

July 30, 2020

ADVANTEST CORPORATION

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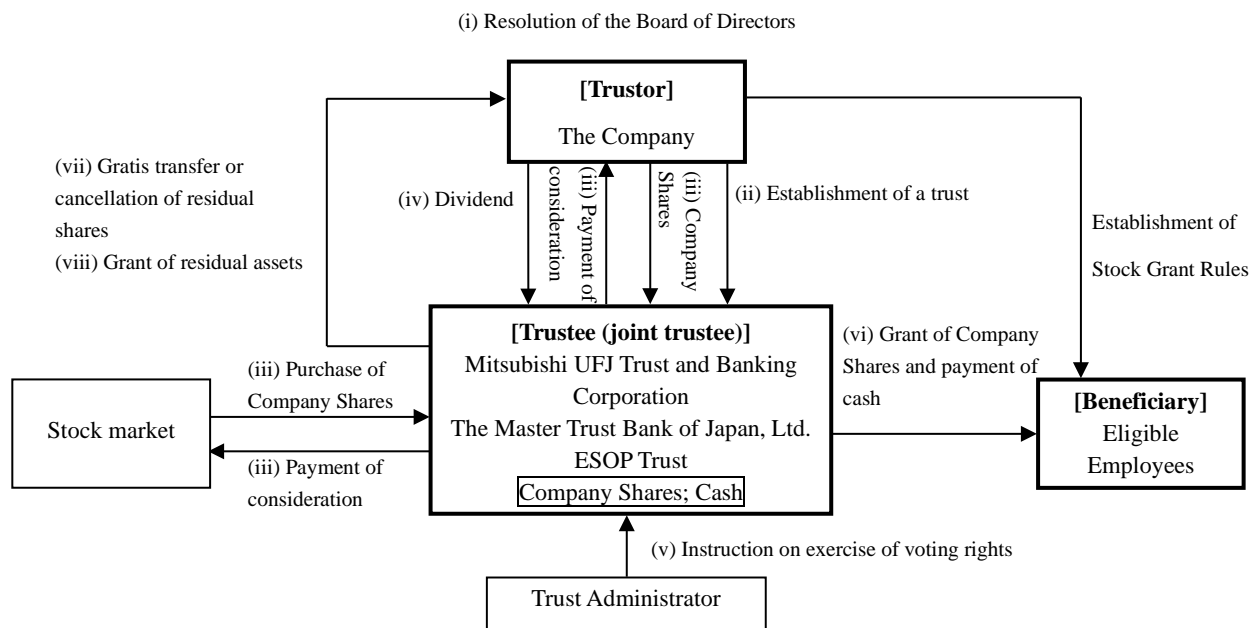
Notice Concerning the Continuation of Stock Grant System as Incentive Plan for Group Executives

Tokyo – July 30, 2020 – Advantest Corporation (the “Company”) hereby announces that the Board of Directors resolved today to continue the incentive plan (the “Plan”) introduced in fiscal year 2018 for executive officers and executive employees (hereinafter referred to as “Eligible Employees”) of the Company and its major group subsidiaries (hereinafter referred to as “Eligible Subsidiaries”; the Company and the Eligible Subsidiaries collectively referred to as “Eligible Companies”).

1. Purpose of the Plan

- (1) The Company has introduced the Plan in fiscal year 2018 for the purpose of enhancing the welfare system for the Eligible Employees and raising awareness of contribution to improved business performance and enhanced corporate value of our group in the medium to long term by fostering a sense of belonging to our group and inspiring the awareness of participation in the corporate management through the Plan commonly applied throughout our group.
- (2) The Company adopts a system called the Employee Stock Ownership Plan (ESOP) trust (hereinafter referred to as “ESOP Trust”). The ESOP Trust represents an incentive plan under which the common shares of the Company (the “Company Shares”) acquired by the ESOP Trust is granted pursuant to the Share Grant Rules prescribed in advance to the Eligible Employees who meet certain requirements. Furthermore, no burden is imposed on the Eligible Employees since the purchase costs of the Company Shares acquired by the ESOP Trust is totally contributed and borne by respective Eligible Companies.
- (3) The Company expects the Plan will facilitate business operations with the awareness of the stock price and increase work motivation since the Eligible Employees can, through the introduction of the Plan, receive economic returns brought by the increased stock price of the Company Shares.

