

(The following is an unofficial English translation of the Report for the 64th Fiscal Year of Advantest Corporation (the "Company"). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.)

Report for the 64th Fiscal Year
(April 1, 2005 through March 31, 2006)

Advantest Corporation

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Message to Shareholders

To Our Shareholders

We are pleased to send you our “Report for the 64th Fiscal Year (from April 1, 2005 to March 31, 2006).”

Even though increasing oil price was a risk factor, the overall economic environment in fiscal 2005 was favorable due to an increase in demand stimulated by many years of deflation as well as increased capital expenditures supported by the improved corporate revenues. In the semiconductor market, market expansion for personal computers, mobile phones and flat-panel TVs, in addition to the emergence of new markets related to portable music players and automobiles led to an increase in demand for semiconductors.

In this environment, Advantest made efforts to enhance sales by introducing new products that meet the market’s needs in a timely fashion. We also endeavored to improve productivity and profitability through cost reduction and reorganization of our production system. These efforts were also aimed at responding to downward price pressure on our end products arising from the expansion of markets.

Furthermore, due to growing interests in corporate ethics and increasing legislative activities with respect to corporate governance, Advantest has revised its “The Advantest Code of Conduct” in fiscal 2005. Advantest distributed this Code of Conduct to all employees and directors of each Group company with a view to further enhancing their awareness for CSR (corporate social responsibility) principles. Each employee is to fulfill his or her social responsibilities on the basis of this code, while proactively promoting sincere and ethical corporate activities.

As a result, net sales for fiscal 2005 increased by 6.0% to ¥253.9 billion as compared with the previous fiscal year. Income before income taxes increased by 9.1% to ¥67.5 billion and net income increased 8.7% to ¥41.4 billion as compared with the previous fiscal year. Overseas sales as a percentage of total sales were 68.0% (as compared with 74.9% in the previous fiscal year).

With respect to the dividend distribution to the shareholders, Advantest paid out an interim dividend of 25 yen per share in fiscal 2005. However, taking into account the successful business performance of Advantest and its consolidated subsidiaries (the “Advantest Group”), Advantest is currently planning to propose a resolution, at the 64th Ordinary General Meeting of Shareholders, for shareholders’ approval of an increase of the year-end dividend to 45 yen per share (accordingly, the annual dividend will be 70 yen per share; an increase of 20 yen as compared with the previous fiscal year’s annual dividend) in recognition of, Advantest wishes to respond to our shareholders’ continued support.

Advantest implemented “Activate 21” in October 2005. This company-wide initiative has the objective to continue the reforms and improvements of “Initiative 21”, and with broad based employee support. Furthermore, based on this initiative, the whole Advantest Group is planning to roll out various additional reforms with a focus on global improvements with respect to cost and efficiency, setting the target date for completion as in fiscal 2008.

We hope that we may rely on you for your continued support and guidance in the future.

June, 2006

Toshio Maruyama
President and CEO

Business Report

(April 1, 2005 through March 31, 2006)

1. Overview of Business

(1) Operations and Results of Business

(i) Business Conditions

Overall

During the fiscal year, the Advantest Group's operating environment was very favorable, as stimulated by increased demand for consumer digital products, including portable music players, and flat-panel TVs and personal computers (particularly notebooks), and due to an increase in capital expenditures by the semiconductor industry that intended to increase the semiconductor production. In addition, the trend towards a weaker yen was a positive factor.

Under such an environment, the Advantest Group made concentrated efforts to increase orders received and expand sales with a focus on the introduction of new products for next generation semiconductors that meet customers' demands. Advantest continued to make efforts to implement a thorough inventory control and lead time reduction based on the just-in-time production system, to improve the quality of products and to reduce costs.

As a result of the above, as compared with the previous fiscal year, orders received increased by 14.0% to ¥259.4 billion, net sales increased by 6.0% to ¥253.9 billion, net income before income taxes for the fiscal year increased by 9.1% to ¥67.5 billion, and net income for the fiscal year increased by 8.7% to ¥41.4 billion. Overseas sales as a percentage of total sales were 68.0%, as compared with 74.9% in the previous fiscal year.

Business conditions by Business Segment

Semiconductor and Component Test System Segment

In this segment, as IT related industries rapidly completed their adjustment of excess inventory, which had started in from the second half of the previous fiscal year. Thereafter, due to increased demand for customer digital products, demand for new test systems greatly increased in connection with the increased production of semiconductors.

In the market of test system for memory semiconductors, due to a market expansion of NAND type flash memory semiconductors used in products such as portable music players, sales in test systems for flash memory semiconductors remained strong domestically and overseas. With respect to test systems for DRAM semiconductors, sales remained strong throughout the fiscal year in terms of test systems for DRAM used in consumer digital products and personal computers. In particular, demand for test systems for high-speed memory semiconductors increased domestically and in Taiwan. Each semiconductor manufacturer implemented, in the second half of the fiscal year, a full scale production of DDR2 semiconductors for DRAM- the next generation DRAM- that is high-speed and low power consumption.

In the market of test systems for non memory semiconductors, stimulated by strong sales in personal computers, sales of the T2000, a test system compatible with OPENSTAR[®]¹, continued to remain strong from the previous fiscal year. In addition, sales of test systems for SoC semiconductors for devices used in consumer digital products and test systems for automotive analog IC increased. Due to an increase in demand for personal

¹ OPENSTAR[®]: The name of an open architecture standard published by the STC (Semiconductor Test Consortium, Inc.). OPENSTAR[®] is a registered trademark or trademark in the United States, Japan, and other countries.

computer monitors and flat-panel TVs, sales of non memory test systems for LCD driver IC increased significantly domestically and in Taiwan.

As a result of the above, orders received was ¥195.6 billion (14.3% increase in comparison to the previous fiscal year), sales was ¥191.4 billion (5.9% increase) and operating income was ¥57.5 billion (13.6% increase).

Mechatronics System Segment

Stimulated by the positive sales of T2000 and test systems for digital consumer products, sales of test handlers for non memory semiconductors remained steady. Sales of test handlers for memory semiconductors was weaker in the first half of the fiscal year, especially due to a delay in the demand for DDR2 to pick up. However, sales of test handlers for memory semiconductors grew overall due to an increase in sales of DRAM test systems. Furthermore, sales of the device interface products increased, due to an increase in demand for flash memory semiconductors and semiconductors for SoC.

As a result of the above, orders received was ¥49.5 billion (12.9% increase in comparison with the previous fiscal year), sales was ¥48.3 billion (4.0% increase) and operating income was ¥12.0 billion (12.4% decrease).

Services, Support and Others Segment

In this segment, orders received was ¥19.3 billion (0.7% increase in comparison with the previous fiscal year), sales was ¥19.1 billion (3.1% decrease) and operating income was ¥3.9 billion (13.2% increase).

