

(Translation)

June 2, 2003

To Our Shareholders

Toshio Maruyama
President and COO
ADVANTEST CORPORATION
32-1, Asahi-cho 1-chome,
Nerima-ku, Tokyo

**CONVOCAATION NOTICE OF
THE 61ST ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Sirs and Madams:

Notice is hereby given that the 61st ordinary general meeting of shareholders of ADVANTEST CORPORATION (the “Company”) will be held as set forth below. Your attendance thereat is respectfully requested.

If you are not able to attend the meeting, you may exercise your voting rights in writing by submitting the enclosed voting instructions. In such case, after examining the reference documents as set forth below, please indicate your intention to vote “for” or “against” each agenda item, then affix your seal to the voting instructions form and send the said form to us.

1. Date and time: June 27, 2003 (Friday) at 10:00 a.m.
2. Place: Main Conference Room of the Company
32-1, Asahi-cho 1-chome, Nerima-ku, Tokyo
3. Subject matters of the meeting:
 - Matters to be reported:

Matters concerning the business report, balance sheet and statement of income for the 61st Fiscal Year (from April 1, 2002 to March 31, 2003).
 - Matters to be resolved:
 - Agenda Item No. 1: Approval of the proposed appropriation of retained earnings for the 61st fiscal year
 - Agenda Item No. 2: Repurchase of the Company’s shares
(An outline of this agenda item is set forth on page 25 of the “Reference Documents with respect to the Exercise of Voting Rights” below)
 - Agenda Item No. 3: Amendment of part of the Articles of Incorporation
(An outline of this agenda item is set forth on page 25 through 29 of the “Reference Documents with respect to the Exercise of Voting Rights” below)

- Agenda Item No. 4: Election of seven directors
- Agenda Item No. 5: Election of two corporate auditors
- Agenda Item No. 6: Issuance of stock acquisition rights as stock options
(An outline of this agenda item is set forth on page 32 through 35 of the “Referential Documents with respect to the Exercise of Voting Rights” below)
- Agenda Item No. 7: Payment of retirement bonuses to retiring directors

When attending the meeting on the date set forth above, please submit the voting instruction form enclosed herewith to the reception desk at the place of the meeting.

We respectfully request that you attend the reception to be held for the shareholders and the management of the Company after the meeting of shareholders is over.

(Attachment)

Business Report

(April 1, 2002 through March 31, 2003)

1. Overview of Business

(1) Results of Business

(a) Business Conditions

During the fiscal year, the world economy continued to experience falling stock prices and global deflation caused by stagnating growth in North America and Europe and the poor economy in Japan. These factors, together with the war on Iraq and the growing epidemic of Severe Acute Respiratory Syndrome (SARS), served to increase uncertainty for the coming future.

In the electronics industry, notwithstanding certain signs of improvement, neither the semiconductor nor the tester market reached a true state of recovery as both Japanese and overseas telecommunication carriers and semiconductor manufacturers continued significant cuts in their capital expenditures in light of the reduced demand for telecommunications equipment caused by reduced global investment in telecommunication infrastructures and information technologies, sluggish personal computer sales and falling semiconductor prices.

Despite the Company's efforts to tackle these market conditions through the timely introduction of new products and programs to increase customer satisfaction, orders and sales remained weak as customers continued to reduce their investment levels. In response to this challenging environment, the Company continued its efforts to step up structural reforms. The Company implemented a number of structural reforms aimed at improving profitability, including selectively focusing on certain businesses and renovation of business processes, a significant reduction of personnel and other expenses, which involved the reduction of headcount, and a reduction of capital expenditures.

As a result of the above, as compared with the previous fiscal year, incoming orders increased by 49.6% to ¥78.2 billion, net sales increased by 5.2% to ¥76.6 billion, while ordinary loss was ¥19 billion and net loss was ¥11.4 billion, as the adverse results from the previous fiscal year continue. Overseas sales as a percentage of total sales were 52.9%, as compared to 53.1% in the previous fiscal year.

Analyzing the Company's business by segment, the automated test equipment segment continued to see reduced capital expenditures by semiconductor manufacturers. However, despite the stagnating growth in personal computers and high-speed communication, demand for testers used in the manufacturing of digital consumer devices remained strong as DVD devices, digital cameras and other digital electronics recorded strong sales primarily in Japan, and the shift toward full-color screens and camera-equipped models generated significant replacement demand for mobile phones.

In the memory tester market, flash memory testers recorded strong sales. In addition, DRAM testers received an increased level of inquiries as investments were being made in back-end manufacturing in response to the shift from synchronized DRAM to DDR-DRAM. For this market, the Company introduced the T5593 high-speed memory tester for next generation DDR memory chips and a new memory handler model within the M6500 series for high-speed DRAM.

In the SoC (System-on-a-Chip) tester market, sales of the T6500 series SoC test systems were strong due to the expanded production of digital consumer electronics and DVD devices. In addition, due to the strong market for LCD driver ICs used in LCD displays, digital cameras and mobile phones, the T6300 series LCD driver test systems recorded strong sales in Japan, Korea and Taiwan. In response to the testing needs for increasingly complex SoC devices, the Company announced in July 2002 its proposal to establish a consortium, the "Semiconductor Test Consortium, Inc.", or STC, toward achieving a truly open test architecture. This consortium, responsible for setting and approving an OPENSTARTM standard, was formed in March 2003 and has officially begun working toward establishing a highly scalable and flexible industry standard for testers.

Through the adoption of the OPENSTAR™ standard, the Company will provide a group of products that can cover devices ranging from specialized, single purpose ones to general purpose ones.

With respect to maintenance services, in order to drastically speed up the global distribution of maintenance parts, the Company worked with Federal Express to establish a system that cuts delivery time by more than half, to within 24 hours to Asia and within 48 hours to the United States and Europe. In October 2002, the Company transferred its software support operations to a subsidiary, Advantest Customer Engineering Corporation, to centralize its after-sales support services. This subsidiary, which was renamed Advantest Customer Support Corporation, provides strengthened comprehensive support solutions.

As a result of the above, incoming orders in the automated test equipment segment, as compared with the previous fiscal year, increased by 82.9% to ¥66.8 billion, while net sales of the segment increased by 22.9% to ¥64.6 billion. Overseas sales as a percentage of total sales in the automated test equipment segment were 57.7%, as compared to 61.0% in the previous fiscal year.

In the measuring instrument segment, the wireless communication market has generally been weak due to delays in the launch of IMT2000¹ services in North America and Europe. Meanwhile, spectrum analyzers for the wireless LAN market generated strong sales as the market for wireless LAN devices was relatively successful. For this market, the Company is introducing a number of measuring instruments based on its WMT² platform, including a high-performance signal analyzer for next-generation mobile communication.

The fiber optic communication market experienced a further decline due to the continuing curb on capital expenditures. For this market, the Company introduced a dispersion optical time-domain reflectometer and a laser diode test system that simultaneously tests both the basic and transmission characteristics of laser diodes.

In connection with the termination of the distribution arrangement with Tektronix, Inc., the Company established Advantest America Measuring Solutions, Inc., a subsidiary to market and service the Company's measuring instruments in the United States. By establishing its own sales channel and performing its sales and maintenance activities directly, the Company intends to provide comprehensive services that respond timely to customer needs.

As a result of the above, incoming orders in the measuring instrument segment, as compared with the previous fiscal year, decreased by 27.8% to ¥11.3 billion, while net sales of the segment decreased by 40.8% to ¥12.0 billion. Overseas sales as a percentage of total sales in the measuring instrument segment were 27.3%, as compared to 32.5% in the previous fiscal year.

*1 "IMT2000" - International Mobile Telecommunications 2000. The third generation of digital mobile communication technology

*2 WMT (Wizard of Module Test) is a common platform proprietarily developed by the Company to provide measuring instruments customized for specific applications through the addition of blocks and modules necessary for the specific type of testing.

(Sales Breakdown by Segment)

Fiscal Year Segment	FY2001		FY2002		Change from the previous period	
	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)	Amount (in million yen)	Percentage (%)
Automated Test Equipment	52,619	72.2	64,656	84.3	12,037	22.9
Measuring Instrument	20,038	27.8	12,030	15.7	(8,278)	(40.8)
Total	72,928	100.0	76,686	100.0	3,758	5.2
Export	38,714	53.1	40,570	52.9	1,856	4.8

(b) Challenges Ahead

The global economy is in general experiencing growing uncertainty as consumption slows and unemployment levels rise throughout the world, in addition to concerns regarding the economic consequences of the war on Iraq and of the SARS epidemic.

Despite some signs of recovery with respect to investments in the development and production of next generation or state-of-the-art technologies, participants in the electronics industry, including semiconductor and telecommunication equipment manufacturers, are in general continuing their curb on capital expenditures. As a result, demand is not expected to pick up until the second half of the upcoming fiscal year.

As such, while the business conditions affecting the Company can be expected to recover somewhat beginning in the second half of the fiscal year, difficult challenges and uncertainties are expected to remain. In response to this environment, the Company will focus on improving profitability through efforts to expand sales by introducing new products, in addition to renovation of its business processes, including continued production restructuring, and significant cost-cutting measures.

