

Advantest Corporation

Information Meeting

July 25, 2013

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.

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Financial Results for 1st Quarter of FY2013

July 25, 2013

**Hiroshi Nakamura
Director and Managing Executive Officer**

Summary of Results

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(¥B)

	FY2012				FY2013		
	1Q	2Q	3Q	4Q	1Q	Q on Q (%)	Y on Y (%)
	Orders	46.2	25.3	24.4	29.8		
Sales	33.4	39.2	24.6	35.7	30.1	-15.8	-9.8
Cost of Sales	15.8	18.7	11.6	17.9	14.8	-17.5	-6.3
Gross Profit	17.6	2.05	13.0	17.8	15.3	-14.0	-12.9
Operating Income	0.8	2.6	-2.6	-0.7	-3.3	-	-
Non-Operating Income	0.5	-0.8	-0.4	-0.7	0.5	-	-5.7
Income Before Tax	1.3	1.8	-3.0	-1.4	-2.8	-	-
Net Income	0.4	1.1	-3.4	-1.9	-3.6	-	-
Order Backlog	36.4	22.5	22.3	16.4	25.8	57.0	-29.1

4

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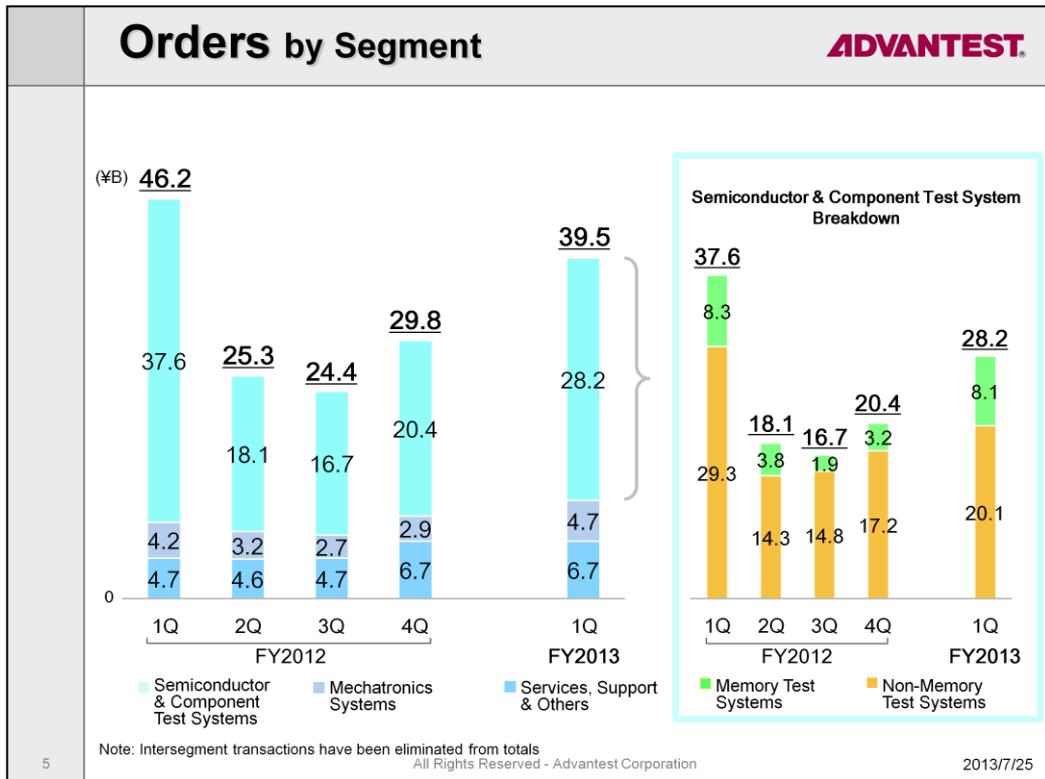
2013/7/25

○ Results for 1Q FY2013

- Orders
+32.1% QoQ ¥39.5B
- Sales
-15.8% QoQ ¥30.1B
- Operating loss ¥3.3B
- Income before tax ¥2.8B
- Net income -¥3.6B

○ The influence of currency exchange rates on operating income was positive, but limited, because foreign currency-denominated sales in the period were low.

