ADVANTEST

Advantest Corporation
Information Meeting

Financial Results for 3rd Quarter Fiscal 2007

January 29, 2008

Hiroshi Nakamura
Executive Officer
Senior Vice President, Financial Group

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Presentation:

Hiroshi Nakamura
Executive Officer,
Senior Vice President, Financial Group

Summary of Achievements

ADVANTEST

(In Billions of Yen)

	FY'07 3Q	Y on Y (%)	Q on Q (%)	FY'07 1Q-3Q Total	Y on Y (%)
Orders	31.2	-46.0	-25.6	126.4	-27.0
Sales	35.0	-23.4	-39.4	149.9	-9.8
Operating Income	1.0	-88.1	-92.7	25.6	-36.2
Income Before Tax	2.0	-78.4	-83.6	29.4	-32.2
Net Income	3.0	-46.0	-56.8	19.9	-28.2
Backlog	29.5	—	—	—	—

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○ First, I will present a summary of our results for the third quarter of fiscal 2007.

○ Orders were 31.2 billion yen, a 25.6% drop from the second quarter. This was primarily caused by the continued surplus of semiconductors and drop in prices due to an imbalance of supply and demand in the semiconductor market.

○ This drop in orders resulted in

- Sales of 35 billion yen, a drop of 39.4% from the second quarter.
- Operating income of 1 billion yen, a drop of 92.7% due to reduced sales.
- There was little effect from the exchange rate in the third quarter, and non-operating income was positive, resulting in a net income before tax of 2 billion yen, a drop of 83.6%.
- Net income resulted in 3 billion yen, a drop of 56.8%, because the tax exemption for R&D expenses and other exceeded the amount of tax.

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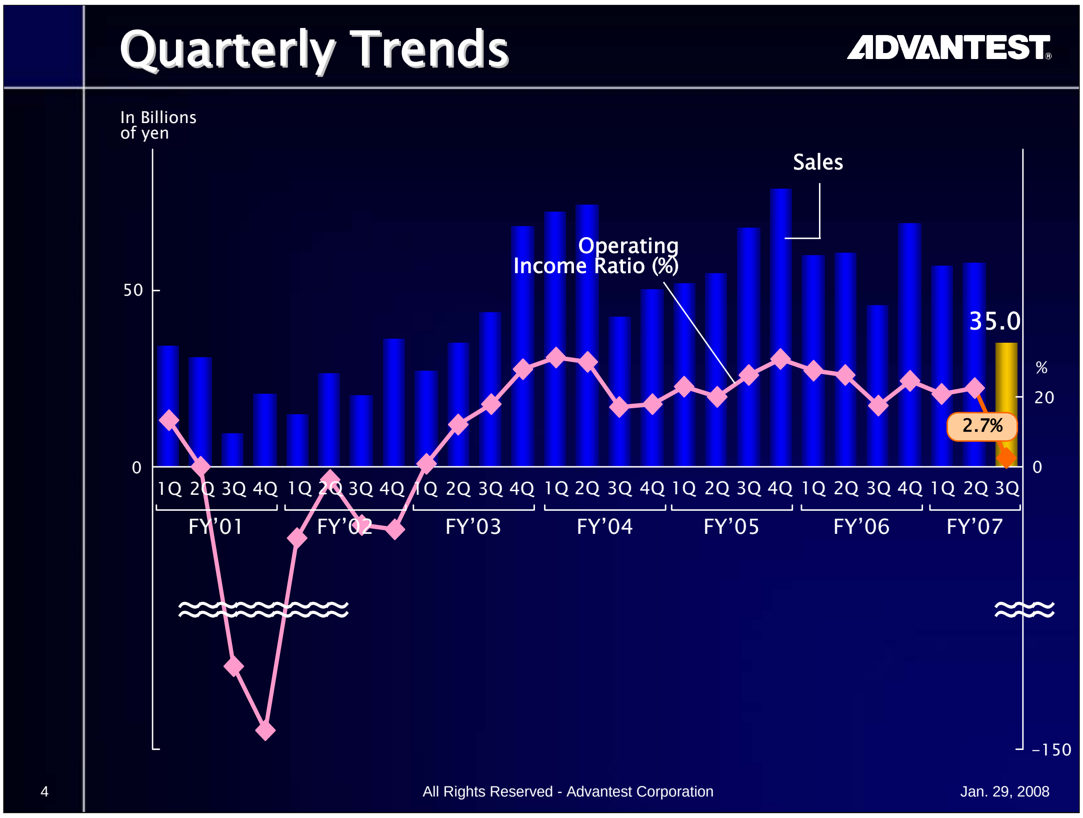
○ In our nine-month cumulative results from April to December, we see that

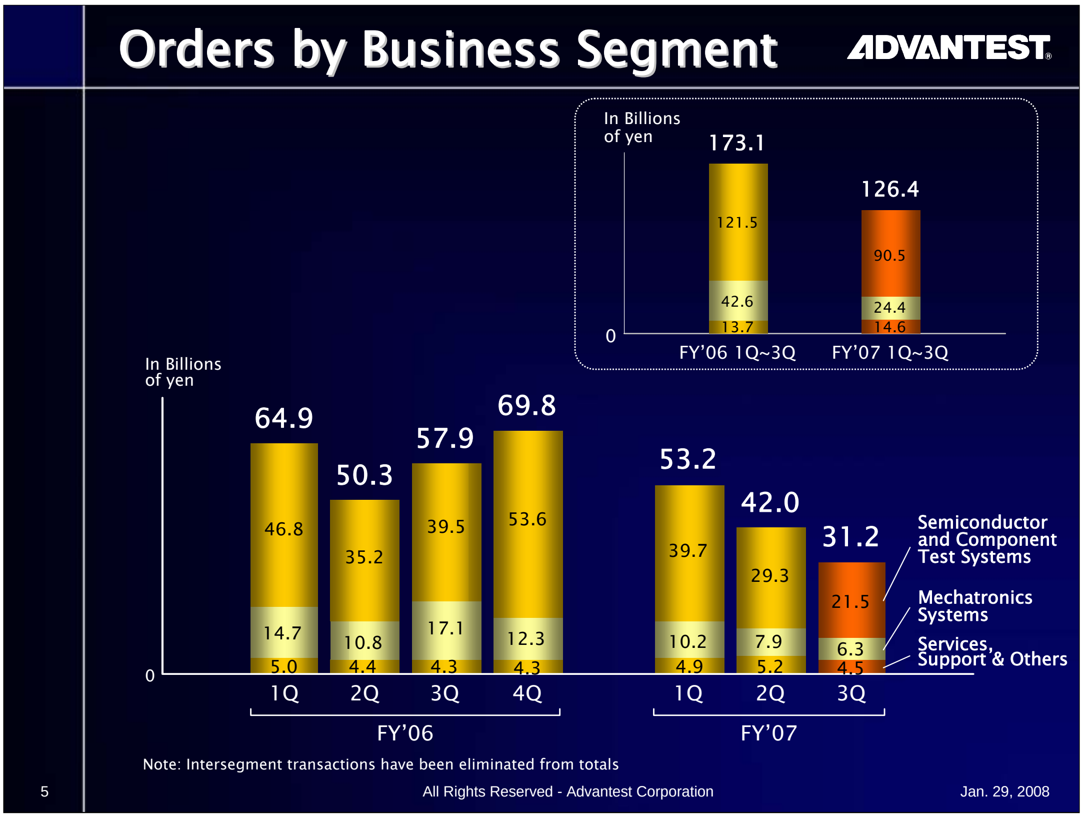
- Orders fell by 27% from the same term last year to 126.4 billion yen.
- Sales fell by 9.8% to 149.9 billion yen.
- Operating income dropped by 36.2% to 25.6 billion yen.
- Income before tax dropped by 32.2% to 29.4 billion yen.
- Net income dropped by 28.2% to 19.9 billion yen.