As part of its structural reform program, the Company will spin off and transfer its semiconductor test equipment manufacturing operations to Advanelectron Co., Ltd. on around July 1, 2003. In addition, the Company will cause Advantest Instruments Corporation to merge into Advanelectron Co., Ltd., which will be renamed Advantest Manufacturing, Inc.

In addition, the Company is focused on improving operating results through establishing an operating structure that responds timely to market changes, promoting early development of key future technologies and providing timely customer solutions under the concept of "GETsolution".³

The Company began listing on the New York Stock Exchange in September 2001. The Company hopes this listing will facilitate its overseas business activities, particularly in the U.S., and will seek to strengthen its investor relations and disclosure efforts and increase public recognition of the Company.

The Company launched in October 2001 a company-wide initiative called "Initiative 21." This initiative seeks to promote effective ideas and strategies at all levels of the Company, from the sales, development and manufacturing to maintenance and administrative divisions, in order to improve the Company's competitiveness. Through the efforts of each and every employee in accepting new challenges, the Company seeks to achieve further growth while fulfilling its social mission. This initiative will continue through 2004, the year that marks the Company's 50th anniversary.

In order to strengthen its corporate governance and ensure timely response to rapid changes in the business environment, the Company plans to reorganize its Board of Directors and introduce an Executive Officer system. Specifically, the monitoring/supervisory and executive functions of the Board of Directors will be separated from each other and individually strengthened. The Board of Directors, as the highest decision-making organ, will be responsible for the formulation of group-wide business policies and strategies as well as the monitoring and supervision of operations. The number of directors will be significantly reduced to streamline and revitalize the Board meetings. At the same time, the Company will introduce an Executive Officer system. These Executive Officers will be delegated clearly defined authority to enable them to run operations speedily and efficiently and will have clearly defined responsibilities for running operations. In addition, the Company will appoint an additional outside corporate auditor to strengthen the auditing function of the Board of Corporate Auditors.

We look forward to your continued support and guidance as shareholders.

*3 GETsolution (Globally Enabled Total solution) is the Company's service-based business designed to provide a set of comprehensive solutions to issues ranging from the design to product delivery of semiconductors.

(c) Capital Expenditures

The Company invested a total of ¥2.6 billion as capital expenditures in FY2002 with a focus on new product development, manufacturing streamlining, power saving and expansion of manufacturing capacity.

i) Significant capital expenditure projects completed in FY2002

Kitakyushu R&D Center	Yahatahigashi-ku, Kitakyushu-shi, Fukuoka Prefecture	Completed in June 2002
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ii) As of March 31, 2003, the Company does not have any plans for significant capital expenditure projects.

(d) Financing

No significant financing activity took place in FY2002.

(2) Historical Data on Business Results and Assets

	FY1999	FY2000	FY2001	FY2002
Net sales (in million yen)	142,209	225,309	72,928	76,686
Net income (in million yen)	14,426	31,820	(19,265)	(11,467)
Net income per share (in yen)	144.82	319.08	(193.71)	(116.49)
Net assets (in million yen)	203,379	230,988	204,058	178,253
Total assets (in million yen)	299,555	354,357	258,544	235,456

Note 1: The calculation of net income per share was based on the average number of total shares outstanding during the relevant fiscal year.

Note 2: Due to an amendment in the Commercial Code and the “Regulations Regarding Balance Sheets, Statements of Income, Business Reports and Supporting Schedules of Stock Corporations” that requires that treasury stock be presented in stockholders’ equity as a deduction item, the number of shares held by the Company as treasury stock was deducted from the average number of total outstanding shares when calculating net income per share beginning in FY2001.

Note 3: Beginning FY2002, the Company has adopted the “Accounting Standards Regarding Calculations of Earnings Per Share of the current net earnings” (ASB Statement No. 2) and “Guideline for Accounting Standards Regarding Calculations of Earnings Per Share of the current net earnings” (ASB Guideline No. 4).

2. Company Information (as of March 31, 2003)

(1) Primary Areas of Business

Segment	Main Products
Automated Test Equipment	SoC (System-on-a-Chip) test systems, DFT test systems, Memory test systems, Flash memory test systems, RFIC test systems, Image sensor test systems, LCD driver test systems, Dynamic test handlers, Device interface units, Electronic beam lithography equipment.
Measuring Instruments	Digital multimeters, Digital thermometers, DC voltage/current generators, Electrometers, Spectrum analyzers, Network analyzers, Signal generators, Radio communication testers, Power meters, EMC test receivers, Optical power meters, Optical spectrum analyzers, OTDR, Optical wavelength meters, Laser diode test systems, Optical network analyzers, Optical chirp test sets, Polarization scramblers, Error rate test systems, Digital television/video testers, Measuring instrument peripherals.

(2) Equity Stock

(a) Total number of authorized shares	220,000,000 shares
(b) Total number of issued shares	99,783,385 shares
(c) Number of shareholders	38,816

(d) Major shareholders

Name of Shareholder	Status of Ownership		The Company's Interest in such Shareholder	
	Number of Shares (in thousand shares)	Percentage in Voting Rights (%)	Number of Shares (in thousand shares)	Percentage in Voting Rights (%)
Mizuho Trust & Banking Co., Ltd. (retirement benefit trust (Fujitsu account))	16,023	16.33	–	–
Japan Trustee Services Bank, Ltd. (trust account)	5,129	5.22	–	–
Fujitsu Limited	4,047	4.12	–	–
The Master Trust Bank of Japan, Ltd. (trust account)	3,620	3.69	–	–
UFJ Trust Bank Limited (trust account A)	3,607	3.67	–	–
The Chase Manhattan Bank N.A. London S.L. (omnibus account)	2,721	2.77	–	–
State Street Bank and Trust Company	2,110	2.15	–	–
Mizuho Corporate Bank, Ltd.	2,108	2.14	–	–
Sompo Japan Insurance Inc.	1,956	1.99	360	0.03
Mitsui Asset Trust and Banking Company, Limited (as investment trustee)	1,915	1.95	–	–

- (Notes)
1. Mizuho Trust & Banking Co., Ltd. holds the 16,023 thousand shares of common stock referred above as the trustee of a retirement benefit plan of Fujitsu Limited, and exercises its voting rights pursuant to instructions given by Fujitsu Limited.
 2. The Company owns 125 shares (or 0.00% of all voting rights, which excludes preferred shares with no voting rights) of the common stock of UFJ Holdings, Inc., which is the holding company for UFJ Trust Bank Limited.
 3. The Company owns 1,031 shares (or 0.01% of all voting rights) of the common stock and 1,000 shares of preferred shares with no voting rights of Mizuho Financial Group, Inc., which is the holding company for Mizuho Corporate Bank, Ltd.
 4. Sompo Japan Insurance Inc. was formed out of a merger between the Nissan Fire & Marine Insurance Co., Ltd. and the Yasuda Fire and Marine Insurance Company, Ltd. on July 1, 2002.

(3) Acquisition, Disposition and Holding of Treasury Stock

(i) Acquisition

Repurchase of shares pursuant to Article 3, Paragraph 4 of the Supplementary Provisions to the Law Amending Part of the Commercial Code, etc. (Law no.79 of 2001)

Common stock 1,200,000 shares

Aggregate cost of acquisition ¥10,665,839 thousand

Repurchase of shares constituting less than a trading unit

Common stock 11,372 shares

Aggregate cost of acquisition ¥65,056 thousand

(ii) Disposition

Common stock - shares

Aggregate proceeds from disposition - thousand

(iii) Number of treasury stock as of end of period

Common stock 1,537,026 shares

(4) Employees

Number of Employees	Change from End of Previous Period	Average Age	Average Years of Service
1,607	(227)	35.94	11.34

- (Notes) 1. The employee numbers set forth above do not include employees seconded to affiliates.
2. The number of employees decreased by 12.4% from the end of the previous fiscal year due to a voluntary retirement program implemented as part of the Company's organizational reform efforts.

(5) Business Combinations

(a) Significant Subsidiaries

Name of Subsidiary	Common Stock	Percentage of Ownership	Principal Activities
Advantest Laboratories Ltd.	¥50 million	100%	Research and development of measuring and testing technologies
Advantest Customer Support Corporation	¥300 million	100%	Maintenance service for the Company's products
Advanmechatec Co., Ltd.	¥300 million	100%	Manufacturing of the Company's products
Advantest Instruments Corporation	¥100 million	100%	Manufacturing of the Company's products
Advanmicrotec Co., Ltd.	¥50 million	100%	Manufacture of components used in the Company's products
Advanelectron Co., Ltd.	¥50 million	100%	Manufacturing of the Company's products
Advantest Finance Inc.	¥1,000 million	100%	Leasing of the Company's products
Advantest America Corporation (Holding Co.)	US\$43,000 thousand	100%	Headquarters of North American operations
Advantest America, Inc.	US\$42,000 thousand	100%	Manufacturing and sales of the Company's products
Advantest (Europe) GmbH	10,792 thousand Euros	100%	Headquarters of European operations; sales of the Company's products
Advantest Asia Pte. Ltd.	15,300 thousand Singapore Dollars	100%	Headquarters of Asian operations
Advantest Taiwan Inc.	560,000 thousand New Taiwan Dollars	100%	Sales of the Company's products
Advantest (Singapore) Pte. Ltd.	500 thousand Singapore Dollars	100%	Sales of the Company's products

(Note) Percentage of ownership includes indirectly held shares.