○ Backlog
¥9.4B increased QoQ ¥25.8B



○ FY2013 1Q Orders by Segment

○ Semiconductor & Component Test Systems

- +38% QoQ ¥28.2B
- of which, non-memory testers ¥20.1B
- of which, memory testers ¥8.1B

• Mobile device test sector demand improved overall

Memory tester demand was stimulated by mobile DRAM production volume expansion and performance improvements

Sales of the V93000 non-memory tester for logic ICs used in mobile devices were also robust

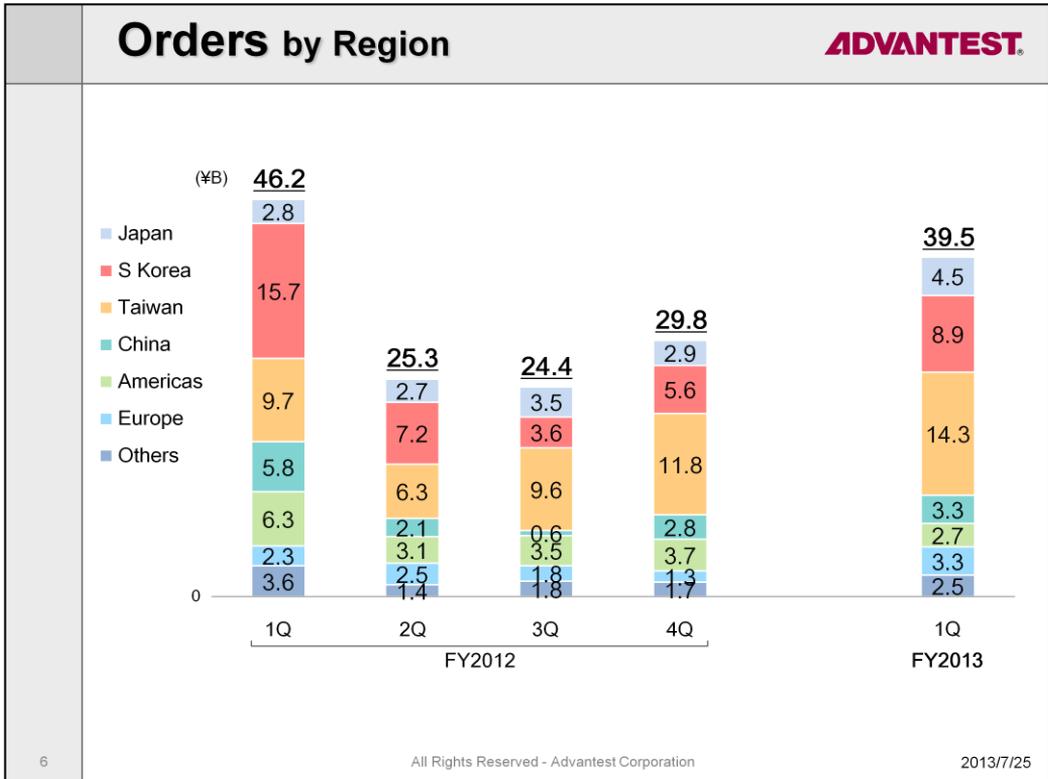
○ Mechatronics Systems

- Increased QoQ ¥4.7B

• Demand for device interface products increased in step with memory tester demand
Nanotechnology products also contributed

