

FOR IMMEDIATE RELEASE

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ANAREN REPORTS 2ND QUARTER RESULTS

Syracuse, NY – Anaren Microwave, Inc. today reported results for the second quarter ended December 31, 2001. Net sales for the quarter were \$17,244,979, down 35% from net sales of \$25,188,261 for the second quarter of last year. Net sales for the current second quarter included \$776,941 from the 5M Company Europe B.V., which Anaren acquired effective October 1, 2001. The operating loss for the second quarter was (\$1,768,008), including a loss from operations at 5M of (\$2,369,432), compared to operating income of \$4,836,076 for the second quarter last year. The loss before extraordinary item for the second quarter was (\$351,643), or (\$0.02) per diluted share compared to income before extraordinary item of \$4,294,505, or \$0.18 per diluted share for the same quarter of last year. The extraordinary gain for the second quarter was \$3,407,244, or \$0.15 per diluted share resulting in net income for the second quarter of \$3,055,601, or \$0.13 per diluted share compared to net income of \$4,294,505, or \$0.18 per diluted share for the second quarter of last year.

Excluding 5M's results, Anaren's results for the second quarter included net sales of \$16,468,038, income from operations of \$601,424 and net earnings of \$1,204,857, or \$0.05 per diluted share.

Anaren's most recent acquisition, the 5M Company Europe, B.V., is a Netherlands based manufacturer of microwave circuits. The purchase consideration for 5M, including transaction expenses, was approximately \$4.1 million. 5M has been in the process of rebuilding its factory due to a fire in July 2001, and as of January 2002 has substantially refurbished and reequipped its facility. During the second quarter, Anaren reached a settlement with 5M's insurance carrier for approximately \$16.0 million. Of this amount, approximately \$5.5 million was received by 5M in the period July through September 30, 2001 to offset expenses incurred in out-sourcing production, cleaning the facility and replacing and repairing equipment and inventory damaged or destroyed in the fire.

The value of 5M's assets at the time of purchase was significantly higher than the consideration tendered by Anaren resulting in an extraordinary gain of \$3,407,244, or \$0.15 per share in the second quarter.

Lawrence A. Sala, Anaren President and CEO said, "we are pleased with both the amount and the expediency of the insurance settlement. In addition to purchasing \$7.1 million in new equipment, the \$16.0 million insurance settlement proceeds will be utilized to fund current and anticipated future operating losses while 5M ramps back up to normal production levels." Mr. Sala added that, "5M's sales force is being integrated with the Company's existing sales force which is expected to provide increased market penetration for all Company products."

Other Highlights:

Anaren is currently introducing five new standard products targeting wireless infrastructure amplifier and transceiver applications. Mr. Sala noted that, "although the wireless market remains challenging, we are aggressively moving forward with our technology and product development initiatives. Of particular significance is the new Xinger[®] Circulator, which leverages our Xinger packaging technology and the ferrite design technology of Ocean Microwave, Inc., which we acquired in August of 2000. We believe that the Xinger Circulator offers market leading price and performance in an easy to use surface mount package. Other new products being introduced include Xinger delay lines, vector modulators, and a Xinger coupler that is 75% smaller than our current best seller. In addition, we are introducing under the RF Power brand a complete line of Alumina based power resistive products that provide substantial cost savings over Beryllium Oxide and Aluminum Nitride based alternatives. We believe that this innovative array of new products offers exemplary cost saving opportunities for our customers while continuing to increase our addressable market in wireless infrastructure applications".

Wireless Group net sales for the second quarter were \$10.6 million including \$2.3 million of contribution from Amitron and 5M, compared to net sales of \$19.8 million for the same quarter of the prior fiscal year. Eliminating the impact of the two acquisitions, Wireless Group net sales were up \$0.2 million sequentially from the first quarter of fiscal 2002.

Space and Defense Group net sales for the quarter were \$6.6 million, compared to net sales of \$5.4 million for second quarter of last fiscal year. Space and Defense new orders for the quarter were \$10.9 million driven by follow on orders for precision location and missile receiver technology. Space and Defense Backlog at December 31, 2001 was \$35.5 million.

