

Financial Results for Fiscal 2002

April 25th, 2003

ADVANTEST®

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 forward-looking statements 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 timely develop 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 registration statement on Form 20-F, which is on file with the United States Securities and Exchange Commission.

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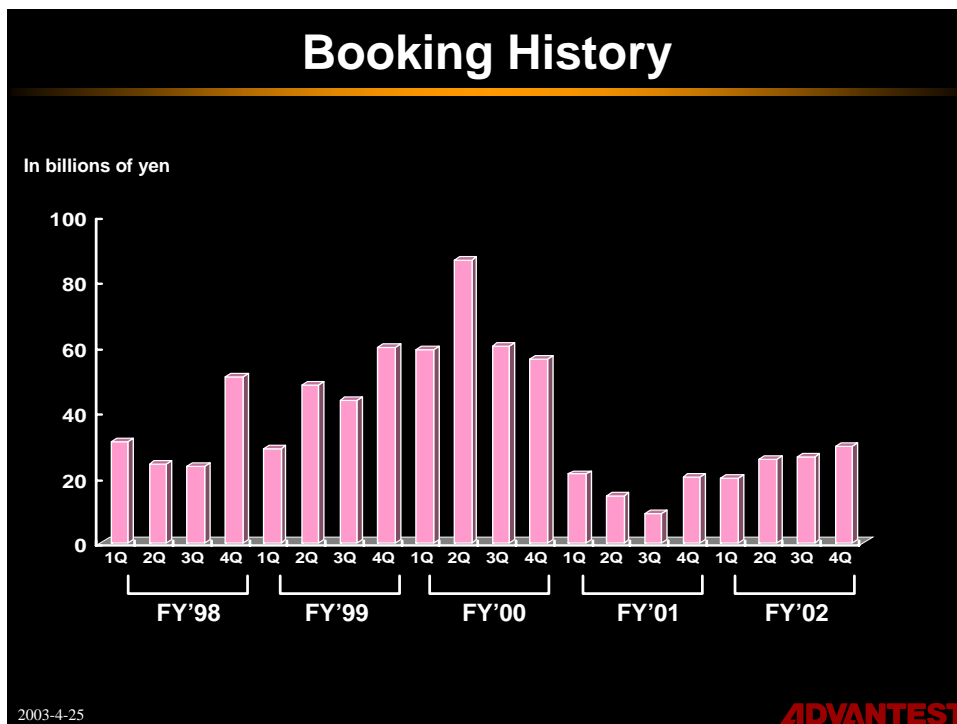
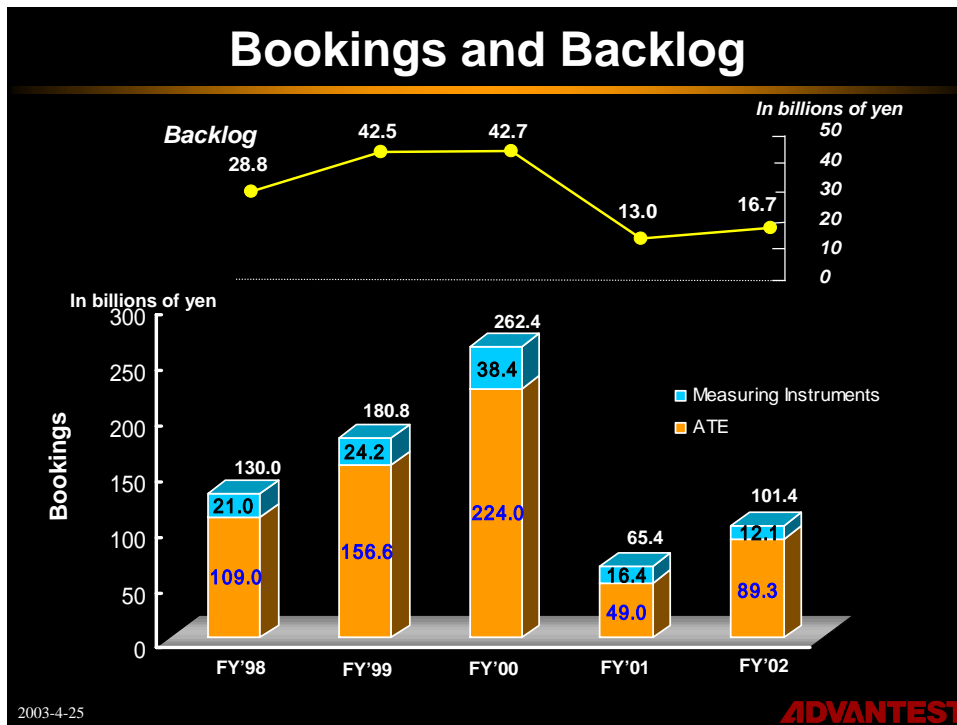
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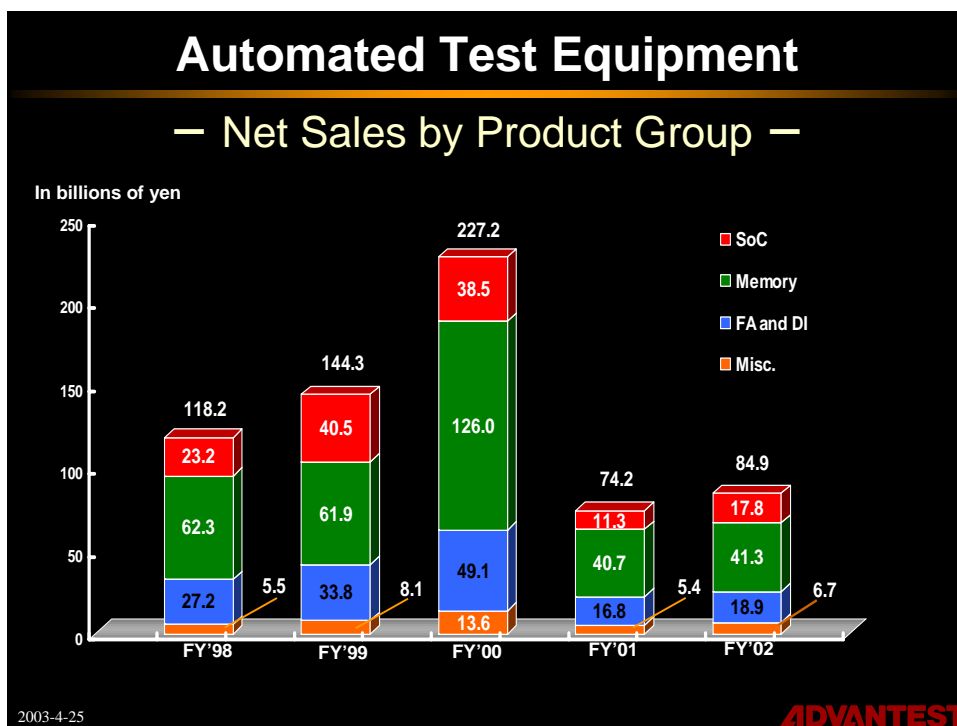
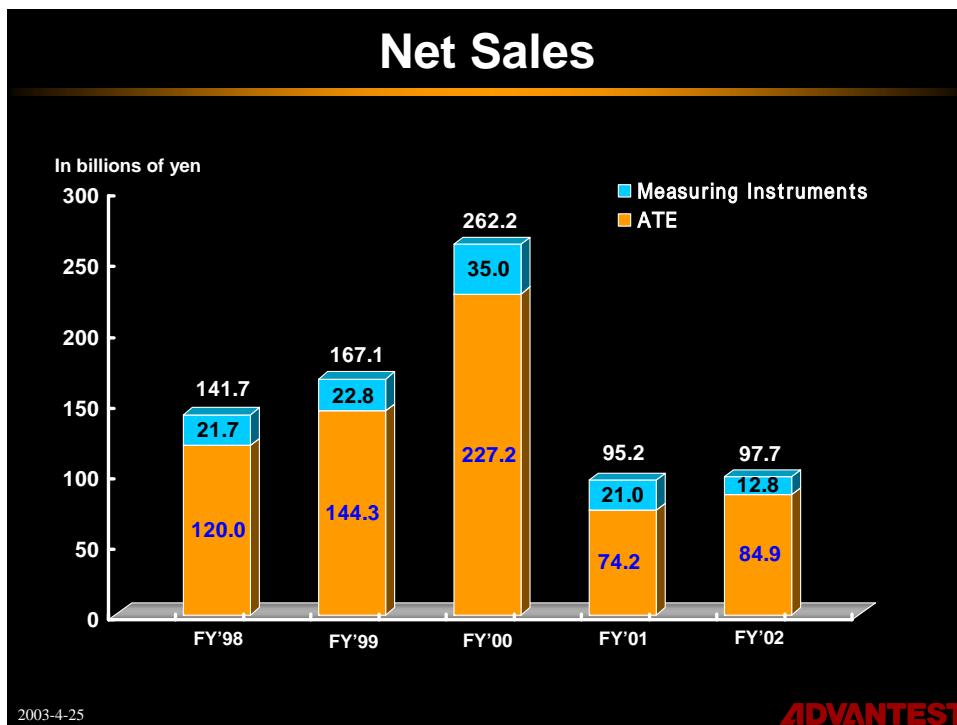
1. Financial Results for Fiscal 2002

