

(The following is an unofficial English translation of the Convocation Notice of the 75th Ordinary General Meeting of Shareholders of Advantest Corporation (the “Company”). The Company provides this translation for your reference and convenience only and without any warranty as to its accuracy or otherwise.)

(Stock Code Number: 6857)

**CONVOCATION NOTICE OF
THE 75th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Date and time: June 27, 2017 (Tuesday) at 10:00 a.m.

(The reception desk will open at 9:00 a.m.)

Place: Main Conference Room of Advantest Corporation
32-1, Asahi-cho 1-chome, Nerima-ku, Tokyo

Message to Shareholders

To Our Shareholders

We are pleased to send you this Convocation Notice for the 75th Ordinary General Meeting of Shareholders.

In semiconductor-related markets, the improving functionality and increasing sales volumes of smartphones, as well as progress in automotive electronics and growth in data center investment, have driven growth. As a result, the semiconductor market reversed its negative growth trend of 2015 to expand through 2016.

In this business environment, Advantest sought to improve performance, with a focus on capturing new demand from the memory sector, where customers are now highly motivated to invest. As a result, for the fiscal year ended March 31, 2017, orders received amounted to ¥164.7 billion and net sales were ¥155.9 billion. Operating income was ¥13.9 billion, income before income taxes was ¥15.0 billion, and net income was ¥14.2 billion.

With respect to the year-end dividend distribution to the shareholders, we resolved at the meeting of the Board of Directors held on May 22, 2017 to distribute a year-end dividend of ¥12 per share, with a payment date of June 2, 2017.

Since Advantest has paid an interim dividend of ¥13 per share, the total dividend per share for the fiscal year will be ¥25 per share (an increase of ¥5 compared with FY2015).

We hope that we may rely on you for your continued support and guidance in the future.

June 2017

Yoshiaki Yoshida
Representative Director,
President and CEO

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To Our Shareholders

Yoshiaki Yoshida
Representative Director
President and CEO
ADVANTEST CORPORATION
32-1, Asahi-cho 1-chome,
Nerima-ku, Tokyo

**CONVOCATION NOTICE OF
THE 75th ORDINARY GENERAL MEETING OF SHAREHOLDERS**

Dear Shareholders:

Notice is hereby given that the 75th 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, we request that you exercise your voting rights in writing or by means of an electromagnetic method (via the Internet, etc.) by 5:00 p.m. of June 26, 2017 (Monday) after carefully reading the reference documents as set forth below.

1. Date and time: June 27, 2017 (Tuesday) at 10:00 a.m.
(The reception desk will open at 9:00 a.m.)
2. Place: Main Conference Room of Advantest Corporation
32-1, Asahi-cho 1-chome, Nerima-ku, Tokyo
3. Subject matters of the general meeting of shareholders:
Matters to be reported:
Item No.1: Matters concerning the business report, consolidated financial statements and non-consolidated financial statements reporting for the 75th Fiscal Year (from April 1, 2016 to March 31, 2017)
Item No.2: Matters concerning the results of audit of the Company’s consolidated financial statements by the Independent Auditors and the Audit and Supervisory Committee
Matters to be resolved:
Agenda Items:
Agenda Item No.1: Election of 6 directors (excluding directors who are audit and supervisory committee members)
Agenda Item No. 2: Election of 3 directors who are audit and supervisory committee members
Agenda Item No. 3: Election of 1 substitute director who is an audit and supervisory committee member

4. Instructions for the Exercise of Voting Rights:

[Exercise of voting rights in writing by submitting the enclosed voting right exercise form]

Please indicate your intention to vote “for” or “against” each agenda item on the enclosed voting right exercise form, and then return the form to us to be delivered by 5:00 p.m. of June 26, 2017 (Monday).

[Exercise of voting rights by means of an electromagnetic method (via the Internet, etc.)]

Please access the website for casting votes (<http://www.evotest.jp/>) and indicate your intention to vote “for” or “against” each agenda item by following the on-screen instructions by the time limit set forth above. For details, please refer to “Instructions for the Exercise of Voting Rights via the Internet, etc.” as set forth on page 5.

[Handling of the duplicated votes]

If the voting rights are exercised by means of both the voting right exercise form and an electromagnetic method, the exercise of voting rights by means of the electromagnetic method shall be deemed valid.

If the voting rights are exercised by means of an electromagnetic method multiple times, the last exercise of voting rights shall be deemed valid.

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When you arrive at the meeting, please submit the enclosed voting right exercise form to the reception desk at the site of the meeting.

As the following information is available on the Company’s website in accordance with laws and regulations and Article 13 of the Articles of Incorporation, it is not included in this convocation notice. Materials attached to this convocation notice and the matters posted on the Company’s website are documents audited by the Independent Auditors and the Audit and Supervisory Committee when preparing the Report of Independent Auditors and the Audit Report, respectively.

1. Notes to Consolidated Financial Statements
2. Notes to Non-Consolidated Financial Statements

Amendments to the reference documents for the general meeting of shareholders and/or attached materials, if any, will be posted on the Company’s website.

We cordially invite you to attend a reception to be held after the meeting for shareholders.

For shareholders who will be unable to attend the meeting, presentation materials concerning matters to be reported will be posted on the Company’s website on the day of the meeting.

The resolutions adopted at the meeting will be posted on the Company’s website instead of issuing a written notice of the resolutions.

**The Company’s website: <https://www.advantest.com/investors>**

<<Instructions for the Exercise of Voting Rights via the Internet, etc.>>

If you choose to exercise your voting rights via the Internet, please read the instructions below before doing so. If you attend the meeting, you do not need to mail the voting right exercise form or vote via the Internet.

1. About the website for casting votes

- (1) Voting rights may be exercised online only by accessing the website designated by the Company (<http://www.evotc.jp/>) on a personal computer, smartphone or mobile phone. (This website is out of service from 2:00 a.m. to 5:00 a.m. every day.)
- (2) In some cases, you may not be able to use the website for casting votes due to your Internet environment, network service, or communication device model.
- (3) Although exercise of Voting Rights via the Internet is available until 5:00 p.m. on June 26, 2017 (Monday), please exercise your voting rights early. Please contact the helpdesk below if you have any questions.

2. About the exercise of voting rights via the Internet

- (1) Please use your “login ID” and “temporary password” indicated on the enclosed voting rights exercise form to access the voting website (<http://www.evotc.jp/>), and then vote “for” or “against” by following the on-screen instructions.
- (2) Please note that you will be asked to change your “temporary password” on the website for casting votes in order to avoid unauthorized access by any third person (spoofing) or alteration of the details of your vote.

3. Handling of votes cast more than one time

- (1) If voting rights are exercised both by mail and via the Internet, the exercise of voting rights via the Internet shall be deemed valid.
- (2) If voting rights are exercised via the Internet multiple times, the last exercise of voting rights shall be deemed valid. Also, if the voting rights are exercised through the use of more than one electronic device, such as a personal computer, a smartphone or a mobile phone, the voting right exercised last in time shall be deemed valid.