- This graph shows the trends in sales and operating income ratio by quarter.

- Sales were 35 billion yen in the third quarter, operating income was 1 billion yen for an operating income ratio of 2.7%.

- The reason of decline of operating income ratio will be explained later.

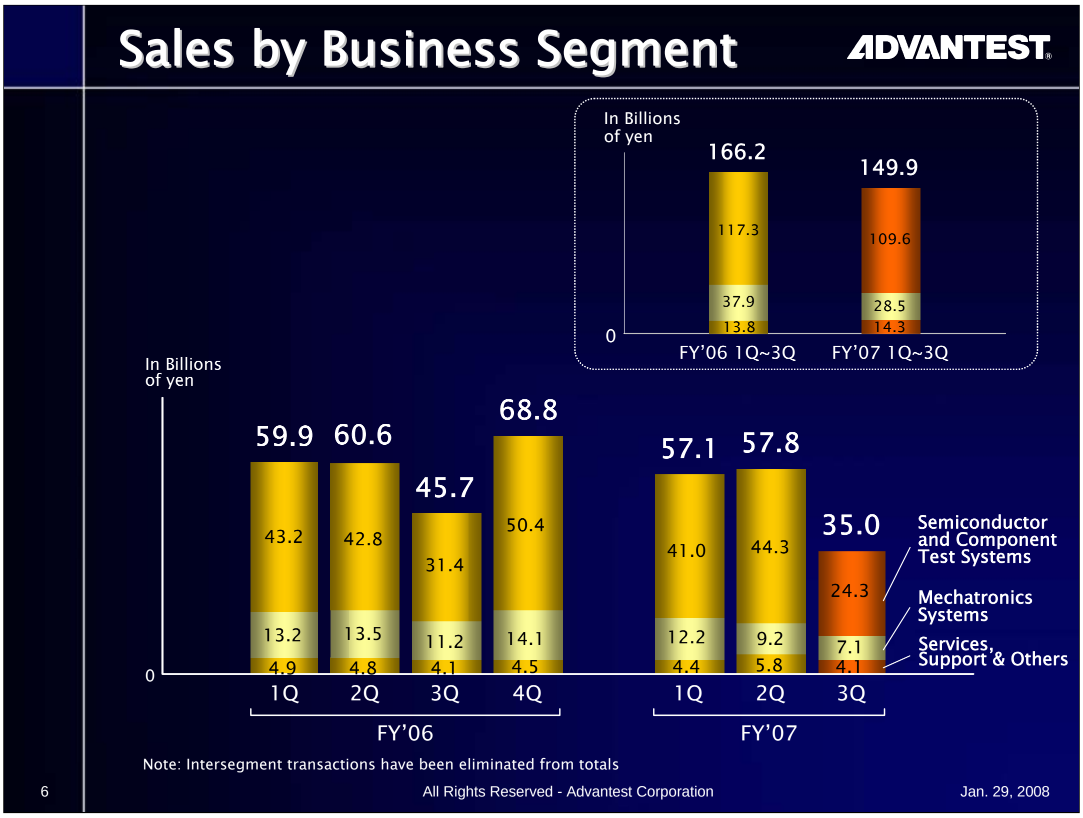


○ Looking at orders by business segment in the third quarter,

- Orders for "Semiconductor and Component Test Systems" were 21.5 billion yen, a decrease of 26.9% from the second quarter.

- Orders for "Mechatronics Systems" were 6.3 billion yen, a drop of 19.6%.

- Orders for "Services, Support, and Others" were 4.5 billion yen, a drop of 13.1%.

