

FOR IMMEDIATE RELEASE

July 25, 2018

**ADVANTEST CORPORATION**

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### **Advantest Issues Stock Option (Stock Acquisition Rights)**

Tokyo –July 25, 2018 – Advantest Corporation (the “Company”) resolved at a meeting of its Board of Directors today to issue stock options in the form of stock acquisition rights pursuant to Articles 236, 238 and 240 of the Companies Act under the terms set forth below.

1. Reason for issuance of the stock acquisition rights as stock options

The Company issues stock acquisition rights to enhance directors (excluding directors who are audit and supervisory committee members and outside directors) and executive officers’ morale for improving performance and to attract and retain competent personnel in promoting management aiming at enhanced corporate value.

2. Details of the stock acquisition rights

(1) The number of directors (excluding directors who are audit and supervisory committee members and outside directors), executive officers and employees receiving stock acquisition rights and the total number of the stock acquisition right.

Directors (excluding directors who are audit and supervisory committee members and outside directors) and executive officers the Company totaling 24 and the number of the stock acquisition right totaling 4,180 units.

(2) Class and total number of shares to be issued or delivered upon exercise of the stock acquisition rights  
418,000 shares of common stock of the Company.

The number of shares to be issued or delivered upon exercise of each stock acquisition right shall be 100 shares. When the subscription price per share has been adjusted in accordance with sub-paragraph (6) below, the number of such shares shall be adjusted according to the following formula. This adjustment shall be made only with respect to stock acquisition rights that have not yet been exercised as of the time of adjustment. Any fractional share that arises as a result of an adjustment will be rounded down to the nearest whole number of shares.

$$\begin{array}{l} \text{Number of shares to be issued or} \\ \text{delivered upon exercise of each} \\ \text{stock acquisition right} \end{array} = \frac{\text{Unit subscription price}}{\text{Subscription price per share}}$$

When the number of shares to be issued or delivered upon exercise of each stock acquisition right has been adjusted, the total number of shares to be issued or delivered upon exercise of the stock acquisition rights shall be adjusted to the number obtained by multiplying (i) the number of shares to be issued or delivered upon exercise of each stock acquisition right after adjustment by (ii) the number of the stock acquisition rights that have not yet been exercised as of such adjustment, then adding the number of shares that have been issued or delivered upon exercise of the stock acquisition rights.

(3) Total number of stock acquisition rights issued 4,180

The above number is the number of upper limit of the stock acquisition rights that are expected to be issued or delivered and, accordingly, in the event that the total number of application for subscription of

the stock acquisition rights does not reach the above-mentioned number or there occurs a reduction in the total number of the stock acquisition rights to be issued or delivered, the total number of the stock acquisition rights shall be equal to the total number of the stock acquisition rights that are actually issued or delivered.

(4) Issuance price of the stock acquisition rights

Issuance price shall be fair value of the stock acquisition rights computed pursuant to the Black Sholes model on the date of allocation as set forth in sub-paragraph (5) below. Date of payment shall not be set. Issuance price shall be paid by setting off against the monetary compensation in the amount equal to such fair value to be owed by the Company to directors (excluding directors who are audit and supervisory committee members and outside directors) and executive officers of the Company. Issuance price shall be paid by setting off against the monetary compensation in the amount equal to such fair value to be owed by the Company's subsidiaries to its directors and employees which the Company shall assume from its subsidiaries.

(5) Date of allocation

August 10, 2018

(6) Subscription price to be paid upon exercise of each stock acquisition right

The unit subscription price to be paid upon exercise of each stock acquisition right shall be determined by multiplying (i) the subscription price per share as determined in the following paragraph, by (ii) the number of shares to be issued or delivered upon exercise of each stock acquisition right as specified in sub-paragraph (2) above.

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

If, subsequent to the day of issuance or delivery 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 (excluding the issuance or delivery upon exercise of the stock acquisition rights or conversion of securities which are convertible to the common stock of the Company), the subscription price per share shall be adjusted according to the formula set forth below, rounded up to the nearest yen. Furthermore, the subscription price per share may, to the extent necessary and reasonable, be adjusted in a way deemed appropriate by the Company, (i) when the Company issues securities which are convertible to the common stock of the Company at a price lower than the fair value (including shares with acquisition claim rights and shares with acquisition clause, setting the Company's common stock as consideration), (ii) when the Company issues the stock acquisition rights or securities with the stock acquisition rights that effect the issuance or transfer of the Company's common stock at a price lower than the fair value, (iii) when the adjustment of the subscription price per share is necessary for merger, corporate split or stock-for-stock exchange, or (iv) other than above, when the adjustment of the subscription price per share is necessary due to the occurrence of matters that cause or may cause the number of outstanding shares of the Company to change.