Sales Breakdown by Business Segment (consolidated)

Fiscal Year Segment	FY2004 (the 63rd)		FY2005 (the 64th)		Change from the previous period	
	Amount (in: million yen)	Percentage (%)	Amount (in: million yen)	Percentage (%)	Amount (in: million yen)	Percentage increase (decrease) (%)
Semiconductor and Component Test System	180,685	75.5	191,415	75.4	10,730	5.9
Mechatronics System	46,395	19.4	48,260	19.0	1,865	4.0
Services, Support and Others	19,680	8.2	19,062	7.5	(618)	(3.1)
Elimination and Corporate	(7,321)	(3.1)	(4,815)	(1.9)	2,506	-
Total	239,439	100.0	253,922	100.0	14,483	6.0
Overseas	179,414	74.9	172,782	68.0	(6,632)	(3.7)

Sales Breakdown by Business Segment (unconsolidated)

Fiscal Year Segment	FY2004 (the 63rd)		FY2005 (the 64th)		Change from the previous period	
	Amount (in: million yen)	Percentage (%)	Amount (in: million yen)	Percentage (%)	Amount (in: million yen)	Percentage increase (decrease) (%)
Semiconductor and Component and Test System	161,749	79.5	176,665	81.2	14,915	9.2
Mechatronics System	36,536	18.0	38,123	17.5	1,587	4.3
Services, Support and Others	5,028	2.5	2,899	1.3	(2,129)	(42.4)
Total	203,315	100.0	217,688	100.0	14,373	7.1
Export	148,018	72.8	144,159	66.2	(3,859)	(2.6)

(ii) Challenges Ahead

With respect to its operating environment in the upcoming fiscal year, Advantest expects to see a continuing increase in volume and application of flash memory semiconductors used for digital consumer products, including mobile phones, portable music players and flat-panel TVs, and a continuing increase in demand for non memory semiconductors. With respect to DRAM semiconductors, Advantest expects a rapid shift to DDR2 DRAM semiconductors. Advantest expects an increase in demand for such DRAM semiconductors, anticipating that computers with a new operation system requiring more memory and game devices will be introduced in the second half of the upcoming fiscal year. Furthermore, continued capital expenditures relating to 300 mm wafers by the semiconductor manufacturers and foundries are expected.

On the other hand, Advantest is concerned with factors that may affect its results, including potential restrained capital expenditures resulting from an aggravated supply-demand balance (distinctive to the semiconductor market), a price increase in raw materials such as oil, risks attributable to a strong yen and continued downward pressure on the prices of Advantest's end products.

In order to respond to these conditions, the Advantest Group plans to continue with its efforts to increase orders received and expand sales through the timely introduction of new products that meets customers' needs by reinforcing marketing and development capabilities. To further enhance its cost competitiveness, the Advantest Group plans to make continued efforts to improve profitability by reviewing its company wide operational processes and improving manufacturing efficiency.

(iii) Capital Expenditures

The Advantest Group invested a total of ¥8.3 billion in capital expenditures in fiscal 2005. Most of the investments were used to fund new product development manufacturing streamlining, power saving, and to expand manufacturing capacity.

(iv) Financing

No significant financing activities took place in FY2005.

(2) Historical Data on Business Results and Assets

(i) Historical Data on Business Results and Assets (consolidated)

	FY2002 (the 61st)	FY2003 (the 62nd)	FY2004 (the 63rd)	FY2005 (the 64th)
Net sales (in: million yen)	97,740	174,218	239,439	253,922
Net income (in: million yen)	(12,994)	17,329	38,078	41,374
Basic net income per share (in yen)	(131.99)	176.37	389.54	446.34
Net assets (in: million yen)	210,663	221,768	206,749	257,927
Total assets (in: million yen)	281,224	330,808	296,769	350,776

(Notes) 1: Advantest prepared its consolidated financial statements in accordance with generally accepted accounting principles (GAAP) in the United States.

2: The calculation of "Basic net income per share" was based on the average number of issued shares the relevant fiscal year reduced by the average number of treasury shares held during the fiscal year.

[Charts illustrating the information presented in the above table.]

(ii) Historical Data on Business Results and Assets (unconsolidated)

	FY2002 (the 61st)	FY2003 (the 62nd)	FY2004 (the 63rd)	FY2005 (the 64th)
Net sales (in: million yen)	76,686	150,558	203,315	217,688
Net income (in: million yen)	(11,467)	11,957	28,421	35,273
Net income per share (in yen)	(116.49)	119.97	288.68	378.34
Net assets (in: million yen)	178,253	188,891	159,074	197,226
Total assets (in: million yen)	235,456	277,047	238,109	274,538

(Notes) 1: The calculation of "Net income per share" was based on the average number of issued shares the relevant fiscal year reduced by the average number of treasury shares held during the fiscal year.

2: Beginning in FY2003, the Company has adopted the "Accounting Standards for Impairment Accounting of Fixed Assets" Business Accounting Council ("BADC") and "Implementation Guidelines for Impairment Accounting of Fixed Assets" (ASB Implementation Guidelines No. 6).

[Charts illustrating the information presented in the above table.]

2. Company Information (as of March 31, 2006)

(1) Primary Areas of Business

The Advantest Group manufactures and markets semiconductor and component test systems and products related to mechatronics systems (test handlers, device interface, etc.). In addition to manufacturing, the Advantest Group also carries out research and development activities and provides maintenance services and related services in the business category of “Services, Support and Others.”

(2) Equity Stock

- | | |
|---|--------------------|
| (i) Total number of authorized shares | 220,000,000 shares |
| (ii) Total number of issued shares | 99,783,385 shares |
| (iii) Number of shareholders | 22,193 |
| (iv) Major Shareholders (Top 10 shareholders) | |

Name of Shareholder	Status of Ownership		Company's Interest in Shareholder	
	Number of Shares (in: thousand shares)	Percentage of Voting Rights (%)	Number of Shares (in: thousand shares)	Percentage of Ownership (%)
Mizuho Trust & Banking Co., Ltd. (retirement benefit trust (Fujitsu account), re-trust trustees, Trust & Custody Services Bank, Ltd.)	10,071	10.80	—	—
The Master Trust Bank of Japan, Ltd. (trust account)	8,870	9.51	—	—
Japan Trustee Services Bank, Ltd. (trust account)	7,453	7.99	—	—
BNP Paribas Securities (Japan) Limited	2,175	2.33	—	—
CALYON DMA OTC	2,028	2.17	—	—
Japan Trustee Services Bank, Ltd. (trust account 4)	1,969	2.11	—	—
State Street Bank and Trust Company 505025	1,925	2.06	—	—
The Dai-ichi Mutual Life Insurance Company	1,724	1.85	—	—
Fukoku Mutual Life Insurance Company	1,546	1.65	—	—
Trust & Custody Services Bank, Ltd. (investment trust account)	1,437	1.54	—	—