(b) Business Combination Activities

- (i) Advantest Business Corporation terminated operation on June 30, 2002.
- (ii) Advantest America Measuring Solutions, Inc. started its operation from July 1, 2002 in the U.S. as a subsidiary to perform measuring instrument sales and support services.
- (iii) Advantest Customer Support Corporation was renamed from Advantest Customer Engineering Corporation on October 1, 2002.
- (iv) Advantest Shanghai Co., Ltd. was established on January 17, 2003 in China as a subsidiary to perform support services for automated test equipment and other the Company's products.
- (v) The Company sold its entire stake in Advantest AD Corporation on March 31, 2003.

(c) Results of Business Combination Activities

The Company has 41 subsidiaries (including the 13 significant subsidiaries listed above) and 1 equity method affiliate. In FY2002, consolidated net sales was ¥97.7 billion (up 2.6% from the previous fiscal year) and consolidated net loss was ¥12.9 billion.

(6) Significant Sales and Branch Offices

Category	Name of Office	Location
Head Office, Branch Office and Sales Office	Head Office	Shinjuku-ku, Tokyo
	Nerima Office	Nerima-ku, Tokyo
	Gyoda Office	Gyoda-shi, Saitama
	Western Japan Office	Suita-shi, Osaka
	Instrument Sales Department – Communication Products	Takatsu-ku, Kawasaki-shi, Kanagawa
	Government & Public Organizations Sales Department	Nerima-ku, Tokyo
	Sendai Sales Branch	Aoba-ku, Sendai-shi, Miyagi
	Tokyo Sales Branch	Nerima-ku, Tokyo
	Nagoya Sales Branch	Chigusa-ku, Nagoya-shi, Aichi
	Osaka Sales Branch	Suita-shi, Osaka
	ATE Department 1	Shinjuku-ku, Tokyo
ATE Department 2	Suita-shi, Osaka	
R&D Centers	Gunma R&D Center	Meiwa-machi, Ora-gun, Gunma
	Otone R&D Center	Otone-machi, Kitasaitama-gun, Saitama
	Kitakyushu R&D Center	Yahatahigashi-ku, Kitakyushu-shi, Fukuoka
Laboratories	Advantest Laboratories	Aoba-ku, Sendai-shi, Miyagi
Factories	Gunma Factory	Ora-machi, Ora-gun, Gunma
	Gunma Factory 2	Ora-machi, Ora-gun, Gunma
	Menuma Factory	Menuma-machi, Osato-gun, Saitama
Other	EMC Center	Meiwa-machi, Ora-gun, Gunma

(7) Directors and Corporate Auditors

Title	Name	Area of Responsibility
Chairman of the Board and CEO	Hiroshi Oura	
Vice Chairman of the Board	Shinpei Takeshita	
President and COO	Toshio Maruyama	
Senior Managing Director	Kiyoshi Miyasaka	In charge of Corporate Planning and Strategies; Senior Vice President, Strategic Business Initiatives
Senior Managing Director	Shigeru Sugamori	In charge of Service and Technology
Senior Managing Director	Junji Nishiura	In charge of Product
Managing Director	Isao Kitaoka	Senior Vice President, Instrument Sales and Marketing Group
Managing Director	Hiroji Agata	Senior Vice President, ATE Sales Group
Managing Director	Kenichi Mitsuoka	Senior Vice President, FA Business Group; General Manager, Handler Division
Managing Director	Takashi Tokuno	Senior Vice President, ATE Business Group
Managing Director	Hitoshi Owada	Senior Vice President, Administration and Finance Division
Managing Director	Masakazu Ando	In charge of Instrument Business
Board Director	Jiro Katoh	Vice President, Instrument Business Group; General Manager, Engineering Division
Board Director	Tetsuo Aoki	Vice President, Strategic Business Initiatives
Board Director	Norihito Kotani	Senior Vice President, Instrument Business Group; General Manager, Product Development Division; Senior Vice President, Technology Development Group
Board Director	Takao Tadokoro	General Manager, ATE Systems Engineering Division of the ATE Business Group
Board Director	Hiroyasu Sawai	Vice President, ATE Sales Group
Board Director	Yuri Morita	Vice President, Administration and Finance Division (in charge of legal, intellectual property and export control); Manager, General Affairs Department and Legal Department
Board Director	Hiroshi Tsukahara	Senior Vice President, DI Business Group; General Manager, DI Business Division
Board Director	Masao Shimizu	In charge of SoC Tester Product of ATE Business Group; General Manager, 1st SoC Tester Business Division
Corporate Standing Auditor	Noboru Yamaguchi	
Corporate Standing Auditor	Tadahiko Hirano	
Corporate Auditor	Keizo Fukagawa	Corporate Standing Auditor of Fujitsu Limited

(Note) 1. Changes in the appointment of board directors and corporate auditors during FY2002

(1) Changes adopted by the 60th General Meeting of Shareholders on June 27, 2002

None

(2) Changes adopted by the Meeting of the Board of Directors on June 27, 2002

None

2. Significant changes in the area of responsibility or position of board directors subsequent to the end of FY2002

Effective May 1, 2003

President and COO	Toshio Maruyama	Director, Environmental Management Center
Board Director	Yuri Morita	Vice President, Administration and Finance Division (in charge of

legal, intellectual property and export control); Manager, General Affairs Department and Legal Department; Deputy Director, Environmental Management Center

3. Among the corporate auditors set forth above, Keizo Fukagawa is an outside corporate auditor appointed pursuant to Article 18, Section 1 of the “Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations.”

(8) Description of stock acquisition rights issued under especially favorable terms to persons who are not shareholders

On July 5, 2002, the Company issued stock options in the form of stock acquisition rights pursuant to a resolution of the Board of Directors dated June 27, 2002.

1. Number of stock acquisition rights issued 7,350
2. Class and total number of shares underlying the stock acquisition rights 735,000 shares of common stock (each stock acquisition right is exercisable for 100 shares)
3. Issuance price ¥0
4. Subscription price to be paid upon exercise ¥8,148 per share
5. Exercise period April 1, 2003 to March 31, 2007
6. Terms of exercise

- (a) A person to whom stock acquisition rights are allocated (a “rights holder”) may not exercise its rights if:
 - (i) the rights holder ceases to be a director, corporate auditor or employee of the Company or its domestic or overseas subsidiary before the expiration of the exercise period, and is not appointed or rehired as a director, corporate auditor, employee, advisor or irregular employee, except where the termination is due to the completion of his/her term of office or his/her reaching retirement age;
 - (ii) the rights holder dies;
 - (iii) the rights holder notifies the Company of his/her intention to waive the rights;
 - (iv) the rights holder becomes an officer or employee of a company engaging in competing business, and is notified by the Company of the revocation of his/her rights; or
 - (v) the rights holder violates the law or the agreement governing the granting of the stock acquisition rights, and is notified by the Company of the revocation of his/her rights.
- (b) The stock acquisition rights may not be inherited.
- (c) Each stock acquisition right may not be exercised in part.

7. Cancellation of stock acquisition rights

- (a) The Company may cancel, for no consideration, any stock acquisition right in the event that the general meeting of the shareholders resolves to approve (i) any merger agreement pursuant to which the Company shall cease to exist, or (ii) any share exchange agreement or share transfer pursuant to which the Company shall become a wholly-owned subsidiary of another company.
- (b) The Company may cancel, for no consideration, all or part of the stock acquisition rights of a rights holder to the extent that such stock acquisition rights are not exercisable due to the rights holder’s failure to satisfy any of the conditions for exercise of stock acquisition rights.

8. Restriction on the transfer of stock acquisition rights

Any transfer of stock acquisition rights shall require the approval of the Board of Directors.

9. Favorable terms related to the stock acquisition rights

The stock acquisition rights were issued for no consideration to directors, corporate auditors and employees of the Company and its domestic and overseas subsidiaries.