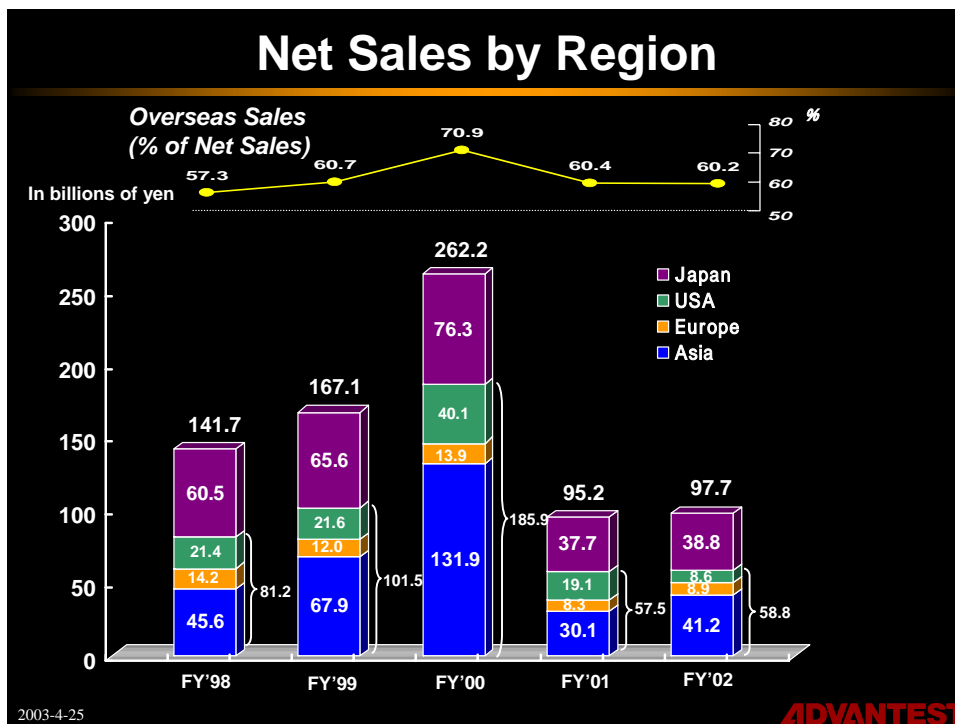
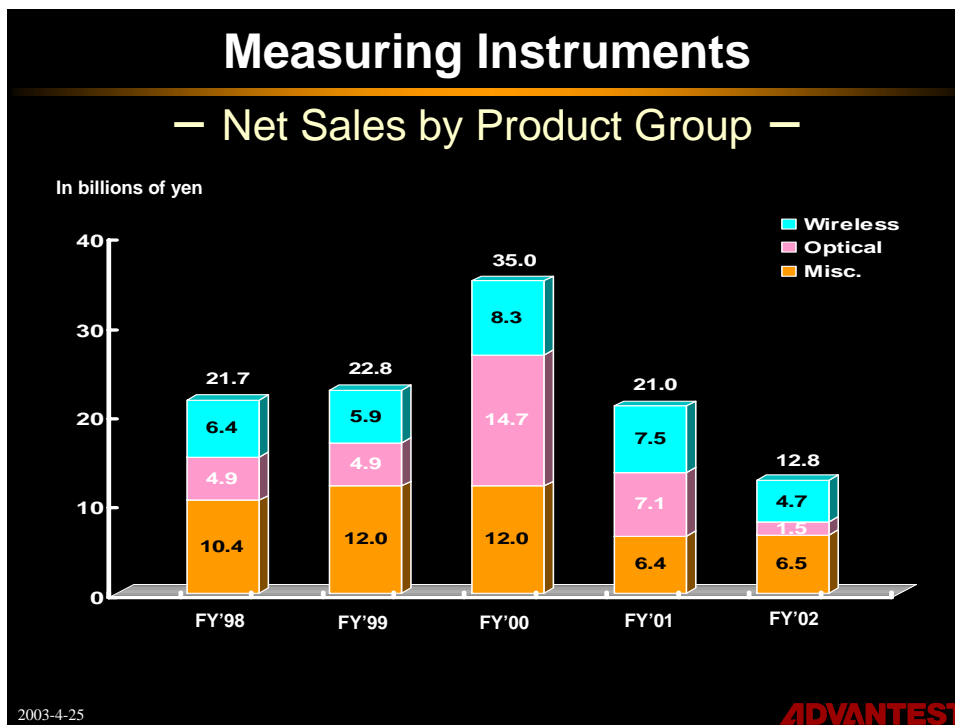
Note: Advantest adopts US GAAP for its accounting. However, through FY2000, the numbers indicated in this material are based on the Japanese accounting standard. The numbers for FY2002 are rounded down.