- (Notes) 1. Treasury shares held by the Company in the number of 6,456 thousand shares have not been included in the table above.
2. Mizuho Trust & Banking Co., Ltd. (retirement benefit trust (Fujitsu account), re-trust trustees, Trust & Custody Services Bank, Ltd.) holds the 10,071 thousand shares of common stock listed above as the trustee of a retirement benefit plan of Fujitsu Limited, and exercises its voting rights pursuant to instructions given by Fujitsu Limited.
3. The Company has acknowledged that the substantial shareholding reports shall be filed pursuant to the “Disclosure of Substantial Shareholding” prescribed in the Securities and Exchange Law, and Goldman Sachs (Japan) Ltd. and its two affiliates jointly held 6,620 thousand shares of Advantest as of December 31, 2005 according to the substantial shareholding reports filed on January 13, 2006 and Capital Guardian Trust Company and its three affiliates jointly held 6,622 thousand shares of Advantest as of September 30, 2005 according to the substantial shareholding reports filed on October 13, 2005. However, the Company has not included the number of shares held by an unverified number of beneficial owners in the table above.

(Reference)

[INSERT PIE CHART HERE]

Financial Institutions and Securities Company	166 holders, 45,467 thousand shares (45.6%)
Non-Japanese Holders	484 holders, 38,295 thousand shares (38.4%)
Other Entities	319 holders, 9,018 thousand shares (9.0%)
Individuals and Others	21,224 holders, 7,002 thousand shares (7.0%)

(3) Acquisition, Disposition and Holding of Treasury Stock

(i) Acquisition

Common stock	5,098 shares
Aggregate cost of acquisition	¥55,794 thousand

(ii) Disposition	
Common stock	908,132 shares
Aggregate proceeds from disposition	¥8,158,343 thousand

(iii) Number of treasury stocks process for expiration

Common stock	- share
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(iv) Number of treasury stocks as of the end of the period

Common stock	6,456,736 shares
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(4) Employees

(i) Employees of the Advantest Group

Number of Employees	Change from End of Previous Period
3,595	30

(Note) The numbers set forth above include employees seconded to affiliates but exclude employees seconded to companies other than affiliates.

(ii) Employees of Advantest

Number of Employees	Change from End of Previous Period	Average Age	Average Years of Service
1,445	12	38.3	13.2

(Note) The numbers set forth above refer to employees currently working.

(5) Business Combinations

(i) Significant Subsidiaries

Name of Subsidiary	Common Stock	Percentage of Voting Rights	Principal Activities
Advantest Laboratories Ltd.	¥50 million	100%	Research and development of measuring and testing technologies
Advantest Customer Support Corporation	¥300 million	100%	Maintenance service for the Company's products
Advanmechatec Co., Ltd.	¥300 million	100%	Manufacturing of the Company's products
Advantest Manufacturing, Inc.	¥80 million	100%	Manufacturing of the Company's products
Advantest DI Corporation	¥50 million	100%	Manufacturing of the Company's products
Japan Engineering Co., Ltd.	¥305 million	100%	Development, manufacturing and sales of the Company's products
Advantest Finance Inc.	¥1,000 million	100%	Leasing of the Company's products
Advantest America, Inc.	42,000 thousand USD	100%	Sales of the Company's products
Advantest (Europe) GmbH	10,793 thousand Euros	100%	Sales of the Company's products
Advantest Taiwan Inc.	560,000 thousand New Taiwan Dollars	100%	Sales of the Company's products
Advantest (Singapore) Pte. Ltd.	15,300 thousand Singapore Dollars	100%	Sales of the Company's products
Advantest Korea Co., Ltd	5,484 million Won	100%	Maintenance service and manufacturing of the Company's products
Advantest (Suzhou) Co., Ltd.	2,700 thousand USD	100%	Sales, technical services, and support of the Company's products

(Note) Percentage of voting rights includes indirectly held shares.

(ii) Business Combination Activities

Advantest Technology Solutions Corporation was established on July 1, 2005 as a subsidiary to conduct semiconductor design validation system business.

(iii) Results of Business Combination Activities

The Company has 40 consolidated subsidiaries, including the 13 significant subsidiaries set forth above. The business results for FY2005 are as set forth in "Historical Data on Business Results and Assets (consolidated)" on page 7.

(6) Significant Sales Offices and Branch Offices

(i) Japan

Category	Name of Office	Location
Head Office, Sales Office and Service Office	Head Office	Chiyoda-ku, Tokyo
	Western Japan Office	Suita-shi, Osaka
	Kawasaki Office	Kawasaki-shi, Kanagawa
R&D Centers, Laboratories	Gunma R&D Center	Meiwa-machi, Ora-gun, Gunma
	Otone R&D Center	Otone-machi, Kitasaitama-gun, Saitama

	Kitakyushu R&D Center	Kitakyushu-shi, Fukuoka
	Advantest Laboratories	Sendai-shi, Miyagi
Factories	Gunma Factory	Ora-machi, Ora-gun, Gunma
	Kumagaya Factory	Kumagaya-shi, Saitama

(ii) Overseas

Category	Name of Office	Location
Sales Office and Service Office	Advantest America, Inc.	U.S.A
	Advantest (Europe) GmbH	Germany
	Advantest Taiwan Inc.	Taiwan
	Advantest (Singapore) Pte. Ltd.	Singapore
	Advantest Korea Co., Ltd.	Korea
	Advantest (Suzhou) Co., Ltd.	China

(7) Board of Directors and Corporate Auditors

Title	Name	Area of Responsibility or Position
Chairman of the Board	Shimpei Takeshita	
Representative Board Director	Toshio Maruyama	
Director and Senior Executive Advisor	Hiroshi Oura	
Director	Junji Nishiura	
Director	Hiroji Agata	
Director	Hitoshi Owada	
Director	Takashi Tokuno	
Standing Corporate Auditor	Noboru Yamaguchi	
Standing Corporate Auditor	Tadahiko Hirano	
Corporate Auditor	Naoyuki Akikusa	Representative Board Director and Chairman of Fujitsu Limited
Corporate Auditor	Takashi Takaya	Standing Corporate Auditor of Fujitsu Limited

(Notes) 1: Changes in the appointment of board directors and corporate auditors during FY2005 are as follows:

(i) Changes adopted by the 63rd Ordinary General Meeting of Shareholders on June 28, 2005

Retiring:

Director	Kiyoshi Miyasaka
Corporate Auditor	Kuniaki Suzuki

Newly elected:

Corporate Auditor	Naoyuki Akikusa
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(ii) Changes adopted by the meeting of the Board of Directors on June 28, 2005

Chairman of the Board	Shimpei Takeshita	(Previous Position: Vice Chairman of the Board)
Director and Senior Executive Advisor	Hiroshi Oura	(Previous Position: Representative Board Director and Chairman of the Board)

- 2: There was no significant change in the area of responsibility or position of directors and corporate auditors after March 31, 2006.
- 3: Of the corporate auditors set forth above, Naoyuki Akikusa and Takashi Takaya are outside corporate auditors appointed pursuant to Article 18, Section 1 of the "Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations."