10. Names of the persons to which stock acquisition rights were allocated and the number of rights allocated

(titles are based on information current as of the time of allocation)

(a) Directors of the Company

Name	Number of stock acquisition rights	Class and total number of shares underlying the stock acquisition rights
Hiroshi Oura	350	35,000 shares of common stock
Shinpei Takeshita	250	25,000 shares of common stock
Toshio Maruyama	300	30,000 shares of common stock
Kiyoshi Miyasaka, Shigeru Sugamori, Junji Nishiura	200 each	20,000 shares of common stock each
Isao Kitaoka, Hiroji Agata, Kenichi	160 each	16,000 shares of common stock each

Mitsuoka, Takashi Tokuno, Hitoshi Owada, Masakazu Ando		
Jiro Katoh, Tetsuo Aoki, Norihito Kotani, Takao Tadokoro, Hiroyasu Sawai, Yuri Morita, Hiroshi Tsukahara, Masao Shimizu	120 each	12,000 shares of common stock each

(b) Corporate auditors of the Company

Name	Number of stock acquisition rights	Class and total number of shares underlying the stock acquisition rights
Noboru Yamaguchi, Tadahiko Hirano, Keizo Fukagawa	30 each	3,000 shares of common stock each

(c) Directors of the Company's subsidiaries

Name	Number of stock acquisition rights	Class and total number of shares underlying the stock acquisition rights
Young Hwan Kim, Sui Yoong Cheng, Nicholas Konidaris, Josef Schraetzenstaller	100 each	10,000 shares of common stock each
Klaus Lutz, Robert Sauer	80 each	8,000 shares of common stock each
Ping Nieh	50	5,000 shares of common stock
Keishi Kaetsu, Mineo Kamiya, Katsusaburo Kawaguchi, Michiaki Chamoto, Shoji Niki, Hiromi Maruyama, Katsuaki Minami	30 each	3,000 shares of common stock each
Kazuo Aoki, Kuniyasu Asada, Isamu Inaba, Hiroshi Eguchi, Toshimitsu Oya, Minoru Terashima	10 each	1,000 shares of common stock each

(d) Corporate auditors of the Company's subsidiaries

Name	Number of stock acquisition rights	Class and total number of shares underlying the stock acquisition rights
Toshikazu Imai	20	2,000 shares of common stock

(e) Employees of the Company and its subsidiaries (the table below shows only the top 10 grantees)

Name	Number of stock acquisition rights	Class and total number of shares underlying the stock acquisition rights
Michael Stichlmair	50	5,000 shares of common stock
Hitoshi Ashida, Tomio Aso, Masao Araki, Hideaki Imada, Tomomichi Uemura, Shin'ichiro Umeda, Yoshio Endo, Tomoyuki Kawanabe, Akira Kintaka	30 each	3,000 shares of common stock each

Balance Sheet

(As of March 31, 2003)

(In million yen)

Assets		Liabilities	
Current assets	140,656	Current liabilities	21,754
Cash and deposits	56,949	Trade accounts payable	10,371
Trade notes receivable	901	Current installments of bonds	2,200
Accounts receivable	32,838	Other accounts payable	1,311
Finished goods	5,741	Income tax payable	28
Raw materials	6,350	Accrued expenses	5,218
Work in progress	15,007	Allowance for product warranty	1,658
Supplies	118	Other	965
Deferred tax assets	12,278	Noncurrent liabilities	35,447
Other	10,468	Bonds	24,500
Noncurrent assets	94,799	Long-term borrowings	125
Property, plant and equipment	44,399	Allowance for retirement benefits	8,510
Buildings and improvements	18,780	Allowance for officers' retirement benefits	1,426
Structures	1,285	Other	884
Machinery and equipment	3,389	Total liabilities	57,202
Vehicles and delivery equipment	0	Stockholders' equity	
Tools and furniture	2,678	Common stock	32,362
Land	18,133	Capital surplus	32,973
Construction in progress	131	Additional paid-in capital	32,973
Intangible fixed assets	3,990	Retained earnings	126,187
Software and other	3,990	Legal reserve	3,083
Investments and other assets	46,410	Reserve for losses in foreign investments	27,062
Investment securities	5,530	General reserve	106,880
Investments in subsidiaries	14,087	Undisposed deficit at end of year	10,837
Long-term loans receivable	51	(Net loss)	(11,467)
Deferred tax assets	24,999	Net unrealized holding gains on equity securities etc.	(104)
Other	1,741	Net unrealized holding gains on other securities	(104)
		Treasury stock	(13,165)
		Total stockholders' equity	178,253
Total assets	235,456	Total liabilities and stockholder's equity	235,456

(Note) All amounts above are truncated after the million.

Beginning this fiscal year, the Company adopted the "Regulation for the Commercial Code" (Ministerial Ordinance of Ministry of Justice No.22, issued on March 29, 2002) for its financial statements, etc.

1. Short-term receivables from subsidiaries ¥21,535 million
2. Short-term payables to subsidiaries ¥3,860 million
3. Outstanding loan guarantees ¥67 million
4. Accumulated depreciation on property, plant and equipment ¥52,354 million

5. Assets pledged as collateral ¥415 million
 - Property, plant and equipment

6. In addition to the noncurrent assets on the balance sheet, the Company uses certain computer equipment under lease contracts.

7. Significant foreign currency-denominated assets
 - Trade accounts receivable US\$30,273 thousand
 - Investment securities and investments in subsidiaries US\$51,701 thousand
 - 13,270 thousand Euros

8. The amount of outstanding warrants attached to bonds, class of equity issuable upon exercise of such warrants and their exercise prices are as set forth below:

	Amount outstanding	Class of equity issuable upon exercise	Exercise price
Series 2 unsecured bonds	¥110 million	Common stock	¥21,840.00

with warrants			
Series 3 unsecured bonds	¥225 million	Common stock	¥14,018.00
with warrants			

9. Details of stock acquisition rights are as follows:

Issued on July 5, 2002

Number of stock acquisition rights issued	7,350
Class and total number of shares underlying the stock acquisition rights	735,000 shares of common stock (each stock acquisition right is exercisable for 100 shares)
Issuance price	¥0
Subscription price to be paid upon exercise	¥8,148 per share

10. Net loss per share

¥116.49

11. There was no increase in net assets within the definition of Article 290, Paragraph 1, Clause 6 of the Commercial Code.

Statement of Income

(April 1, 2002 through
March 31, 2003)

(In million yen)

Ordinary profit and loss	Operating profit and loss	Operating income		
		Net sales		76,686
		Operating expenses		
		Cost of sales	49,163	
	Selling, general and administrative expenses	45,732	94,895	
	Operating loss		18,209	
	Non-operating profit and loss	Non-operating income		
		Interest and dividends income	1,902	
		Other	2,404	4,307
		Non-operating expenses		
Interest expenses		474		
Other		4,707	5,182	
Ordinary loss		19,084		
Net loss before income taxes				19,084
Income taxes - current				43
Income taxes - deferred				(7,659)
Net loss				11,467
Retained earnings brought forward				2,595
Interim dividends				1,965
Undisposed deficit at end of year				10,837

(Note) All amounts above are truncated after the million.

Transactions with subsidiaries

Sales	¥31,898 million
Purchases	¥28,067 million
Non-operating transactions	¥3,975 million

Significant Accounting Policies

1. Valuation of securities
 - (1) Investments in subsidiaries

Stated at cost using the moving average method
 - (2) Other securities
 - (a) Securities with fair value

Stated at fair value based on market prices at the end of the relevant period (unrealized holding gains and losses are accounted for as a component of stockholders' equity; cost of other securities sold is determined using the moving average method).
 - (b) Securities not practicable to estimate fair value

Stated at cost using the moving average method
2. Valuation of inventories
 - (1) Finished goods

Stated at cost using the periodic average method
 - (2) Raw materials

Stated at lower cost or market using the periodic average method
 - (3) Work in progress

Stated at cost using the periodic average method
 - (4) Supplies

Stated at cost using the specific identification method
3. Depreciation and amortization of noncurrent assets
 - (1) Depreciation of plant, property and equipment

Based on the declining balance method

However, buildings (excluding attached improvements) acquired on or after April 1, 1998 are depreciated using the straight-line method.
 - (2) Amortization of intangible fixed assets

Based on the straight-line method

However, software for internal use is amortized using the straight-line method over its estimated useful life of 5 years.
4. Translation of assets and liabilities denominated in foreign currencies into yen

Receivables and payables denominated in foreign currencies are translated into yen at the spot exchange rate on the last day of the fiscal period, and any translation gains or loss are accounted for as profit or loss as the case may be.
5. Allowances
 - (1) Allowance for doubtful accounts

To prepare for credit losses on accounts receivable and loans, etc., an allowance equal to the estimated amount of uncollectible receivables is provided for general receivables based on a historical write-off ratio, and for bad receivables based on a case-by-case determination of collectibility.
 - (2) Allowance for product warranty

To reasonably account for repair costs covered under product warranty in the respective periods in which they arise, the allowance for a given year is provided in an amount determined based on the ratio of repair costs in that year to net sales in the preceding year.
 - (3) Allowance for retirement benefits

To provide for employee retirement benefits, an allowance for retirement benefits is provided in an amount determined based on the estimated retirement benefit obligations and pension assets at the end of the fiscal year.

Past service liabilities are amortized on a straight-line basis over a fixed number of years (17 years) during the average remaining years of service of employees.

Any actuarial gains and losses are amortized on a straight-line basis over a fixed number of years (17 years) during the average remaining years of service of employees, and the amount is recorded in the fiscal year subsequent to its occurrence.