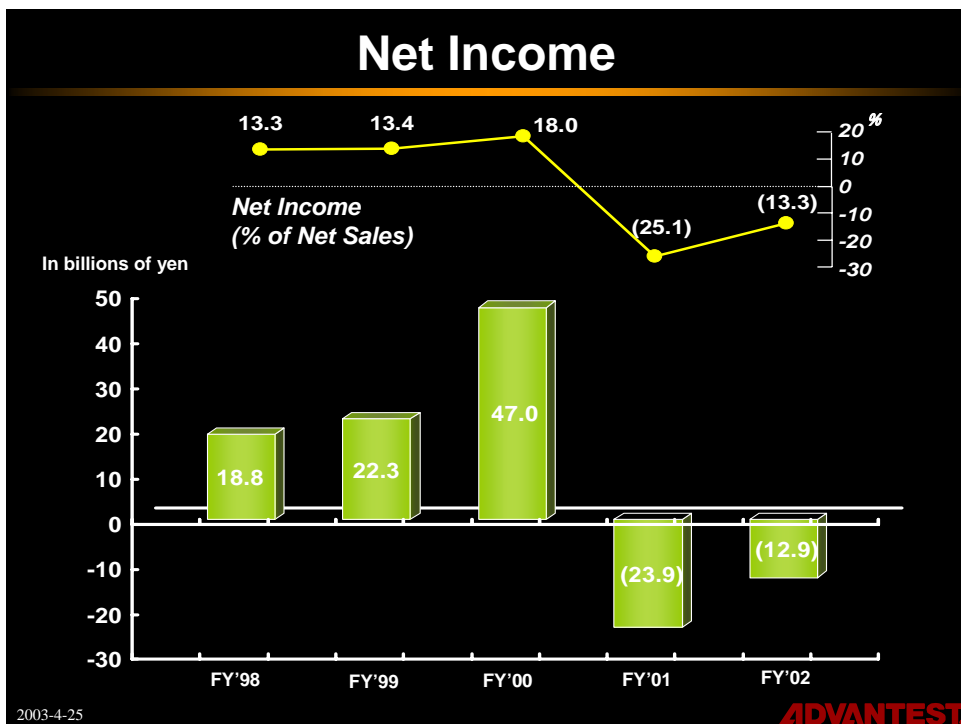
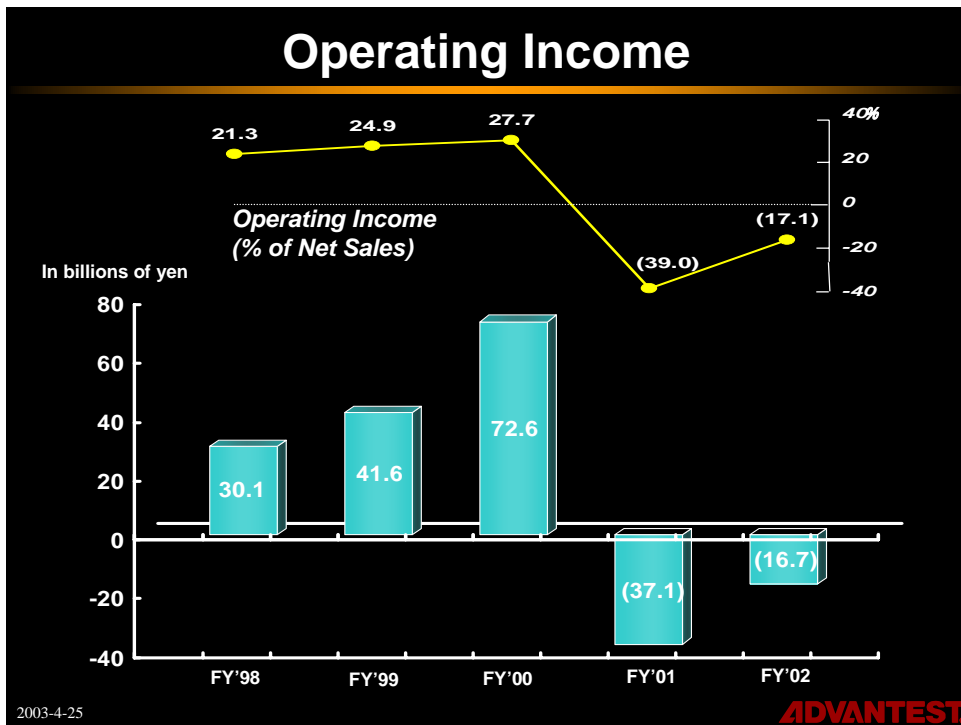
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Balance Sheet

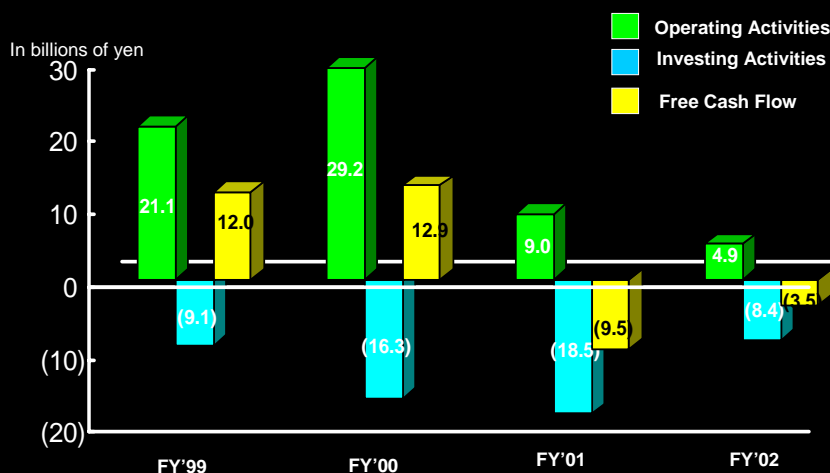
In billions of yen

	Mar. '99	Mar. '00	Mar. '01	Mar. '02	Mar. '03
Current assets	218.2	257.0	327.8	211.6	182.0
Cash & Cash Equivalent	109.0	118.4	123.5	105.9	87.3
Accounts Receivable	61.9	74.3	105.4	33.2	42.9
Inventories	44.0	54.0	81.8	52.9	34.9
Fixed & Other Assets	67.0	74.9	75.9	95.9	99.2
Total Assets	285.2	331.9	403.7	307.5	281.2
Current Liabilities	40.0	64.8	95.8	23.2	28.3
Fixed & Other Liabilities	46.0	37.8	38.4	43.6	42.3
Shareholders' Equity	199.2	229.3	269.5	240.7	210.6
% of total assets	69.9%	69.1%	66.8%	78.3%	74.9%
Liabilities & Equity	285.2	331.9	403.7	307.5	281.2