(Reference) The current terms of Executive Officers are as follows:

Title	Name	Area of Responsibility or Position
President and CEO	Toshio Maruyama*	
Senior Executive Officer	Junji Nishiura*	Technology and Production
Senior Executive Officer	Hiroji Agata*	Sales and Marketing
Managing Executive Officer	Hitoshi Owada*	Corporate Affairs
Managing Executive Officer	Takashi Tokuno*	Test System Business
Managing Executive Officer	Kenichi Mitsuoka	Senior Vice President, FA Business Group
Managing Executive Officer	Yuri Morita	Senior Vice President, Corporate Affairs Group
Managing Executive Officer	Jiro Katoh	Senior Vice President, Technology Development Group
Managing Executive Officer	Takao Tadokoro	Senior Vice President, Sales and Marketing Group
Managing Executive Officer	Hiroyasu Sawai	Senior Vice President, SE Group
Managing Executive Officer	Hiroshi Tsukahara	Senior Vice President, DI Business Group
Executive Officer	Masao Shimizu	Senior Vice President, the 1st Test System Business Group
Executive Officer	Masao Araki	Chairman of the Board, Advantest (Suzhou) Co., Ltd.
Executive Officer	Yuichi Kurita	Senior Vice President, Corporate Planning Group
Executive Officer	Yoshiro Yagi	Vice President, Sales and Marketing Group
Executive Officer	Hideaki Imada	Senior Vice President, the 2nd Test System Business Group
Executive Officer	Shinichiro Umeda	Senior Vice President, Software Development Group
Executive Officer	Akira Hatakeyama	President and Representative Board Director of Advantest Manufacturing, Inc.
Executive Officer	Yasuhiro Kawata	General Manager, 2nd SoC Tester Business Division
Executive Officer	Takashi Sugiura	General Manager, Product Design Initiatives 1
Executive Officer	Shinichiro Kuroe	Vice President, Sales and Marketing Group

(* Indicates an Executive Officer who also serves on the Board of Directors)

(Note) Changes in the responsibilities or positions of the Executive Officers after March 31, 2006 are as follows:

Effective June 1, 2006

Title	Name	Area of Responsibility or Position
Managing Executive Officer	Kenichi Mitsuoka	President and Representative Board Director of Advantest DI Corporation
Managing Executive Officer	Hiroshi Tsukahara	Senior Vice President, the 1st Test System Business Group
Executive Officer	Masao Shimizu	Senior Vice President, DI Business Group
Executive Officer	Takashi Sugiura	Senior Vice President, FA Business Group

(8) Compensations Paid to Board Directors and Corporate Auditors

Category	Board directors		Corporate auditors		Total	
	Number of directors subject to payment	Amount paid (million)	Number of auditors subject to payment	Amount paid (million)	Number subject to payment	Amount paid (million)
Compensation pursuant to the Articles of Incorporation or resolution of the general meeting of shareholders	(April 2005 to June 2005) 8 (July 2005 to March 2006) 7	¥280	(April 2005 to June 2005) 4 (July 2005 to March 2006) 4	¥58	(April 2005 to June 2005) 12 (July 2005 to March 2006) 11	¥339
Bonuses to directors or corporate auditors in appropriation of retained earnings	8	¥180	4	¥23	12	¥203
Benefits to retiring directors or corporate auditors based on a resolution of the general meeting of shareholders	1	¥81	-	-	1	¥81
Total		¥541		¥81		¥623

- (Notes) 1. The maximum amount of compensation payable by resolution of the general meeting of shareholders (compensation prescribed in Article 269, Section 1, Paragraph 1 or Article 279, Section 1 of the Commercial Code) shall be within ¥40,000,000 per month for directors and ¥6,000,000 per month for corporate auditors.
2. Seven board directors and four corporate auditors served as of the end of the fiscal year. The discrepancy between the number subject to payment and the total number subject to payment for the period from April 2005 to June 2005 represents one retired board director, one newly elected corporate auditor, and one retired corporate auditor.

(9) Stock Acquisition Rights

(a) Stock acquisition rights currently outstanding

	Resolution passed at the Ordinary General Meeting of Shareholders of June 27, 2002	Resolution passed at the Ordinary General Meeting of Shareholders of June 27, 2003	Resolution passed at the Ordinary General Meeting of Shareholders of June 25, 2004	Resolution passed at the Ordinary General Meeting of Shareholders of June 28, 2005
Number of Stock Acquisition Rights	2,870	3,150	5,580	7,690
Class and aggregate number of shares to be issued or delivered upon exercise	287,000 shares of common stock	315,000 shares of common stock	558,000 shares of common stock	769,000 shares of common stock
Issuance Price	¥ 0	¥ 0	¥ 0	¥ 0

(b) Stock acquisition rights issued during FY2005 under especially favorable terms to persons who are not shareholders

	The resolution at the Board of Directors held on June 28, 2005	The resolution at the Board of Directors held on November 30, 2005	The resolution at the Board of Directors held on February 28, 2006
Date of issuance	July 4, 2005	December 1, 2005	February 28, 2006
Class and aggregate number of shares to be issued or delivered upon exercise	759,000 shares of common stock	8,000 shares of common stock	2,000 shares of common stock
Number of stock acquisition rights (each stock acquisition right is exercisable for 100 shares)	7,590	80	20
Issuance price	¥0		
Exercise price to be paid upon exercise	¥8,600 per share		¥13,403 per share
Exercise period	April 1, 2006 to March 31, 2010		
Terms of exercise	<p>(a) The rights holder may not exercise his rights if:</p> <p>(i) the rights holder becomes a person who does not hold any position as a director, corporate auditor, executive officer, employee, advisor or non-regular employee of the Company or of any of its domestic or overseas subsidiaries before the expiration of the exercise period, unless the Company otherwise deems it appropriate to allow him to exercise his stock acquisition rights and notifies him to that effect;</p> <p>(ii) the rights holder dies;</p> <p>(iii) the rights holder notifies the Company of his/her intention to waive the rights;</p> <p>(b) The stock acquisition rights may not be inherited.</p> <p>(c) Other matters are prescribed in the 'Grant Agreement of Stock Acquisition Rights'.</p>		
Cancellation of stock acquisition rights	<p>(a) The Company may cancel, for no consideration, any stock acquisition right in the event that the general meeting of the shareholders resolves to approve (i) any merger agreement pursuant to which the Company shall cease to exist, or (ii) any share exchange agreement or share transfer pursuant to which the Company shall become a wholly owned subsidiary of another company.</p> <p>(b) The Company may cancel, for no consideration, all or part of the stock acquisition rights owned by a rights holder to the extent that such stock acquisition rights are not exercisable due to the rights holder's failure to satisfy any of the conditions to exercise stock acquisition rights.</p>		
Favorable terms related to the stock acquisition rights	The stock acquisition rights were issued for no consideration to directors, corporate auditors, and employees of the Company and its domestic and overseas subsidiaries.		