○ Services, Support & Others

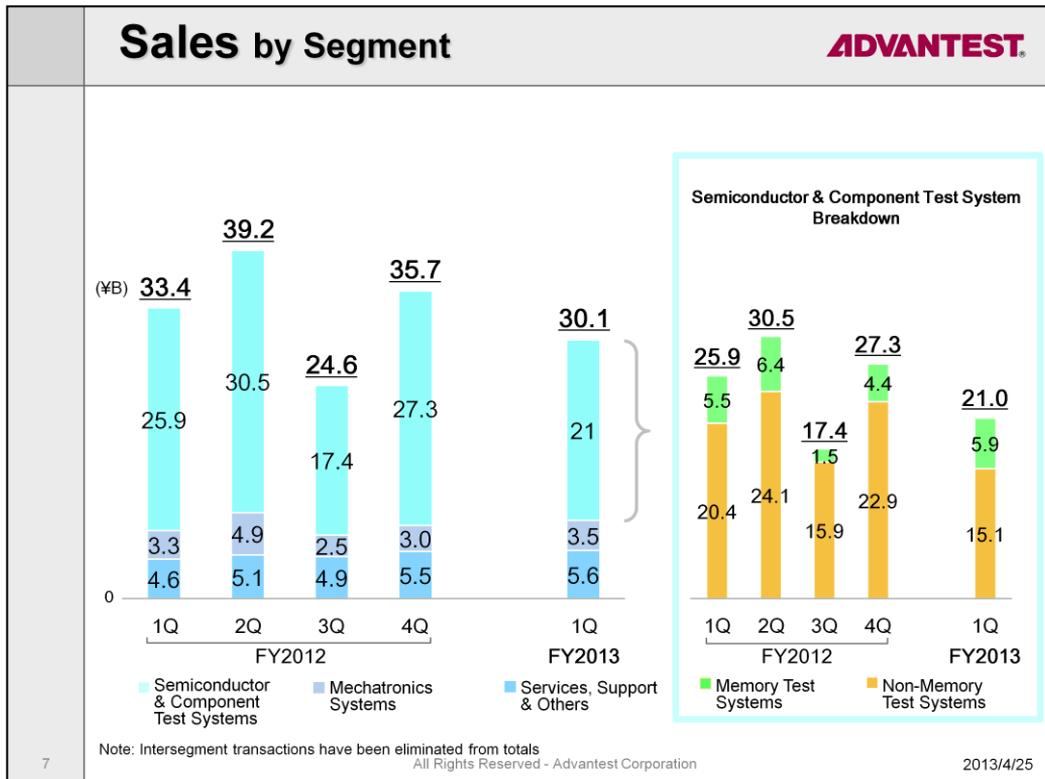
- Flat QoQ ¥6.7B



○ FY2013 Q1 Orders by Region

- South Korea
Orders for DRAM testers for mobile DRAM increased

- Taiwan and Europe
Principal increase came from logic IC testers for chips used in mobile devices



○ FY2013 Q1 Sales by Segment

○ Semiconductor & Component Test Systems

- -23% QoQ ¥21.0B
- of which, non-memory testers ¥15.1B
- of which, memory testers ¥5.9B

- Investment in testers for mobile devices dropped off during the previous period, leaving a lower order backlog, which affected sales in the first quarter
- LCD driver IC tester sales decreased significantly, while the logic IC segment was also soft overall