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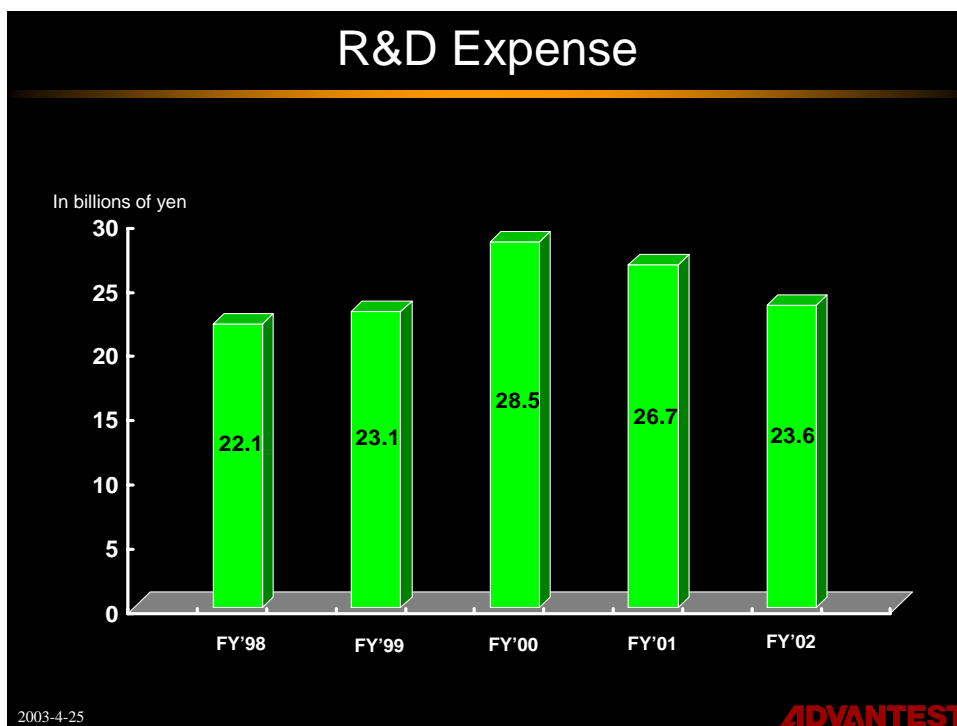
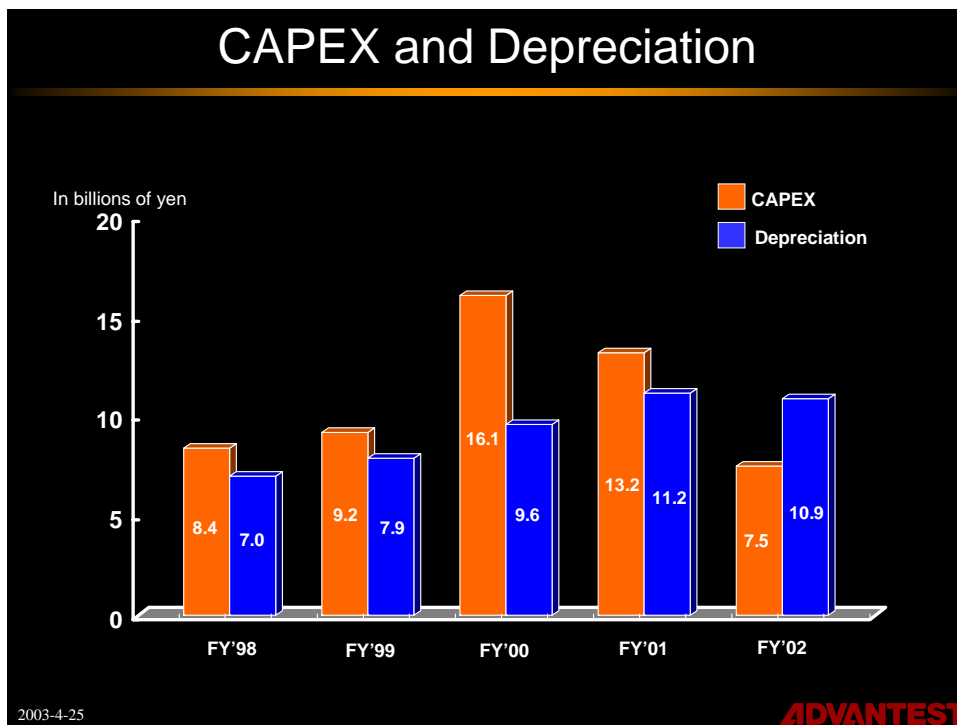
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Cash Flow



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Restructuring - (1)

- Targeted Cost Reduction: ¥10bn
- Estimated Cost of Restructuring: ¥5.5bn
- Workforce Reduction: 4,500→3,900 employees
- Select and Focus on Core Business Operations
 - Restructured measuring instrument business
 - Spun off general-purpose measuring instrument business (Advantest AD Corp.) in March 2003
 - Partially spun off portable spectrum analyzer business (Advantest RF Technologies) in April 2003
 - Focused product lineup
 - Withdrew from e-beam tester business in Oct. 2002

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Restructuring - (2)

- Closed sales offices
 - Closed West Tokyo Office and five other sales offices
- Reform manufacturing structure
 - Integrate ATE and measuring instrument manufacturing operations via establishment of Advantest Manufacturing Inc.
- Reformed Business Processes
 - Reduced manufacturing lead time
 - Reduced lead time from four to two months and aiming for an additional 50% reduction
 - Carefully selection of research themes
- Asset Reduction
 - Inventory: ¥52.9bn (March 2002) → ¥34.9bn (March 2003)
 - CAPEX: ¥13.2bn (FY '01) → ¥7.5bn (FY '02)

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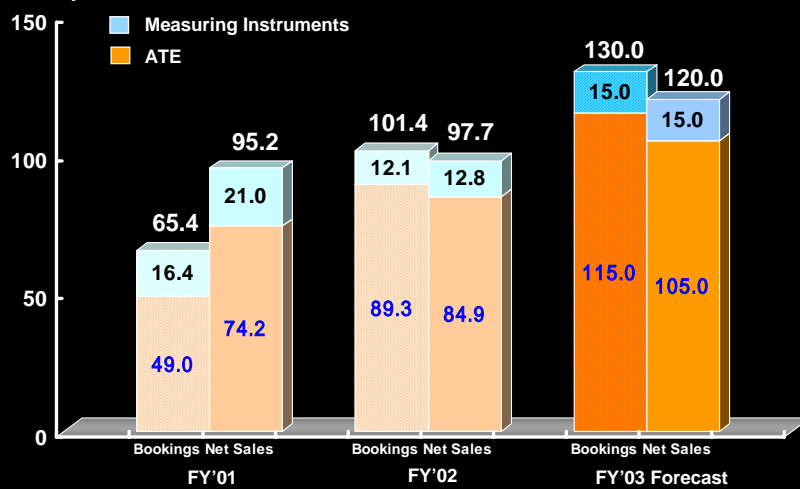
2. Forecast for Fiscal 2003