(Names of the persons to which stock acquisition rights were granted and the numbers granted)

Directors of the Company

Name	Number of stock acquisition rights
Shimpei Takeshita, Toshio Maruyama	300 each
Hiroshi Oura, Junji Nishiura, Hiroji Agata	200 each
Hitoshi Owada, Takashi Tokuno	180 each

Corporate Auditors of the Company

Name	Number of stock acquisition rights
Noboru Yamaguchi, Tadahiko Hirano, Naoyuki Akikusa, Takashi Takaya	30 each

Executive Officers of the Company

Name	Number of stock acquisition rights
Kenichi Mitsuoka, Yuri Morita, Jiro Katoh, Takao Tadokoro, Hiroyasu Sawai, Hiroshi Tsukahara	160 each
Masao Shimizu, Masao Araki, Yuichi Kurita, Yoshiro Yagi, Hideaki Imada, Shinichiro Umeda, Akira Hatakeyama, Yasuhiro Kawata, Takashi Sugiura, Shinichiro Kuroe	120 each

Employees of the Company; Directors and employees of the Company's subsidiaries (top 10 persons only)

Name	Number of stock acquisition rights
Cheng Sui Yoong, Josef Schraetzenstaller, Keith Lee, Kim Young Hwan	100 each
Robert Sauer	80
Gregory Self	50
Tetsuo Aoki, Tomio Aso, Masakazu Ando, Mitsunori Iwadate	30 each

(Note) As several of the persons listed share the same rank, the names are presented in alphabetical order.

Breakdown of stock acquisition rights granted to employees of the Company and directors and employees of the Company's subsidiaries

Category	Number of stock acquisition rights	Class and total number of shares to be issued or delivered upon exercise	Total number of persons granted stock acquisition rights
Employees of the Company	1,870	187,000 shares of common stock	77
Directors of the Company's subsidiaries	700	70,000 shares of common stock	21
Employees of the Company's subsidiaries	1,280	128,000 shares of common stock	89

(10) Amount of Compensation for the Accounting Auditor of the Company

- (i) Total amount of compensation paid to accounting auditors by the Company and its subsidiaries:
¥58 million
- (ii) Out of the amount in (i) above, the total of the amounts of compensation paid by the Company and its subsidiaries as consideration for services prescribed in Article 2, Section 1 of the Certified Public Accountant Law:
¥58 million
- (iii) Out of the amount in (ii) above, the total of the amounts of compensation paid by the Company as consideration for services prescribed in Article 2, Section 1 of the Certified Public Accountant Law:
¥57 million

(Note) As the Company has not drawn any distinction between the compensation for the audit services pursuant to the Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations and the compensation for the audit services pursuant to the Securities and Exchange Law, the amount in (iii) above represents the total amount.

Consolidated Balance Sheets

(As of March 31, 2006)

(unit: million yen)

	FY2005	FY2004 (reference)		FY2005	FY2004 (reference)
Assets			Liabilities		
Current assets	275,633	223,931	Current liabilities	76,745	73,994
Cash and cash equivalents	157,925	120,986	Current installments of	30	20,043
Trade accounts receivable, less allowance for doubtful accounts	69,567	56,702	long-term debt		
Inventories	29,911	29,585	Trade accounts payable	32,584	23,196
Deferred tax assets	13,708	13,673	Income taxes payable	19,970	7,278
Other current assets	4,522	2,985	Accrued expenses	12,781	13,865
Investment securities	12,273	7,772	Accrued warranty expenses	4,776	4,090
Property, plant and equipment, net	50,793	51,364	Deferred revenue	2,979	2,220
Deferred tax assets	7,378	8,438	Other current liabilities	3,625	3,302
Intangible assets, at cost, less accumulated amortization	2,858	3,090	Long-term debt, excluding current installments	10	40
Other assets	1,841	2,174	Accrued pension and severance cost	12,292	12,605
			Other long-term liabilities	3,802	3,381
			Total Liabilities	92,849	90,020
			Stockholders' equity		
			Common stock	32,363	32,363
			Capital surplus	37,147	35,263
			Retained earnings	245,090	210,121
			Accumulated other comprehensive income (loss)	1,344	(4,878)
			Treasury stock	(58,017)	(66,120)
			Total stockholders' equity	257,927	206,749
Total Assets	350,776	296,769	Total liabilities and stockholders' equity	350,776	296,769

- (Note) Amounts of less than one million above are rounded.
1. Allowance for doubtful accounts: ¥2,117 million
 2. Accumulated depreciation on property, plant, and equipment ¥72,131 million
 3. Outstanding loan guarantees ¥232 million

4. Accumulated other comprehensive income (loss)
 - Foreign exchange translation adjustments: (¥1,378 million)
 - Net unrealized gains on revaluation of securities: ¥2,722 million

Consolidated Statements of Income

(From April 1, 2005 to March 31, 2006)

(unit: million yen)

	FY2005	FY2004 (reference)
	Amount	Amount
Net sales	253,922	239,439
Cost of sales	121,429	115,994
Gross profit	132,493	123,445
Research and development expenses	26,927	26,280
Selling, general, and administrative expenses	41,108	36,446
Operating income (loss)	64,458	60,719
Other income (expense):		
Interest and dividend income	1,760	597
Interest expense	(290)	(441)
Minority interests (losses)	-	(84)
Other	1,526	1,017
Income (loss) before income taxes	67,454	61,808
Income taxes	26,080	23,730
Net income (loss)	41,374	38,078

(Note) Amounts of less than one million above are rounded.

Basic net income per share ¥446.34

Basis of Presentation of the consolidated financial statements
(Significant accounting policies)

1. Basis of Presentation

The consolidated statutory report including consolidated balance sheets and consolidated statements of income has been prepared on the basis of accounting principles generally accepted in the United States of America (“U.S. GAAP”), pursuant to the provisions of paragraph 1 of Article 179 of the Commercial Code Enforcement Regulations of Japan. Pursuant to the provisions of the article, however, certain disclosures required on the basis of U.S. GAAP is omitted.

2. Cash equivalents

Cash equivalents consist of deposits and negotiable certificates of deposit due to mature within 3 months.