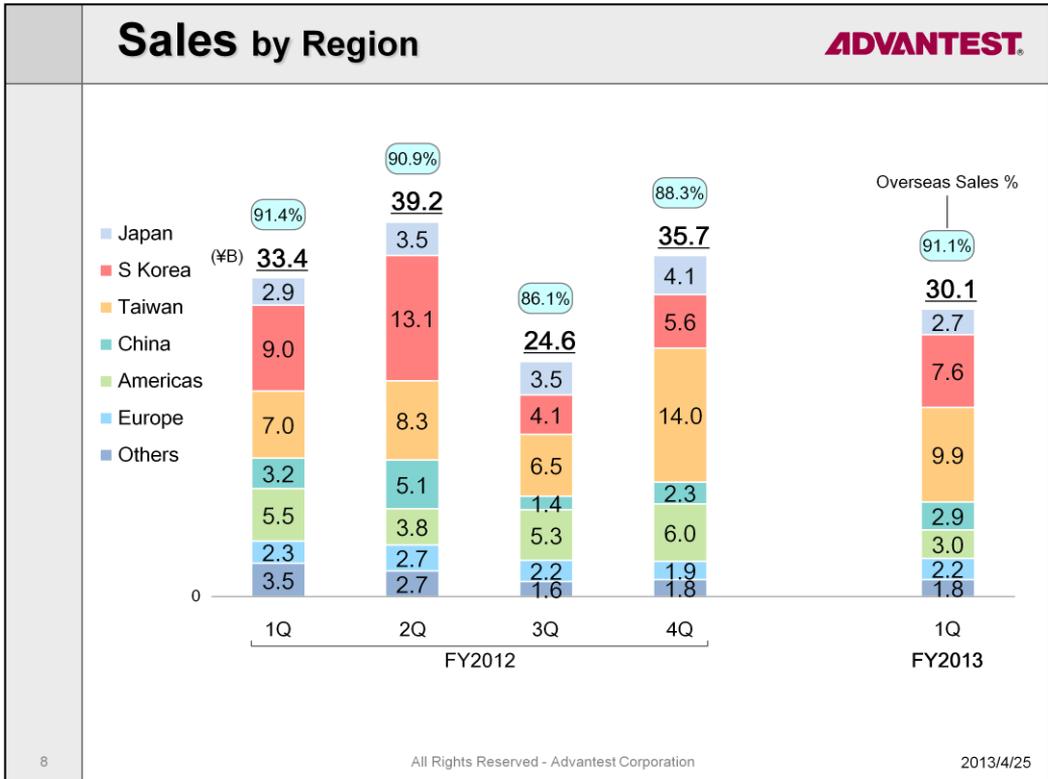
○ Mechatronics Systems

- Increased QoQ ¥3.5B

- Device interface sales continued to correlate with memory tester demand

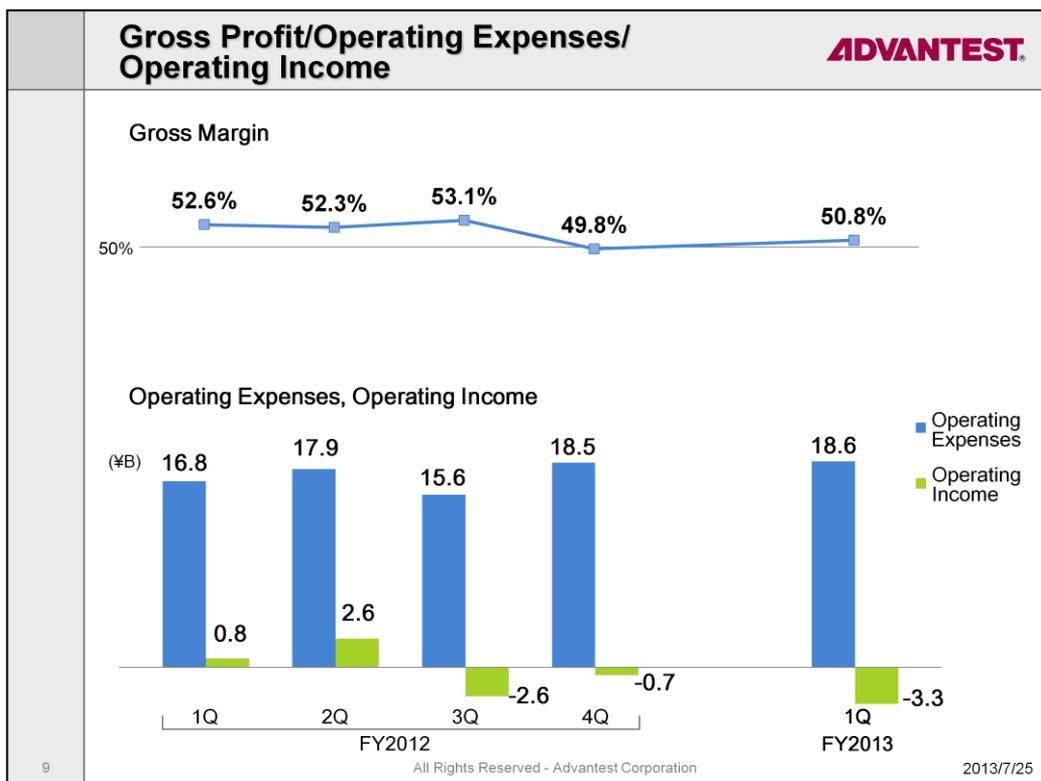
○ Services, Support & Others

- Flat QoQ ¥5.6B



○ FY2013 1Q Sales by Region

- South Korea
Sales of memory testers for mobile DRAM increased
- Taiwan
Sales of LCD drive IC testers and logic IC testers for chips used in mobile devices decreased
- Americas
Sales of MPU testers decreased

