Information Meeting

October 28, 2010

Haruo Matsuno
Representative Director
President and CEO
Financial Results for 2nd Quarter Fiscal 2010
### Summary of Results

#### FY2010

<table>
<thead>
<tr>
<th></th>
<th>1Q</th>
<th>2Q</th>
<th>Q on Q</th>
<th>Guidance (as of July)</th>
<th>1Q–2Q (Accumulated)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Results</td>
<td>Q on Q</td>
<td></td>
<td></td>
<td>Results</td>
</tr>
<tr>
<td>Orders</td>
<td>30.8</td>
<td>23.3</td>
<td>-24.7%</td>
<td>62.0</td>
<td>54.1</td>
</tr>
<tr>
<td>Sales</td>
<td>23.5</td>
<td>28.6</td>
<td>21.3%</td>
<td>53.0</td>
<td>52.1</td>
</tr>
<tr>
<td>Cost of Sales</td>
<td>11.9</td>
<td>14.9</td>
<td>24.6%</td>
<td>-</td>
<td>26.8</td>
</tr>
<tr>
<td>Gross Profit</td>
<td>11.6</td>
<td>13.7</td>
<td>18.0%</td>
<td>-</td>
<td>25.3</td>
</tr>
<tr>
<td>Operating Income</td>
<td>1.8</td>
<td>2.9</td>
<td>61.5%</td>
<td>5.0</td>
<td>4.7</td>
</tr>
<tr>
<td>Non-operating Income</td>
<td>-0.2</td>
<td>-0.4</td>
<td>-129.0%</td>
<td>-</td>
<td>-0.6</td>
</tr>
<tr>
<td>Income before Tax</td>
<td>1.6</td>
<td>2.5</td>
<td>52.1%</td>
<td>4.9</td>
<td>4.1</td>
</tr>
<tr>
<td>Net Income</td>
<td>0.8</td>
<td>1.8</td>
<td>129.0%</td>
<td>3.1</td>
<td>2.6</td>
</tr>
</tbody>
</table>

| Backlog              | 27.6   | 22.3   | -19.3%  | 29.3                  | 22.3                |

- **Results for 2Q FY2010:**
  - Orders 23.3 billion yen, down 24.7% from the previous quarter
  - Sales 28.6 billion yen, up 21.3% from the previous quarter
  - Operating profit 2.9 billion yen
  - Income before tax 2.5 billion yen
  - Net income 1.8 billion yen

  Although results improved significantly year-on-year,
  - FY2010 1H orders fell short of the company’s forecast, due to postponed orders from a number of customers
  - FY2010 1H sales and earnings also came in under forecast

  - Order backlog 22.3 billion yen

- **Due to lack of visibility beyond the third quarter, Advantest cannot disclose a forecast of its full-year results for FY2010 at this time. Such data will be disclosed when it is available.**
### Orders by Business Segment

![Diagram showing Orders by Business Segment]

#### Breakdown of Semiconductor & Component Test Systems Orders

<table>
<thead>
<tr>
<th>Segment</th>
<th>1Q 2Q 3Q 4Q 1Q 2Q</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>Memory</td>
<td>7.4 11.1 3.0 6.5 10.5</td>
<td>7.7 11.1</td>
<td>11.3 7.7</td>
</tr>
<tr>
<td>Non-Memory</td>
<td>5.6 3.2 9.1 8.8 9.4</td>
<td>5.6 3.2</td>
<td>8.8 9.4</td>
</tr>
</tbody>
</table>

#### Breakdown of Mechatronics Systems Orders

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 2Q 3Q 4Q</td>
<td>14.4</td>
<td>15.3</td>
</tr>
<tr>
<td></td>
<td>4Q</td>
<td>5.8</td>
</tr>
<tr>
<td></td>
<td>2Q</td>
<td>17.1</td>
</tr>
</tbody>
</table>

#### Breakdown of Services, Support & Other Orders

<table>
<thead>
<tr>
<th>Segment</th>
<th>FY2009</th>
<th>FY2010</th>
</tr>
</thead>
<tbody>
<tr>
<td>1Q 2Q 3Q 4Q</td>
<td>11.6</td>
<td>23.3</td>
</tr>
<tr>
<td></td>
<td>2Q</td>
<td>3.7</td>
</tr>
</tbody>
</table>

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○ 2Q FY2010 Orders by Segment:

○ **Semiconductor and Component Test Systems:**
  - 17.1 billion yen, down 21% from the previous quarter
  - In memory testers, orders decreased 10% sequentially. The softening of PC demand towards the end of the period impacted orders for the T55XX series for DDR3 back-end test and the T53XX series for front-end test. Although orders for these products increased dramatically from 1Q, they did not reach the levels forecast at the beginning of the period.
  - In non-memory testers, orders decreased 31% sequentially, affected by lower-than-forecast orders for LCD driver IC testers, which suffered from weakening demand for consumer electronics and PCs.

