

Advantest Corporation  
Information Meeting

# FY2008 Guidance & Structural Reforms

February 25, 2009

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Representative Board Director  
President and CEO

Presentation:

Toshio Maruyama  
Representative Board Director, President and CEO

# 1. FY2008 Guidance

## 2. Structural Reforms

## FY2008 Guidance

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( In Billions of Yen)

	FY2007	FY2008 (Forecast)	Y on Y (% change)
<b>Sales</b>	182.8	<b>75.0</b>	-59.0
<b>Operating Income</b>	22.7	<b>-50.0</b>	-
Non- operating Income	0.8	<b>-4.0</b>	-
<b>Income before Tax</b>	23.5	<b>-54.0</b>	-
<b>Net Income</b>	16.6	<b>-78.0</b>	-

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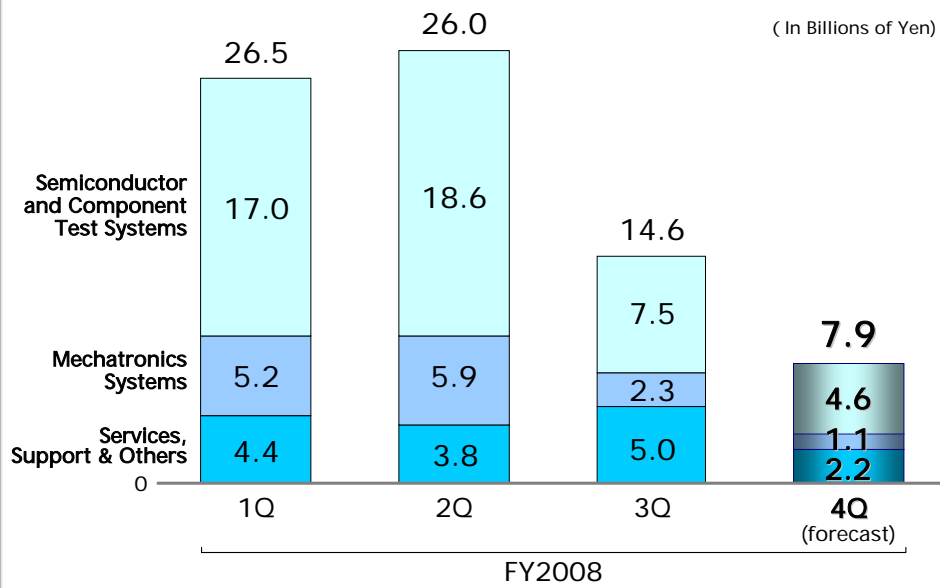
2009/2/25

Forecast for FY2008 (including costs related to structural reforms):

- Sales: 75.0 billion yen (-59% year-on-year)
- Operating Income: -50.0 billion yen
- Non-Operating Income: -4.0 billion yen
- Income before Tax: -54.0 billion yen
- Net Income: -78.0 billion yen

# Quarterly Sales Trends

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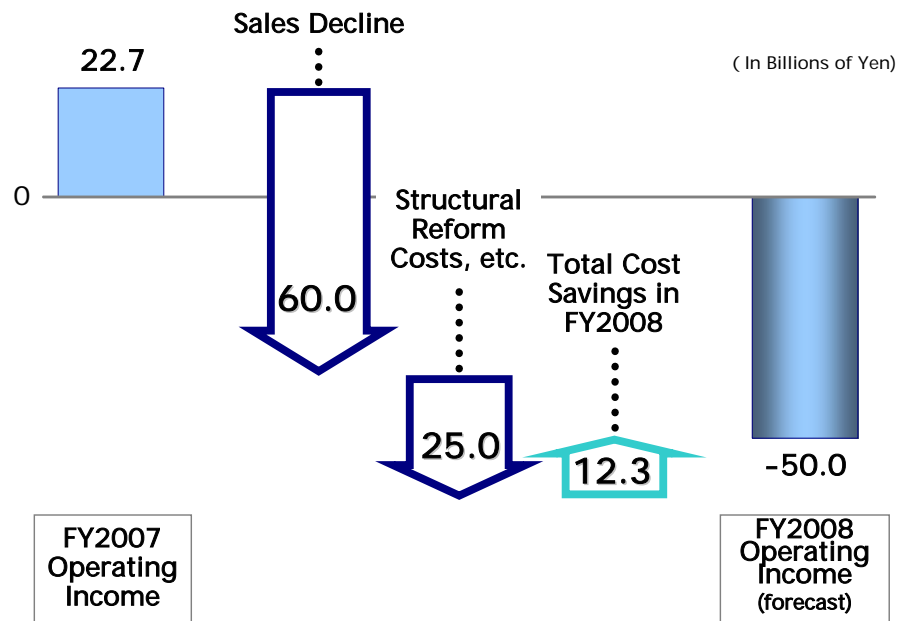
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## Quarterly Sales Trends:

- We expect a further sequential sales decline in the fourth quarter of FY2008.

## Factors Contributing to a Weaker Operating Profit

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FY2008 Operating Profit Forecast: -50.0 billion yen

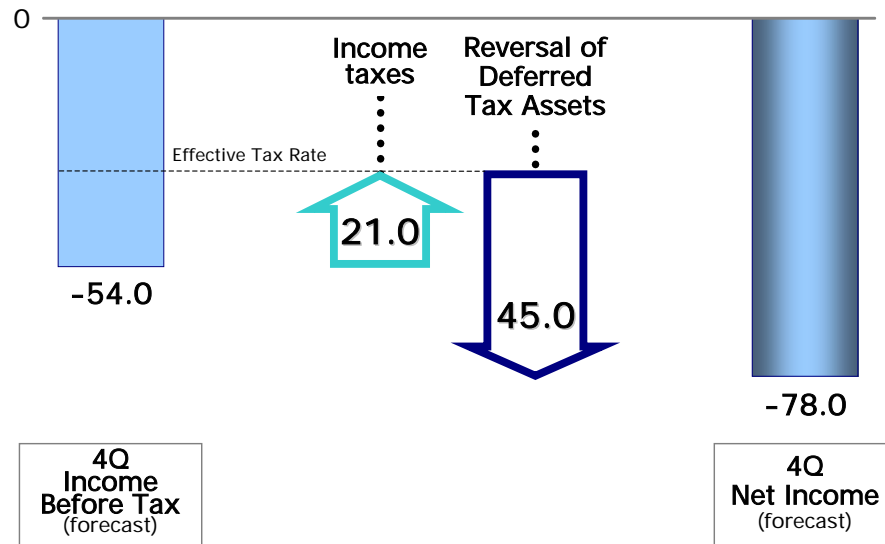
- Chief factors influencing our operating profit:
  - Sales gap: 60.0 billion yen
  - Costs related to structural reforms: 25.0 billion yen
  - Cost savings in FY2008: 12.3 billion yen

Note: further details of our structural reforms may be found on pages 10-14.

# Net Income

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( In Billions of Yen)



FY2008 Net Income Forecast:

-78.0 billion yen

• Chief factors contributing to net loss:

- Income taxes: +21.0 billion yen
- Reversal of deferred tax assets: -45.0 billion yen

## FY2008 Dividend Forecast

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	Interim	End of year	Total Annual
FY2007	25 yen	25 yen	50 yen
FY2008 (forecast)	25 yen	<b>5 yen</b>	<b>30 yen</b>
Y on Y Change			-20 yen

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### FY2008 Dividend Forecast:

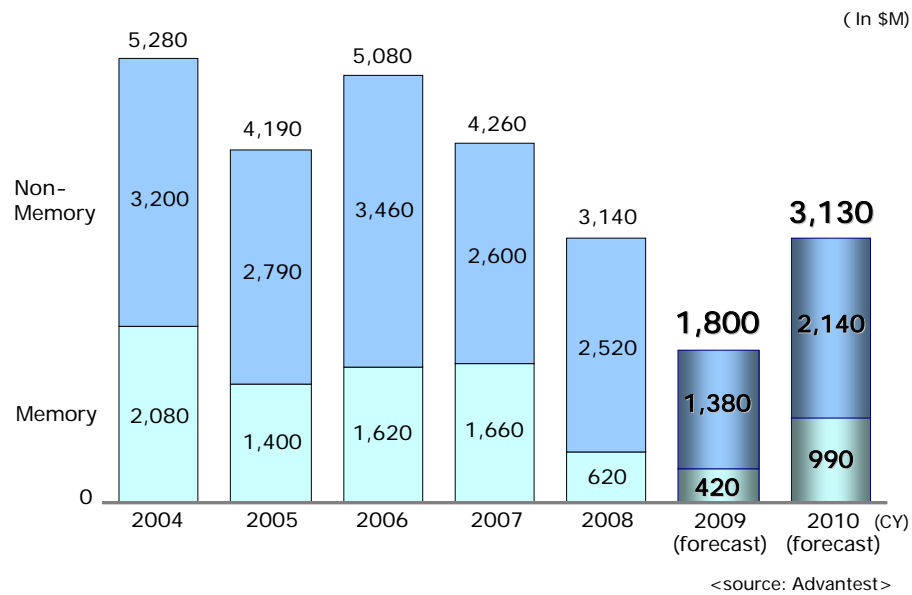
- Our end-of-year dividend forecast has been revised from 25 yen, as announced on October 30 2008, to 5 yen.
- Our total annual dividend for FY2008 is now expected to be 30 yen, a decrease of 20 yen from FY2007.

# 1. FY2008 Guidance

# 2. Structural Reforms

## The ATE Market: Trends & Outlook

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### Background to our Newly Implemented Structural Reforms:

- We expect the ATE market decline in FY2009 to outstrip that of FY2008. Further, we do not predict an immediate recovery even in FY2010.
- Therefore, we have decided to implement a sweeping new round of structural reforms.

**Workforce Rightsizing**

**Payroll Reduction**

**Focus on Selected Businesses**

**Major Structural Reform Measures:**

- Workforce Rightsizing
- Payroll Reduction
- Focus on Select Markets

Our Target: to rightsize our workforce to  
**3,400 employees** by March 31, 2009

Rightsizing of temporary workforce

(started in November 2008)

Voluntary retirement program

(started in February 2009)

**1,200 total layoffs in FY2008**

### Workforce Rightsizing:

- By the end of March 2009, we aim to reduce our total workforce to 3,400.
- Temporary employees' contracts will not be renewed (implemented in November 2008)
- Permanent employees are being offered voluntary retirement (implemented in February 2009)
- We expect to reach our target of 1,200 total layoffs in FY2008

### Executives

- Deep compensation cuts
- Termination of bonuses

### Managers

- Salaries will be cut by 5-20%
- Termination of bonuses

## Payroll Reduction

- Executives
  - Compensation will be reduced by 50-60%
  - Termination of bonuses
- Managers
  - Salaries will be reduced by 5-20%
  - Termination of bonuses

- 1) **Streamlining our Businesses, Realigning our Resources**
  - Unprofitable product lines will be pruned to reduce fixed costs
  - A portion of our resources will be redirected to new businesses
    - 1) New Concept Product Initiative will identify and commercialize new product opportunities
    - 2) Selective entry into new markets
  
- 2) **Increasing R&D & Production Efficiency**
  - Four manufacturing subsidiaries will be consolidated into one
  - Four software subsidiaries will be consolidated into one
  
- 3) **Radical Cost-Cutting through Infrastructure Savings**
  - Consolidation and elimination of business facilities and other sites
  - Administrative overhead will be cut to the bone

### Focus on Select Markets:

#### Streamlining our businesses, realigning our resources:

Pruning unprofitable product lines will reduce fixed business costs

Resources will be redirected to new businesses

- The New Concept Product Initiative will identify and commercialize new product opportunities
- Advantest will selectively enter new markets

#### Increasing R&D and production efficiency

Consolidation of subsidiaries

- Four manufacturing subsidiaries will be consolidated into one, as will four software subsidiaries

#### Radical cost-cutting through infrastructure savings

Consolidation and elimination of business facilities and other sites

A merciless review of other overhead costs

**Structural Reforms:  
Related Costs & Cost Savings**

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**Anticipated Costs Related to Structural  
Reforms to be Posted in 4Q FY2008 :**

**25** billion yen

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**Anticipated Cost Savings in FY2009 :**

**25** billion yen

## 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.