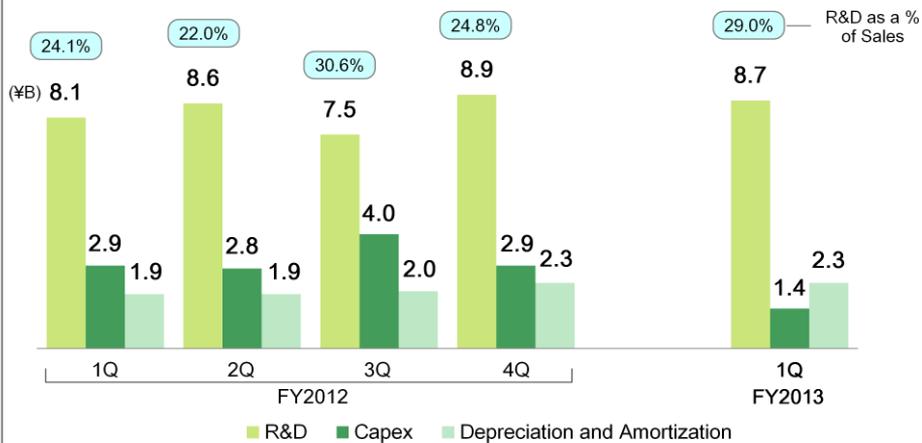


○ 1Q FY2013 Gross Profit / Operating Expenses / Operating Income

- Gross Margin
Up 1 point QoQ 50.8%
- Operating Expenses
Virtually flat QoQ ¥18.6B
Continuing yen depreciation increased expenses of overseas operations in JPY terms
- Operating Loss ¥3.3B

R&D Expenses/Capex/ Depreciation and Amortization

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10

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- R&D Expenses: ¥8.7B
- CapEx: ¥1.4B
- Depreciations and Amortization: ¥2.3B

FY2013 1Q Business Update

We reiterate our anticipation of increased demand from the memory market.

July 25th 2013
Haruo Matsuno
Representative Director, President & CEO

■ Memory Tester Business

- Short-term demand driven by higher-speed mobile DRAM
- A new round of investment in front-end processes also foreseen
- Advantest's new T5831, launched in July, poised to capture additional share in the NAND tester market

■ Non-Memory Tester Business

- Low-end smartphones establishing a stronger presence
- High-end smartphone growth may sag in the near term
- 2H demand projections are positive for a broad range of device types including logic ICs and CIS

○ Outlook for the memory tester market:

- We anticipate brisk demand tracking the expansion of mobile DRAM production capacity.
- Near-term tester demand will be principally driven by support for higher-speed mobile DRAM. Going forward, we also expect new demand triggered by customer investments in front-end processes to expand production capacity.
- In the NAND flash market, we aim to capture additional share with our new T5831 NAND flash tester, announced in July 2013.

○ Outlook for the non-memory tester market:

- Market factors creating demand for our non-memory testers—mobile device unit growth, advances in performance, and production volume growth and performance improvements across all types of semiconductor stemming from competition among chipmakers—are expected to persist for the present.
- In the near term, low-end smartphones are establishing a stronger presence, but high-end smartphone growth may sag.
- However, we expect that from the second half of this fiscal year, semiconductor manufacturers will renew investments in production capacity for mobile device chips.
- In parallel, improving mobile device performance and corresponding gains in semiconductor performance will also compel a stream of new investments in testers for various device categories.

■ Handler Business, Device Interface Business

- In addition to the recovery of the memory tester market, finer-pitch semiconductor processes for mobile devices will drive high-volume demand in 2H
- Business environment is improving
- Probe cards currently under customer evaluation, expected to contribute to revenues in 2H

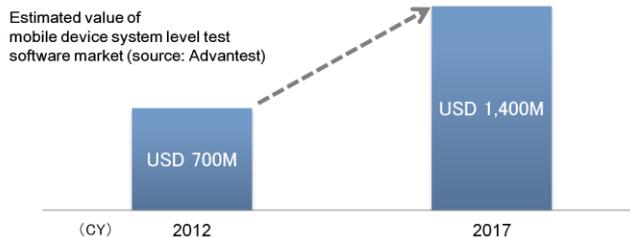
■ Service & Support Business

- Sales continue to find a higher range, correlating with the growth of Advantest's installed base

- Outlook for Advantest's tester peripherals and service business:
 - Demand for test handlers and device interface products is closely correlated to back-end memory tester demand.
 - In addition to the recovery trend in memory tester demand, our business environment is set to improve in the second half as the shift to finer-pitch mobile semiconductors advances. We expect orders to swell in the second half.
 - In probe cards, we expect to see business gains in the second half.
 - Revenues from our service and support segments continue to find a higher range, supported by the strong expansion of our installed base (mainly in the non-memory arena) over the last two years. We see this growth continuing.

