

**NOTE: This document has been translated from the Japanese original for reference purposes only. If there is any discrepancy between the Japanese and this translated document, the Japanese original shall prevail.*

Directors and Executive Officers Compensation Policy and Procedure

1. Purpose

The Board of Directors establishes this Policy and Procedure so that the Directors and Executive Officers Compensation shall be determined to make it effective for a sustainable level of business development, mid-to-long term enhancement of corporate value, to share the shareholders' perspective, and to secure and motivate superior human resources who manage Advantest Corporation ("Company") group;

2. Structure and Policy in Determination

The Compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) and Executive Officers is comprised of (1) Fixed-Compensation, (2) Performance-linked Bonus and (3) Stock Compensations, to contribute for the purpose written in 1. The amounts and ratios are set in appropriate levels.

The Compensation for Independent Directors is comprised only of (1) fixed-compensation, by considering their roles and independence from the management.

- (1) Fixed-Compensation is determined an appropriate level by referring the market data, and the position and responsibilities.
- (2) Performance-linked Bonus is an incentive for short-term performance, and to be calculated based on consolidated Net Sales, Operating Income Ration, Net Income after Tax, ROE etc..
- (3) Stock Compensations are incentives for long term performance and also to share the shareholders' perspective. Both of "Stock Option" and "Performance-based Stock Remuneration" will be granted by considering the Company performance trend, economic situations, stock price in the market and like. The vested stocks by "Performance-based Stock Remuneration" will be fluctuated by consolidated Net Sales, Operating Income Ration, Net Income after Tax, ROE etc..

3. Procedures in Determination

In response to consultation from the Board of Directors, the Nomination and Compensation Committee deliberates and proposes the Compensation for Directors (excluding Directors who are Audit and Supervisory Committee members) and Executive Officers to the Board of Directors. The Board of Directors deliberates and determines the compensation based on the proposal from the Nomination and Compensation Committee.

The Audit and Supervisory Committee deliberates and determines the compensation for Directors who are Audit and Supervisory Committee members.