4. Charges and fees incurred by accessing the website for casting votes

Any connection charges due to Internet service providers and communication charges due to communication carriers incurred as a result of using the voting website shall be the responsibility of each shareholder.

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| <p>[Contact for inquiry regarding IT system, etc.]<br/>Corporate Agency Division (Helpdesk) , Mitsubishi UFJ Trust and Banking Corporation<br/>Phone number: 0120-173-027 (toll-free number within Japan)<br/>Business hours: 9 a.m. to 9 p.m. (Japan time)</p> |
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[About the electronic voting platform]

Nominee shareholders (including standing proxies) such as trust banks can use the electronic voting platform operated by ICJ, Inc. by submitting an application in advance.

## Reference Documents for the General Meeting of Shareholders

Agenda Items and Reference Matters:


**Agenda Item No. 1:** Election of 6 directors (excluding directors who are audit and supervisory committee members)

The term of office of all six current directors will expire upon the closing of this ordinary general meeting of shareholders. The Company therefore requests that you elect six directors (excluding directors who are audit and supervisory committee members). The Company received from the Audit and Supervisory Committee the report that it has no special opinion regarding the agenda after inspection of the agenda.


The profiles of the director candidates (excluding directors who are audit and supervisory committee members) are set forth below.


| Candidate No. |                                                                                         | Name                | Present position and assignment                                        | Number of attendances at the meetings of the Board of Directors |
|---------------|-----------------------------------------------------------------------------------------|---------------------|------------------------------------------------------------------------|-----------------------------------------------------------------|
| 1             | <input type="checkbox"/> Reappointed                                                    | Yoshiaki Yoshida    | Representative Director, President and CEO                             | 13/13                                                           |
| 2             | <input type="checkbox"/> Reappointed<br><input checked="" type="checkbox"/> Independent | Osamu Karatsu       | Outside Director                                                       | 13/13                                                           |
| 3             | <input type="checkbox"/> Reappointed<br><input checked="" type="checkbox"/> Independent | Seichi Yoshikawa    | Outside Director                                                       | 13/13                                                           |
| 4             | <input type="checkbox"/> Reappointed                                                    | Sae Bum Myung       | Director, Senior Executive Officer, Sales and Marketing                | 11/13                                                           |
| 5             | <input checked="" type="checkbox"/> New Candidate                                       | Hans-Juergen Wagner | Managing Executive Officer, SoC Test Business Groups                   |                                                                 |
| 6             | <input checked="" type="checkbox"/> New Candidate                                       | Soichi Tsukakoshi   | Managing Executive Officer, Executive Vice President, Production Group |                                                                 |


|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   | Name<br>(Date of Birth)                                                                                                                             | Brief personal history; position and assignment; and other significant concurrently held positions, if any                                                                                                                                                                                                                                                                                                                             | Number of the Company's shares owned |
|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |  <p>Yoshiaki Yoshida<br/>(February 8, 1958)</p> <p>Reappointed</p> | <p>April 1999      Joined Advantest Corporation</p> <p>June 2006      Executive Officer</p> <p>June 2009      Managing Executive Officer</p> <p>June 2013      Director, Managing Executive Officer</p> <p>June 2016      Director, Senior Executive Officer</p> <p>Executive Vice President, Nanotechnology Business Group (present position)</p> <p>January 2017   Representative Director, President and CEO (present position)</p> | 5,014                                |
| <p>The reasons for nomination as a candidate for director</p> <p>■After his duties as the president of a subsidiary of the Company, Executive Vice President of the Corporate Planning Group, Executive Vice President of the Corporate Relations Group, and Executive Vice President, Nanotechnology Business Group, Mr. Yoshiaki Yoshida has been serving as Representative Director, President and CEO of the Company since January 2017. He has a wealth of knowledge and experience concerning the Company group's business and corporate management. Thus, the Company believes that he is a suitable person to realize sustainable enhancement of corporate value and, therefore, has nominated him again as a candidate for director.</p> |                                                                                                                                                     |                                                                                                                                                                                                                                                                                                                                                                                                                                        |                                      |


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| 2                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |  <p data-bbox="268 539 459 600">Osamu Karatsu<br/>(April 25, 1947)</p> <div data-bbox="292 618 440 656" style="border: 1px solid black; padding: 2px; width: fit-content; margin: 2px auto;">Reappointed</div> <div data-bbox="292 678 440 716" style="border: 1px solid black; padding: 2px; width: fit-content; margin: 2px auto;">Independent</div> | <p data-bbox="507 259 1246 320">April 1975      Joined Nippon Telegraph and Telephone Public Corporation</p> <p data-bbox="507 327 1246 427">June 1991      Executive Manager, LSI Laboratories, Nippon Telegraph and Telephone Corporation</p> <p data-bbox="507 434 1246 562">June 1997      Vice President and Director, Advanced Telecommunications Research Institute International<br/>(Resigned June 1999)</p> <p data-bbox="507 568 1246 629">April 1999      Principal Consultant, SRI Consulting K.K.</p> <p data-bbox="507 636 1246 696">April 2000      Chief Executive Director, SRI International Japan<br/>(Resigned January 2012)</p> <p data-bbox="507 703 1246 757">June 2012      Outside Director of Advantest Corporation (present position)</p> | 2,241                                |
| <p data-bbox="240 763 1374 797">The reasons for nomination as a candidate for outside director and the number of years in office</p> <ul style="list-style-type: none"> <li data-bbox="240 801 903 835">■Mr. Osamu Karatsu is a candidate for outside director.</li> <li data-bbox="240 840 1461 965">■In addition to his management experience at R&amp;D institutions in Japan and overseas, Mr. Osamu Karatsu has a wealth of knowledge and experience as a semiconductor specialist. Thus, the Company believes that he is a suitable person to realize sustainable enhancement of corporate value and, therefore, has nominated him again as a candidate for outside director.</li> <li data-bbox="240 969 1254 1003">■Mr. Osamu Karatsu has served as an outside director of the Company for five years.</li> </ul> <p data-bbox="240 1037 408 1070"><b>Independence</b></p> <ul style="list-style-type: none"> <li data-bbox="240 1075 1461 1238">■The Company has no special transactions with Mr. Osamu Karatsu and the Company judges that he is sufficiently independent in light of the “Independence Criteria of Independent Outside Directors” (page 13) specified by the Company. And since he also satisfies the requirements for independent directors/auditors specified by Tokyo Stock Exchange, Inc., the Company has registered him as an independent director with the said exchange.</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |                                      |