■ Entry Into Wireless Test Market

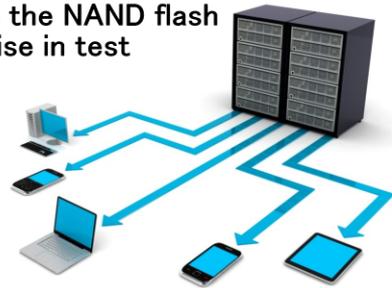
- In June 2013, Advantest completed its acquisition of W2BI, a provider of system level test automation software focusing on wireless communications
 - ✓ Advantest's global sales and support network can rapidly expand sales of W2BI's highly-regarded solutions



- Update on our new businesses in the framework of our reinforced medium & long-term growth plan:
 - As mentioned in our balance sheet report, Advantest completed its acquisition of W2BI, a provider of system level test automation software focusing on wireless communications, in June 2013. The acquisition forms a part of our policy to create comprehensive new markets.
 - The acquisition valued W2BI at US\$13million. We expect a sales contribution of approximately ¥1 billion in FY2013.
 - Specializing in software for system level test of smartphones and other mobile devices, W2BI possesses a customer base centered on mobile carriers and handset manufacturers.
 - The mobile device system level test market is growing rapidly on the back of expanding mobile device shipments and international adoption of the LTE standard.
 - The mobile device test software market which W2BI serves is predicted to double in size in the next five years.
 - Building on W2BI's business foundation, Advantest's global sales and support network can expand sales of W2BI's solutions and garner a steady stream of revenue from this fast-growing market.

■ Entry Into SSD Tester Market

- Advantest has announced a new SSD tester platform enabling the first truly scalable, platform-based solutions for SSDs
 - ✓ Enterprise storage demand is powering high growth in the SSD tester market
 - ✓ The SSD tester market is forecast to triple in value to ¥9 billion within the next three years
 - ✓ Advantest's experience in the NAND flash memory market and expertise in test position us to capture a significant share of this market



○ A second example of comprehensive new market creation:

- Advantest recently announced plans to enter the SSD tester market in FY2013
- SSDs are the favored storage medium for enterprises. The SSD market is expected to continue to grow rapidly, driven principally by server demand.
- Advantest started to develop a SSD test solution immediately after our integration with the former Verigy.
- The SSD tester market is small at present, but is predicted to triple in size to approximately ¥9 billion in the next three years, tracking the growth of the SSD market.
- Most SSD suppliers are also NAND flash manufacturers—a sector where Advantest already possesses a wealth of market knowledge and contacts.
- We believe that in addition to our familiarity with potential customers, we also enjoy a competitive advantage in the form of our amassed expertise in aspects of test such as ROI and test efficiency improvement.
- In view of our sales launch schedule, we expect substantial revenue contributions in FY2014.

■ Status of Other New Businesses

- Corporate reorganization executed in June with the goal of accelerating new business development
 - ✓ Additional sales resources allocated to new businesses
- Advantest's CloudTesting Service launched in the USA
 - ✓ Europe and Taiwan rollouts scheduled for FY2013
 - ✓ Currently focusing on brand recognition for the service, with substantial revenue contributions expected in FY2014



ADVANTEST Group

○ Status of other new businesses:

- While Advantest has actively allocated development resources to new business fields over a period of years, in June 2013 we executed a corporate reorganization that created an entity specifically charged with accelerating new business commercialization.
- Our CloudTesting Service, built on a business model completely different from our existing tester business, launched in the USA this year, and is scheduled for rollout in Taiwan and Europe within FY2013.
- Our user base is still in the initial growth phase, but feedback has been excellent, and we will endeavor to expand our CloudTesting business foundation to significantly grow sales in FY2014.

