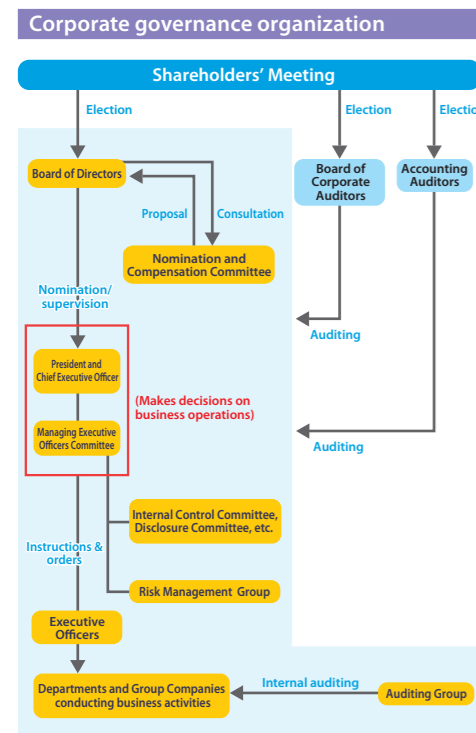


Advantest's Management Structure

Corporate Governance

Our approach to corporate governance

We believe that the fundamental requirements for corporate governance are increased transparency and continual corporate value enhancement, based on The ADVANTEST Way, our basic policy for operations and executive management, and our Code of Conduct, which is a collection of rules and standards of behavior that all employees and officers must follow.



Management organization

The global business environment is in the midst of dizzying change. In today's world, we must make and execute management decisions rapidly, in order to continually increase our corporate value and our competitiveness. There is also an emphasis on sound, highly transparent business operations in compliance with laws and regulations. In order to meet these challenges, it is vital that we draw clear lines of authority within our organization and set responsibilities in accordance with each

management function, assigning them to the best people for each job.

Advantest employs a corporate audit system built around the Board of Directors and the Board of Corporate Auditors. We have also introduced an executive officer system in order to respond immediately to our rapidly changing management environment and enhance our corporate governance.

Board of Directors

The Board of Directors makes decisions concerning management policy, management strategy, and other critical matters for the Group as a whole. It delegates responsibility promptly and efficiently to the appropriate elements of the organization while monitoring and supervising the operation. Effective June 2006, we shortened the term of directors from two years to one, in order to clarify the management responsibilities of directors and to build a management structure capable of responding rapidly to changes in the management environment. The Board of Directors consists of nine directors, seven of whom are inside directors and two of whom are outside directors*.

* As of April 1, 2009

Internal control

We created an internal control system compliant with the U.S. Sarbanes-Oxley Act (SOX), which became law in July 2002. We have maintained this system since, additionally maintaining compliance with Japan's Company Law, which went into effect in May 2006. Our system is also compliant with the Financial Instruments and Exchange Law, to which we have been subject since April 2008. In June 2008, our Internal Control Committee assessed the efficacy of our fiscal 2007 internal controls, and met again in February 2009 to check the progress of the assessment of our internal controls in fiscal 2008.

Executive officer system

Advantest has introduced an executive officer system in order to improve the efficiency of our management by separating decision making from executive duties. Executive officers are selected by the Board of Directors as management executives dedicated to the performance of duties. Executive officers have the responsibility to rapidly and efficiently implement the management policies and strategies indicated by the Board of Directors. Executive officers serve for one year in order to improve management agility and create clearer accountability. We have also assigned executive officers to North America, Europe, and Asia, in order to enhance our global business growth. We now have a total of 21 executive officers*.

* As of April 1, 2009

Audit system

Each auditor audits the duties performed by the directors, executive officers and other organizational bodies in accordance with the audit policy and audit plan created by the Board of Corporate Auditors. The auditors do this by attending the meetings of the Board of Directors and other important meetings, and by investigating the state of business processes and assets. The Board of Corporate Auditors consists of four auditors (two of whom are full-time auditors), two of whom are internal auditors, and two of whom are outside auditors*. We have also created an Auditing Group for internal controls. The Auditing Group continually monitors the readiness and operations of the Advantest's internal controls, ascertaining any problems, making findings, and recommending improvements on a routine basis.

* As of April 1, 2009

Advantest's Management Structure

Strengthening Our Corporate Structure

Initiatives to strengthen our corporate structure

We have reformed our corporate structure in order to respond to rapid changes in our business environment, and restructured our organization so that it is better suited to our business scale. The main measures we implemented are described below. We remain committed to making our organization more vibrant and profitable based on a stronger and more streamlined corporate structure.

Major structural reform measures

• Workforce rightsizing
In November 2008, we began to reduce our workforce by declining to renew the contracts of temporary employees, in accordance with the laws and labor contracts. We also offered voluntary early retirements to permanent employees in March 2009. In addition to the ordinary retirement allowance, volunteers for early retirement received an extra retirement allowance, and were offered free job placement services paid for by Advantest (the service lasts until the individual finds a new job or career path). As a result of these initiatives, we reduced the workforce of the Advantest Group from about 4,600 to about 3,400 (as of end-March 2009).

- **Reduced compensation and wages for executives and managers**
- **Streamlining our businesses, focusing our resources**
 1. Unprofitable product lines will be pruned to reduce fixed costs, while a portion of our resources will be redirected to new businesses.
 - New Concept Product Initiative has been established to identify and commercialize new product opportunities
 - Selective entry into new markets
 2. We are making further improvements to the efficiency of our production and development processes.
 - Four manufacturing subsidiaries have been consolidated into one
 - Four software subsidiaries have been consolidated into one
 3. Radical cost-cutting through infrastructure savings
 - Consolidation and elimination of business facilities and other sites
 - Administrative overhead has been cut to the bone

Business Continuity Planning initiatives

In fiscal 2007, Advantest created a Business Continuity Plan (BCP) aimed at minimizing the risk of business stoppages due to natural disasters and other unforeseen events.

In fiscal 2008, we added earthquake proofing to our production equipment, buildings, and other facilities, expanded data backup systems, and carried out other measures in accordance with our business continuity plan for disaster prevention. We also held a group-wide general disaster drill (3,159 people from 8 business locations participated) and held trials of a system to confirm the whereabouts of all employees should a major earthquake strike. We remain committed to building a risk-resistant company through preparedness and rapid response capability.

Information security initiatives

We have implemented the following measures to improve our information security.

- **Technical security**
Measures for networks and systems (servers, PCs, and application software)
- **Physical security**
Rules for management of facilities and equipment, as well as environmental measures, etc.
- **Personnel security**
Thorough compliance with rules for personnel-management security

We are committed to improving our information security by maintaining a good balance of the measures above. We also strive to create rules and ensure that all employees are aware of them, and create a company-wide information security management system, in order to ensure thorough information management and enhance our information security.