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| 3                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |  <p>Seiichi Yoshikawa<br/>(March 22, 1946)</p> <p>Reappointed</p> <p>Independent</p> | <p>July 1969      Joined Fujitsu Limited<br/>June 2000      Director, Fujitsu Laboratories Ltd.<br/>June 2004      Managing Director, Fujitsu Laboratories Ltd.<br/><br/>(Resigned June 2009)<br/>March 2011     Chairman, QD Laser, Inc.<br/><br/>(Resigned December 2012)<br/>September 2012   Principal Fellow, Center for Research and Development Strategy, Japan Science and Technology Agency (Resigned March 2015)<br/><br/>June 2013      Outside Director of Advantest Corporation (present position)</p> | 3,012                                |
| <p>The reasons for nomination as a candidate for outside director and the number of years in office</p> <ul style="list-style-type: none"> <li>■ Mr. Seiichi Yoshikawa is a candidate for outside director.</li> <li>■ Mr. Seiichi Yoshikawa has a wealth of knowledge and experience as a research and development strategy specialist as well as experience in management of R&amp;D companies in Japan. Thus, the Company believes that he is a suitable person to realize sustainable enhancement of corporate value and, therefore, has nominated him again as a candidate for outside director.</li> <li>■ Mr. Seiichi Yoshikawa has served as an outside director of the Company for four years.</li> </ul> <p>Independence</p> <ul style="list-style-type: none"> <li>■ Mr. Seiichi Yoshikawa does not have any special interest in the Company. Fujitsu Limited, where Mr. Yoshikawa used to work, holds the right to instruct the voting of shares in the Company (11.39%). Eight years have passed since he retired from the position of Managing Director of Fujitsu Laboratories Ltd., a subsidiary of Fujitsu Limited, and thus, he has not been in a position affected by the decision-making of Fujitsu Limited for a considerable time. In addition, the Company has transactions with Fujitsu Limited, including sales of products. The amount of the Company's sales to Fujitsu in FY2016 accounted for less than 1% of the Company's consolidated net sales. The Company's transactions with Fujitsu also include purchases of raw materials and contracting of services. The amount of such transactions with Fujitsu in FY2016 accounted for less than 1% of the sum of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis.</li> </ul> <p>Therefore, the Company judges that he is sufficiently independent in light of the Independence Criteria of Independent Outside Directors (page 13) specified by the Company. And since he also satisfies the requirements for independent directors/auditors specified by Tokyo Stock Exchange, Inc., the Company has registered him as an independent director with the said exchange.</p> |                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |                                      |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Name<br>(Date of Birth)                                                                                                                                                                                                    | Brief personal history; position and assignment; and other significant concurrently held positions, if any                                                                                                                                                                                                                  | Number of the Company's shares owned |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
| 4                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  | <br>Sae Bum Myung<br>(September 16, 1954)<br><div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div> | April 1989      Joined Advantest Corporation<br>June 2008      Executive Officer<br>June 2011      Director, Managing Executive Officer<br>Sales and Marketing (present position)<br>Executive Vice President, Sales Group<br>(present position)<br>June 2015      Director, Senior Executive Officer (present<br>position) | 4,485                                |
| <p>The reasons for nomination as a candidate for director</p> <p>■Mr. Sae Bum Myung has been engaged in sales and marketing operations of the Company for many years. He serves as the Representative Director and Chairman of Advantest Korea Co., Ltd. and Executive Vice President of the Sales Group of the Company and has a wealth of knowledge and experience concerning sales and marketing. Thus, the Company believes that he is a suitable person to realize sustainable enhancement of corporate value through strengthening of relationships with customers around the world and, therefore, has nominated him again as a candidate for director.</p> |                                                                                                                                                                                                                            |                                                                                                                                                                                                                                                                                                                             |                                      |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | Name<br>(Date of Birth)                                                                                                                                                                                          | Brief personal history; position and assignment; and other significant concurrently held positions, if any                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | Number of the Company's shares owned |
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| 5                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                  |  <p data-bbox="252 539 475 636">Hans-Juergen Wagner<br/>(January 19, 1960)</p> <p data-bbox="292 640 435 678">New Candidate</p> | <p data-bbox="507 259 1257 423">January 1985    Joined Hewlett-Packard GmbH<br/>July 2011        Executive Officer of Advantest Corporation<br/>October 2011    Chairman of the Board, President and CEO, Verigy Ltd. (currently Advantest (Singapore) Pte. Ltd.)</p> <p data-bbox="507 427 1257 495">April 2012        Managing Director (R&amp;D, CTO), Advantest Europe GmbH (present position)</p> <p data-bbox="507 499 1257 566">August 2012      SoC Test Business Groups, Advantest Corporation (present position)</p> <p data-bbox="507 571 1257 638">June 2013        Managing Executive Officer (present position)</p> | 0                                    |
| <p data-bbox="240 701 884 730">The reasons for nomination as a candidate for director</p> <p data-bbox="240 734 1461 965">■ Mr. Hans-Juergen Wagner is responsible for the SoC Test Business Groups that include V93000 SoC test systems, the Company's mainstay products, and also serves as Managing Director of Advantest Europe GmbH. He has a wealth of knowledge regarding market trend of semiconductor testers, the Company's core business, and regarding technological development. He also has strong relationships with customers around the world. Thus, the Company believes that he is a suitable person for further globalization of the Board of Directors and, therefore, has nominated him as a new candidate for director.</p> |                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                   |                                      |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            | Name<br>(Date of Birth)                                                                                                                                                                                                        | Brief personal history; position and assignment; and other significant concurrently held positions, if any                                                                                                                             | Number of the Company's shares owned |
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| 6                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | <br>Soichi Tsukakoshi<br>(February 1, 1960)<br><div style="border: 1px solid black; padding: 2px; display: inline-block;">New Candidate</div> | April 1983      Joined Advantest Corporation<br>June 2008      Executive Officer<br>June 2013      Executive Vice President, Production Group<br>(present position)<br>June 2015      Managing Executive Officer (present<br>position) | 4,025                                |
| <p>The reasons for nomination as a candidate for director</p> <p>■Mr. Soichi Tsukakoshi has been engaged in sales and marketing operations. After his duties as Senior Vice President of the Sales Group, he currently serves as Executive Vice President of the Production Group. He has a wealth of knowledge and experience concerning sales and marketing as well as production. Thus, the Company believes that he is a suitable person to realize sustainable enhancement of corporate value through enhancement of efficiency of manufacturing and supply chain optimization and, therefore, has nominated him as a new candidate for director.</p> |                                                                                                                                                                                                                                |                                                                                                                                                                                                                                        |                                      |

Notes:

1. These candidates do not have any special interest in the Company.
2. The Company has entered into a limited liability agreement pursuant to Article 427, Paragraph 1 of the Companies Act with each of Messrs. Osamu Karatsu and Seiichi Yoshikawa. The upper limit of liability based on this agreement is the minimum liability as provided in the applicable laws and ordinances.

(Reference)

### **Independence Criteria of Independent Outside Directors**

Outside Director of Advantest Corporation (the “Company”) shall be judged to be independent provided none of the following conditions apply presently and recently.

#### **1. Major Business Partner**

- (1) Entity transacts with the Company as Major Business Partner or Executive thereof
- (2) Major Business Partner of the Company or Executive thereof

#### **2. Expert**

- (1) Consultant, Accountant or Lawyer who receives a large amount of money or other compensation from the Company. (In case that the receiver of such compensation is a legal entity or group such as union, the person who belongs to such entity.)

#### **3. Relative**

- (1) Relative of person who falls in the condition set forth in 1 or 2 above.
- (2) Relative of Executive or Board Director of the subsidiary of Company
- (3) Relative of person who was an Executive or Board Director of Company or subsidiary of Company recently.

