

Message from Toshio Maruyama

President and COO

Becoming a Truly Global Company

“Never Say Never” Attitude Provides the Foundation for Our Quest for Operational Excellence

Back in 1982, when Takeda Riken Kogyo (the predecessor to Advantest) made its first foray into the US market, I was sent to New York to assist with the establishment of our New York office. Although, in the beginning, our company was virtually unknown and had to struggle to even gain a foothold in the market, it was through these tough experiences that I learned the value of the expression “never say never”.

Once a company achieves some measure of success, there is a strong tendency for employees to become too conservative and simply follow precedent. Although, admittedly, companies need to protect their core technologies and areas of expertise, I believe it is even more important that companies retain their ambition to develop new technologies and businesses and continue challenging themselves.

The driving force behind Advantest is, and will continue to be, its commitment to providing the test and measurement tools that help advance the frontier of technology and thus enrich the lives of everyone. In the years to come, we will continue to work toward the establishment of a global brand and on the creation of innovative, new products that provide customers with added value.

Agile Management and Global Access to Real Time Information

The ability to make fast decisions is an absolute must if you hope to beat out your competition. This is why our board members, from the senior managing directors on up, assemble once a week to ensure that we respond quickly to the mission-critical issues facing our company. Also, as a global company with customers in markets around the world, we realize the importance of providing our overseas subsidiaries with the flexibility to conduct their operations according to their culture’s unique values and demands. Thus, we make it a point to empower local management with as much decision-making authority as possible.

In May 2000 we inaugurated a new enterprise resource planning system, which provides a common database for the entire Advantest Group. We are now able to instantly scale our operations according to the product demand coming from each of our markets. We are confident that this system will help to dramatically shorten each stage of the manufacturing process, everything from design to production to distribution, so that we can boost productivity and accelerate our time to market.

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Multifaceted Growth Strategy that Builds on Our Core Competencies

Dealing with cyclical fluctuations in chip demand — the so-called “silicon cycle”— is an unavoidable part of doing business in the semiconductor production equipment industry. Downturns in this cycle, however, provide an excellent chance for companies to improve their products and carry out new management initiatives. We will thus continue to focus on strengthening our organization and creating new best-in-class products so that we can take full advantage of the next upturn.

In 2000, we held a 23% share of the market for semiconductor test systems. Increasing our share of this market will be our company’s top priority. To achieve this goal, we will need to maintain our number one share in the market for memory test systems, while at the same time increasing our share of the market for non-memory test systems — a market that targets high-growth chips such as system-on-a-chip (SoC) semiconductors. To boost sales of our electronic measuring instruments, we will also be working to develop new, global marketing strategies. And we will continue to search for new business opportunities that capitalize on our core competencies. By using this multifaceted approach, we will work to establish a more diversified and stable profit structure.

NYSE Listing Provides Boost to Global Expansion Efforts

In fiscal 2000, approximately 72% of Advantest’s total net sales came from overseas markets.

To increase the value of the Advantest brand, we will need to improve the transparency of our management and win the confidence of our customers, employees, and stockholders. In addition, to meet the needs of customers operating in markets around the world, we will also continue to look into making new acquisitions and forming new alliances, and concentrate on attracting and retaining talented engineers.

In September 2001, we successfully listed on the New York Stock Exchange enabling our ADR’s to be traded alongside some of the world’s best companies — a major step forward in our efforts for global expansion. Our company has entered a new, more dynamic stage in its history in which we will work harder than ever to earn the label of being a truly global company.

Initiative 21 — Ushering in a New Stage of Growth

At Advantest, we understand the importance of customer satisfaction in succeeding in a volatile economic environment and in markets where the needs of customers are becoming increasingly diverse. Providing true customer satisfaction, however, often requires breaking with the past so that you can unleash the creativity to develop new, innovative products and services.

To ensure that Advantest continues to enjoy strong growth in the face of increasing global competition, in October 2001, we began a new management initiative dubbed Initiative 21. Under this campaign, we will strive to innovate and improve all of our business operations from R&D to maintenance and from sales to accounting.

Initiative 21 is scheduled to run to 2004, the fiftieth anniversary of our company’s founding. During the length of this campaign, each employee will be asked to set and work toward meeting individual goals that will help the company achieve its financial targets and fulfill its corporate mission.