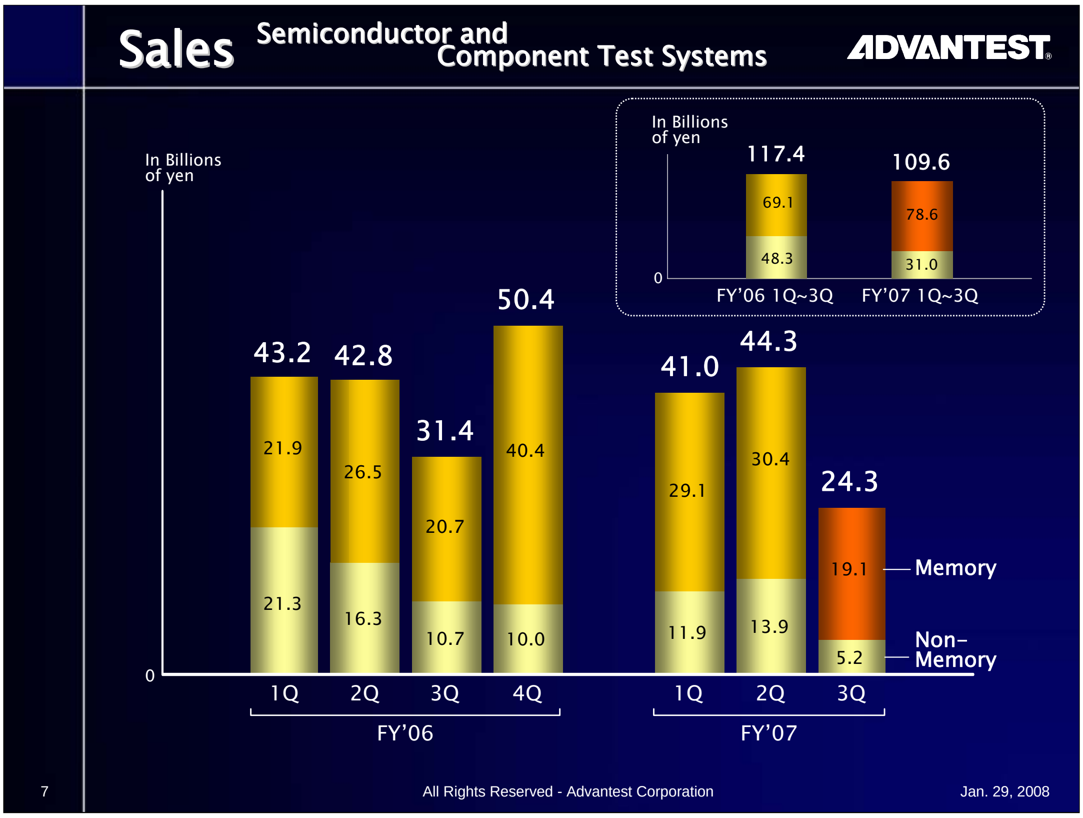


○ For sales by business segment, we have

- Sales for "Semiconductor and Component Test Systems" were 24.3 billion yen, a decrease of 45% from the second quarter.

- Sales for "Mechatronics Systems" were 7.1 billion yen, a drop of 22.6%.

- Sales for "Services, Support, and Others" were 4.1 billion yen, a fall of 29%.

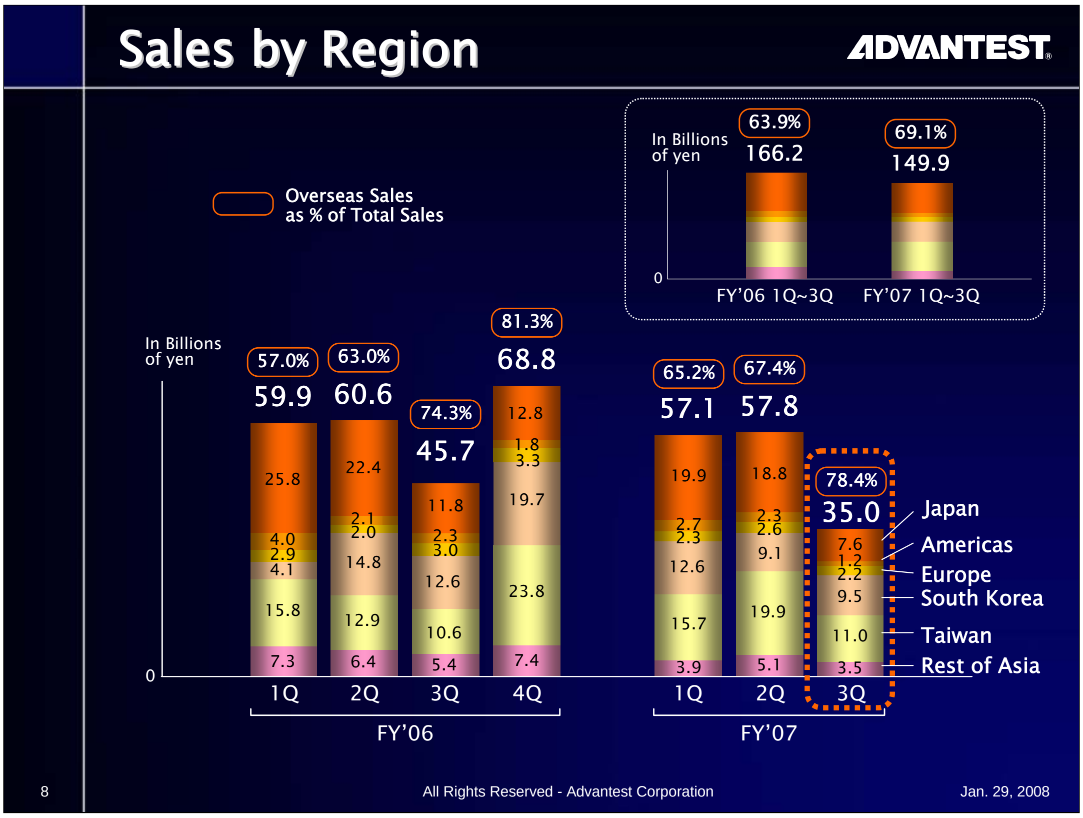


○ Next, taking a look at a breakdown of quarterly sales for semiconductor and component test systems,

○ Sales of memory test systems dropped by 37% to 19.1 billion yen from the second quarter. This was a caused by the downturn in sales for DRAM test systems and the strong reluctance by semiconductor manufacturers to invest in NAND flash test systems due to the drop in device prices.

○ In sales of non-memory test systems, the T2000 and the T65 series had extremely weak sales due to the freeze on capital expenditures over the year 2007 by major MPU manufacturer, which had been expected to show a recovery, and concern about the future economic outlook.

Test systems for LCD driver ICs also showed a downturn because demand for large-screen HD TVs was lower than expected and the shift to high-end LCD driver ICs did not move as expected.