#### **Notes**


- \*1 “Recently” shall mean time range substantially identical to presently.
- \*2 “Major Business Partner” means partner whose revenue from the transaction with the Company shares the considerable part of revenue of the Company or partner supplying the Company with commodities or services indispensable to the Company’s business.
- \*3 “Executive” means the “executive” defined in the Ordinance for Enforcement of the Companies Act.
- \*4 “Relative” means the person’s relative within the second degree of kinship.


**Agenda Item No. 2:** Election of 3 directors who are audit and supervisory committee members

The terms of office of all three current directors who are audit and supervisory committee members will expire upon the closing of this ordinary general meeting of shareholders. The Company therefore requests the election of three directors who are audit and supervisory committee members. The Company has obtained the consent of the Audit and Supervisory Committee with respect to this agenda item.


The profiles of the director candidates who are audit and supervisory committee members are set forth below.

| Candidate No. | Name                                                                                                       | Present position and assignment                           | Number of attendances at the meetings of the Board of Directors and the meetings of the Audit and Supervisory Committee |
|---------------|------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------|
| 1             | <input type="checkbox"/> Reappointed<br>Yuichi Kurita                                                      | Director, Standing Audit and Supervisory Committee Member | Meetings of the Board of Directors: 13/13<br>Meetings of the Audit and Supervisory Committee: 15/15                     |
| 2             | <input type="checkbox"/> Reappointed<br><input checked="" type="checkbox"/> Independent<br>Megumi Yamamuro | Outside Director, Audit and Supervisory Committee Member  | Meetings of the Board of Directors: 12/13<br>Meetings of the Audit and Supervisory Committee: 14/15                     |
| 3             | <input type="checkbox"/> Reappointed<br><input checked="" type="checkbox"/> Independent<br>Yasushige Hagio | Outside Director, Audit and Supervisory Committee Member  | Meetings of the Board of Directors: 13/13<br>Meetings of the Audit and Supervisory Committee: 15/15                     |

|                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                          | Name<br>(Date of Birth)                                                                                                                                                                                               | Brief personal history; position and assignment; and other significant concurrently held positions, if any                                                                                                                                                                                                                                                                                         | Number of the Company's shares owned |
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| 1                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        | <br>Yuichi Kurita<br>(July 28, 1949)<br><div style="border: 1px solid black; padding: 2px; display: inline-block;">Reappointed</div> | April 1973      Joined Fujitsu Limited<br>March 2001     Joined Advantest Corporation<br>June 2003      Executive Officer<br>June 2007      Director, Managing Executive Officer<br>June 2010      Director, Senior Executive Officer<br>June 2012      Standing Audit and Supervisory Board Member<br>June 2015      Director, Standing Audit and Supervisory Committee Member (present position) | 5,940                                |
| <p>The reasons for nomination as a candidate for director who is an audit and supervisory committee member:</p> <p>■Mr. Yuichi Kurita has many years of experience in finance and corporate management and has a wealth of knowledge and experience concerning finance and accounting. He served as a director and an audit and supervisory board member of the Company. Currently serving as a director who is a standing audit and supervisory committee member, he is striving to enhance supervision and oversight and corporate governance. In view of his achievements, the Company believes that he is a suitable person to enhance supervisory and oversight functions and, therefore, has nominated him as a candidate for director who is an audit and supervisory committee member again.</p> |                                                                                                                                                                                                                       |                                                                                                                                                                                                                                                                                                                                                                                                    |                                      |

|   | Name<br>(Date of Birth)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                | Brief personal history; position and assignment; and other significant concurrently held positions, if any                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | Number of the Company's shares owned |
|---|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
|   |  <p>Megumi Yamamuro<br/>(March 8, 1948)</p> <p>Reappointed</p> <p>Independent</p>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     | <p>April 1974 Assistant Judge, Tokyo District Court</p> <p>April 1984 Judge, Tokyo District Court</p> <p>April 1988 Instructor, Legal Training and Research Institute</p> <p>April 1997 Judge, Tokyo High Court</p> <p>July 2004 Registered as Attorney-at-Law<br/>Joined CAST Law P.C. (currently URYU &amp; ITOGA) (present position)</p> <p>October 2004 Professor, The University of Tokyo Graduate School of Law and Politics</p> <p>June 2005 Outside Audit and Supervisory Board Member, Fujitsu Limited (present position)</p> <p>June 2006 Outside Audit and Supervisory Board Member, Advantest Corporation</p> <p>June 2009 Outside Audit and Supervisory Board Member, NIFTY Corporation (Resigned in July 2016)</p> <p>October 2010 Professor, Nihon University Law School</p> <p>June 2013 Outside Audit and Supervisory Board Member, Yachiyo Industry Co., Ltd. (present position)</p> <p>June 2015 Outside Director, Audit and Supervisory Committee Member, Advantest Corporation (present position)</p> | 1,736                                |
| 2 | <p>The reasons for nomination as a candidate for outside director who is an audit and supervisory committee member and the number of years in office:</p> <ul style="list-style-type: none"> <li>■ Mr. Megumi Yamamuro is a candidate for outside director.</li> <li>■ Although Mr. Megumi Yamamuro has not been directly involved in the management of a company in the past, he has been engaged in legal practice for many years and also serves as an outside audit and supervisory board member of other companies. Thus, he is well versed in corporate legal affairs, including the Companies Act, compliance measures in Japan and overseas, and governance. Currently serving as a director who is an audit and supervisory committee member, he is striving to enhance supervision, oversight and corporate governance. In view of his achievements, the Company believes that he is a suitable person to enhance supervisory and oversight functions and, therefore, has nominated him again as a candidate for director who is an audit and supervisory committee member.</li> <li>■ Mr. Megumi Yamamuro has served as an outside director who is an audit and supervisory committee member of the Company for two years. He previously served as an outside audit and supervisory board member of the Company. As an outside audit and supervisory board member of the Company and as an outside director who is an audit and supervisory committee member of the Company, he has served for a total of 11 years.</li> </ul> <p><b>Independence</b></p> <ul style="list-style-type: none"> <li>■ Although Mr. Megumi Yamamuro has served as an outside audit and supervisory board member and an outside director of the Company for an extensive period, the Company has no special transactions with him or the law firm to which he belongs. Therefore, the Company judges that he is sufficiently independent in light of the Independence Criteria of Independent Outside Directors (page 13) specified by the Company. And since he also satisfies the requirements for independent directors specified by Tokyo Stock Exchange, Inc., the Company has registered him as an independent director with the said exchange.</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |                                      |