(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 issuance 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 shares. In the case of disposition of treasury shares, "Number of new shares to be issued" in the above formula shall be read as "Number of treasury shares to be disposed of."

- (7) Exercise period of the stock acquisition rights      Between August 11, 2020 and August 10, 2023
- (8) Conditions for exercise of stock options
- (a) The stock acquisition rights may not be inherited.
  - (b) No stock acquisition rights may be exercised in part.
  - (c) When the number of shares deliverable upon exercise of the stock acquisition rights includes less than one unit, the exercising Stock Option Holder (as defined below) shall be deemed to have requested the Company to purchase such shares pursuant to Article 192, Paragraph 1 of the Companies Act. The determination of whether the number of shares deliverable upon exercise includes less than one unit shall be made in the aggregate, by taking into consideration the total number of shares deliverable upon each exercise of all stock acquisition rights that are exercised at the same time.
- (9) The Company's acquisition of the stock acquisition rights and handling of the stock subscription rights in case of merger, company split, share exchange or share transfer
- The stock acquisition rights held by its holder (a "Stock Option Holder") shall be automatically transferred to the Company for no consideration if any of the following events occurs:
- (a) the general meeting of shareholders resolves to approve (if approval by the general meeting of shareholders is not legally required, then the board of directors of the Company may approve) (i) any merger agreement pursuant to which the Company shall dissolve, (ii) any agreement or a plan pursuant to which the Company shall split all or part of its business or (iii) any stock-for-stock exchange agreement or stock-transfer plan pursuant to which the Company shall become a wholly-owned subsidiary of another company;
  - (b) a Stock Option Holder becomes a person who does not hold any position as a director, corporate auditor, executive officer, employee, advisor, part-time worker or any other similar position of the Company or its domestic or overseas subsidiaries, except when a Stock Option Holder's term of office has expired or the Company acknowledges that the exercise of the stock subscription rights by a Stock Option Holder is reasonable and notifies the Stock Option Holder;
  - (c) a Stock Option Holder dies;
  - (d) a Stock Option Holder waives all or part of his/her stock acquisition rights by submitting to the Company the form specified by the Company;
  - (e) a Stock Option Holder becomes, for any reason, a director, corporate auditor, officer or employee of a company that competes with the Company or its domestic or overseas subsidiaries and the Company notifies the Stock Option Holder that his/her stock acquisition rights are non-exercisable; or
  - (f) a Stock Option Holder is in violation of laws or regulations internal rules or other regulations of the Company, or breaches the stock subscription agreement entered into between such Stock Option Holder and the Company. The Company notifies the Stock Option Holder that his/her stock acquisition rights are non-exercisable.
- The Representative Director may decide in his/her sole discretion whether exercise by a Stock Option Holder of the stock acquisition rights is reasonable (as in item (b) above) and whether a Stock Option Holder's options are non-exercisable (as in item (e) and (f) above).
- (10) Restriction on the transfer of the stock acquisition rights
- Acquisition of the stock acquisition rights by transfer shall require an approval by the board of directors of the Company, provided, however, that if it is the Company acquiring the stock acquisition rights by transfer, such transfer shall be deemed to be approved by the board of directors of the Company.
- (11) Matters concerning the amount of capital and the additional paid-in capital increased by the issuance of shares upon exercise of the stock acquisition rights
- (a) The amount of capital increased by the issuance of the shares upon exercise of the stock acquisition rights shall be the amount equal to one-half of the maximum limit of capital increase, as calculated

in accordance with Article 17 Paragraph 1 of the Company Accounting Regulation (*kaisha keisan kisoku*), and any fraction less than one (1) yen arising as a result of such calculation shall be rounded up to the nearest one (1) yen.

- (b) The amount of additional paid-in capital increased by the issuance of the shares upon exercise of the stock acquisition rights shall be the amount obtained by subtracting the capital to be increased, as provided in the sub-paragraph (a) above, from the maximum limit of capital increase, as also provided in the sub-paragraph (a) above.