(4) Allowance for officers' retirement benefits

To provide for officers' retirement benefits, an allowance is provided for the aggregate amount payable at the end of the period pursuant to the Company's rules on officers' retirement benefits. This allowance is stipulated under Article 287-2 of the Commercial Code.

6. Accounting for lease transactions

Finance lease transactions not involving a transfer of title to the lessee are accounted for in the same way as usual operating lease transactions.

7. Accounting for consumption taxes

Consumption taxes are accounted using the net-of-tax method.

(Changes in Accounting Policies)

1. Accounting treatment of treasury stock and reversal of legal reserve

Beginning this fiscal year, the Company has adopted the "Accounting Standards for the Company's Own Shares and the Withdrawal of Legal Reserve" (ASB Statement No. 1). The adoption of this new standard had no material impact on the results of this fiscal year.

2. Accounting treatment of earnings per share

Beginning this fiscal year, the Company has adopted the "Accounting Standards Regarding Calculations of Earnings Per Share of the current net earnings" (ASB Statement No. 2) and the "Guideline for Accounting Standards Regarding Calculations of Earnings Per Share of the current net earnings" (ASB Guideline No. 4). The adoption of this new standard had no material impact on the results of this fiscal year.

Proposed Appropriation of Retained Earnings

(In yen)

Item	Amount
Undisposed deficit	10,837,452,230
Reversal of voluntary reserve	
Reversal of general reserve	14,000,000,000
Total	3,162,547,770
Earnings will be appropriated as follows:	
Dividends (¥10 per share)	982,463,590
Earnings to be carried forward	2,180,084,180

(Note) On December 10, 2002, the Company paid interim dividends of ¥20 per share (or ¥1,965,114,580 in total) to its shareholders of record as of September 30, 2002.

Independent Auditor's Report

May 9, 2003

To the Board of Directors of Advantest Corporation:

Shin Nihon & Co.

Shigenori Hanada
Daihyo Shain and
Kanyo Shain
Certified Public Accountant



Mitsuo Cho
Kanyo Shain
Certified Public Accountant



We have audited the financial statements, which included the balance sheet, statement of income, the business report, the proposed appropriation of retained earnings and the supporting schedules of Advantest Corporation for its 61st fiscal year (April 1, 2002 through March 31, 2003) for the purpose of reporting under the provisions of Article 2 of the "Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations." With respect to the aforementioned business report and the supporting schedules, our audit was limited to those matters based on the accounting records of the Company. The management of the Company was responsible for the preparation of these financial statements and the supporting schedules, and our responsibility shall be limited to the expression of an independent opinion regarding the financial statements and the supporting schedules.

We conducted our audit in accordance with auditing standards generally accepted in Japan. The auditing standards require reasonable assurance that the financial statements and the supporting schedules do not contain any untrue representation of material fact. The audit was conducted based on an audit by testing, and included a review of the financial statements and the supporting schedules as a whole and an evaluation of the accounting policies adopted by the management, the application thereof, and the estimates prepared by the management. We believe that we have obtained a reasonable basis to form our opinion as a result of the audit. The auditing procedures also include those considered necessary for its subsidiaries.

In our opinion,

- (1) the balance sheet and statement of income present properly the financial position and the results of operations of the Company in conformity with related regulations and the Articles of Incorporation of the Company;
- (2) the business report, as far as the accounting date included in such report are concerned, presents properly the status of the Company in conformity with the related regulations and the Articles of Incorporation of the Company;
- (3) the proposed appropriation of retained earnings has been prepared in conformity with the related regulations and the Articles of Incorporation of the Company;
- (4) the supporting schedules, as far as the accounting date included in such schedules are concerned, have been prepared in conformity with the provisions of the Commercial Code.

We have no interest in the Company which should be disclosed pursuant to the provisions of the Certified Public Accountant Law.

Copy of Board of Corporate Auditors' Audit Report

Audit Report

This Audit Report was prepared by the Board of Corporate Auditors based on reports from each Corporate Auditor with respect to the method and results of audit concerning the performance by each Board Director of his respective duty during the 61st fiscal year (April 1, 2002 through March 31, 2003) of Advantest Corporation. We hereby report as follows.

1. Method of Audit

Pursuant to the audit policies established by the Board of Corporate Auditors, each Corporate Auditor has attended meetings of the Board of Directors and other important meetings, posed questions to Board Directors on the state of business, reviewed important approval-granting documents, inspected the state of business and assets at the Head Office and other important branch offices, and reviewed the financial statements and the supporting schedules upon report from independent auditors. The Corporate Auditors have also sought reports from subsidiaries of the Company on their state of business, and performed on-site inspection of the state of business and assets of important subsidiaries whenever necessary.

In the case of any engagement in competing transactions by a Board Director, transactions involving any conflict of interests between the Company and a Board Director, offering of advantage by the Company for no consideration, transactions at unusual terms with a subsidiary or shareholder, or the acquisition or disposition of treasury stock, the Corporate Auditors have, in addition to the method of audit described above, requested reports from the Board Directors and inspected such transactions in detail when necessary.

2. Result of Audit

- (1) The method and result of audit performed by Shin Nihon & Co., the independent auditor of the Company, are appropriate.
- (2) The business report of the Company accurately presents the financial conditions of the Company in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
- (3) In consideration of the financial position of the Company and other matters, the proposed appropriation of retained earnings plan presents fairly all matters required to be presented, and no irregularity was found that need to be pointed out.
- (4) The supporting schedules present fairly all matters required to be presented, and no material irregularity requiring disclosure was found.
- (5) No irregularity or violation of applicable laws or regulations or the Articles of Incorporation of the Company was found with respect to the activities of the Board Directors, including activities related to subsidiaries of the Company.

In addition, no breach of fiduciary duty by any Board Directors was found with respect to engagements in competing transactions by a Board Director, transactions involving any conflict of interest between the Company and a Board Director, offering of advantage by the Company for no consideration, transactions at unusual terms with a subsidiary or shareholder, or the acquisition or disposition of treasury stock.

May 16, 2003

Board of Corporate Auditors of Advantest Corporation

Noboru Yamaguchi
Corporate Standing Auditor



Tadahiko Hirano
Corporate Standing Auditor



Keizo Fukagawa
Corporate Auditor



(Note) Keizo Fukagawa is an outside corporate auditor appointed pursuant to Article 18, Section 1 of the "Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations."

Reference Documents with respect to the Exercise of Voting Rights

1. Number of voting rights of all shareholders: 980,883 voting rights
2. Agenda Items and Reference Matters:

Agenda Item No. 1: Approval of the proposed appropriation of retained earnings for the 61st fiscal year

The details of the appropriation of retained earnings for this fiscal year are as described on page 22 of the attached document.

The basic policy of the Company is to continue to provide stable dividends, while promoting the further growth and enhancement of corporate culture and seeking to strengthen management bases and improve business performance.

Despite our efforts, the Company incurred a significant loss in this fiscal year due to stagnation in both orders accepted and sales, following broad cutbacks in capital investment by domestic and foreign semiconductor manufacturers, caused by global-scale downturn of share prices and deepening deflation.

As a result, the Company proposes to pay as dividends for this fiscal year ¥10 per share. Annual dividends for this fiscal year, including interim dividends (¥20 per share), will be ¥30 per share (a reduction by ¥10 in comparison with the dividend for the previous fiscal year).

No bonus for Directors and Corporate Auditors was incurred for this year.

Agenda Item No. 2: Repurchase of the Company's shares

In order to achieve a flexible capital structure that can respond to changes in business conditions, the Company proposes to repurchase up to 3,000,000 shares of its common stock, at a total purchase price of up to ¥20 billion, pursuant to the provisions of Article 210 of the Commercial Code, from the conclusion of this ordinary general shareholders' meeting and until the conclusion of the next ordinary general shareholders' meeting.

Agenda Item No. 3: Amendment of part of the Articles of Incorporation

1. Reason for amendment:
 - (1) Following the extension of the statutory term of corporate auditors from three years to four years pursuant to the "Law Amending Part of the Commercial Code and the Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations" (Law No. 149 of 2001) effective as of May 1, 2002, we propose that Article 27 (*Term of Office of Corporate Auditors*) of the present Articles of Incorporation be amended.
 - (2) Following the implementation of the "Law Amending Part of the Commercial Code, etc." (Law No. 44 of 2002) effective as of April 1, 2003, which provides for the introduction of "invalidation of share certificates" and "additional share purchase for holders of shares constituting less than one full unit", we propose that a new Article 8 (*Additional Share Purchase for Holders of Shares Constituting Less Than One Full Unit*) be inserted, and the current Article 8 (*Share Handling Regulations*) and Article 9 (*Transfer Agent*) be amended.

In addition, following the reduction in quorum requirements for a special resolution of the shareholders' meeting, Paragraph 2 shall be newly added to Article 14 (*Method of Resolution*) in order to provide a shareholders' meeting more flexibility to adopt a special resolution.