|   | Name<br>(Date of Birth)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | Brief personal history; position and assignment; and other significant concurrently held positions, if any                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | Number of the Company's shares owned |
|---|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------|
|   |  <p data-bbox="256 524 469 622">Yasushige Hagio<br/>(November 24, 1947)</p> <div data-bbox="288 629 437 667" style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Reappointed</div> <div data-bbox="288 689 437 728" style="border: 1px solid black; padding: 2px; width: fit-content; margin: 5px auto;">Independent</div>                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | <p data-bbox="507 255 1182 293">April 1972 Assistant Judge, Tokyo District Court</p> <p data-bbox="507 293 1066 331">April 1982 Judge, Tokyo District Court</p> <p data-bbox="507 331 1206 389">April 1998 Instructor, Legal Training and Research Institute</p> <p data-bbox="507 389 1118 427">December 2003 Chief of Shizuoka District Court</p> <p data-bbox="507 427 1166 524">June 2004 Registered as Attorney-at-Law<br/>Joined Seiwa Patent &amp; Law (present position)</p> <p data-bbox="507 524 1214 562">June 2006 Outside Director, Advantest Corporation</p> <p data-bbox="507 562 1214 622">June 2015 Outside Director, Audit and Supervisory Committee Member (present position)</p> | 4,331                                |
| 3 | <p data-bbox="240 777 1358 837">The reasons for nomination as a candidate for outside director who is an audit and supervisory committee member and the number of years in office:</p> <ul style="list-style-type: none"> <li data-bbox="240 837 922 875">■ Mr. Yasushige Hagio is a candidate for outside director.</li> <li data-bbox="240 875 1469 1106">■ Although Mr. Yasushige Hagio has not been directly involved in the management of a company in the past, he has been engaged in legal practice for many years and is well versed in corporate legal affairs, including the Companies Act, compliance measures in Japan and overseas, and governance. Currently serving as a director who is an audit and supervisory committee member, he is striving to enhance supervision, oversight and corporate governance. In view of his achievements, the Company believes that he is a suitable person to enhance supervisory and oversight functions and, therefore, has nominated him again as a candidate for director who is an audit and supervisory committee member.</li> <li data-bbox="240 1106 1433 1211">■ Mr. Yasushige Hagio has served as an outside director who is an audit and supervisory committee member of the Company for two years. He has served as an outside director of the Company for 11 years.</li> </ul> <p data-bbox="240 1240 408 1279">Independence</p> <ul style="list-style-type: none"> <li data-bbox="240 1279 1465 1480">■ Although Mr. Yasushige Hagio has served as an outside director of the Company for an extensive period, the Company has no special relationship of transactions with him or the law firm to which he belongs. Therefore, the Company judges that he is sufficiently independent in light of the Independence Criteria of Independent Outside Directors (page 13) specified by the Company. And since he also satisfies the requirements for independent directors specified by Tokyo Stock Exchange, Inc., the Company has registered him as an independent director with the said exchange.</li> </ul> |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |                                      |

Notes:

1. These candidates do not have any special interest in the Company.
2. The Company has entered into a limited liability agreement pursuant to Article 427, Paragraph 1 of the Companies Act with Messrs. Megumi Yamamuro and Yasushige Hagio. The upper limit of liability based on this agreement is the minimum liability as provided in the applicable laws and ordinances.

**Agenda Item No. 3:** Election of 1 substitute director who is an audit and supervisory committee member

The validity of the election of the current substitute director who is an audit and supervisory committee member expires at the commencement of this ordinary general meeting of shareholders. The Company requests that you elect one substitute director who is an audit and supervisory committee member to fill the vacancy, if the number of directors who are audit and supervisory committee members falls short of the quorum pursuant to laws and regulations. The Company has obtained the consent of the Audit and Supervisory Committee with respect to this agenda item.

The candidate for substitute director who is an audit and supervisory committee member is as below.

|               |
|---------------|
| Name          |
| Osamu Karatsu |

For the date of birth, brief personal history and other items to be described in the reference documents for the General Meeting of Shareholders for the above candidate, please see Agenda Item No. 1 “Election of 6 directors (excluding directors who are audit and supervisory committee members)” on page 8.

(Attachments)

## **Business Report**

(April 1, 2016 through March 31, 2017)

### 1. Current Conditions of the Company group

#### (1) Business conditions during the fiscal year

##### (i) Operations and Results of Business

#### Overall

During the Company's FY2016, the global economy continued its overall recovery trend, supported by recovery in the US and other countries.

In semiconductor-related markets, the improving functionality and increasing sales volumes of smartphones, as well as progress in automotive electronics and growth in data center investment, have driven growth. As a result, the semiconductor market reversed its negative growth trend of 2015 to expand through 2016. In the non-memory semiconductor sector, which includes logic devices, capital investment in smartphone-related production and advanced manufacturing processes increased. In the memory sector, capital investment accelerated in the latter half of 2016, reflecting the improvement in market conditions that began in the summer due to growth in data center and smartphone demand.

Average currency exchange rates indicating in the current fiscal year were 1 USD to 108 JPY (121 JPY in the previous fiscal year) and 1 EUR to 119 JPY (133 JPY in the previous fiscal year).

In this business environment, the Company sought to improve performance, with a focus on capturing new demand from the memory sector, where customers are now highly motivated to invest. As a result, for the fiscal year ended March 31, 2017, orders received were ¥164.7 billion (8.7% increase in comparison to the previous fiscal year), a result that exceeded orders in the previous fiscal year in spite of yen appreciation. Net sales were ¥155.9 billion (3.8% decrease in comparison to the previous fiscal year). Despite a decline in sales compared with the previous fiscal year, operating income was ¥13.9 billion (10.4% increase in comparison to the previous fiscal year), due to a more profitable sales mix in comparison to the previous fiscal year. Income before income taxes was ¥15.0 billion (27.7% increase in comparison to the previous fiscal year) and net income was ¥14.2 billion (112.1% increase in comparison to the previous fiscal year). The percentage of net sales to overseas customers was 88.2% (92.0% in the previous fiscal year).

#### Business conditions by Business Segment

##### Semiconductor and Component Test System Segment

The Company's non-memory semiconductor test system business remained solid through the third quarter against a backdrop of increased production of semiconductors smartphones. However, starting in the beginning of the fourth quarter, inventory adjustments for mobile devices suppressed sales of non-memory test systems, leading sales to finish at a slightly lower level than the previous fiscal year. In the memory sector, customer investment stayed flat at the beginning of the fiscal year, but the business environment grew more favorable from the summer, enabling us to achieve orders exceeding the previous year's results in the second half alone.

As a result of the above, orders received were ¥106.2 billion (12.1% increase in comparison to the previous fiscal year), net sales were ¥101.3 billion (0.5% increase in comparison to the previous fiscal year), and segment income was ¥16.7 billion (58.4% increase in comparison to the previous fiscal year).

##### Mechatronics System Segment

Due to a drop in demand for photomask inspection equipment, the Company's nanotechnology business remained sluggish throughout the year. In the device interface business, although orders received exceeded the previous fiscal year's, sales fell in comparison to the previous fiscal year due to the impact of lower DRAM investment at the beginning of the period.

As a result of the above, orders received were ¥26.9 billion (1.6% decrease in comparison to the previous fiscal year), net sales were ¥25.2 billion (20.0% decrease in comparison to the previous fiscal year), and segment loss was ¥1.5 billion (¥4.1 billion decline in comparison to the previous fiscal year).

#### Services, Support and Others Segment

The profitability of the Services Support and Others Segment was suppressed by yen appreciation. However, demand for field services was robust against the backdrop of increased semiconductor production.

