Presentation:

Toshio Maruyama
Representative Board Director, President and CEO
1. FY2008 Guidance

2. Structural Reforms
## FY2008 Guidance

<table>
<thead>
<tr>
<th>FY2007</th>
<th>FY2008 (Forecast)</th>
<th>Y on Y (%change)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sales</td>
<td>182.8</td>
<td>75.0</td>
</tr>
<tr>
<td>Operating Income</td>
<td>22.7</td>
<td>-50.0</td>
</tr>
<tr>
<td>Non-operating Income</td>
<td>0.8</td>
<td>-4.0</td>
</tr>
<tr>
<td>Income before Tax</td>
<td>23.5</td>
<td>-54.0</td>
</tr>
<tr>
<td>Net Income</td>
<td>16.6</td>
<td>-78.0</td>
</tr>
</tbody>
</table>

Forecast for FY2008 (including costs related to structural reforms):

- Sales: 75.0 billion yen (-59% year-on-year)
- Operating Income: -50.0 billion yen
- Non-Operating Income: -4.0 billion yen
- Income before Tax: -54.0 billion yen
- Net Income: -78.0 billion yen
Quarterly Sales Trends:

- We expect a further sequential sales decline in the fourth quarter of FY2008.
FY2008 Operating Profit Forecast: -50.0 billion yen

- Chief factors influencing our operating profit:
  - Sales gap: 60.0 billion yen
  - Costs related to structural reforms: 25.0 billion yen
  - Cost savings in FY2008: 12.3 billion yen

Note: further details of our structural reforms may be found on pages 10-14.
FY2008 Net Income Forecast: -78.0 billion yen

- Chief factors contributing to net loss:
  - Income taxes: +21.0 billion yen
  - Reversal of deferred tax assets: -45.0 billion yen
FY2008 Dividend Forecast:

- Our end-of-year dividend forecast has been revised from 25 yen, as announced on October 30 2008, to 5 yen.

- Our total annual dividend for FY2008 is now expected to be 30 yen, a decrease of 20 yen from FY2007.
1. FY2008 Guidance

2. Structural Reforms
Background to our Newly Implemented Structural Reforms:

- We expect the ATE market decline in FY2009 to outstrip that of FY2008. Further, we do not predict an immediate recovery even in FY2010.

- Therefore, we have decided to implement a sweeping new round of structural reforms.
Structural Reforms In Detail

- Workforce Rightsizing
- Payroll Reduction
- Focus on Selected Businesses

Major Structural Reform Measures:

- Workforce Rightsizing
- Payroll Reduction
- Focus on Select Markets
Workforce Rightsizing

Our Target: to rightsize our workforce to **3,400 employees** by March 31, 2009

- Rightsizing of temporary workforce  
  (started in November 2008)
- Voluntary retirement program  
  (started in February 2009)

**1,200 total layoffs in FY2008**

- Workforce Rightsizing:
  
  - By the end of March 2009, we aim to reduce our total workforce to 3,400.

  - Temporary employees’ contracts will not be renewed  
    (implemented in November 2008)

  - Permanent employees are being offered voluntary retirement  
    (implemented in February 2009)

  - We expect to reach our target of 1,200 total layoffs in FY2008
Payroll Reduction

- **Executives**
  - Deep compensation cuts
  - Termination of bonuses

- **Managers**
  - Salaries will be cut by 5-20%
  - Termination of bonuses

Payroll Reduction

- Executives
  Compensation will be reduced by 50-60%
  Termination of bonuses

- Managers
  Salaries will be reduced by 5-20%
  Termination of bonuses
## Focus on Selected Markets

1) **Streamlining our Businesses, Realigning our Resources**
   - Unprofitable product lines will be pruned to reduce fixed costs
   - A portion of our resources will be redirected to new businesses
     1) New Concept Product Initiative will identify and commercialize new product opportunities
     2) Selective entry into new markets

2) **Increasing R&D & Production Efficiency**
   - Four manufacturing subsidiaries will be consolidated into one
   - Four software subsidiaries will be consolidated into one

3) **Radical Cost-Cutting through Infrastructure Savings**
   - Consolidation and elimination of business facilities and other sites
   - Administrative overhead will be cut to the bone

### Focus on Select Markets:

- **Streamlining our businesses, realigning our resources:**
  - Pruning unprofitable product lines will reduce fixed business costs
  - Resources will be redirected to new businesses
    - The New Concept Product Initiative will identify and commercialize new product opportunities
    - Advantest will selectively enter new markets

- **Increasing R&D and production efficiency**
  - Consolidation of subsidiaries
    - Four manufacturing subsidiaries will be consolidated into one, as will four software subsidiaries

- **Radical cost-cutting through infrastructure savings**
  - Consolidation and elimination of business facilities and other sites
  - A merciless review of other overhead costs
<table>
<thead>
<tr>
<th>Structural Reforms: Related Costs &amp; Cost Savings</th>
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<tbody>
<tr>
<td>Anticipated Costs Related to Structural Reforms to be Posted in 4Q FY2008 :</td>
</tr>
<tr>
<td>Anticipated Cost Savings in FY2009 :</td>
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</table>
NOTE

Prepared in accordance with US GAAP

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