○ **Mechatronics Systems:**
  - 3.7 billion yen, down 37% from the previous quarter
  - Weaker orders for device interface products and test handlers tracked recent postponements of tester purchases.
Orders by Region

Orders from Japan increased, but all other regions declined.

Broad regional trends were as follows:
- Japanese customers increased investment in memory testers for DRAM for mobile devices
- Taiwanese and South Korean customers decreased investment in memory testers for DRAM used in PCs, and in mechatronics products deployed with these testers
○ 1Q FY2010 Sales by Segment:

○ Semiconductor and Component Test Systems:
  • 20.2 billion yen, up 28% from the previous quarter
  • In memory testers, sales increased 67% sequentially, led by the T55XX series for DDR3 back-end test and the T53XX series for front-end test.
  • In non-memory testers, sales increased 3% sequentially. Sales of the T6373 for LCD driver IC test decreased slightly but sales of the T2000 for MPU and MCU test were robust.

○ Mechatronics Systems:
  • 5.7 billion yen, up 40.6% from the previous quarter
  • Sales of device interface products and test handlers grew in step with memory tester sales.
1Q FY2010 Sales by Region:

- Sales to Taiwan, South Korea, and China increased, while sales to the Americas decreased.

Broad regional trends were as follows:

- Sales to Taiwan were 7.1 billion yen, up 67% from the previous quarter. Memory testers and memory handlers dominated.

- Sales to South Korea, led by the T55XX series for DDR3 back-end test, grew 38% sequentially to 7.7 billion yen.
2Q FY2010 Operating Income / Gross Margin / Operating Expenses

- Gross Margin:
  - down 1.4 points sequentially to 47.9%, due to a less favorable product mix

- Operating Expenses:
  - 10.8 billion yen, an increase of 1.0 billion yen from the previous quarter, due to higher sales expenses and general administrative expenses incurred by increased revenues in the period

- Operating Income:
  - 2.9 billion yen, an increase of 1.1 billion yen from the previous quarter
○ R&D Expenses:
  • 5.4 billion yen, an increase of 0.5 billion yen from the previous quarter, chiefly due to increased payroll expenses

○ CapEx:
  • 1 billion yen, an increase of 0.7 billion yen from the previous quarter, due to an increase in assets held for leasing and capital investments aimed at improving R&D efficiency and manufacturing productivity
○ Balance Sheet for 2Q FY2010

○ Assets:

  - Cash & cash equivalents and short-term investments:
    - 89.3 billion yen, a decrease of 11.3 billion yen from end June, 2010
    - Decrease was chiefly due to a stock buyback worth 10.3 billion yen, completed in August 2010
### Balance Sheet for 2Q FY2010

#### Liabilities & Equity:

- **Equity:**
  - 138.2 billion yen, a decrease of 9.2 billion yen from the previous quarter
  - Decrease was chiefly due to a stock buyback worth 10.3 billion yen, completed in August 2010

- **Equity-to-assets ratio:**
  - 75.5%
Outpacing the Growth Rate of the Semiconductor Market

Upcoming Projects
Upcoming Projects

1 Higher Semiconductor Market Share
   - Non-Memory Testers
     - An Enriched T2000 Lineup
     - Secure Repeat Orders
   - Memory Testers
     - DRAM Front-End & Back-End Market Capture

2 Superior Profitability

3 Diverse Profit Sources

4 Stable Growth

○ Despite talk of falling DRAM prices and deceleration in the PC market, Advantest does not see reasons for pessimism in the current situation.

○ The company plans four key projects to align its business strategy with the market environment.
○ This slide shows the outlook for the non-memory tester market.

○ The non-memory tester market recovered dramatically in 2010, and is expected to settle into a trend of stable growth.

○ Against this background, Advantest’s non-memory strategy remains unchanged:
  • Claim a greater than 30% share of this market by ousting competitors from core segments including the MCU, MPU, power IC, and CMOS image sensor tester markets, utilizing Advantest’s superior cost-performance and best-in-class support.
Share gain tactics will include the debut of four new solutions for the T2000 platform, targeting three key segments, scheduled for the near future.

Each of these product announcements will constitute a new entry for Advantest into a segment where the company has historically had little presence.

Each of these solutions offers superior ROI, and is expected to contribute to significant market share gains.

Advantest’s presence in customer design and manufacturing facilities will enable users to find new and expanded uses for their T2000 platforms, leading to repeat orders.

Further, Advantest will seek to gain market share by expanding its customer base, concentrating on the vibrant semiconductor industry in China.

The T2000 user base has already grown to 41 companies. Advantest will seek to expand this number further with solid customer wins.
\[\text{Source: SEMI, Advantest}\]

- China has been called “the factory of the world,” but it is in fact a giant and growing market. Semiconductor design and development in the country is undergoing rapid expansion.

- This slide shows the projected growth of the China semiconductor tester market through 2012.

- The T2000 platform is ideally aligned with the China market’s needs. Advantest will cultivate its business in the country by offering local industry low-cost, effective test solutions.
○ The next slide will present Advantest’s memory tester strategy.