As a result of the above, orders received were ¥31.5 billion (7.4% increase in comparison to the previous fiscal year), net sales were ¥29.5 billion (1.4% decrease in comparison to the previous fiscal year), and segment income was ¥4.8 billion (2.6% decrease in comparison to the previous fiscal year).

#### Sales Breakdown by Business Segment (consolidated)

| Fiscal Year<br>Segment                        | FY2015<br>(the 74th)        |                   | FY2016<br>(the 75th)        |                   | Change from the previous<br>period |                                             |
|-----------------------------------------------|-----------------------------|-------------------|-----------------------------|-------------------|------------------------------------|---------------------------------------------|
|                                               | Amount<br>(Millions of yen) | Percentage<br>(%) | Amount<br>(Millions of yen) | Percentage<br>(%) | Amount<br>(Millions of yen)        | Percentage<br>increase<br>(decrease)<br>(%) |
| Semiconductor<br>and Component<br>Test System | 100,762                     | 62.2              | 101,266                     | 64.9              | 504                                | 0.5                                         |
| Mechatronics<br>System                        | 31,482                      | 19.4              | 25,192                      | 16.2              | (6,290)                            | (20.0)                                      |
| Services, Support<br>and Others               | 29,923                      | 18.4              | 29,496                      | 18.9              | (427)                              | (1.4)                                       |
| Intercompany<br>transaction<br>elimination    | (56)                        | (0.0)             | (38)                        | (0.0)             | 18                                 | -                                           |
| Total                                         | 162,111                     | 100.0             | 155,916                     | 100.0             | (6,195)                            | (3.8)                                       |
| Overseas                                      | 149,132                     | 92.0              | 137,473                     | 88.2              | (11,659)                           | (7.8)                                       |

#### (ii) Capital Expenditures

The Company group invested a total of ¥4.8 billion in capital expenditures in FY2016. Most of the investments were used for new product development and production facilities.

#### (iii) Financing

No significant financing activities took place in FY2016.

(2) Conditions of Assets, Profit and Loss

Conditions of Assets, Profit and Loss of the Company group (consolidated)

|                                                                             | US GAAP              |                      |                      | IFRS                                |                      |
|-----------------------------------------------------------------------------|----------------------|----------------------|----------------------|-------------------------------------|----------------------|
|                                                                             | FY2013<br>(the 72nd) | FY2014<br>(the 73rd) | FY2015<br>(the 74th) | FY2015<br>(the 74th)<br>(reference) | FY2016<br>(the 75th) |
| Net sales (Millions of yen)                                                 | 111,878              | 163,329              | 162,463              | 162,111                             | 155,916              |
| Net income (loss) attributable to owners of the parent<br>(Millions of yen) | (35,540)             | 12,948               | 7,938                | 6,694                               | 14,201               |
| Basic earnings per share (Yen)                                              | (204.10)             | 74.31                | 45.47                | 38.85                               | 81.07                |
| Total equity attributable to owners of the parent (Millions of yen)         | 116,252              | 140,938              | 132,122              | 93,619                              | 109,517              |
| Total assets (Millions of yen)                                              | 229,856              | 273,041              | 249,469              | 210,451                             | 231,603              |

(Notes) 1. The Company prepared its consolidated financial statements in accordance with the International Financial Reporting Standards (IFRS) from fiscal year 2016 (the 75th fiscal year).

2. Conditions of Assets, Profit and Loss of the Company group are presented according to the IFRS terminology.

3. The calculation of "Basic earnings per share" was based on the average number of shares issued during the relevant fiscal year less the average number of treasury shares held during the fiscal year.

[Charts illustrating the information presented in the above table.]

(3) Significant Subsidiaries

| Name of Subsidiary              | Common Stock                        | Percentage of Voting Rights<br>(Note) | Principal Activities                                           |
|---------------------------------|-------------------------------------|---------------------------------------|----------------------------------------------------------------|
| Advantest Laboratories Ltd.     | ¥50 million                         | 100%                                  | Research and development of measuring and testing technologies |
| Advantest Finance Inc.          | ¥310 million                        | 100%                                  | Leasing of the Company's products and sales of used products   |
| Advantest America, Inc.         | 4,059 thousand USD                  | 100%                                  | Development and sales of the Company's products                |
| Advantest Europe GmbH           | 10,793 thousand Euros               | 100%                                  | Development and sales of the Company's products                |
| Advantest Taiwan Inc.           | 760,000 thousand New Taiwan Dollars | 100%                                  | Sales of the Company's products                                |
| Advantest (Singapore) Pte. Ltd. | 15,300 thousand Singapore Dollars   | 100%                                  | Sales of the Company's products                                |
| Advantest Korea Co., Ltd.       | 9,516 million Won                   | 100%                                  | Support for sales of the Company's products                    |
| Advantest (China) Co., Ltd.     | 8,000 thousand USD                  | 100%                                  | Support for sales of the Company's products                    |

(Notes) 1. Advantest Finance Inc. reduced its capital from ¥1,000 million to ¥310 million on March 31, 2017.

2. Percentage of voting rights includes indirectly held shares.

#### (4) Issues to be Addressed

With a core competence in measurement technologies developed over decades of R&D, the Company aims to enhance corporate value through promoting two management policies.

The first policy is to continuously improve its cost structure such that it can generate stable profits even in the semiconductor test equipment market with high fluctuations in demand. Specifically, the Company will seek to hold down its break-even point by reducing its cost of sales, flexibly optimizing overall costs in response to changes in the business environment, and improving work efficiency, among other measures.

The second policy is to reinforce and diversify the Company's profit sources to enable sustainable growth by implementing a two-pronged strategy of seeking deep demand in the test market that is expected to expand multidimensionally and creating new businesses that leverage its technological strengths. Digital evolution is underway, as reflected in the spread of use of smartphones, 5G and other high-speed networks, IoT, ADAS (advanced driver assistance systems) and artificial intelligence. In line with the progress of semiconductors offering larger data storage, more advanced data computation, faster wireless communication, and lower power consumption, assuring reliability of semiconductors will become increasingly important. The Company sees this market shift as a business opportunity and will continue to rapidly develop and provide products and services attuned to the market needs. It will also aim to identify promising markets of new applications for its measurement technologies, and create and grow businesses to serve these markets. To support this reinforcement and diversification of its profit sources, the Company is committed to R&D management from a medium- to long-term perspective, allowing for agile and strategic allocation of resources, while maintaining the company's financial health and efficiency.

#### (5) Primary Areas of Business

The Company group manufactures and markets semiconductor and component test systems and products related to mechatronics systems (test handlers, device interface, nanotechnology products, etc.). In addition to manufacturing, the Company group also carries out research and development activities and provides maintenance services and related services in the business category of "Services, Support and Others."