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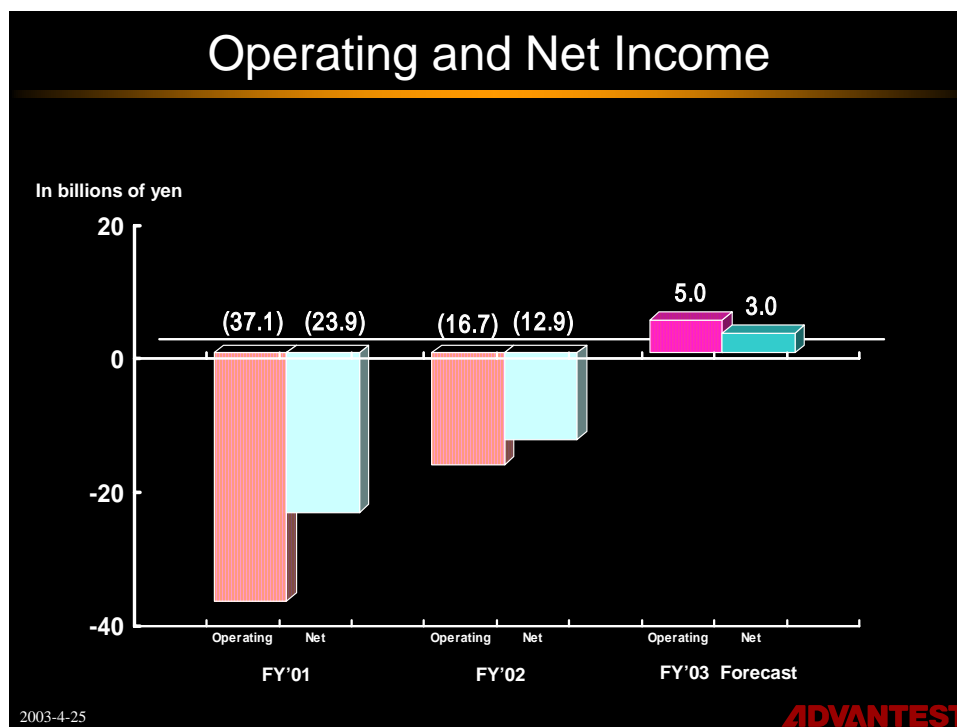
Bookings and Net Sales

In billions of yen



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CAPEX and R&D Expense

In billions of yen

	FY'01	FY'02	FY'03 (Forecast)
CAPEX	13.2	7.5	7.7
Depreciation	11.2	10.9	9.5
R&D Expense	26.7	23.6	20.0
% of Net Sales	28%	24%	17%

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3. Measures to Improve Profitability and Secure Growth

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Changing Business Environment

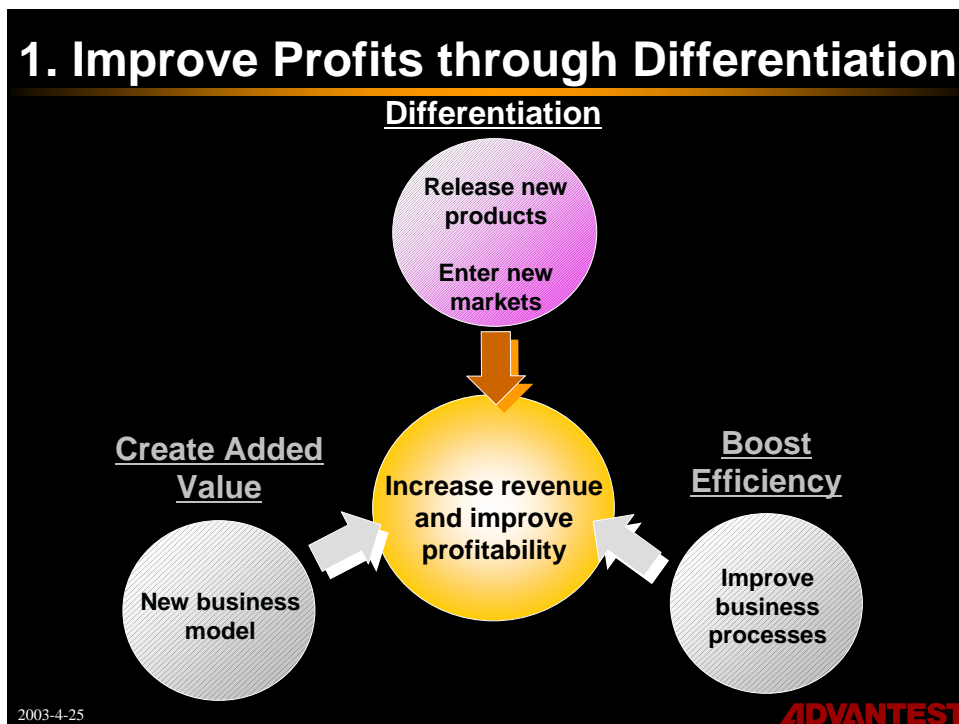
- Delayed market recovery
- Slowdown in potential growth
- Increased pricing pressure

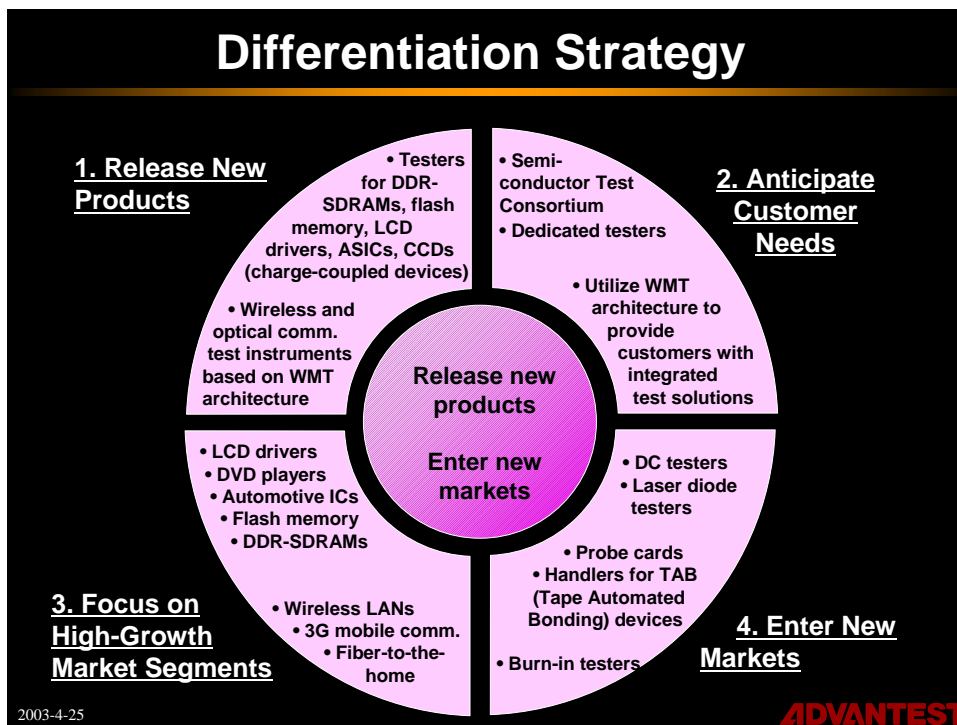


**Decline in
profitability**

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Release New Products

Memory Tester Market

Market Drivers

- PC market to expand by approximately 10% in 2003
- Rapid adoption of DDR-SDRAMs and migration to higher-speed clock cycle
- Bottoming out of DRAM prices
- Strong sales of flash memory for cell phones/digital cameras


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Release New Products

Positive Factors & Risks for T5593

T5593

- Test speed of 1.066GHz



- Parallel testing of up to 256 devices per system
- Best ATE available for testing of DDR2-SDRAMs