3. Inventories

Inventories are stated at the lower of cost or market. Cost is determined using the average cost method.

4. Securities

The Company applies Statement of Financial Accounting Standards (SFAS) No. 115 *Accounting for Certain Investment in Debt and Equity Securities*.

Available-for-sale securities are recorded at fair value. Unrealized gains and losses on trading securities are included in earnings. Unrealized gains and losses, net of the related tax effect, on available-for-sale securities are excluded from earnings and are reported in accumulated other comprehensive income (loss) until realized. Realized gain and losses are determined on the average cost method.

Other securities are accounted for using the acquisition cost method.

5. Depreciation of property, plant, and equipment

Depreciation is computed principally using the declining-balance method for the Company and its domestic subsidiaries and the straight-line method for foreign subsidiaries. Buildings are principally depreciated using the straight-line method.

6. Goodwill and other intangible assets

Under SFAS No. 142, “Goodwill and Other Intangible Assets”, goodwill and intangible assets with an indefinite useful life are not amortized, but instead is tested for impairment at least annually. Intangible assets with definite useful lives are amortized over their respective estimated useful lives.

7. Impairment of long-lived assets

The Company applies SFAS No. 144 *Accounting for the Impairment or Disposal of Long-Lived Assets*, the impairment of long-lived fixed assets or intangible assets to be subject to depreciation and amortization when events or changes in their conditions result in non-recovery of their carrying amounts. When the carrying amount exceeds the future recoverable amount, the Company recognizes the difference between the fair value and the carrying amount as an impairment loss.

8. Allowances

(1) Allowances for doubtful accounts

Advantest recognizes allowance for doubtful accounts to ensure that trade accounts receivable are not overstated due to uncollectibility, which represents Advantest’s best estimate of the amount of probable credits losses in Advantest’s existing trade accounts receivable.

(2) Accrued warranty expenses

To provide for future repairs during warranty periods, estimated repair expenses over the warranty period are accrued based on the historical ratio of actual repair expenses to corresponding sales.

(3) Accrued pension and severance cost

In accordance with SFAS No. 87, "Employers' Accounting for Pensions", pension and severance cost are accrued based on the projected benefit obligations and the fair value of plan assets at the balance sheet date. If the accumulated benefit obligation (i.e., obligations deducting an effect of future compensation levels from projected benefit obligations) exceeds the fair value of plan assets, a minimum pension liability equal to this difference is reflected in the consolidated balance sheets by recognizing an additional minimum pension liability. Unrecognized prior service cost and unrecognized actuarial loss are amortized by the straight-line method over the average remaining service periods of employees.

9. Translation of foreign financial statements

Foreign currency financial statements have been translated in accordance with SFAS No. 52, "Foreign Currency Translation". Under SFAS No. 52, the balance sheet accounts of non-Japanese subsidiaries, which are denominated in currencies other than the Japanese yen, are translated at rates of exchange prevailing at the end of the year. Revenue and expense accounts are translated at average rates of exchange in effect during the year. Resulting translation adjustments are included as a separate component of other comprehensive income (loss).

Balance Sheets (Unconsolidated)

(As of March 31, 2006)

(Unit: million yen)

	FY2005	FY2004 (reference)		FY2005	FY2004 (reference)
Assets			Liabilities		
Current assets	199,872	166,050	Current liabilities	68,120	69,495
Cash and deposits	86,669	68,676	Trade accounts payable	30,476	22,642
Trade notes receivable	1,001	12,418	Current installments of bonds	-	20,000
Accounts receivable	71,892	43,564	Other accounts payable	2,419	2,037
Finished goods	3,571	4,371	Accrued expenses	9,054	10,230
Raw materials	4,774	3,627	Income tax payable	16,315	4,116
Work in progress	13,085	14,520	Allowance for product warranty	4,877	4,345
Supplies	177	67	Other current liabilities	4,977	6,123
Deferred tax assets	9,514	10,032	Non-current liabilities	9,191	9,539
Other current assets	9,187	8,771	Long-term borrowings	10	40
Allowance for doubtful accounts	-	(0)	Allowance for retirement benefits	6,970	7,100
Non-current assets	74,665	72,058	Allowance for officers' retirement benefits	1,681	1,509
Property, plant and equipment	38,781	39,778	Other non-current liabilities	529	888
Buildings and improvements	14,163	15,372	Total liabilities	77,311	79,034
Structures	831	945	Stockholders' equity		
Machinery and equipment	3,640	3,301	Common stock	32,362	32,362
Vehicles and delivery equipment	24	22	Capital surplus	32,973	32,973
Tools and furniture	2,171	1,920	Additional paid-in capital	32,973	32,973
Land	17,915	18,141	Retained earnings	187,229	158,563
Construction in progress	33	74	Legal reserve	3,083	3,083
Intangible fixed assets	1,233	1,437	Voluntary reserve	148,942	126,942
Software and others	1,233	1,437	[Reserve for losses in foreign investments]	[27,062]	[27,062]
Investments and other assets	34,650	30,842	[General reserve]	[121,880]	[99,880]
Investment securities	12,228	7,430	Unappropriated earnings at the end of the year	35,204	28,538
Investments in affiliated companies	16,470	16,390	Net unrealized holding gains on available-for-sale securities	2,677	1,294
Long-term loans receivable	1,078	1,072	Treasury stock	(58,017)	(66,119)
Deferred tax assets	3,482	4,137	Total stockholders' equity	197,226	159,074
Other non-current assets	1,391	1,811	Total liabilities and stockholder's equity	274,538	238,109
Total assets	274,538	238,109			

(Notes) Amounts of less than one million are truncated.

1. Short-term receivables from affiliates: ¥35,428 million
Long-term receivables from affiliates: ¥1,050 million
2. Short-term payables to affiliates: ¥11,022 million
3. Accumulated depreciation on property, plant and equipment (including accumulated impairment losses) ¥57,375 million

4. In addition to property, plant and equipment recognized in the balance sheet, the Company uses some computer equipment under lease agreement.
5. Increased net assets amount prescribed in Article 124, Item 3 of the Enforcement Regulations of the Commercial Code: ¥2,677 million

Statements of Income (unconsolidated)

(April 1, 2005 through
March 31, 2006)

(unit: million yen)

			FY2005	FY2004 (reference)
		Ordinary profit and loss	Operating profit and loss	Operating income
Net sales	217,688			203,315
Operating expenses				
Cost of sales	113,606			107,067
Selling, general, and administrative expenses	54,335		54,337	
Operating income	49,746		41,910	
Non-operating profit and loss	Non-operating income			
	Interest and dividend income		2,604	1,940
	Other		3,828	2,681
	Non-operating expenses			
	Interest expenses	288	439	
Other	2,013	2,728		
Ordinary income	53,878	43,365		
Extraordinary profit and loss	Extraordinary gain			
	Return of substitutional portion of Employees Pension Fund	-	2,503	
Net income before income taxes			53,878	45,868
Income taxes – current			18,364	4,141
Income taxes – deferred			239	13,305
Net income			35,273	28,421
Retained earnings brought forward			4,024	3,020
Interim dividends			2,313	2,457
Loss from disposition of treasury stock			1,780	446
Unappropriated earnings at the end of the year			35,204	28,538

(Notes) Amounts of less than one million are truncated.