- (3) Following the reformation of the Board of Directors of the Company and the introduction of an "Executive Officer System" at the Company, Article 16 (*Number of Directors*) of the current Articles of Incorporation shall be amended so that the maximum number of directors shall be reduced from 22 to 10, and Article 12 (*Person Who Convenes Shareholders' Meetings, and Chairman*) and Article 19 (*Representative Directors and Directors with Management Positions*) of the current Articles of Incorporation shall be amended in order to abolish management positions other than Chairman and Vice Chairman.
- (4) In addition to the foregoing, the Company will make other necessary amendments and renumber certain Articles to accommodate the insertion of a new Article.

2. Details of proposed amendments:

The details of the proposed amendments are as follows:

(Changes are underlined.)

Present Article	Proposed Amendment
<p>(Newly introduced)</p> <p><u>Article 8.</u> (<i>Share Handling Regulations</i>) The registration of transfer of shares, the registration on the Beneficial Shareholders' Register in writing or digitally, the purchase of shares constituting less than one full unit and other matters related to the handling of shares of the Company and fees therefor shall be governed by the Share Handling Regulations to be prescribed by the Board of Directors.</p> <p><u>Article 9.</u> (<i>Transfer Agent</i>) 1. The Company shall have a transfer agent for its shares. 2. The transfer agent and its handling office shall be appointed by a resolution of the Board of Directors and public notice thereof shall be given. 3. The Shareholders' Register <u>and the Beneficial Shareholders' Register</u> of the Company shall be</p>	<p><u>Article 8.</u> (<i>Additional Share Purchase for Holders of Shares Constituting Less Than One Full Unit</i>) <u>A holder of shares of the Company (including a beneficial holder of shares of the Company, hereinafter each a "Shareholder") constituting less than one full unit may, in accordance with provisions of the Share Handling Regulations, demand that the Company sell to the Shareholder shares that will, together with shares held by the Shareholder, constitute one full unit.</u></p> <p><u>Article 9.</u> (<i>Share Handling Regulations</i>) The registration of transfer of shares, the registration on the Beneficial Shareholders' Register in writing or digitally, the purchase of shares constituting less than one full unit, <u>the additional purchase of shares to obtain one full unit</u> and other matters related to the handling of shares of the Company and fees therefor shall be governed by the Share Handling Regulations to be prescribed by the Board of Directors.</p> <p><u>Article 10.</u> (<i>Transfer Agent</i>) 1. (Present provisions maintained) 2. (Present provisions maintained) 3. The Shareholders' Register of the Company <u>(including the Beneficial Shareholders' Register</u></p>

Present Article	Proposed Amendment
<p>kept at the handling office of the transfer agent, and the registration of transfer of shares, the registration on the Beneficial Shareholders' Register in writing or digitally, the purchase of shares constituting less than one full unit, and other matters related to shares shall be handled by the transfer agent and shall not be handled by the Company.</p> <p><u>Article 10.</u> <i>(Record Date)</i> 1. The Company shall deem the shareholders <u>and the beneficial shareholders (hereinafter collectively called "shareholders")</u> last registered on the Shareholders' Register in writing or digitally <u>and on the Beneficial Shareholders' Register in writing or digitally, respectively</u>, as of March 31 of each year as those shareholders who are entitled to exercise their rights at the Ordinary General Meeting of Shareholders concerning the relevant account settlement date.</p> <p>2. In addition to the case provided for in the preceding paragraph, whenever necessary, in accordance with a resolution of the Board of Directors and upon giving prior public notice, the Company may deem the shareholders or the registered pledgees last registered on the Shareholder's Register <u>and the Beneficial Shareholder's Register</u> in writing or digitally as those shareholders or the registered pledgees who are entitled to exercise their rights.</p> <p><u>Article 11.</u> <i>(Convocation of General Shareholders Meeting)</i> (Omitted)</p> <p><u>Article 12.</u> <i>(Person Who Convenes Shareholders' Meetings, and Chairman)</i> 1. General Meetings of Shareholders shall be convened by <u>the President</u> in accordance with a resolution of the Board of Directors. If <u>the President</u> is unable to convene a General Meeting of Shareholders, another director of the Company shall take his place in the order previously determined by the Board of Directors.</p> <p>2. The chairman at General Meetings of Shareholders shall be <u>the President</u>. If <u>the</u></p>	<p><u>of the Company, hereinafter the "Shareholders' Register") and the Register for Lost Share Certificates</u> shall be kept at the handling office of the transfer agent, and the registration of transfer of shares, the registration on the Beneficial Shareholders' Register in writing or digitally, the purchase of shares constituting less than one full unit, <u>the additional purchase of shares to obtain one full unit</u> and other matters related to shares shall be handled by the transfer agent and shall not be handled by the Company.</p> <p><u>Article 11.</u> <i>(Record Date)</i> 1. The Company shall deem the Shareholders last registered on the Shareholders' Register in writing or digitally, as of March 31 of each year as those Shareholders who are entitled to exercise their rights at the Ordinary General Meeting of Shareholders concerning the relevant account settlement date.</p> <p>2. In addition to the case provided for in the preceding paragraph, whenever necessary, in accordance with a resolution of the Board of Directors and upon giving prior public notice, the Company may deem the Shareholders or the registered pledgees last registered on the Shareholder's Register in writing or digitally as those Shareholders or the registered pledgees who are entitled to exercise their rights.</p> <p><u>Article 12.</u> <i>(Convocation of General Shareholders Meeting)</i> (Present provisions maintained)</p> <p><u>Article 13.</u> <i>(Person Who Convenes Shareholders' Meetings, and Chairman)</i> 1. General Meetings of Shareholders shall be convened by <u>a Representative Director previously determined by the Board of Directors</u> in accordance with a resolution of the Board of Directors. If <u>such Representative Director</u> is unable to convene a General Meeting of Shareholders, another director of the Company shall take his place in the order previously determined by the Board of Directors.</p> <p>2. The chairman at General Meetings of Shareholders shall be <u>a Representative Director</u></p>

Present Article	Proposed Amendment
<p><u>President</u> is unable to act as chairman at any General Meeting of Shareholders, another director of the Company shall take his place in the order previously determined by the Board of Directors.</p>	<p><u>previously determined by the Board of Directors.</u> If <u>such Representative Director</u> is unable to act as chairman at any General Meeting of Shareholders, another director of the Company shall take his place in the order previously determined by the Board of Directors.</p>
<p><u>Article 13.</u> <i>(Method of Resolution)</i> Except as otherwise required by law and regulations or these Articles of Incorporation, resolutions of a General Meeting of Shareholders shall be adopted by the affirmative vote of a majority of the shares of voting stock represented in person or by proxy at the meeting.</p>	<p><u>Article 14.</u> <i>(Method of Resolution)</i> (Present provisions maintained)</p>
<p>(Newly introduced)</p>	<p><u>2. Special resolutions of a General Meeting of Shareholders set forth in Article 343 of the Commercial Code shall be adopted by the affirmative vote of two-thirds of the shares of voting stock represented in person or by proxy at the meeting, and a quorum for the meeting shall consist of Shareholders holding at least one-third of all the shares of voting stock.</u></p>
<p><u>Article 14.</u> <i>(Restriction on Voting by Proxy)</i> 1. A shareholder may exercise his voting rights by proxy, who need to be a shareholder with voting rights. 2. Such proxy shall present to the Company a document evidencing <u>his</u> appointment as proxy for each General Meeting of Shareholders.</p>	<p><u>Article 15.</u> <i>(Restriction on Voting by Proxy)</i> 1. (Present provisions maintained) 2. Such <u>Shareholder</u> or proxy shall present to the Company a document evidencing <u>the proxy's</u> appointment as proxy for each General Meeting of Shareholders.</p>
<p><u>Article 15.</u> <i>(Minutes of General Meeting of Shareholders)</i> (Omitted)</p>	<p><u>Article 16.</u> <i>(Minutes of General Meeting of Shareholders)</i> (Present provisions maintained)</p>
<p><u>Article 16.</u> <i>(Number of Directors)</i> The Company shall have not more than <u>twenty-two (22)</u> directors.</p>	<p><u>Article 17.</u> <i>(Number of Directors)</i> The Company shall have not more than <u>ten (10)</u> directors.</p>
<p><u>Article 17.</u> <i>(Election of Directors)</i> and <u>Article 18.</u> <i>(Term of Office of Director)</i> (Omitted)</p>	<p><u>Article 18.</u> <i>(Election of Directors)</i> and <u>Article 19.</u> <i>(Term of Office of Director)</i> (Present Provisions maintained)</p>
<p><u>Article 19.</u> <i>(Representative Directors and Directors with Management Positions)</i> 1. One or more directors who shall represent the Company shall be appointed as Representative Director by a resolution of the Board of Directors, and one of such directors shall be appointed as</p>	<p><u>Article 20.</u> <i>(Representative Directors and Directors with Management Positions)</i> 1. One or more directors who shall represent the Company shall be appointed as Representative Director by a resolution of the Board of Directors.</p>