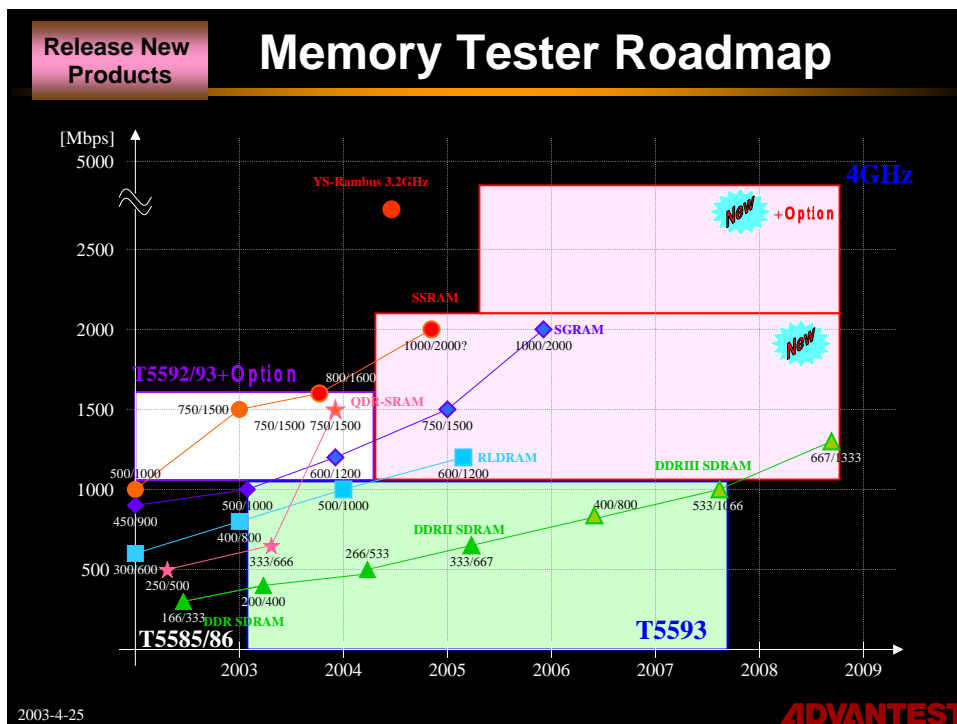
Positive Factors

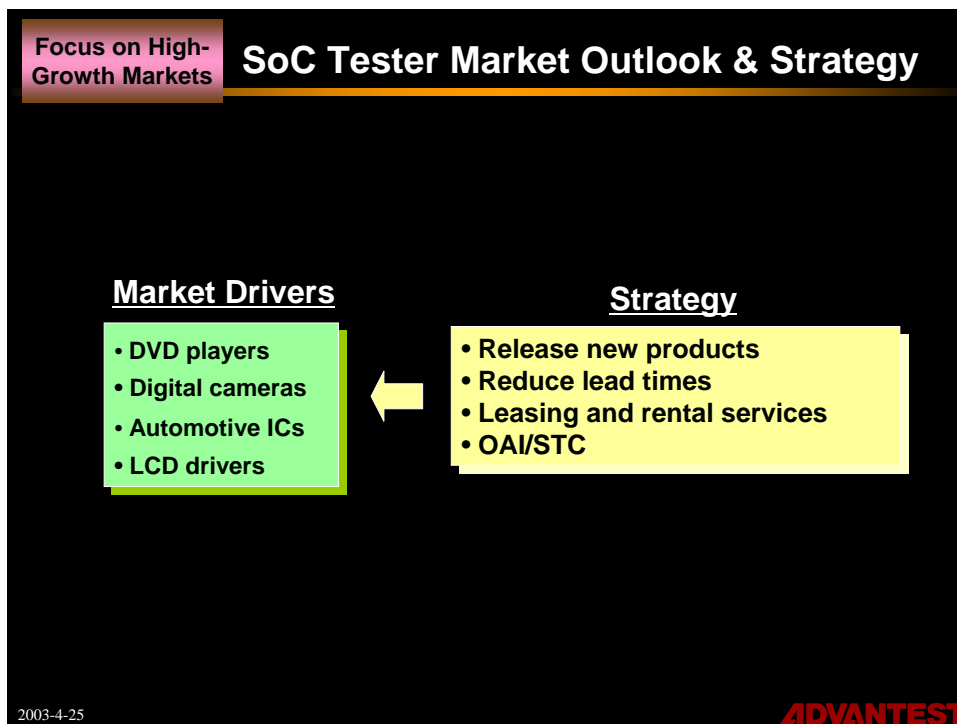
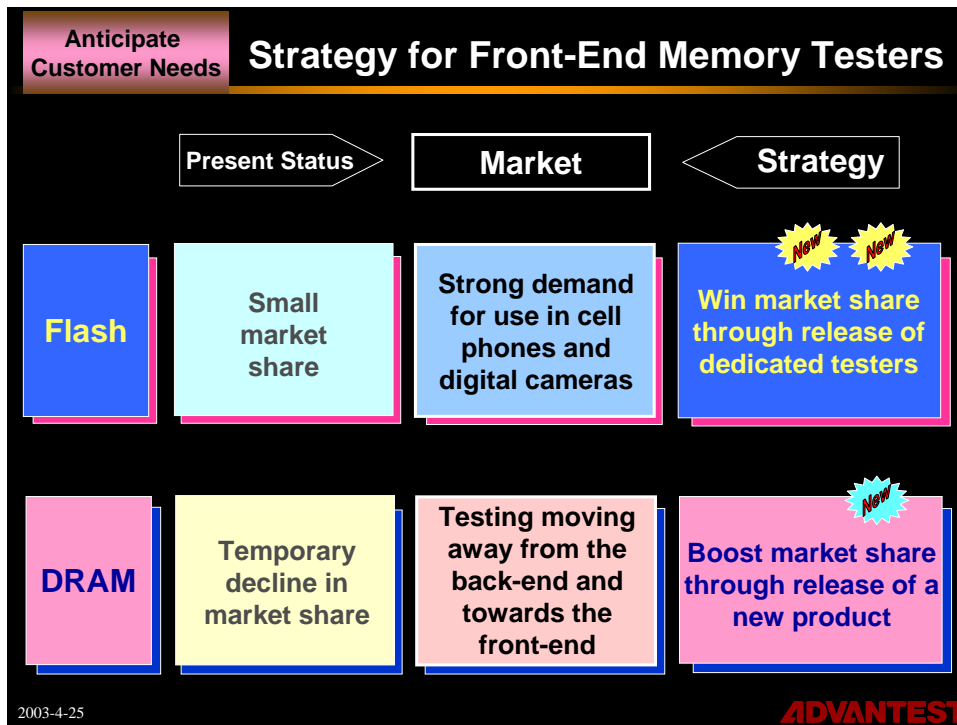
- Smooth ramp-up of next-generation DDR-SDRAMs
- Absence of competing models