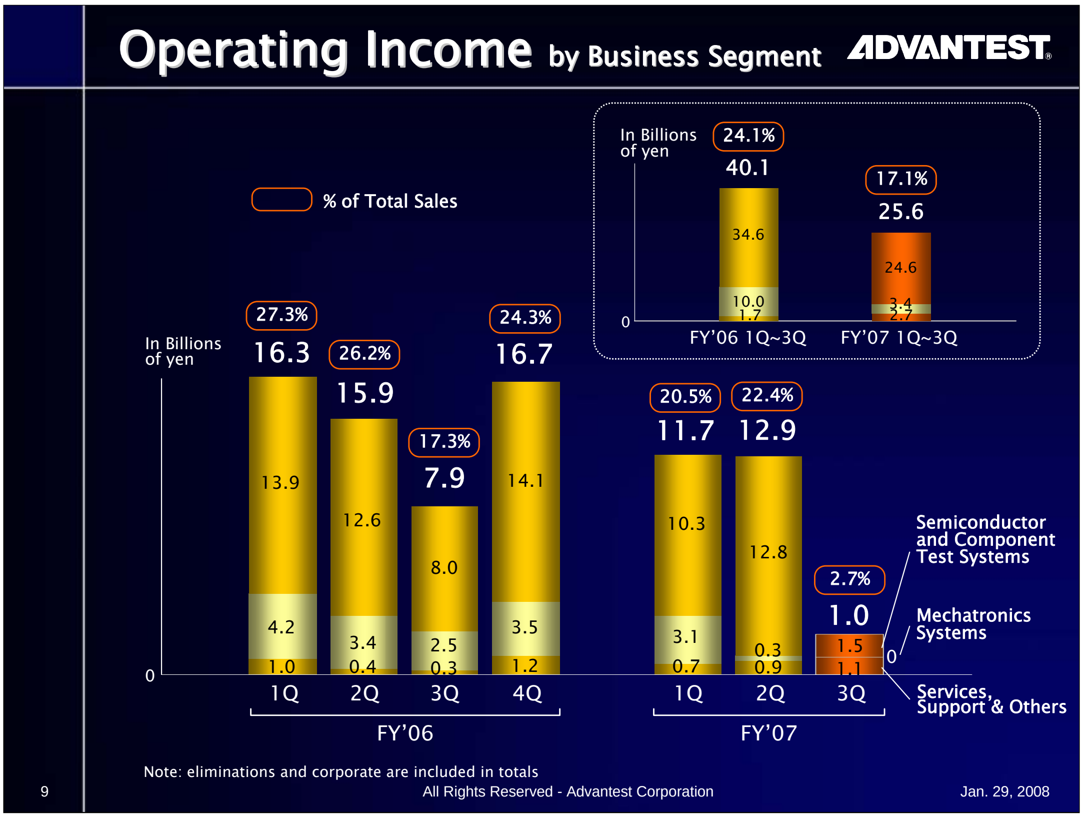
○ This graph shows our quarterly sales by geographic region.

○ For the third quarter,

・Sales in Japan were 7.6 billion yen, a drop of 59.8% from the second quarter, due to the slowdown in demand for DRAM test systems and test systems for digital consumer product ICs.

・Sales in Taiwan dropped by 45% to 11 billion yen. This was due to the weak demand for DRAM test systems, and in LCD driver IC test systems, demand for the high-end new product T6373 fell short of our expectations.

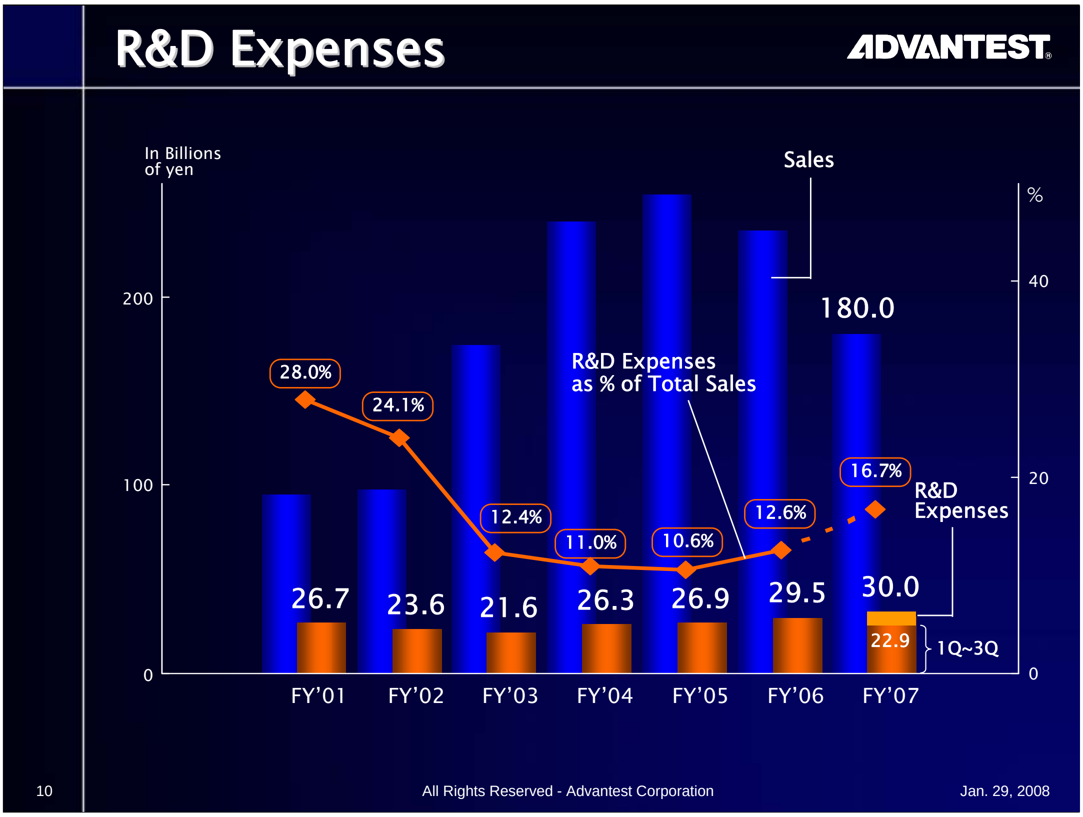
○ Sales in South Korea, on the other hand, were 9.5 billion yen and remained steady at nearly the same level as the second quarter because of increased production of 1 gigabit DRAM and the reopening of investment in test systems.



○ This graph shows the operating income and operating income ratio by business segment.

○ For the third quarter, Lower utilization rates of our factory due to lower sales and the change of products mixture resulted in a drop of about 6 points in the cost of sales ratio compared to the second quarter.

