Operating expenses:			
Marketing	6.9%	7.7%	7.9%
Research and development	7.5%	6.2%	5.9%
General and administrative	10.4%	9.2%	9.0%
Restructuring	<u>0.0%</u>	<u>0.0%</u>	<u>1.9%</u>
Total operating expenses	<u>24.8%</u>	<u>23.1%</u>	<u>24.7%</u>
Operating income	<u>8.0%</u>	<u>12.2%</u>	<u>3.9%</u>
Other income (expense):			
Other, primarily interest income	2.5%	1.6%	0.7%
Interest expense	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Total other income (expense), net	<u>2.5%</u>	<u>1.6%</u>	<u>0.7%</u>
Income from continuing operations before income taxes	10.5%	13.8%	4.6%
Income taxes	<u>2.0%</u>	<u>3.9%</u>	<u>0.4%</u>
Income from continuing operations	<u>8.5%</u>	<u>9.9%</u>	<u>4.2%</u>
Discontinued operations:			
Income (loss) from discontinued operations of Anaren Europe	0.0%	0.2%	0.0%
Income tax benefit	<u>0.0%</u>	<u>0.0%</u>	<u>0.0%</u>
Net income (loss) from discontinued operations	<u>0.0%</u>	<u>0.2%</u>	<u>0.0%</u>
Net income	<u>8.5%</u>	<u>10.1%</u>	<u>4.2%</u>

Anaren, Inc.
Consolidated Condensed Balance Sheets
(Unaudited)

	<u>March 31, 2005</u>	<u>June 30, 2004</u>
Assets:		
Cash, cash equivalents and short-term investments	\$72,502,875	\$85,341,896
Accounts receivable, net	12,944,976	13,812,853
Other receivables	934,560	1,040,838
Inventories	19,719,987	16,608,055
Other current assets	<u>2,089,685</u>	<u>2,263,477</u>
Total current assets	108,192,083	119,067,119
Net property, plant and equipment	25,424,907	21,342,554
Marketable debt and equity securities	23,540,851	35,113,068
Goodwill	30,715,861	30,715,861
Other intangibles	<u>756,459</u>	<u>1,243,886</u>
Total assets	<u>\$188,630,161</u>	<u>\$207,482,488</u>
Liabilities and stockholders' equity		
Liabilities:		
Accounts payable	\$4,889,872	7,198,252
Accrued expenses	2,215,325	3,092,370
Customer advance payments	3,950	411,486
Other liabilities	<u>2,001,296</u>	<u>1,627,679</u>
Total current liabilities	9,110,443	12,329,787
Other non-current liabilities	<u>5,177,610</u>	<u>4,788,433</u>
Total liabilities	14,288,053	17,118,220
Stockholders' equity:		
Retained earnings	56,069,849	51,247,271
Common stock and additional paid-in capital	171,259,724	171,329,299
Accumulated comprehensive loss	166,094	41,110
Less cost of treasury stock	<u>(53,153,559)</u>	<u>(32,253,412)</u>
Total stockholders' equity	<u>174,342,108</u>	<u>190,364,268</u>
Total liabilities and stockholders' equity	<u>\$188,630,161</u>	<u>\$207,482,488</u>

Anaren, Inc.
Consolidated Condensed Statements of Cash Flows
March 31, 2005
(Unaudited)

	Nine Months <u>Mar. 31, 2005</u>	Three Months <u>Mar. 31, 2005</u>
Cash flows from operating activities:		
Net income	\$4,822,578	\$ 1,860,530
Net income gain/(loss) from discontinued operations	<u>-</u>	<u>-</u>
Net income from continuing operations	4,822,578	1,860,530
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization of plant and equipment	3,676,678	1,174,506
Impairment loss	272,118	272,118
Amortization of intangibles (includes patents)	487,427	83,217
Provision for doubtful accounts	84,124	58,616
Deferred income taxes (long & short term)	218,337	79,220
Unearned compensation	39,077	(74,066)
Tax benefit/(expense) from stock option & grant activity	13,536	-
Receivables	783,753	(36,543)
Inventories	(3,111,932)	(761,477)
Accounts payable	(2,308,380)	(92,150)
Other changes in operating assets and liabilities	<u>(352,904)</u>	<u>(309,715)</u>
Net cash provided by continuing operations	<u>4,624,412</u>	<u>2,254,256</u>
Net cash used for discontinued operations	<u>-</u>	<u>-</u>
Net cash provided by operating activities	<u>4,624,412</u>	<u>2,254,256</u>
Cash flows from investing activities:		
Capital expenditures	(8,258,546)	(929,147)
Proceeds from sale of stock	2,746,130	-
Proceeds from sale of equipment	160,000	-
Maturities of marketable debt securities	<u>9,197,845</u>	<u>7,302,488</u>
Net cash (used in) provided by investing activities from continuing operations	3,845,429	6,373,341
Net cash provided by investing activities from discontinued operations	<u>-</u>	<u>-</u>
Net cash (used in) provided by investing activities	<u>3,845,429</u>	<u>6,373,341</u>
Cash flows from financing activities:		
Stock options exercised	180,771	131,187
Purchase of treasury stock	<u>(20,900,147)</u>	<u>(9,276,748)</u>
Net cash used in financing activities	<u>(20,719,376)</u>	<u>(9,145,561)</u>
Effect of exchange rates	(2,151)	(1,493)
Net increase (decrease) in cash and cash equivalents	(12,251,686)	(519,457)
Cash and cash equivalents at beginning of period	<u>23,303,263</u>	<u>11,571,034</u>
Cash and cash equivalents at end of period	<u>\$11,051,577</u>	<u>\$11,051,577</u>