#### (6) Significant Sales Offices and Factories

##### (i) Japan

| Category                                             | Name of Office         | Location                    |
|------------------------------------------------------|------------------------|-----------------------------|
| Head Office,<br>Sales Offices and<br>Service Offices | Head Office            | Chiyoda-ku, Tokyo           |
| R&D Centers,<br>Laboratories                         | Gunma R&D Center       | Meiwa-machi, Ora-gun, Gunma |
|                                                      | Saitama R&D Center     | Kazo-shi, Saitama           |
|                                                      | Kitakyushu R&D Center  | Kitakyushu-shi, Fukuoka     |
|                                                      | Advantest Laboratories | Sendai-shi, Miyagi          |
| Factories                                            | Gunma Factory          | Ora-machi, Ora-gun, Gunma   |
|                                                      | Sendai Factory         | Sendai-shi, Miyagi          |

##### (ii) Overseas

| Category                                                              | Name of Office                  | Location  |
|-----------------------------------------------------------------------|---------------------------------|-----------|
| Sales Offices,<br>R&D Centers,<br>Laboratories and<br>Service Offices | Advantest America, Inc.         | U.S.A.    |
|                                                                       | Advantest Europe GmbH           | Germany   |
|                                                                       | Advantest Taiwan Inc.           | Taiwan    |
|                                                                       | Advantest (Singapore) Pte. Ltd. | Singapore |
|                                                                       | Advantest Korea Co., Ltd.       | Korea     |
|                                                                       | Advantest (China) Co., Ltd.     | China     |

(7) Employees

Employees of the Company group (as of March 31, 2017)

| Number of Employees | Decrease from end of FY2015 |
|---------------------|-----------------------------|
| 4,414 (148)         | 80 (14)                     |

(Note) The numbers set forth above indicate the numbers of employees excluding part-time and non-regular employees. The numbers in brackets indicate the annual average number of such part-time and non-regular employees.

(8) Major Lenders

Not applicable.

(9) Other significant matters with respect to the current status of the Company group

Not applicable.

## 2. Company Information

### (1) Equity Stock (as of March 31, 2017)

- |                                     |                    |
|-------------------------------------|--------------------|
| (i) Total number of issuable shares | 440,000,000 shares |
| (ii) Total number of issued shares  | 199,566,770 shares |

(Note) Total number of issued shares includes treasury shares(22,736,166 shares).

- |                              |        |
|------------------------------|--------|
| (iii) Number of shareholders | 35,190 |
|------------------------------|--------|

### (iv) Major Shareholders (Top 10 shareholders)

| Name of Shareholder                                                                                                                   | Number of Shares<br>(in: thousand shares) | Percentage of<br>Ownership (%) |
|---------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------|--------------------------------|
| The Master Trust Bank of Japan, Ltd. (trust account)                                                                                  | 39,704                                    | 22.45                          |
| Mizuho Trust & Banking Co., Ltd. (retirement benefit trust (Fujitsu account), re-trust trustees, Trust & Custody Services Bank, Ltd.) | 20,142                                    | 11.39                          |
| Japan Trustee Services Bank, Ltd. (trust account)                                                                                     | 18,746                                    | 10.60                          |
| Trust & Custody Services Bank, Ltd. (investment trust account)                                                                        | 6,087                                     | 3.44                           |
| Japan Trustee Services Bank, Ltd. (trust account 4)                                                                                   | 3,629                                     | 2.05                           |
| Barclays Bank PLC a/c re Equities                                                                                                     | 2,639                                     | 1.49                           |
| Japan Trustee Services Bank, Ltd. (trust account 5)                                                                                   | 2,503                                     | 1.41                           |
| Chase Manhattan Bank GTS Clients Account Escrow                                                                                       | 2,364                                     | 1.33                           |
| JP Morgan Chase Bank 385151                                                                                                           | 2,107                                     | 1.19                           |
| The Bank of New York 133524                                                                                                           | 1,910                                     | 1.08                           |

(Notes) 1. Number of Shares is rounded down to the nearest thousand.

2. Percentage of Ownership is calculated excluding treasury shares (22,736,166 shares).

3. Percentage of Ownership is rounded down to the second decimal place.

4. Mizuho Trust & Banking Co., Ltd. (retirement benefit trust (Fujitsu account), re-trust trustees, Trust & Custody Services Bank, Ltd.) holds the 20,142 thousand shares of common stock listed 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) Stock Acquisition Rights

(i) Stock acquisition rights held by directors and audit and supervisory committee members (as of March 31, 2017)

|                                                                                                     | Resolution at the meeting of the Board of Directors held on June 26, 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             | Resolution at the meeting of the Board of Directors held on July 27, 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|-----------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Date of issuance                                                                                    | July 12, 2013                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         | August 16, 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Issuance Price                                                                                      | ¥46,000 per unit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ¥36,300 per unit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Holding status of stock acquisition rights by directors and audit and supervisory committee members | 1,550 units (8 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 3,150 units (4 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Directors (excluding audit and supervisory committee members and outside directors)                 | 1,300 units (3 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               | 3,150 units (4 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Outside directors (excluding audit and supervisory committee members)                               | 100 units (2 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0 units (0 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Directors (audit and supervisory committee members)                                                 | 150 units (3 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 | 0 units (0 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Class and aggregate number of shares to be issued or delivered upon exercise                        | 155,000 shares of common stock (each stock acquisition right is exercisable for 100 shares)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           | 315,000 shares of common stock (each stock acquisition right is exercisable for 100 shares)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                     |
| Exercise price to be paid upon exercise                                                             | ¥1,669 per share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      | ¥1,382 per share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Exercise period                                                                                     | April 1, 2014 to March 31, 2018                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       | April 1, 2017 to March 31, 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                 |
| Terms of exercise                                                                                   | The stock acquisition rights may not be inherited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                    | The stock acquisition rights may not be inherited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Reasons for the Company's acquisition of the stock acquisition rights                               | <p>The Company shall automatically acquire the stock acquisition rights, for no consideration, if:</p> <p>(a) the general meeting of shareholders resolves to approve (if approval by the shareholders' meeting is not legally required, then the Board of Directors 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;</p> <p>(b) the rights holder becomes a person who does not hold any position as a director, audit and supervisory board member, executive officer, employee, advisor or non-regular employee of the Company or its subsidiaries before the expiration of the exercise period, unless the Company otherwise deems it appropriate to allow him/her to exercise his/her stock acquisition rights and notifies him/her to that effect;</p> <p>(c) the rights holder dies.</p> | <p>The Company shall automatically acquire the stock acquisition rights, for no consideration, if:</p> <p>(a) the general meeting of the shareholders or, if approval by the shareholders' meeting is not legally required, then the board of directors resolves to 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;</p> <p>(b) the rights holder becomes a person who does not hold any position as a director, corporate auditor, officer, employee or any other similar position of the Company or its domestic or overseas subsidiaries; except where the Company deems that it is appropriate to allow him/her to exercise his/her stock acquisition rights and notifies him/her;;</p> <p>(c) the rights holder dies.</p> |

|                                                                    |                                                                                                                                                                                                                                                                                  |                                                                                                                                                                                                                                                                                  |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <p>Restriction on the transfer of the stock acquisition rights</p> | <p>Acquisition of stock acquisition rights by transfer shall require approval by the Board of Directors. Provided, however, 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.</p> | <p>Acquisition of stock acquisition rights by transfer shall require approval by the Board of Directors. Provided, however, 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.</p> |
|--------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