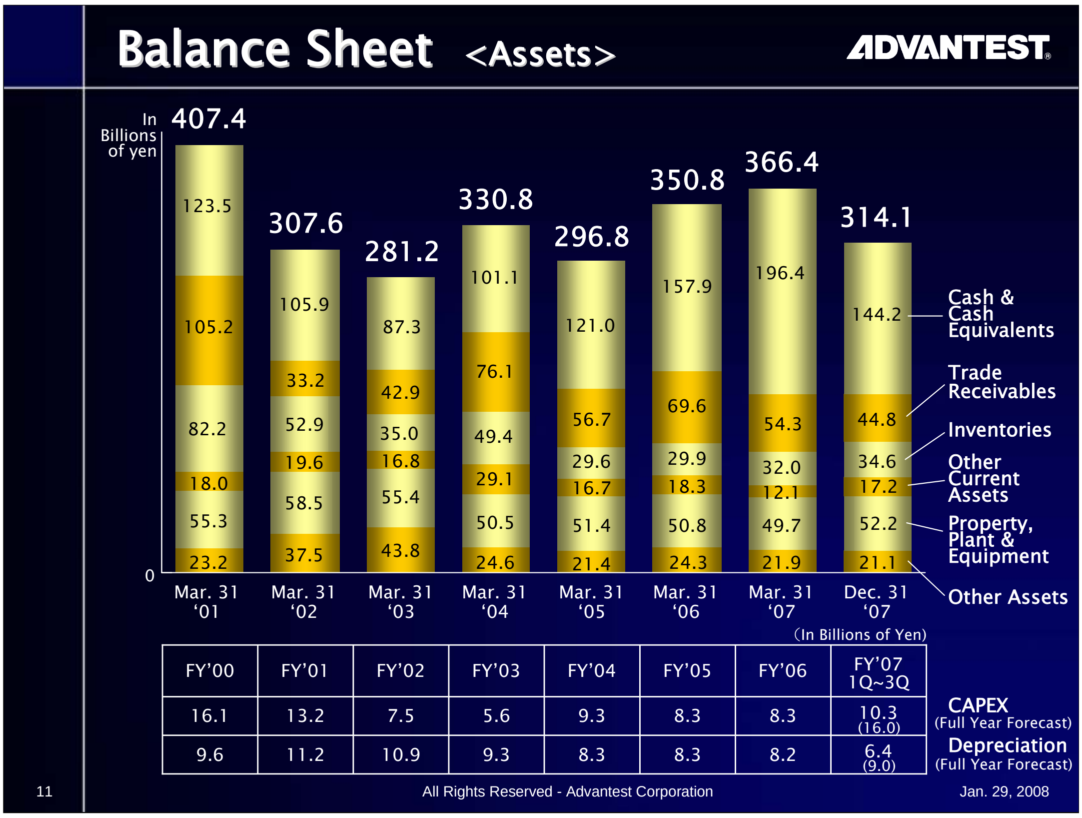
Operating expenses were 16.4 billion yen, a drop of 14.3% from the second quarter due to a review of development themes, improved development efficiency, and cost cutting.



○ This shows the state of our R&D expenses. In the nine-month period ending in the third quarter, our R&D expenses were 22.9 billion yen.

○ For the full year, in accordance with the downward revision to our forecast, our R&D expenses are expected to be 30 billion yen, which is 3 billion less than our original estimate of 33 billion yen, but is on the same level as the previous year.

We estimate an R&D percentage of net sales of 16.7%.



	FY'00	FY'01	FY'02	FY'03	FY'04	FY'05	FY'06	FY'07 1Q~3Q
CAPEX (Full Year Forecast)	16.1	13.2	7.5	5.6	9.3	8.3	8.3	10.3 (16.0)
Depreciation (Full Year Forecast)	9.6	11.2	10.9	9.3	8.3	8.3	8.2	6.4 (9.0)

○ Next, this shows the company balance sheet as of December 31, 2007.

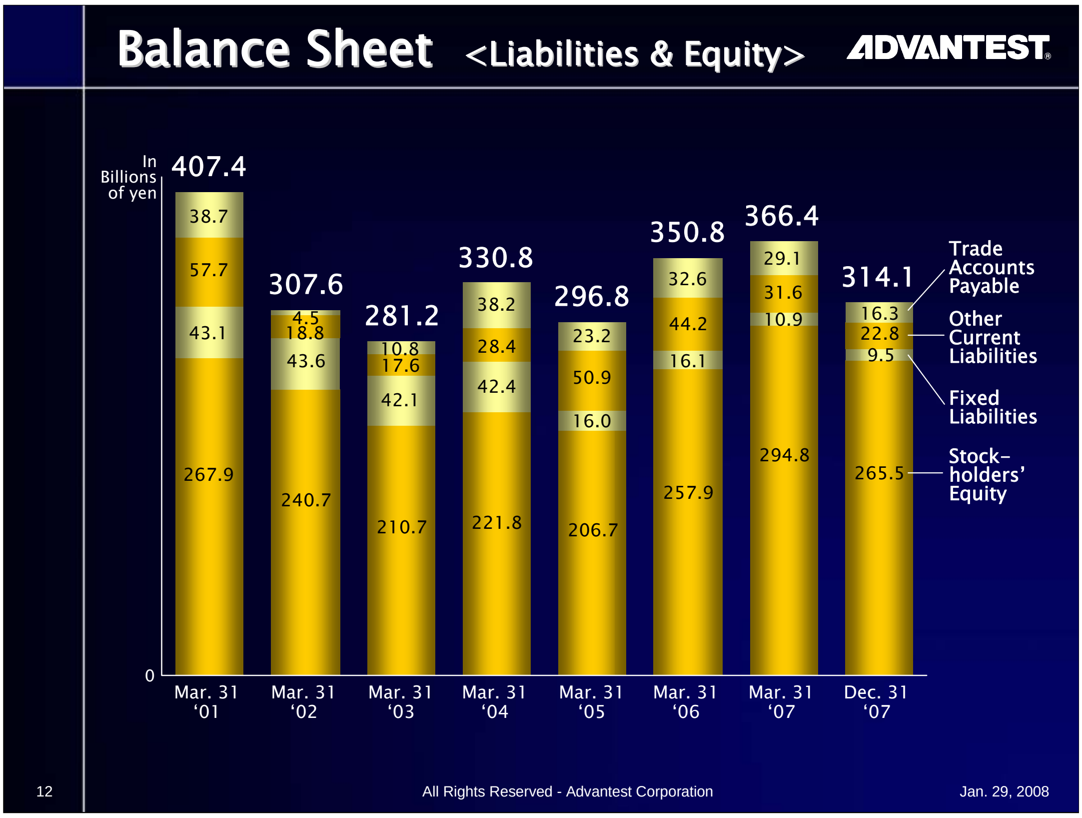
○ Total assets as of December 2007 fell by 52.3 billion yen from the end of March 2007 to 314.1 billion yen.

○ For assets,
we completed a stock buyback of about 19.1 billion yen in May and about 17.4 billion yen in November. This resulted in cash and cash equivalents of 144.2 billion yen, a drop of 52.2 billion yen compared to the end of March 2007.

○ Trade accounts receivables fell by 9.5 billion yen from the end of March 2007 to 44.8 billion yen primarily due to a drop in sales.

○ Inventories increased by 2.6 billion yen from the end of March 2007 to 34.6 billion yen because of requests by customers of extended delivery schedule and other reasons.

○ For the nine-month cumulative total up to this quarter, we had Capital expenditures of 10.3 billion yen, and Depreciation of 6.4 billion yen.



○ This chart is our liabilities and equity,

○ First, trade accounts payable dropped by 12.8 billion yen from the end of March 2007 to 16.3 billion yen.