For the six months ended December 31, 2001 net sales were \$32,246,170, down 32% from net sales of \$47,412,235 for the first six months of last year. The loss from operations for the first six months was (\$1,067,347), including a loss from operations at 5M of (\$2,369,432), compared to income from operations of \$9,112,261 for the first six months of last year. Income before extraordinary item for the first half of the current fiscal year was \$1,022,841, or \$0.04 per diluted share compared to income before extraordinary items of \$8,275,591, or \$0.35 per diluted share for the first half of last year. The extraordinary gain for the first six months was \$3,407,244, or \$0.15 per diluted share resulting in net income for the first six months of \$4,430,085, or \$0.19 per diluted share

compared to net income of \$8,275,591, or \$0.35 per diluted share in the first half of last year.

Fiscal 2002 results reflect the adoption of Financial Accounting Standards Board Statement No. 142, which eliminated goodwill amortization beginning July 1, 2001. As a result of the adoption of this new standard, the Company ceased amortization of the goodwill recorded as part of its previous acquisition transactions. If the Company had discontinued amortization of goodwill in the second quarter and six months ended December 31, 2000 (last year), net income would have been increased by \$411,461 or \$0.02 per diluted and basic share for the quarter and by \$729,032, or \$0.03 per diluted and basic share for the first six months of the prior fiscal year.

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 unfavorable wireless market conditions, additional 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, unexpected delay in the resumption of 5M’s manufacturing capacity, unanticipated difficulties in becoming requalified by 5M’s customers, 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 and investment values, and foreign currency fluctuations. You are encouraged to review Anaren’s Annual Report and Anaren’s Form 10-K, as amended, for the fiscal year ended June 30, 2001 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 intention or obligation to update or revise any forward-looking statements.

Anaren designs, manufactures and sells complex microwave signal distribution networks and components for the wireless communications, satellite communications and defense electronics markets.

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

| | Three Months Ended | | Six Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>Dec. 31, 2001</u> | <u>Dec. 31, 2000</u> | <u>Dec. 31, 2001</u> | <u>Dec. 31, 2000</u> |
| Net Sales | \$17,244,979 | \$25,188,261 | \$32,246,170 | \$47,412,235 |
| Cost of sales | <u>12,777,227</u> | <u>15,117,855</u> | <u>22,647,365</u> | <u>28,515,558</u> |
| Gross profit | <u>4,467,752</u> | <u>10,070,406</u> | <u>9,598,805</u> | <u>18,896,677</u> |
| Operating expenses: | | | | |
| Marketing | 1,849,196 | 1,731,592 | 3,368,231 | 3,306,014 |
| Research and development | 1,591,697 | 1,342,931 | 2,744,363 | 2,461,457 |
| General and administrative | 2,083,467 | 2,159,807 | 3,842,158 | 4,016,945 |
| Fire related | <u>711,400</u> | <u>-</u> | <u>711,400</u> | <u>-</u> |
| Total operating expenses | <u>6,235,760</u> | <u>5,234,330</u> | <u>10,666,152</u> | <u>9,784,416</u> |
| Operating income (loss) | <u>(1,768,008)</u> | <u>4,836,076</u> | <u>(1,067,347)</u> | <u>9,112,261</u> |
| Other income (expense): | | | | |
| Interest expense | (68,891) | (41,820) | (85,139) | (82,587) |
| Other, primarily interest income | <u>1,011,256</u> | <u>1,800,249</u> | <u>2,292,327</u> | <u>3,668,917</u> |
| Total other income (expense), net | <u>942,365</u> | <u>1,758,429</u> | <u>2,207,188</u> | <u>3,586,330</u> |
| Income (loss) before income taxes and extraordinary item | (825,643) | 6,594,505 | 1,139,841 | 12,698,591 |
| Income taxes | <u>(474,000)</u> | <u>2,300,000</u> | <u>117,000</u> | <u>4,423,000</u> |
| Net income (loss) before extraordinary item | (351,643) | 4,294,505 | 1,022,841 | 8,275,591 |
| Extraordinary item – gain on acquisition | <u>3,407,244</u> | <u>-</u> | <u>3,407,244</u> | <u>-</u> |
| Net income | <u>\$3,055,601</u> | <u>\$4,294,505</u> | <u>\$4,430,085</u> | <u>\$8,275,591</u> |
| Basic earnings (loss) per share: | | | | |
| Net income (loss) | | | | |
| before extraordinary item | (\$0.02) | \$0.19 | \$0.05 | \$0.38 |
| Extraordinary item – gain on acquisition | <u>0.15</u> | <u>0.00</u> | <u>0.15</u> | <u>0.00</u> |
| Net income | <u>\$0.13</u> | <u>\$0.19</u> | <u>\$0.20</u> | <u>\$0.38</u> |
| Diluted earnings (loss) per share: | | | | |
| Net income (loss) before extraordinary item | (\$0.02) | \$0.18 | \$0.04 | \$0.35 |
| Extraordinary item – gain on acquisition | <u>0.15</u> | <u>0.00</u> | <u>0.15</u> | <u>0.00</u> |
| Net income | <u>\$0.13</u> | <u>\$0.18</u> | <u>\$0.19</u> | <u>\$0.35</u> |
| Shares used in computing net earnings (loss) | | | | |
| Per share: | | | | |
| Basic | <u>22,336,004</u> | <u>22,085,318</u> | <u>22,293,076</u> | <u>22,008,146</u> |
| Diluted | <u>23,164,627</u> | <u>23,657,599</u> | <u>23,148,911</u> | <u>23,642,139</u> |