2. Structure of ESOP Trust



- (i) The Eligible Companies shall decide to continue the Plan at the Board of Directors Meeting for fiscal year 2020.
- (ii) The Company shall entrust cash to establish the ESOP Trust for the Eligible Employees of the Eligible Companies who meet the prescribed beneficiary requirements as beneficiaries.
- (iii) The ESOP Trust shall, pursuant to the instruction of the Trust Administrator, acquire the number of the Company Shares expected to be granted to beneficiaries during the trust period from the Company (disposal of treasury shares) or the stock market using the cash entrusted in (ii) above as the fund for purchase; provided, however, that the ESOP Trust to be established in 2020 will acquire the Company Shares from the stock market.
- (iv) Dividends for the Company Shares held within the ESOP Trust shall be paid in the same manner as for other Company Shares.
- (v) The Trust Administrator shall, throughout the trust period, give instructions on the exercise of shareholders' rights including the exercise of voting rights, pursuant to which the ESOP Trust shall exercise the shareholders' rights.
- (vi) During the trust period, the Eligible Employees shall, after receiving certain points three (3) years later in accordance with the Stock Grant Rules, receive the Company Shares corresponding to a certain proportion of such points and the amount of cash equivalent to the selling price of the Company Shares corresponding to the remaining points, which the ESOP Trust shall sell in the market in accordance with the provisions of the trust agreement.
- (vii) In the event the Company Shares remain upon the expiry of the trust period due to such reasons as the failure to achieve the performance target during the trust period, the Company will continuously use the ESOP Trust by revising the trust agreement and entrusting additional cash, or cancel such shares based on the resolution by the Board of Directors after receiving such remaining shares gratis from the ESOP Trust.
- (viii) The trust asset remaining after the distribution to the Eligible Employees upon the expiry of the ESOP Trust will belong to the Company. Furthermore, the amount exceeding the allowances for trust expenses will be donated to an organization with which the Eligible Companies or the Eligible Employees have no conflict of interest.

*1 In the event no Company Shares remain within the ESOP Trust after the grant of the Company Shares to the Eligible Employees who meet the prescribed beneficiary requirements, the ESOP Trust shall expire before the expiry of the trust period. Respective Eligible Companies may entrust additional cash to the ESOP Trust (through the Company in the case of Eligible Subsidiaries) as the fund to purchase the Company Shares.

*2 The trust period of the ESOP Trust may be extended upon the expiry of the trust period by way of the revision of the trust agreement and the additional entrustment of cash.

(Reference)

[Outline of trust agreement]

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| (i) | Type of trust | Cash trust other than a specified cash trust for separate investment (third party benefit trust) |
| (ii) | Purpose of trust | To give incentives to Eligible Employees |
| (iii) | Trustor | The Company |
| (iv) | Trustee | Mitsubishi UFJ Trust and Banking Corporation (planned)
(Co-trustee: The Master Trust Bank of Japan, Ltd.) (planned) |
| (v) | Beneficiaries | Eligible Employees who meet beneficiary requirements |
| (vi) | Trust administrator | A third party who has no conflict of interest with Eligible Companies (certified public accountant) |
| (vii) | Date of trust agreement | August 6, 2020 (planned) |
| (viii) | Trust period | From August 6, 2020(planned) to the end of September 2023 (planned) |
| (ix) | Commencement date of the Plan | August 6, 2020 (planned)
Points to be granted on June, 2023 (planned) |
| (x) | Exercise of voting rights | The Trustee shall exercise voting rights related to the Company Shares pursuant to the instructions of the Trust Administrator which reflect the status of voting rights exercised by the candidates for beneficiaries. |
| (xi) | Type of shares to be acquired | Common shares of the Company |
| (xii) | Amount of trust cash | ¥857 million (planned) (including trust fees and trust expenses) |
| (xiii) | Time to acquire shares | From August 7, 2020 (planned) to August 31, 2020(planned) |
| (xiv) | Method to acquire shares | To be acquired from the stock market |
| (xv) | Vested rights holder | The Company |
| (xvi) | Residual properties | Residual properties to be received by the Company, as holder of vested rights, shall be limited to the extent of the allowances for trust expenses remaining after the fund for stock purchase is deducted from the trust cash. |

[Administrative affairs related to trust and shares]

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| (i) | Administrative affairs related to trust | Mitsubishi UFJ Trust and Banking Corporation will serve as the Trustee of the ESOP Trust and be engaged in administrative affairs related to the ESOP Trust. |
| (ii) | Administrative affairs related to shares | Mitsubishi UFJ Morgan Stanley Securities Co., Ltd. will be engaged in administrative affairs related to the grant of the Company Shares to beneficiaries based on the outsourcing contract. |

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