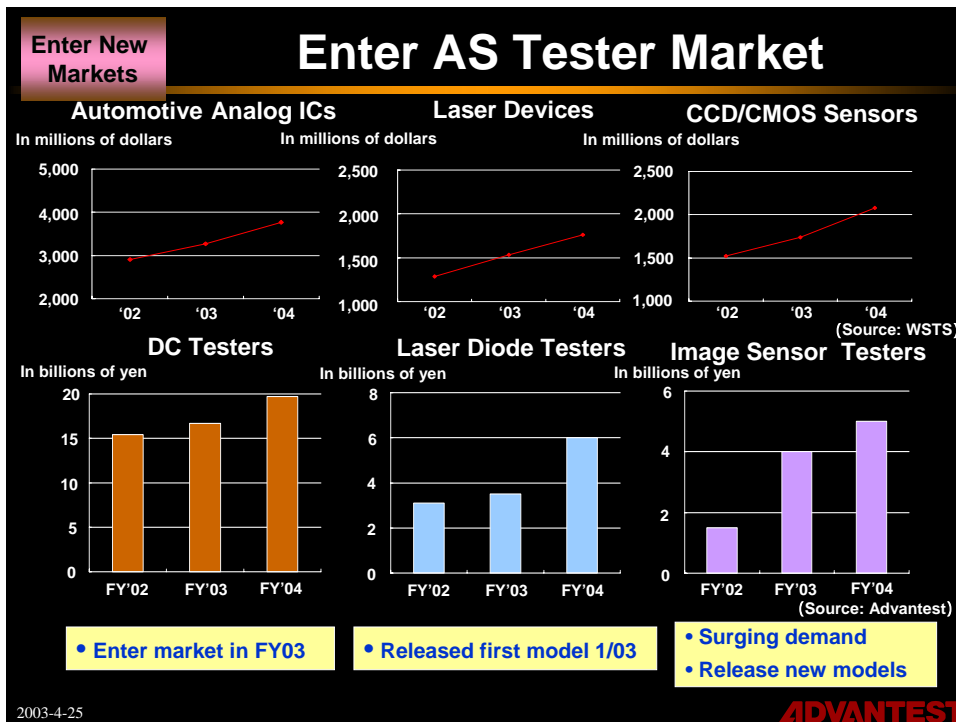
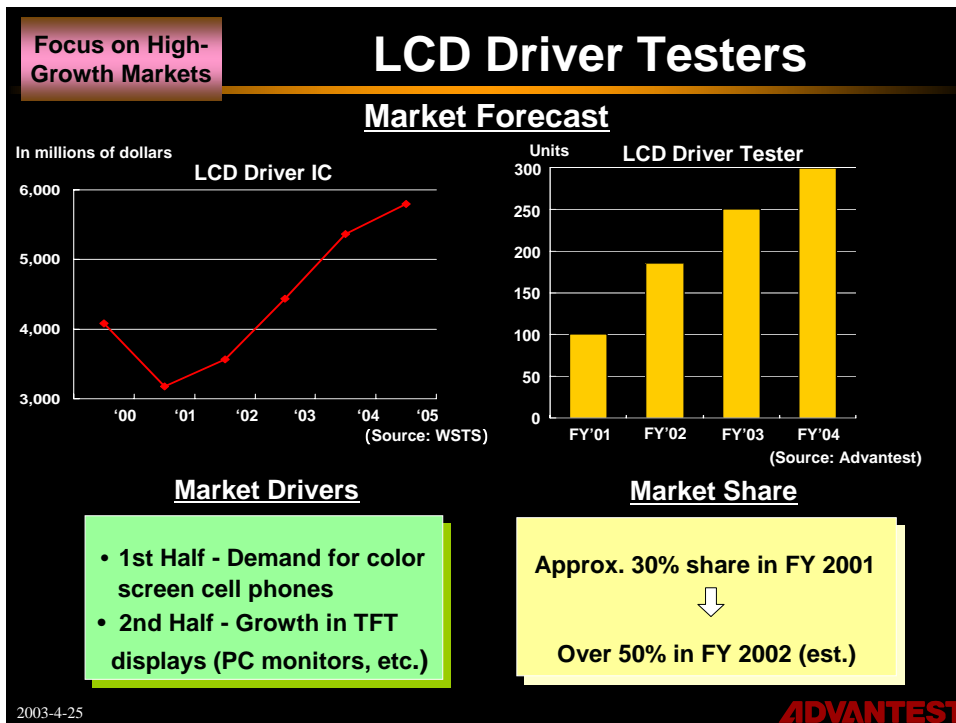
Risks

- Curbs in capital investment caused by a delayed adoption of DDR-SDRAMs
- Increased pricing pressure
- Lose technological lead over the competition

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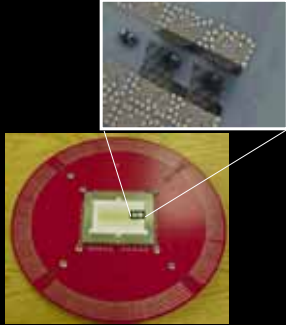




Enter New Markets

Enter Probe Card Market

- Market Drivers**
 - Faster speeds
 - Shrinking line widths
 - Testing shifting from the back- to the front-end
- Benefits for Advantest**
 - Increased revenues
 - Improved profitability via creation of added value
 - In-house production helps lower costs for customers




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Enter New Markets

Differentiate Handler Product Line

- Add New Functions**
 - Low-temperature handler (suppresses heat emitted by devices under test)
- Expand Product Line**
 - Handler for charge-coupled devices (CCD)
 - Handler for LCD drivers and other devices that utilize tape-automated bonding (TAB)




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Anticipate Customer Needs

Differentiate via WMT




Customer Needs

- Lower R&D costs
- Integrated test solution
- Ability to upgrade

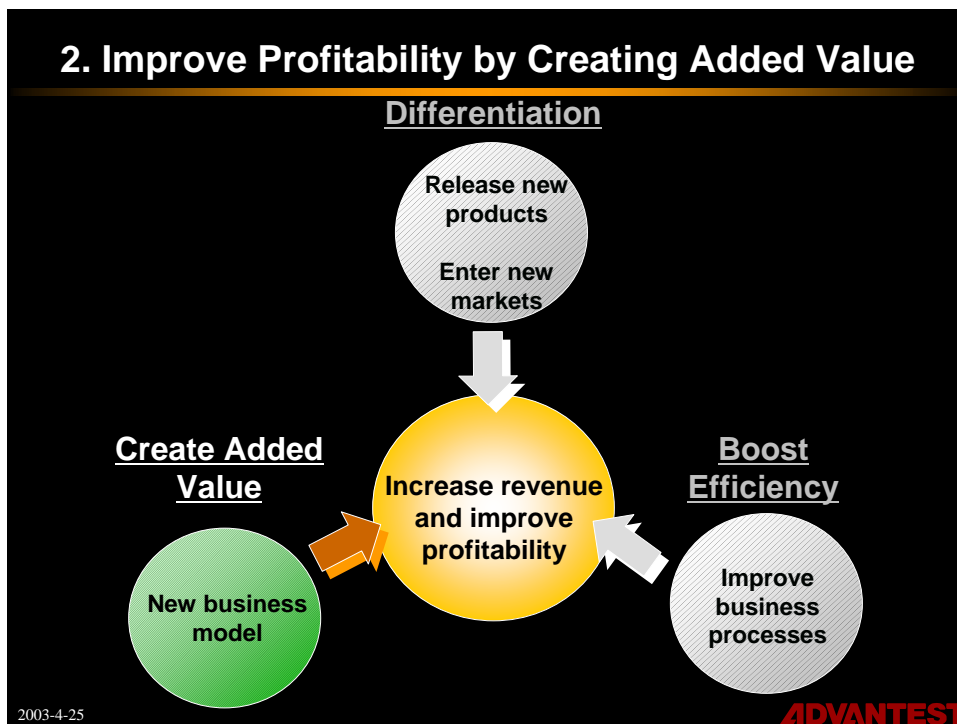
Differentiating Ourselves from the Competition