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

| | Three Months Ended | | Six Months Ended | |
|---|----------------------|----------------------|----------------------|----------------------|
| | <u>Dec. 31, 2001</u> | <u>Dec. 31, 2000</u> | <u>Dec. 31, 2001</u> | <u>Dec. 31, 2000</u> |
| Net Sales | 100.0% | 100.0% | 100.0% | 100.0% |
| Cost of sales | <u>74.1%</u> | <u>60.0%</u> | <u>70.2%</u> | <u>60.1%</u> |
| Gross profit | <u>25.9%</u> | <u>40.0%</u> | <u>29.8%</u> | <u>39.9%</u> |
| Operating expenses: | | | | |
| Marketing | 10.7% | 6.9% | 10.5% | 7.0% |
| Research and development | 9.2% | 5.3% | 8.5% | 5.2% |
| General and administrative | 12.1% | 8.6% | 11.9% | 8.5% |
| Fire related | <u>4.2%</u> | <u>0.0%</u> | <u>2.2%</u> | <u>0.0%</u> |
| Total operating expenses | <u>36.2%</u> | <u>20.8%</u> | <u>33.1%</u> | <u>20.7%</u> |
| Operating income (loss) | <u>-10.3%</u> | <u>19.2%</u> | <u>-3.3%</u> | <u>19.2%</u> |
| Other income (expense): | | | | |
| Interest expense | -0.4% | -0.2% | -0.3% | -0.2% |
| Other, primarily interest income | <u>5.9%</u> | <u>7.2%</u> | <u>7.1%</u> | <u>7.7%</u> |
| Total other income (expense), net | <u>5.5%</u> | <u>7.0%</u> | <u>6.8%</u> | <u>7.5%</u> |
| Income (loss) before income taxes and extraordinary item | -4.8% | 26.2% | 3.5% | 26.7% |
| Income taxes | <u>-2.8%</u> | <u>9.2%</u> | <u>0.3%</u> | <u>9.3%</u> |
| Net income (loss) before extraordinary item | -2.0% | 17.0% | 3.2% | 17.4% |
| Extraordinary item – gain on acquisition | <u>19.7%</u> | <u>0.0%</u> | <u>10.5%</u> | <u>0.0%</u> |
| Net income | <u>17.7%</u> | <u>17.0%</u> | <u>13.7%</u> | <u>17.4%</u> |

Anaren Microwave, Inc. and Subsidiaries
Consolidated Condensed Balance Sheet
(Unaudited)