○ Amid the global expansion of demand for PCs, smartphones, tablets, and other electronics, DRAM production volumes are forecast to grow to 20 billion units annually by 2012, led by DDR3-DRAM and mobile DRAM. This represents growth of more than 50% compared to 2009.

○ Shipment growth will be accompanied by process shrinks that intensify the need for optimized test solutions.

○ Advantest’s memory testers enjoy extremely broad market acceptance for their high-speed test capabilities and industry-best parallel test functionality – factors that heavily influence customer test cost. Already in a position of dominance over competitors, due to superior cost-performance, Advantest’s memory testers are expected to claim an even larger share of this market in future.
2 Superior Profitability

A Streamlined, Fast–Moving Company Responding Nimbly to Fluctuations in the Business Environment

◆ Higher–Quality Designs, Shorter R&D Times

◆ Higher Productivity, Optimal Procurement Operations

◆ Multi–Skilled Manufacturing Workers Responding Flexibly to Shifting Production Volume Requirements

- The next slide will present Advantest’s strategy for superior profitability.

- Advantest is simultaneously growing sales and seeking to enhance its profitability.

- These are themes Advantest has consistently pursued for years, believing that the ability to respond nimbly to fluctuations in the business environment requires a company to be streamlined and fast-moving.

- In its R&D division, Advantest has launched a “Design Review Meister System,” which facilitates the spread of knowledge and experience from older master engineers throughout the design process. Together with this focus on higher-quality designs, the company is committed to transmitting precious engineering skills to its next generation of engineers.

- Similarly, in its production division, Advantest is focused on reducing lead times and improving productivity, while optimizing its procurement operations to enhance the company’s ability to respond promptly to shifts in the demand environment.

- These undertakings and others reflect the commitment of Advantest’s management to superior profitability and competitiveness, as well as preventing opportunity losses.
The next slide will present Advantest’s strategy for diversifying its profit sources.

Advantest is diversifying its profit sources by laying new emphasis on businesses related to the company’s core business of semiconductor test, seeking to create and identify added sales opportunities to increase revenue.

Advantest recently relaunched its leasing, financing, and second-hand equipment sales operation.

- On October 1st, 2010, Advantest finalized the merger of its wholly owned subsidiary Electronics Retrofit Corporation (ERC) into another wholly-owned subsidiary, Advantest Finance Inc. (AFI).
- The merger will facilitate Advantest’s global management of products throughout their lifecycles and create additional business opportunities.

Additionally, the company is currently reviewing a plan to add handler manufacturing site outside Japan.
The next slide will present an update on Advantest’s medium-term growth strategy.

Advantest believes diversified business development is vital to future stable growth.

Looking to continued semiconductor process shrinks, Advantest continues to develop new applications for its technological advantages. Among these are electron beam lithography systems and critical dimension measurement scanning electron microscopes. Sales growth is underway.

The company is expanding its device interface business with probe cards utilizing MEMS technology.

Launched in April 2010, the TAS7000 3D Imaging Analysis System has evoked highly positive feedback from the auto and pharmaceutical industries. The system is expected to make a notable sales contribution.

In the NAND flash test arena, Advantest is developing two groundbreaking new products: the New Platform X (NPX) for front-end test and the B8502 for back-end test.

Numerous other projects are currently in the pipeline.

The above projects represent Advantest’s resolve to ensure stable growth by consolidating and enhancing its leading position in the semiconductor test industry, while expanding into non-ATE sectors and markets.
NOTE

-Prepared in accordance with US GAAP
-Cautionary Statement with Respect to Forward-Looking Statements

This presentation contains “forward-looking statements” that are based on Advantest’s current expectations, estimates and projections. These statements include, among other things, a discussion of Advantest’s business strategy, outlook and expectations as to market and business developments, production and capacity plans. These forward-looking statements can be identified by use of forward-looking terminology and are subject to known and unknown risks, uncertainties and other factors that may cause Advantest’s actual results, levels of activity, performance or achievements to be materially different from those expressed or implied by such forward-looking statements. These factors include: (i) changes in demand for the products and services produced and offered by Advantest’s customers, including semiconductors, communications services and electronic goods; (ii) circumstances relating to Advantest’s investment in technology, including its ability to develop in a timely fashion products that meet the changing needs of semiconductor manufacturers and communications network equipment and component makers and service providers; (iii) significant changes in the competitive environment in the major markets where Advantest purchases materials, components and supplies for the production of its products or where its products are produced, distributed or sold; and (iv) changes in economic conditions, currency exchange rates or political stability in the major markets where Advantest procures materials, components and supplies for the production of its principal products or where its products are produced, distributed or sold. A discussion of these and other factors which may affect Advantest’s actual results, levels of activity, performance or achievements is contained in the “Operating and Financial Review and Prospects”, “Key Information - Risk Factors” and “Information on the Company” sections and elsewhere in Advantest’s annual report on Form 20-F, which is on file with the United States Securities and Exchange Commission.