○ The current liabilities dropped by 8.8 billion yen to 22.8 billion yen because of income tax and other payments.

○ Fixed liabilities fell by 1.4 billion yen to 9.5 billion yen.

○ Stockholder's equity dropped by 29.3 billion yen to 265.5 billion yen due to the repurchase of company shares and other reasons.

○ As a result, The Equity – to - Assets ratio rose 4 points from the end of March 2007 to 84.5%.

Cash Flow

ADVANTEST

(In Billions of Yen)

	FY'00	FY'01	FY'02	FY'03	FY'04	FY'05	FY'06	FY'07 1Q~3Q
Operating CF	29.6	9.0	4.9	28.2	90.3	59.5	49.0	5.4
Investing CF	-16.1	-18.6	-8.4	-5.1	-8.3	-8.5	-8.0	-9.7
Free CF	13.5	-9.6	-3.5	23.1	82.0	51.0	41.0	-4.3
Financing CF & other	-8.4	-8.0	-15.1	-9.3	-62.1	-14.1	-2.5	-47.9
Cash & Cash Equivalents at the end of Period	123.5	105.9	87.3	101.1	121.0	157.9	196.4	144.2

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○ Next, this graph shows our cash flow.

○ For the nine-month period ending with the third quarter,
Cash flow from operating activities was plus 5.4 billion yen.
Cash flow from investing activities was minus 9.7 billion yen.
As a result, the free cash flow was minus 4.3 billion yen.

○ Also, cash flow from financing activities and other was minus 47.9 billion yen.
As a result, the cash and cash equivalents at the end of December were 144.2 billion yen.

○ This completes my summary of our financial results for the third quarter.

○ Next, I will present our forecast for the entire fiscal year.

Full Year Forecast

ADVANTEST

(In Billions of Yen)

	FY'06	FY'07 Forecast (Y on Y・%)	Pre Forecast ※	Variance
Orders	242.9	160.0 (-34.1)	220.0	-60.0
Sales	235.0	180.0 (-23.4)	230.0	-50.0
Operating Income	56.8	24.0 (-57.7)	47.0	-23.0
Income Before Tax	61.1	25.0 (-59.1)	51.0	-26.0
Net Income	35.6	17.0 (-52.2)	33.0	-16.0
Backlog	52.9	32.9	42.9	-10.0

※ Earnings announcement on 26th October, 2007

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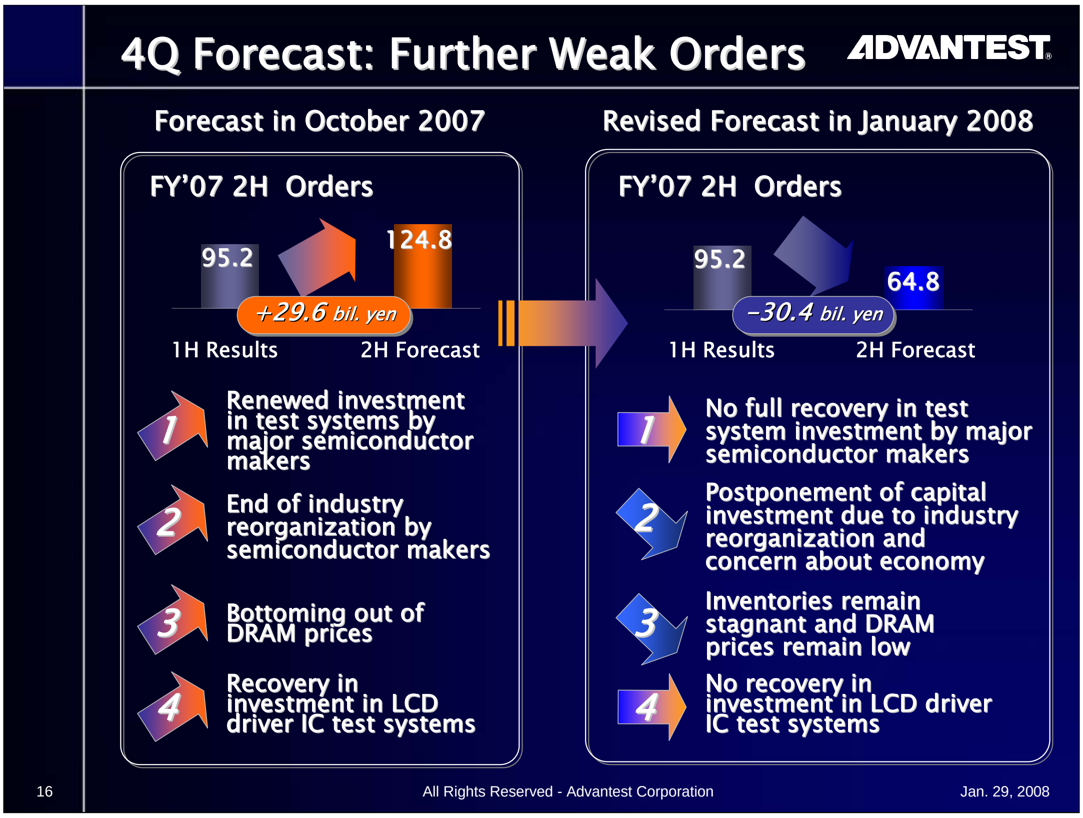
○ As of January 24, we have downwardly revised our results for the full 2007 fiscal year.

Our new forecast has
Orders of 160 billion yen,
Sales of 180 billion yen,
Operating income of 24 billion yen,
Income before tax of 25 billion yen, and
Net Income of 17 billion yen.



○ I will describe the main factors for this downward revision.