1. Transactions with affiliated companies	
Sales	¥112,844 million
Purchases	¥53,264 million
Non-operating transactions	¥5,085 million
2. Net income per share	¥378.34
Net income as reported on statement of income	¥35,273 million
Net income allocated to common stock	¥35,070 million
Amount not allocated to common stock	
Bonuses to officers by appropriation of earnings	¥203 million
Average number of common shares outstanding during the fiscal year	92,694,513 shares

Significant Accounting Policies

1. Valuation of securities
 - (1) Investments in subsidiaries

Stated at cost using the moving average method
 - (2) Other securities
 - (a) Securities with quoted value

Stated at fair value based on market prices at the end of the relevant period (unrealized holding gains and losses are accounted for as a component of stockholders' equity; cost of other securities sold is determined using the moving average method).
 - (b) Securities not practicable to estimate fair value

Stated at cost using the moving average method
2. Valuation of inventories
 - (1) Finished goods

Stated at cost using the periodic average method
 - (2) Raw materials

Stated at lower of cost or market using the periodic average method
 - (3) Work in progress

Stated at cost using the periodic average method
 - (4) Supplies

Stated at cost using the specific identification method
3. Depreciation and amortization of non-current assets
 - (1) Depreciation of plant and equipment

Based on the declining balance method

However, buildings (except attached improvements) acquired on or after April 1, 1998 are depreciated using the straight-line method.
 - (2) Amortization of intangible fixed assets

Based on the straight-line method

However, software for internal use is amortized using the straight-line method over its estimated useful life of 5 years.
4. Allowances
 - (1) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable and loans, etc., an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on a historical write-off ratio and for bad receivables based on a case-by-case determination of collectibility.
 - (2) Allowance for product warranty

To reasonably account for repair costs covered under product warranty in the respective periods in which they arise, the allowance for a given year is provided in an amount determined based on the ratio of repair costs in that year to net sales in the preceding year.
 - (3) Allowance for retirement benefits

To provide for employee retirement benefits, an allowance is provided in an amount determined based on the estimated retirement benefit obligations and pension assets at the end of the fiscal year.

Past service liabilities are amortized on a straight-line basis over a fixed number of years (17 years) during the average remaining years of service of employees.

Any actuarial gains and losses are amortized on a straight-line basis over a fixed number of years (17 years) during the average remaining years of service of employees, and the amount is recorded in the fiscal year subsequent to its occurrence.
 - (4) Allowance for officers' retirement benefits

To provide for officers' retirement benefits, an allowance is provided for the aggregate amount payable at the end of the period pursuant to the Company's rules on officers' retirement benefits. This allowance is stipulated under Article 43 of the Commercial Code Regulations.

5. Accounting for lease transactions

Finance lease transactions not involving a transfer of title to the lessee are accounted for in the same way as usual operating lease transactions.

6. Accounting for consumption taxes

Consumption taxes are accounted using the net-of-tax method.

Proposed Appropriation of Retained Earnings

(unit: yen)

Item	Amount
Unappropriated earnings at the end of the year	35,204,462,434
Earnings will be appropriated as follows:	
Dividends	4,199,699,205
¥45 per share	
Directors' bonus	180,000,000
Corporate Auditors' bonus	23,000,000
Voluntary Reserve	
General reserve	25,000,000,000
Earnings to be carried forward	5,801,763,229

(Note) On December 1, 2005, the Company paid interim dividends of ¥25 per share (or ¥2,313,352,050 in total) to its shareholders of record as of September 30, 2005.

Copy of Independent Auditor's Report (Consolidated)

Report of Independent Auditors Report

May 16, 2006

To the Board of Directors of Advantest Corporation:

Ernst & Young ShinNihon

Kiyotada Osada ○
Engagement Partner
Certified Public Accountant

Tetsuya Naito ○
Engagement Partner
Certified Public Accountant

We have audited the consolidated financial statements of Advantest Corporation for its 64th fiscal year (April 1, 2005 through March 31, 2006), including the consolidated balance sheets and consolidated statements of income, for the purpose of reporting under the provisions of Article 19-2, Paragraph 3 of the "Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations." The management of the Company was responsible for the preparation of these consolidated financial statements, and our responsibility shall be limited to the expression of an independent opinion regarding the consolidated financial statements.

We conducted our audit in accordance with auditing standards generally accepted in Japan. These auditing standards require reasonable assurance that the consolidated financial statements do not contain any untrue representations of material fact. The audit was conducted based on an audit by testing. In addition to a review of the consolidated financial statements as a whole, the audit included an evaluation of the accounting policies adopted by the management, the application thereof, and the estimates prepared by the management. We believe that we have obtained a reasonable basis to form our opinion as a result of the audit. The auditing procedures also include procedures considered necessary for the subsidiaries and consolidated subsidiaries of Advantest Corporation.

In our opinion, the consolidated financial statements properly present the financial position and the results of operations of the company group consisting of Advantest Corporation and its consolidated subsidiaries in conformity with applicable laws and regulations and the Articles of Incorporation of Advantest Corporation.

We have no specific interest in the Company required to be stated by the provisions of the Certified Public Accountant Law.

Copy of Board of Corporate Auditors' Audit Report (Consolidated)

Audit Report Concerning Consolidated Financial Statements

This Audit Report was prepared by the Board of Corporate Auditors based on reports from each Corporate Auditor with respect to the methods and results of audit concerning the performance by each Board Director of his respective duty during the 64th fiscal year (April 1, 2005 through March 31, 2006) of Advantest Corporation. We hereby report as follows.

1. Methods of Audit

Pursuant to the audit policies and plans established by the Board of Corporate Auditors, each Corporate Auditor has sought the reports and explanations on the consolidated financial statements from directors and the like and the independent auditor.

2. Results of Audit

The methods and results of audit performed by Ernst & Young ShinNihon, the independent auditor of the Company, are appropriate.

May 19, 2006

Board of Corporate Auditors of Advantest Corporation

Noboru Yamaguchi _____ ○
Standing Corporate Auditor

Tadahiko Hirano _____ ○
Standing Corporate Auditor

Naoyuki Akikusa _____ ○
Corporate Auditor

Takashi Takaya _____ ○
Corporate Auditor

(Note) Naoyuki Akikusa and Takashi Takaya are outside corporate auditors appointed pursuant to Article 18, Paragraph 1 of the old "Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations".