| | <u>December 31, 2001</u> | <u>June 30, 2001</u> |
|---|--------------------------|----------------------|
| Assets: | | |
| Cash, cash equivalents and short-term investments | \$103,342,602 | \$120,306,525 |
| Accounts receivable, net | 12,265,822 | 11,504,168 |
| Other receivables | 7,137,284 | 1,358,681 |
| Inventories | 19,464,235 | 18,566,977 |
| Other current assets | <u>1,786,422</u> | <u>2,665,158</u> |
| Total current assets | 143,996,365 | 154,401,509 |
| | | |
| Net property, plant and equipment | 25,147,406 | 18,805,901 |
| Marketable debt securities | 18,240,553 | 11,725,960 |
| Goodwill | 30,715,861 | 23,410,534 |
| Other intangibles | 2,307,444 | - |
| Other assets | <u>892,180</u> | <u>711,572</u> |
| Total assets | <u>\$221,299,809</u> | <u>\$209,055,476</u> |
| | | |
| Liabilities and stockholders' equity | | |
| Liabilities: | | |
| Current installments of long-term debt | \$ 49,467 | \$ - |
| Accounts payable | 6,097,717 | 2,985,793 |
| Accrued expenses | 3,494,349 | 3,905,242 |
| Customer advance payments | 152,173 | 767,790 |
| Other liabilities | <u>65,000</u> | <u>65,000</u> |
| Total current liabilities | 9,858,706 | 7,723,825 |
| | | |
| Long-term debt | 391,468 | - |
| Other non-current liabilities | <u>4,585,350</u> | <u>1,877,876</u> |
| Total liabilities | 14,835,524 | 9,601,701 |
| | | |
| Stockholders' equity: | | |
| Retained earnings | 44,073,572 | 39,643,487 |
| Common stock and additional paid-in capital | 167,365,795 | 164,582,926 |
| Accumulated comprehensive loss – foreign currency translation | (202,444) | - |
| Less cost of treasury stock | <u>(4,772,638)</u> | <u>(4,772,638)</u> |
| Total stockholders' equity | <u>206,464,285</u> | <u>199,453,775</u> |
| | | |
| Total liabilities and stockholders' equity | <u>\$221,299,809</u> | <u>\$209,055,476</u> |

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

| | Anaren Excluding <u>5M Company</u> | 5M Company <u>Europe B.V.</u> <u>Three Months Ended</u> | <u>Consolidated</u> |
|---|---------------------------------------|---|----------------------|
| | <u>Dec. 31, 2001</u> | <u>Dec. 31, 2001</u> | <u>Dec. 31, 2001</u> |
| Net sales | \$16,468,038 | \$ 776,941 | \$17,244,979 |
| Cost of sales | <u>10,813,775</u> | <u>1,963,452</u> | <u>12,777,227</u> |
| Gross profit (loss) | <u>5,654,263</u> | <u>(1,186,511)</u> | <u>4,467,752</u> |
| Operating expenses: | | | |
| Marketing | 1,689,660 | 159,536 | 1,849,196 |
| Research and development | 1,591,697 | - | 1,591,697 |
| General and administrative | 1,771,482 | 311,985 | 2,083,467 |
| Fire related | - | <u>711,400</u> | <u>711,400</u> |
| Total operating expenses | <u>5,052,839</u> | <u>1,182,921</u> | <u>6,235,760</u> |
| Operating income (loss) | <u>601,424</u> | <u>(2,369,432)</u> | <u>(1,768,008)</u> |
| Other income (expense): | | | |
| Interest expense | (35,043) | (33,848) | (68,891) |
| Other, primarily interest income | <u>1,002,476</u> | <u>8,780</u> | <u>1,011,256</u> |
| Total other income (expense), net | <u>967,433</u> | <u>(25,068)</u> | <u>942,365</u> |
| Income (loss) before income taxes and extraordinary item | 1,568,857 | (2,394,500) | (825,643) |
| Income taxes | <u>364,000</u> | <u>(838,000)</u> | <u>(474,000)</u> |
| Net income (loss) before extraordinary item | 1,204,857 | (1,556,500) | (351,643) |
| Extraordinary item – gain on acquisition | - | <u>3,407,244</u> | <u>3,407,244</u> |
| Net income | <u>\$1,204,857</u> | <u>\$1,850,744</u> | <u>\$3,055,601</u> |
| Basic earnings (loss) per share: | | | |
| Net income (loss) before extraordinary item | \$0.05 | (\$0.07) | (\$0.02) |
| Extraordinary item – gain on acquisition | <u>0.00</u> | <u>0.15</u> | <u>0.15</u> |
| Net income | <u>\$0.05</u> | <u>\$0.08</u> | <u>\$0.13</u> |
| Diluted earnings (loss) per share: | | | |
| Net income (loss) before extraordinary item | \$0.05 | (\$0.07) | (\$0.02) |
| Extraordinary item – gain on acquisition | <u>0.00</u> | <u>0.15</u> | <u>0.15</u> |
| Net income | <u>\$0.05</u> | <u>\$0.08</u> | <u>\$0.13</u> |
| Shares used in computing net earnings (loss) | | | |
| Per share: | | | |
| Basic | <u>22,336,004</u> | <u>22,336,004</u> | <u>22,336,004</u> |
| Diluted | <u>23,164,627</u> | <u>23,164,627</u> | <u>23,164,627</u> |