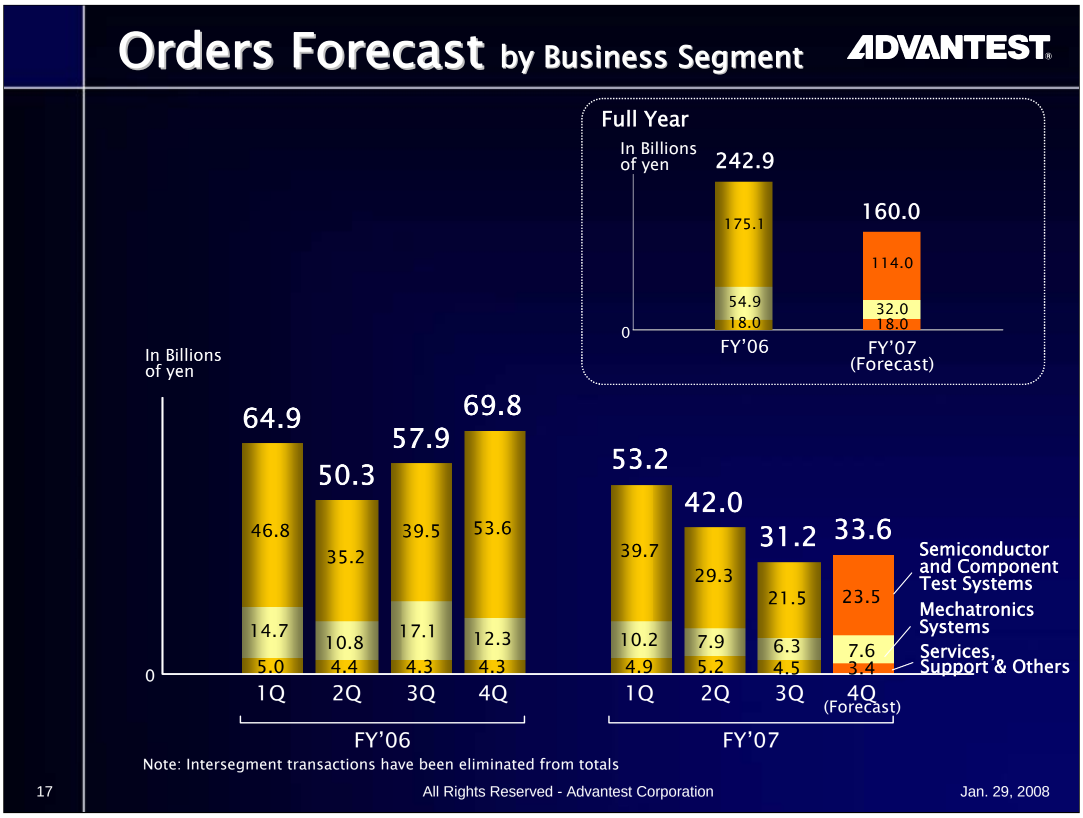
○ First, the investment plans by major semiconductor manufacturers are not proceeding as we expected, and manufacturers remain reluctant to invest in test systems.

○ Second, reorganization in the industry has prompted some semiconductor manufacturers to freeze or postpone capital investment, and concern about the economic outlook has led makers to take a cautious stance towards new capital investment, particularly on test systems for digital consumer product ICs.

○ Third, we expected demand in test systems to increase due to the bottoming-out of DRAM prices, but there are still no prospects for a recovery in prices, and adjustments to inventory are still continuing.

As a result, there are still no visible signs of recovery in demand for DRAM test systems.

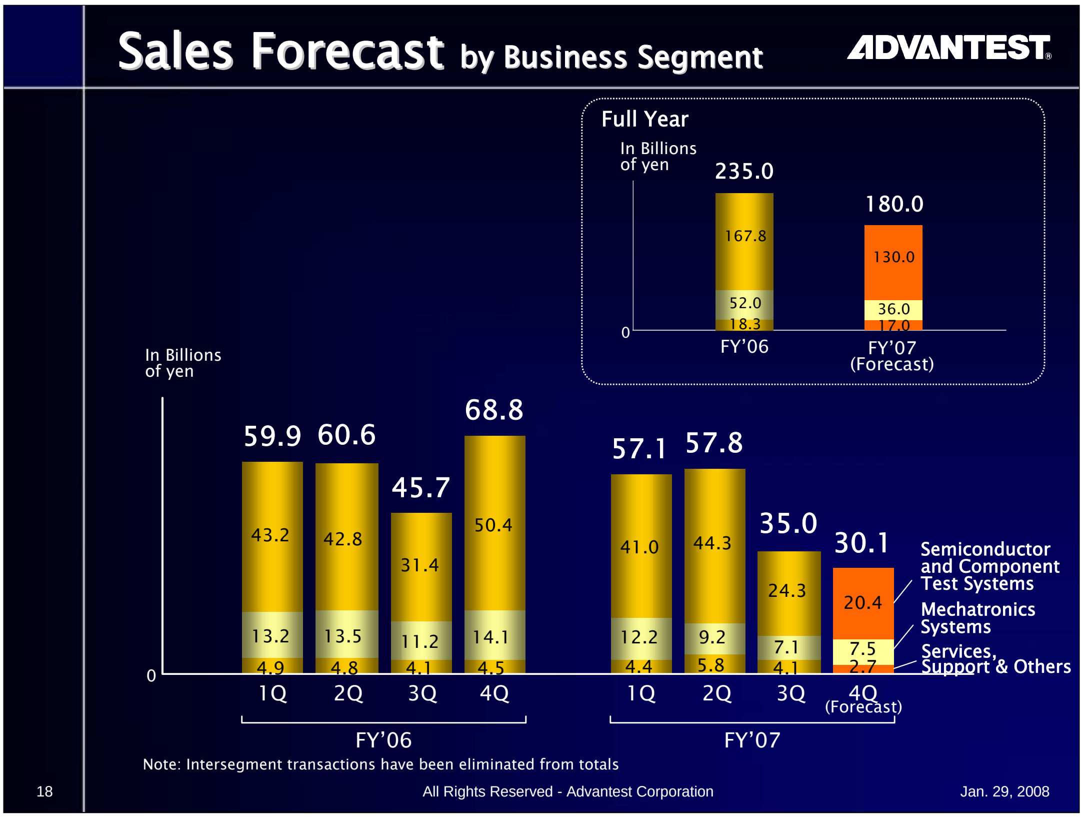
○ Fourth, in the driver IC market for LCD panels, we expected a further shift to high-end LCD driver ICs and a recovery in investment for test systems.
However, the slow shift to high-end devices makes it difficult to foresee a full recovery in test system demand for this fiscal year.



○ Because of these market forces that I have just described, we forecast orders in the fourth quarter to remain level at 33.6 billion yen, slightly higher than the third quarter.

○ When viewed by business segment,

- Orders for “Semiconductor and Component Test Systems” will increase by 9.4% from the third quarter to 23.5 billion yen.
- Orders for “Mechatronics Systems” will increase by 20.6% to 7.6 billion yen.
- Orders for “Services, Support, and Others” will be 3.4 billion yen.