Wizard of Module Test (WMT)

A "One Box Solution"



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Create Added Value

New Business Model

- **Open Architecture Initiative (OAI)**
 - Total solution for SoC testing
- **Comprehensive Customer Support**
 - Integrated customer and system engineer groups to provide comprehensive after-sales support for ATEs
- **Leasing and Rental Services**
 - Provide customers with renting/leasing options to meet various customer needs

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Create Added Value

Grow Business via OPENSTAR

Customers

MCU RF ID DSP

OPENSTAR™

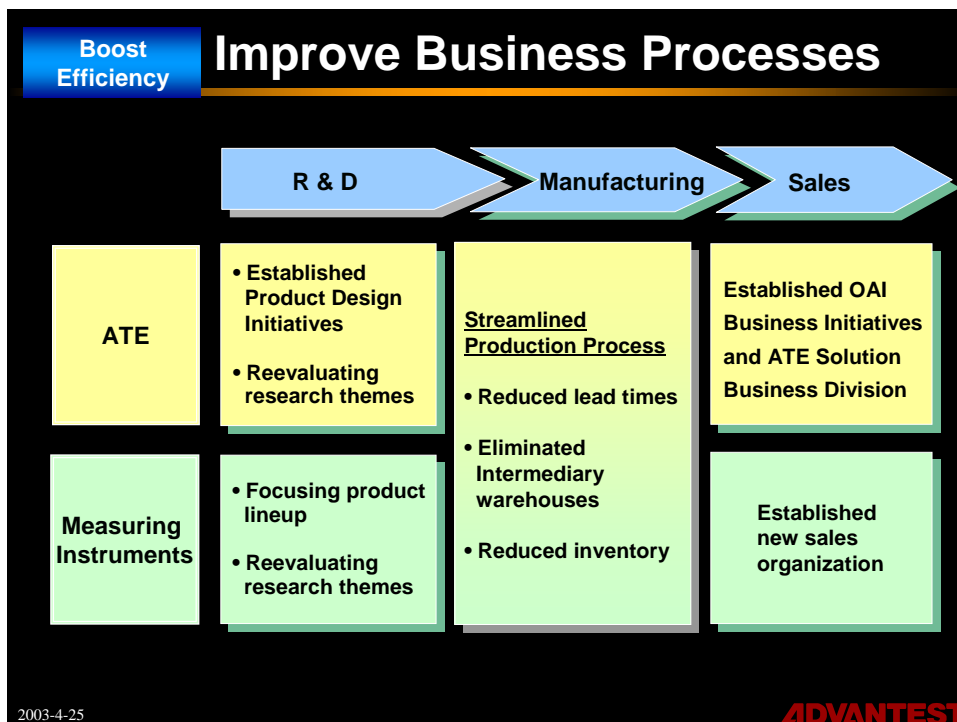
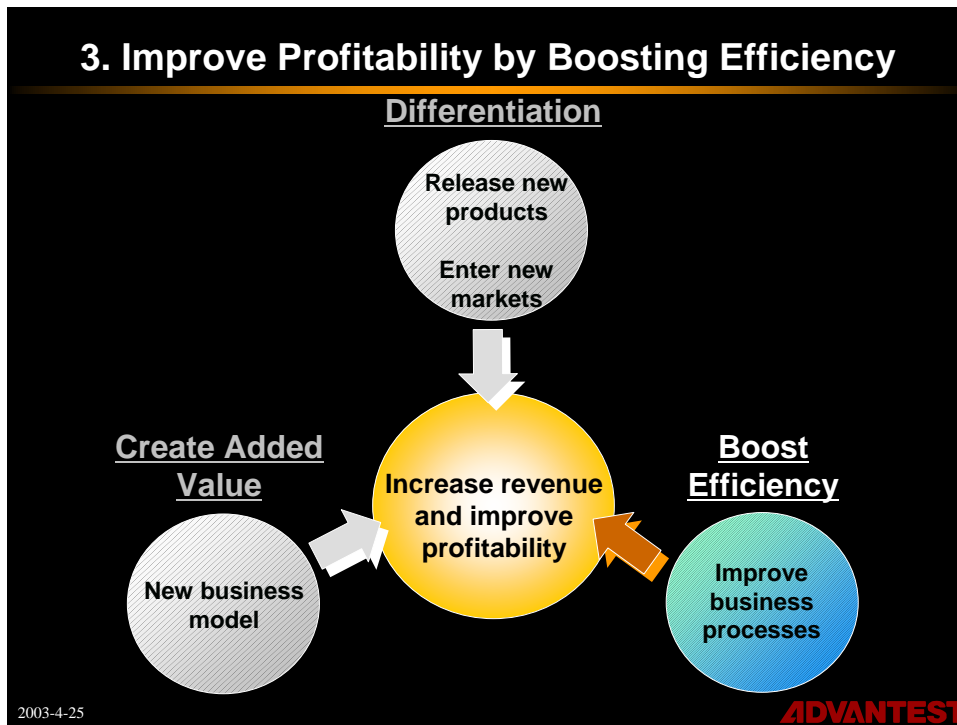
Customer Concerns

- Increasingly diverse test needs
- Shorter IC life cycles
- Rising test costs

Benefits for Advantest

- Grow business by cooperating with other test equipment vendors
- Expand business through shorter development time for modules
- Expansion of test consulting business

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Positive Factors for an Improvement in Result in FY '03

- **New Product Releases**
 - Memory Testers

- T5593
 - Front-end DRAM tester (1 model)
 - Front-end flash memory testers (2 models)
 - SoC Testers

- OPENSTAR (1 model)
 - DC tester (1 model)
 - Image sensor testers (2 models)
 - Measuring Instruments

- WMT-based instruments (7 models)
- **Reduced Lead Time**
 - 3-4 weeks instead of current 2 mos.

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Business Domain

Measuring Instruments
 Analog technology, modulation analysis, oscilloscopes, network analyzers, RF technology, spectrum analyzers

ATE
 Analysis software, linking to EDA software

Research and Development

Measuring Instrument Business	Discrete	Custom	SoC ASSP / Custom			MCU	ASIC	MPU Chipset	DRAM Flash	SRAM	ATE Business
	Amplifiers	Mixed	Auto-motive	Comm.	Consumer electronics						
	AD/DA	AS Business	Wireless	FPGA	Graphic Chips						
Filter	LCD driver, CCD										
RF											

Manufacturing

ATE
 Eng. for lower cost, tech. for high integration and high speed CMOS

Device Interfaces
 I/F and sensor technologies

System Engineers
 Application/solution development, technical support

Factory Automation
 IC handler technology

ATE
 Digital technology, high-precision timing, pattern generators

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