■ Status of Other New Businesses

- First order for new F7000 Electron Beam lithography tool secured
- New terahertz wave spectroscopy and analysis platform developed
 - ✓ Coverage extends from R&D to industrial uses, including in-line monitoring of manufacturing processes
 - ✓ Expands the horizons of applied terahertz technology



F7000 EB Lithography System



Terahertz Wave Spectroscopy & Analysis Platform

○ Status of other new businesses:

- Advantest has secured the first order for its new F7000 EB lithography tool. We expect to receive orders in the future from research institutes and other entities as well as semiconductor manufacturers.
- Our terahertz product family continues to grow with the recent launch of a new spectroscopy and analysis platform. Covering a broad spectrum of applications from R&D to in-line monitoring of manufacturing processes, the new platform is poised to expand the terahertz-related market.

FY2013 Forecast		ADVANTEST®
(¥B)	FY2013 exchange rate assumptions: 1USD=¥90, 1Euro=¥120	
	FY2012 Results	FY2013 Full Year Forecast
Orders	125.7	165.0
Sales	132.9	160.0
Operating Income	0.1	13.0
Net Income	-3.8	9.8
Interim Dividend Per Share	¥10	¥10 (forecast)
Year-End Dividend Per Share	¥10	¥10 (forecast)

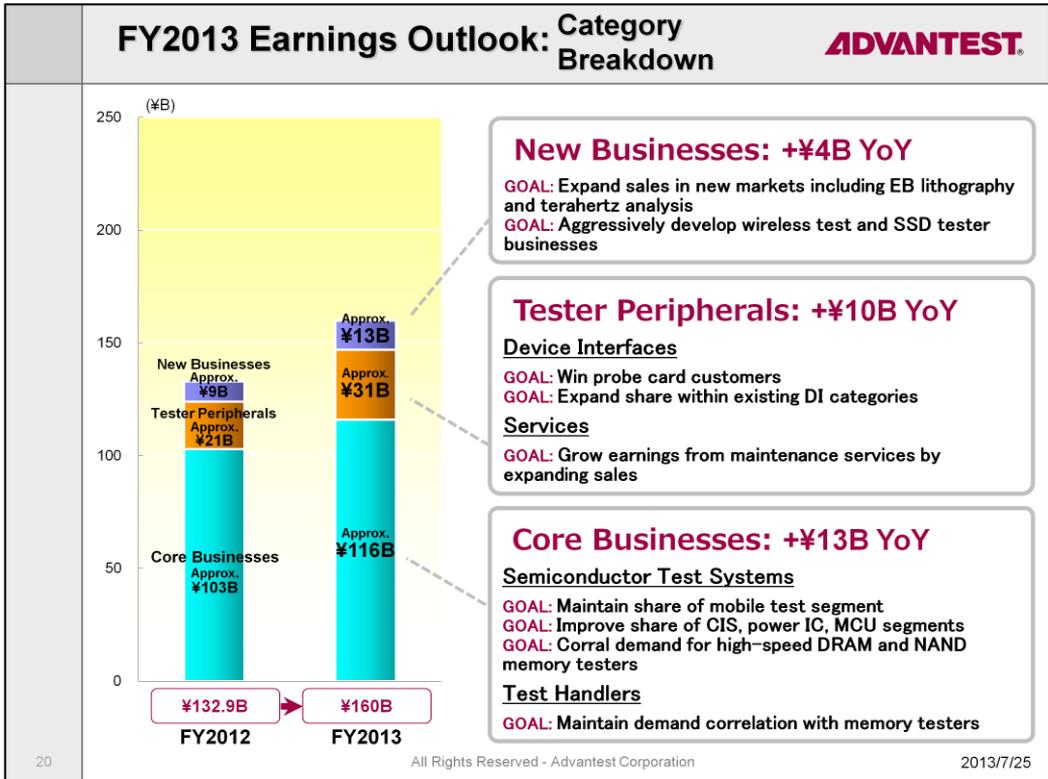
19

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○ FY2013 earnings outlook:

- Non-memory tester trends are softer than expected, but we foresee memory tester demand outstripping our initial estimates, resulting in an outlook unchanged from our initial forecast:
- Orders ¥165B
- Sales ¥160B
- Operating profit ¥13B
- Net profit ¥9.8B
- Annual dividend: ¥20 / share
- We are maintaining our currency exchange rate assumptions of US\$1 = ¥90 and 1 euro = ¥120.
- Although the foreign exchange sensitivity of our results fluctuates according to relative sales volumes for each currency, we continue to believe that yen depreciation vs. the dollar is an advantage for us.



- For your reference, this graph represents our earnings outlook for the current period broken down by category.