Copy of Independent Auditor's Report

Report of Independent Auditors Report

May 16, 2006

To the Board of Directors of Advantest Corporation:

Ernst & Young ShinNihon

Kiyotada Osada ○
Engagement Partner
Certified Public Accountant

Tetsuya Naito ○
Engagement Partner
Certified Public Accountant

We have audited the financial statements, which included the balance sheets, statements of income, the business report (limited to accounting matters), the proposed appropriation of retained earnings and the supporting schedules (limited to accounting matters), of Advantest Corporation for its 64th fiscal year (April 1, 2005 through March 31, 2006) for the purpose of reporting under the provisions of Article 2, Paragraph 1 of the "Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations." With respect to the aforementioned business report and the supporting schedules, our audit was limited to those matters based on the accounting records of the Company. The management of the Company was responsible for the preparation of these financial statements and the supporting schedules, and our responsibility shall be limited to the expression of an independent opinion regarding the financial statements and the supporting schedules.

We conducted our audit in accordance with auditing standards generally accepted in Japan. The auditing standards require reasonable assurance that the financial statements and the supporting schedules do not contain any untrue representations of material fact. The audit was conducted based on an audit by testing, and included a review of the financial statements and the supporting schedules as a whole and an evaluation of the accounting policies adopted by the management, the application thereof, and the estimates prepared by the management. We believe that we have obtained a reasonable basis to form our opinion as a result of the audit. The auditing procedures also include those considered necessary for its subsidiaries.

As results of audit, our opinion is as follows;

- (1) the balance sheets and statements of income present properly the financial position and the results of operations of the Company in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
- (2) the business report, as far as the accounting sections are concerned, presents properly the current status of the Company in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
- (3) the proposed appropriation of retained earnings has been prepared in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
- (4) the supporting schedules, as far as the accounting sections are concerned, have been prepared in conformity with the provisions of the Commercial Code.

We have no specific interest in the Company required to be stated by the provisions of the Certified Public Accountant Law.

Copy of Board of Corporate Auditors' Audit Report

Audit Report

This Audit Report was prepared by the Board of Corporate Auditors based on reports from each Corporate Auditor with respect to the methods and results of audit concerning the performance by each Director of his respective duty during the 64th fiscal year (April 1, 2005 through March 31, 2006) of Advantest Corporation. We hereby report as follows.

1. Methods of Audit

Pursuant to the audit policies established by the Board of Corporate Auditors, each Corporate Auditor has attended meetings of the Board of Directors and other important meetings, posed questions to Directors or Auditing group, etc., on the state of business, reviewed important approval-granting documents, inspected the state of business and assets at the Head Office and other important branch offices, and reviewed the financial statements and the supporting schedules upon report from independent auditors. The Corporate Auditors have also sought reports from subsidiaries of the Company on their state of business, and performed on-site inspection of the state of business and assets of important subsidiaries whenever necessary.

In the case of any engagements in competing transactions by a Director, transactions involving any conflicts of interests between the Company and a Director, offering of advantage by the Company for no consideration, transactions at unusual terms with a subsidiary or shareholder, or the acquisition or disposition of treasury stock, the Corporate Auditors have, in addition to the method of audit described above, requested reports from the Directors and inspected such transactions in detail if necessary.

2. Results of Audit

- (1) The methods and results of audit performed by Ernst & Young ShinNihon, the independent auditor of the Company, are appropriate.
- (2) The business report of the Company accurately presents the financial conditions of the Company in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
- (3) In consideration of the financial position of the Company and other matters, the proposed appropriation of retained earnings plan presents fairly all matters required to be presented, and no irregularity was found that need to be pointed out.
- (4) The supporting schedules present fairly all matters required to be presented, and no material irregularity requiring disclosure was found.
- (5) No irregularity or violation of applicable laws or regulations or the Articles of Incorporation of the Company was found with respect to the activities of the Directors, including activities related to subsidiaries of the Company.

In addition, no breach of fiduciary duty by Directors was found with respect to engagements in competing transactions by a Director, transactions involving any conflict of interest between the Company and a Director, offering of advantage by the Company for no consideration, transactions at unusual terms with subsidiaries or shareholders, or the acquisition or disposition of treasury stock.

May 19, 2006

Board of Corporate Auditors of Advantest Corporation

Noboru Yamaguchi _____ ○
Standing Corporate Auditor

Tadahiko Hirano _____ ○
Standing Corporate Auditor

Naoyuki Akikusa _____ ○
Corporate Auditor

Takashi Takaya _____ ○
Corporate Auditor

(Note) Naoyuki Akikusa and Takashi Takaya are outside corporate auditors appointed pursuant to Article 18, Paragraph 1 of the old "Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations."

Memorandum to Shareholders

Balance sheet date: March 31 of each year

Ordinary general meeting of shareholders: June of each year

Decision on shareholders of record qualified to receive dividends:

March 31 of each year and September 30 when interim dividends are paid.

Method for public notice:

Public notice will be posted on the Advantest website (<http://www.advantest.co.jp/investors/>).

However, in the case of accidents or other inevitable circumstances that prevent the Company from posting public notices on such Company's website, public notices are carried in the Nihon Keizai Shimbun.

Share registration agent: Main Office, Tokyo Securities Transfer Agent Co., Ltd.

Place for share transfer/registration business:

Togin Bld. 3F, 4-2 Marunouchi 1-chome, Chiyoda-ku, Tokyo 100-0005

Toll free number: (0120)49-7009

Telephone: (03)3212-4611

Agent for share transfer/registration business:

Main Office and Branch Offices in Japan, The Chuo Mitsui Trust and Banking Company, Limited

Number of shares comprising one unit: 100 shares

Notice: Demand for sales of fractional shares and demand for purchase of fractional sales

The share transfer agents mentioned above accept demands for sales and purchases of fractional shares. The handling of any demand for a purchase of fractional shares will be suspended for the 12 business days prior to March 31 and the 12 business days prior to September 30, up to March 31 and September 30, respectively. In addition, Tokyo Securities Transfer Agent Co., Ltd. may suspend the handling of demands for the purchase of fractional shares for a certain period designated by the Company.

Registration of lost share certificates:

Those who have lost share certificates may fulfill the procedures concerning the lost share certificates at the share transfer agents mentioned above. When such procedures are complete, the symbol and number of lost share certificates are registered on the lost share certificate registration book, which will in turn be available for public inspection. Should there be no objection to such registration or obliteration of registered lost share certificates for a period of one year, those who have lost share certificates may receive the delivery of new share certificates. The fees charged for the registration will be a basic fee of ¥10,000 and an additional fee of ¥500 per lost certificate.

*For inquiries on details, please contact the above share registration agent.