Present Article	Proposed Amendment
<p><u>Representative Director and President.</u></p> <p>2. The Board of Directors may appoint <u>one</u> Chairman as well as <u>one or more</u> Vice Chairman, <u>Vice President, Senior Managing Director, Managing Director</u> by a resolution.</p> <p><u>Article 20.</u> (<i>Notice of the Board of Directors and Resolution</i>) through <u>Article 26.</u> (<i>Election of Corporate Auditors</i>) (Omitted)</p> <p><u>Article 27.</u> (<i>Term of Office of Corporate Auditors</i>) 1. The term of office of a corporate auditor shall expire at the close of the Ordinary General Meeting of Shareholders to be held with respect to the last business year ending within <u>three (3)</u> years subsequent to his assumption of office.</p> <p>2. The term of office of a corporate auditor elected to fill a vacancy shall be for the balance of the unexpired term of office of his predecessor.</p> <p><u>Article 28.</u> (<i>Corporate Standing Auditor</i>) through <u>Article 33.</u> (<i>Business Year</i>) (Omitted)</p> <p><u>Article 34.</u> (<i>Dividends</i>) Dividends of the Company shall be paid to the shareholders or registered pledgees last registered in writing or digitally on the Shareholders' Register <u>and the Beneficial Shareholders' Register</u> as of March 31, of each year.</p> <p><u>Article 35.</u> (<i>Interim Dividends</i>) The Company may, by resolution of the Board of Directors, make such cash distribution as provided for in Article 293-5 of the Commercial Code (hereinafter called "interim dividends") to the shareholders or registered pledgees last recorded on the Shareholders' Register in writing or digitally <u>and the Beneficial Shareholders' Register in writing or digitally</u> as of September 30, of each year.</p> <p><u>Article 36.</u> (<i>Effective Period for Dividend Payment</i>) (Omitted)</p>	<p>2. The Board of Directors may appoint <u>a</u> Chairman <u>and a</u> Vice Chairman by a resolution.</p> <p><u>Article 21.</u> (<i>Notice of the Board of Directors and Resolution</i>) through <u>Article 27.</u> (<i>Election of Corporate Auditors</i>) (Present provisions maintained)</p> <p><u>Article 28.</u> (<i>Term of Office of Corporate Auditors</i>) 1. The term of office of a corporate auditor shall expire at the close of the Ordinary General Meeting of Shareholders to be held with respect to the last business year ending within <u>four (4)</u> years subsequent to his assumption of office.</p> <p>2. (Present provisions maintained)</p> <p><u>Article 29.</u> (<i>Corporate Standing Auditor</i>) through <u>Article 34.</u> (<i>Business Year</i>) (Present provisions maintained)</p> <p><u>Article 35.</u> (<i>Dividends</i>) Dividends of the Company shall be paid to the Shareholders or registered pledgees last registered in writing or digitally on the Shareholders' Register as of March 31, of each year.</p> <p><u>Article 36.</u> (<i>Interim Dividends</i>) The Company may, by resolution of the Board of Directors, make such cash distribution as provided for in Article 293-5 of the Commercial Code (hereinafter called "interim dividends") to the Shareholders or registered pledgees last recorded on the Shareholders' Register in writing or digitally as of September 30, of each year.</p> <p><u>Article 37.</u> (<i>Effective Period for Dividend Payment</i>) (Present provisions maintained)</p>

Agenda Item No. 4: Election of seven directors

We would like you to elect new directors as the term of office of all twenty directors will expire upon the closing of this ordinary general meeting of shareholders.

To further strengthen our corporate governance and ensure timely response to rapid changes in business and market environments, we will reorganize our management structure, including reorganization of our Board of Directors and introduction of an Executive Officer system.

We will reduce the number of directors drastically to streamline and revitalize our Board of Directors meetings, and will appoint Executive Officers who are to focus on operations to establish speedy and efficient operation systems.

We respectfully request that you elect seven new directors.

Mr. Kenichi Mitsuoka, Mr. Takashi Tokuno, Mr. Jiro Katoh, Mr. Norihito Kotani, Mr. Takao Tadokoro, Mr. Hiroyasu Sawai, Mr. Yuri Morita, Mr. Hiroshi Tsukahara, and Mr. Masao Shimizu will resign from the office of director, and will be appointed to the office of Executive Officer at the Board of Directors meeting to be held after the closing of this ordinary general meeting of shareholders.

The profile of the candidates is as follows:

	Name (Date of Birth)	Brief Personal History (Appointment to other companies, if any)	Number of the Company's shares owned
1	Hiroshi Oura (February 14, 1934)	<u>April 1956</u> Joined Fuji Communication Apparatus Mfg. Co., Ltd.(at present, Fujitsu Limited) <u>June 1985</u> Board Director <u>June 1988</u> Managing Director <u>June 1989</u> Representative Director and President, Advantest Corporation <u>June 2001</u> Chairman of the Board and CEO (present position)	7,400
2	Shinpei Takeshita (July 14, 1940)	<u>March 1964</u> Joined Advantest Corporation <u>June 1985</u> Board Director <u>December 1990</u> Managing Director <u>June 1995</u> Senior Managing Director <u>June 1997</u> Representative Director and Executive Vice President <u>June 2001</u> Vice Chairman of the Board (present position) [Appointment to other companies] Representative Director and Chairman, Advanelectron Co., Ltd.	22,950
3	Toshio Maruyama (April 17, 1948)	<u>April 1973</u> Joined Advantest Corporation <u>June 1989</u> Board Director <u>June 1995</u> Managing Director <u>June 1999</u> Senior Managing Director <u>June 2001</u> President and COO (present position) <u>May 2003</u> Director, Environmental Management Center (present position)	2,669

	Name (Date of Birth)	Brief Personal History (Appointment to other companies, if any)	Number of the Company's shares owned
4	Kiyoshi Miyasaka (January 18, 1945)	<u>April 1967</u> Joined Fuji Communication Apparatus Mfg. Co., Ltd. (at present, Fujitsu Limited) <u>June 1997</u> Managing Director, Advantest Corporation <u>June 1999</u> Senior Managing Director (present position) <u>June 2001</u> In charge of Corporate Planning and Strategies (present position) <u>October 2001</u> Senior Vice President, Strategic Business Initiatives (present position)	1,700
5	Junji Nishiura (November 5, 1945)	<u>July 1970</u> Joined Advantest Corporation <u>June 1993</u> Board Director <u>June 1997</u> Managing Director <u>June 2001</u> Senior Managing Director (present position) In charge of Product (present position)	3,968
6	Hiroji Agata (December 2, 1946)	<u>September 1972</u> Joined Advantest Corporation <u>June 1993</u> Board Director <u>June 1999</u> Managing Director (present position) <u>June 2001</u> Senior Vice President, ATE Sales Group (present position)	2,073
7	Hitoshi Owada (March 26, 1946)	<u>February 1970</u> Joined Advantest Corporation <u>June 1997</u> Board Director <u>June 2000</u> Managing Director (present position) <u>June 2001</u> Senior Vice President, Administration and Finance Division (present position)	1,443

Note: None of the candidates has any special interest in the Company.

Agenda Item No. 5: Election of two corporate auditors

Because, upon the closing of this ordinary general meeting of shareholders, Mr. Tadahiko Hirano will finish his term of office as the corporate auditor, we would like you to elect one new corporate auditor. Further, we would like to increase the number of outside auditors to strengthen our auditing functions.

Thus, we would like you to elect two new corporate auditors.

We have obtained consent of the Board of Corporate Auditors with respect to this Agenda Item.

The profile of the candidates is as follows:

	Name (Date of Birth)	Brief Personal History (Appointment to other companies, if any)	Number of the Company's shares owned
1	Tadahiko Hirano (November 8, 1939)	<u>April 1964</u> Joined The Nippon Kangyo Bank, Limited <u>June 1991</u> Joined Advantest Corporation <u>June 1993</u> Board Director <u>June 1997</u> Managing Director <u>June 1999</u> Adviser <u>June 2000</u> Corporate Standing Auditor (present position)	2,173
2	Takashi Takaya (February 18, 1942)	<u>April 1965</u> Joined Fuji Communication Apparatus Mfg. Co., Ltd. (at present, Fujitsu Limited) <u>June 1995</u> Board Director <u>June 1999</u> Managing Director <u>April 2000</u> Senior Managing Director <u>April 2001</u> Representative Director and Corporate Senior Executive Vice President <u>April 2003</u> Representative Director (present position) [Appointment to other companies] Representative Director and President, Fujitsu Capital Limited	0

Note

- 1: None of the candidates has any special interest in the Company.
- 2: Mr. Takashi Takaya is a candidate for outside corporate auditor under Article 18, Section 1 of the Law Concerning Exceptions to the Commercial Code Relating to Audit, etc. of Stock Corporations.

Agenda Item No. 6: Issuance of stock acquisition rights as stock options

Pursuant to Articles 280-20 and 280-21 of the Commercial Code, we request that you approve the issuance of stock acquisition rights on especially favorable terms as described below.

1. Reason for the issuance of stock acquisition rights on especially favorable terms

The stock acquisition rights will be issued as stock options to directors, executive officers, corporate auditors and employees of the Company and its domestic and overseas subsidiaries to provide them an incentive towards better business performance and to retain and attract talented individuals.