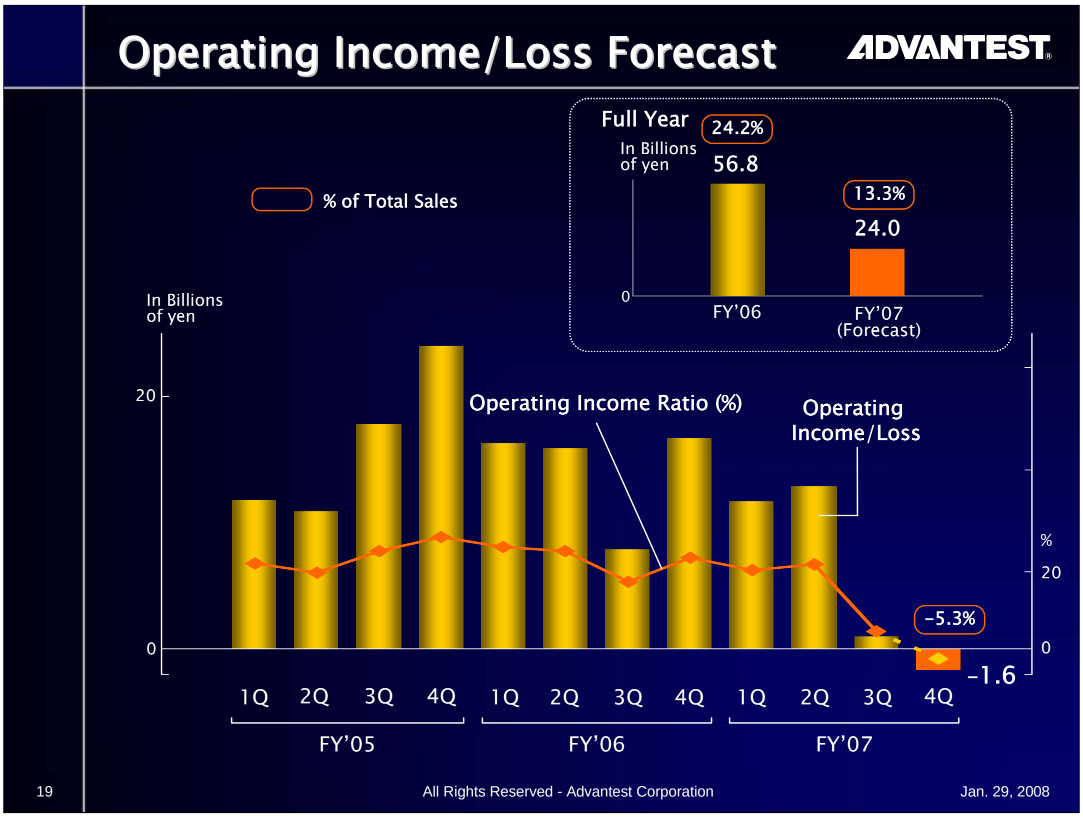
○ The fourth quarter sales are expected to remain level at 30.1 billion yen due to the lower order income in the third quarter.

○ When viewed by business segment,

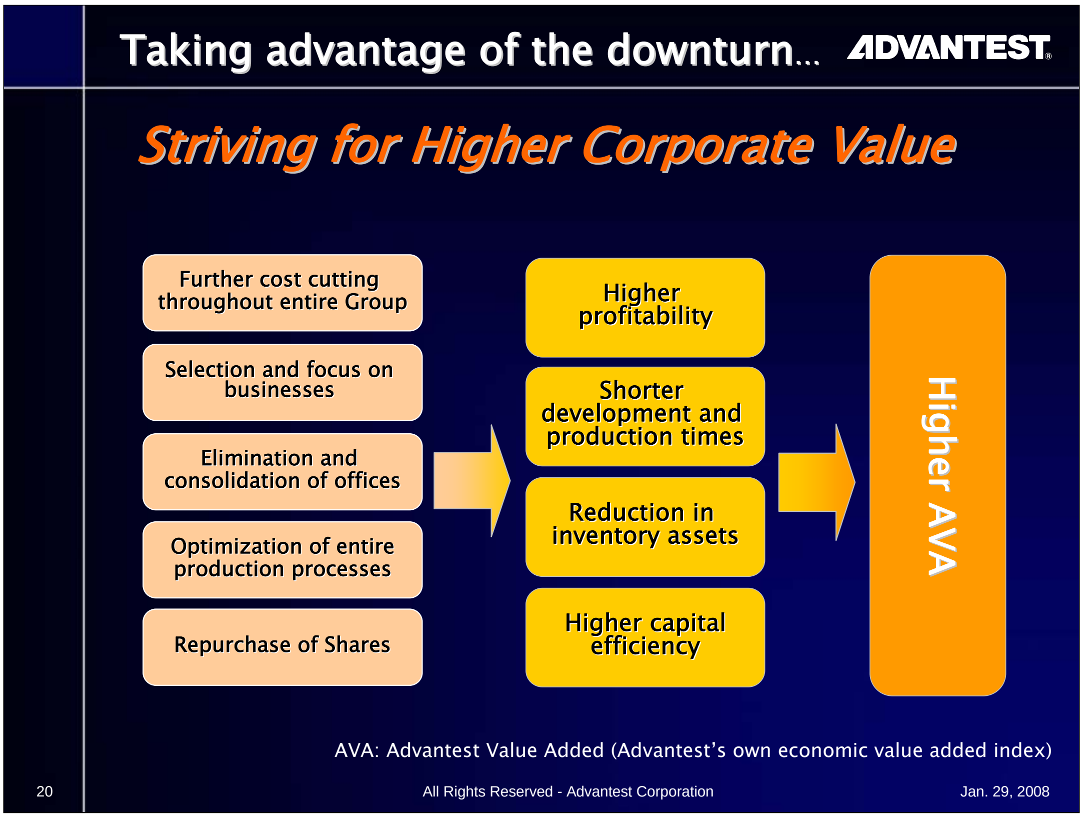
・Sales of "Semiconductor and Component Test Systems" to fall by 16.3% from the third quarter to 20.4 billion yen.

・Sales of "Mechatronics Systems" to increase by 5.5% to 7.5 billion yen.

・Sales of "Services, Support, and Others" to be 2.7 billion yen.



○ Next, for operating income, the level is expected to be weak due to the slowdown in sales, but we forecast 24 billion yen for fiscal year total operating income.



○ In the year 2000, we introduced AVA, the Advantest Value Added financial index, for improving corporate value. Since then, and we have been working to attain a target value of 12% for the ratio of net operating profit after tax to capital investment.

○ As I have explained before, we are in an extremely severe business environment.

We will continue to move forward with further cost cutting measures company-wide, selecting and focusing on businesses, eliminating and consolidating offices, and optimizing entire production processes in an effort to further enhance our corporate value.

○ This completes my presentation.
Thank you very much for your kind attention.

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 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.