Due to the nature of the issue as stock option grants, subject to the following details, the stock acquisition rights will be issued for no consideration. The subscription price required to be paid upon exercise of the stock acquisition rights will be based on the market prices as of the time of issue of such stock acquisition rights.

2. Details of stock acquisition rights

(1) Persons to whom stock acquisition rights will be allocated

Directors, executive officers, corporate auditors and employees of the Company and its domestic and overseas subsidiaries, and overseas subsidiaries of the Company. The overseas subsidiaries will then allocate the same rights as the stock acquisition rights pursuant to

applicable local laws to directors, corporate auditors and employees of other overseas subsidiaries.

- (2) Class and total number of shares to be issued upon exercise of the stock acquisition rights
Not exceeding 800,000 shares of common stock of the Company.

The number of shares to be issued upon exercise of each stock acquisition right shall be 100 shares, provided, however, that when the subscription price per share is adjusted in accordance with (5) below, the number of such shares shall be adjusted according to the following formula. This adjustment is made only to the number of shares that have not yet been issued upon exercise of such stock acquisition right as of the time of such adjustment. Any fraction of a share that arises as a result of an adjustment will be rounded down to the nearest number of shares.

$$\text{Number of shares to be issued upon exercise of each stock acquisition right} = \frac{\text{Total subscription price}}{\text{Subscription price per share}}$$

When the number of shares to be issued upon exercise of each stock acquisition right is adjusted, the total number of shares to be issued upon exercise of the stock acquisition rights shall be adjusted to the number obtained by multiplying (i) the number of shares to be issued upon exercise of each stock acquisition right after adjustment by (ii) the number of stock acquisition rights that have not been exercised as of the time of such adjustment, plus the number of shares that have been issued upon exercise of stock acquisition rights. After the adjustment, the total number of shares to be issued upon exercise of the stock acquisition rights may exceed 800,000 shares.

- (3) Total number of stock acquisition rights to be issued

Not exceeding 8,000.

- (4) Issue price of the stock acquisition rights

No consideration shall be paid.

- (5) Total subscription price to be paid upon exercise of each stock acquisition right

The total subscription price to be paid upon exercise of each stock acquisition right shall be determined on the day of issue of the stock acquisition rights by multiplying (i) the subscription price per share as determined in the following paragraph, by (ii) the number of shares to be issued upon exercise of each stock acquisition right as specified in (2) above (100 shares).

The subscription price per share shall be 1.05 times the average closing price of the common stock of the Company in regular trading on the Tokyo Stock Exchange on each day of the month preceding the month of issue of the stock acquisition rights (excluding days on which there is no such closing price), rounded up to the nearest yen; provided, however, that if such amount is less than the closing price of the common stock of the Company on the day of issue of the stock acquisition rights (or, if there is no such closing price on the day of issue, the closing price on the immediately preceding day on which there was such closing price), the subscription price per share shall equal the closing price on such day.

Notwithstanding the immediately preceding paragraph, with respect to stock acquisition rights to be issued after stock acquisition rights have been first issued based on a resolution of this general meeting of shareholders, the subscription price per share for such subsequent stock acquisition rights may be the subscription price per share for such first stock acquisition rights (or, if the adjustment set forth below is made, then the adjusted subscription price per share for such first stock acquisition rights); provided, however, that the subscription price per share (or the adjusted subscription price per share) for such first stock acquisition rights shall be not

less than the subscription price per share that is calculated with respect to such subsequent stock acquisition rights in accordance with the immediately preceding paragraph.

If, subsequent to the issue of the stock acquisition rights, the Company splits or consolidates its common stock, or issues new shares or disposes of its treasury shares below market price, the subscription price per share shall be adjusted according to the following formula, rounded up to the nearest yen. Provided, however, that such an adjustment will not be triggered by issue of new shares or transfer of treasury stock upon exercise of any stock acquisition rights or warrants of the Company or in certain other circumstances. Furthermore, the subscription price per share may, to the extent necessary and reasonable, be adjusted in a way deemed appropriate by the Company, in the case of a capital reduction, merger or de-merger of the Company or certain other events.

(a) Formula for adjustment in the case of share split or consolidation

$$\text{Subscription price per share after adjustment} = \text{Subscription price per share before adjustment} \times \frac{1}{\text{Ratio of split / consolidation}}$$

(b) Formula for adjustment in the case of issue of new shares or disposition of treasury stock below market price

$$\text{Subscription price per share after adjustment} = \text{Subscription price per share before adjustment} \times \frac{\text{Outstanding number of shares} + \frac{\text{Number of new shares to be issued} \times \text{Subscription price per share to be issued}}{\text{Market price per share}}}{\text{Outstanding number of shares} + \text{Number of new shares to be issued}}$$

In the above formula, “outstanding number of shares” shall mean the total number of outstanding shares of the Company after deduction of shares held by the Company as treasury stock. In the case of disposition of treasury stock, “number of new shares to be issued” in the above formula shall be read as “number of treasury shares to be disposed of.”

(6) Exercise period of the stock acquisition rights

Between April 1, 2004 and March 31, 2008 (4 years). The exercise period for stock acquisition rights that are issued during the foregoing period shall be a period between a day specified by the Board of Directors and March 31, 2008.

(7) Conditions for exercise of stock acquisition rights

- (a) A person to whom stock acquisition rights are allocated (a “rights holder”), other than overseas subsidiaries of the Company, must be a director, executive officer, corporate auditor or employee of the Company or its domestic or overseas subsidiary at the time of exercise, except where there are reasons deemed reasonable by the Board of Directors, including the person ceasing to be a director, executive officer, corporate auditor or employee, due to the completion of his/her term of office or his/her reaching retirement age.
- (b) The stock acquisition rights may not be inherited.
- (c) Each stock acquisition right may not be exercised in part.
- (d) Other terms and conditions will be determined at a meeting of the Board of Directors subsequent to the Shareholders’ Meeting.

(8) Cancellation of stock acquisition rights

- (a) The Company may cancel, for no consideration, any stock acquisition right in the event that the general meeting of the shareholders resolves to approve (i) any merger agreement pursuant to which the Company shall cease to exist, or (ii) any share exchange agreement or share transfer pursuant to which the Company shall become a wholly-owned subsidiary of another company.
- (b) The Company may cancel, for no consideration, all or part of the stock acquisition rights of a rights holder to the extent that such stock acquisition rights are not exercisable due to the rights holder's failure to satisfy any of the conditions for exercise of stock acquisition rights.
- (9) Restriction on the transfer of stock acquisition rights
- Any transfer of stock acquisition rights shall require the approval of the Board of Directors; provided, however, that transfer of stock acquisition rights to the Company shall not require any such approval.
- (10) Other details of the stock acquisition rights will be determined in a meeting of the Board of Directors subsequent to the Shareholders' Meeting.

Agenda Item No. 7: Payment of retirement bonuses to retiring directors

Mr. Shigeru Sugamori, Mr. Isao Kitaoka, Mr. Kenichi Mitsuoka, Mr. Takashi Tokuno, Mr. Masakazu Ando, Mr. Jiro Katoh, Mr. Tetsuo Aoki, Mr. Norihito Kotani, Mr. Takao Tadokoro, Mr. Hiroyasu Sawai, Mr. Yuri Morita, Mr. Hiroshi Tsukahara, and Mr. Masao Shimizu will finish their term of office as directors at the closing of this ordinary general meeting of shareholders. We would like to pay retirement bonuses to all of them to reward their contribution to the Company during their terms of office in accordance with the standards established by the Company and in an amount deemed reasonable. We respectfully propose that the details of such retirement bonuses, including the amount, time, and method of payment, be determined by the Board of Directors.

A brief personal history of each retiring director is as follows:

Name	Brief Personal History
Shigeru Sugamori	<u>June 1990</u> Board Director
	<u>June 1996</u> Managing Director
	<u>June 2001</u> Senior Managing Director (present position)
Isao Kitaoka	<u>June 1993</u> Board Director
	<u>June 1999</u> Managing Director (present position)
Kenichi Mitsuoka	<u>June 1995</u> Board Director
	<u>June 2000</u> Managing Director (present position)
Takashi Tokuno	<u>June 1996</u> Board Director
	<u>June 2000</u> Managing Director (present position)
Masakazu Ando	<u>June 1997</u> Board Director
	<u>June 2000</u> Managing Director (present position)
Jiro Katoh	<u>June 1997</u> Board Director (present position)
Tetsuo Aoki	<u>June 1997</u> Board Director (present position)
Norihito Kotani	<u>June 1999</u> Board Director (present position)
Takao Tadokoro	<u>June 1999</u> Board Director (present position)
Hiroyasu Sawai	<u>June 1999</u> Board Director (present position)
Yuri Morita	<u>June 2000</u> Board Director (present position)
Hiroshi Tsukahara	<u>June 2001</u> Board Director (present position)
Masao Shimizu	<u>June 2001</u> Board Director (present position)