(ii) Stock acquisition rights granted to the Company's employees etc. during fiscal year 2016

|                                                                              |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
|------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
|                                                                              | Resolution at the meeting of the Board of Directors held on July 27, 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
| Date of issuance                                                             | August 16, 2016                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Issuance Price                                                               | ¥36,300 per unit                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Condition of granting                                                        | 16,090 units<br>(75 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Employees of the Company                                                     | 12,150 units<br>(42 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                            |
| Directors of the Company's subsidiaries                                      | 890 units<br>(6 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                |
| Employees of the Company's subsidiaries                                      | 3,050 units<br>(27 persons)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                             |
| Class and aggregate number of shares to be issued or delivered upon exercise | 1,609,000 shares of common stock<br>(each stock acquisition right is exercisable for 100 shares)                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Exercise price to be paid upon exercise                                      | ¥1,382 per share                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                        |
| Exercise period                                                              | April 1, 2017 to March 31, 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                         |
| Terms of exercise                                                            | The stock acquisition rights may not be inherited.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Reasons for the Company's acquisition of the stock acquisition rights        | The Company shall automatically acquire the stock acquisition rights, for no consideration, if: <ul style="list-style-type: none"> <li>(a) the general meeting of the shareholders or, if approval by the shareholders' meeting is not legally required, then the board of directors resolves to 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;;</li> <li>(b) the rights holder becomes a person who does not hold any position as a director, corporate auditor, officer, employee or any other similar position of the Company or its domestic or overseas subsidiaries; except where the Company deems that it is appropriate to allow him/her to exercise his/her stock acquisition rights and notifies him/her;</li> <li>(c) the rights holder dies.</li> </ul> |
| Restriction on the transfer of the stock acquisition rights                  | Acquisition of stock acquisition rights by transfer shall require approval by the Board of Directors. Provided, however, 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.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |

## (3) Directors and Audit and Supervisory Committee Members

## (i) Directors and Audit and Supervisory Committee Members (as of March 31, 2017)

| Title                                                             | Name               | Assignment in the Company and significant concurrent positions                                                                                                                   |
|-------------------------------------------------------------------|--------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Representative Director                                           | Yoshiaki Yoshida * |                                                                                                                                                                                  |
| Director                                                          | Osamu Karatsu      |                                                                                                                                                                                  |
| Director                                                          | Seiichi Yoshikawa  |                                                                                                                                                                                  |
| Director                                                          | Sae Bum Myung*     |                                                                                                                                                                                  |
| Director                                                          | Hiroshi Nakamura*  |                                                                                                                                                                                  |
| Director                                                          | Shinichiro Kuroe   |                                                                                                                                                                                  |
| Director<br>Standing Audit and<br>Supervisory Committee<br>Member | Yuichi Kurita      |                                                                                                                                                                                  |
| Director<br>Audit and Supervisory<br>Committee Member             | Megumi Yamamuro    | Attorney-at-Law, URYU & ITOGA<br>Outside Audit and Supervisory Board Member of<br>Fujitsu Limited<br>Outside Audit and Supervisory Board Member of<br>Yachiyo Industry Co., Ltd. |
| Director<br>Audit and Supervisory<br>Committee Member             | Yasushige Hagio    | Attorney-at-Law, Senior Partner, Seiwa Patent &<br>Law                                                                                                                           |

- (Notes)
- Mr. Yuichi Kurita has been appointed as a standing audit and supervisory committee member in order to enhance effectiveness of audits and supervisory function by the Audit and Supervisory Committee through information gathering by attending important meetings and conducting hearings about reports on operations received from execution departments as well as through strengthened collaboration between the accounting auditor and the internal audit division.
  - Mr. Yuichi Kurita, a director who is an audit and supervisory committee member, has considerable knowledge of finance and accounting gained through many years of experience serving as an officer of the Company responsible for finance and administration.
  - Messrs. Osamu Karatsu, Seiichi Yoshikawa, Megumi Yamamuro, and Yasushige Hagio are outside directors.
  - The Company has registered directors Osamu Karatsu, Seiichi Yoshikawa, Megumi Yamamuro, and Yasushige Hagio as independent directors with the Tokyo Stock Exchange.
  - Mr. Megumi Yamamuro, a director, resigned from the position as Outside Audit and Supervisory Board Member of NIFTY Corporation on July 29, 2016.
  - Directors' positions were changed as described below on January 26, 2017.
- | Name             | New                     | Old                     |
|------------------|-------------------------|-------------------------|
| Yoshiaki Yoshida | Representative Director | Director                |
| Shinichiro Kuroe | Director                | Representative Director |
- There has been no change to assignment in the Company and significant concurrent positions of directors after March 31, 2017.
  - The Company has in place an Executive Officers System and \* indicates a director who also serves as an Executive Officer.

9. The positions of Executive Officers are currently held as follows:

| Title                      | Name                    | Assignment in the Company and significant concurrent positions                          |
|----------------------------|-------------------------|-----------------------------------------------------------------------------------------|
| President and CEO          | Yoshiaki Yoshida        | Executive Vice President, Nanotechnology Business Group                                 |
| Senior Executive Officer   | Sae Bum Myung           | Sales and Marketing<br>Executive Vice President, Sales Group                            |
| Managing Executive Officer | Hiroshi Nakamura        | Corporate Administration<br>Executive Vice President, Corporate Administration Group    |
| Managing Executive Officer | Hans-Juergen Wagner     | SoC Test Business Groups<br>Managing Director (R&D, CTO), Advantest Europe GmbH         |
| Managing Executive Officer | Soichi Tsukakoshi       | Executive Vice President, Production Group                                              |
| Managing Executive Officer | Satoru Nagumo           | Executive Vice President, ADS Business Group                                            |
| Managing Executive Officer | Koichi Tsukui           | Executive Vice President, Corporate Relations Group                                     |
| Executive Officer          | Takashi Sugiura         | Executive Vice President, Quality Assurance Group                                       |
| Executive Officer          | Takashi Sekino          | Senior Vice President, Nanotechnology Business Group                                    |
| Executive Officer          | Josef Schraetzenstaller | Managing Director (CEO), Advantest Europe GmbH                                          |
| Executive Officer          | Toshiyuki Okayasu       | Technology, New Concept Product Initiative                                              |
| Executive Officer          | CH Wu                   | Chairman of the Board, President and CEO, Advantest Taiwan Inc.                         |
| Executive Officer          | Kazuhiro Yamashita      | Executive Vice President, System Solution Group                                         |
| Executive Officer          | Wilhelm Radermacher     | Vice President and General Manager, SoC Business Group Marketing, Advantest Europe GmbH |
| Executive Officer          | Masuhiko Yamada         | Executive Vice President, Memory Test Business Group                                    |
| Executive Officer          | Isao Sasaki             | Executive Vice President, Field Service Group                                           |
| Executive Officer          | Keith Hardwick          | Chief Financial Officer, Advantest America Inc.                                         |
| Executive Officer          | Douglas Lefever         | Director, President and CEO, Advantest America, Inc.                                    |
| Executive Officer          | Shunsuke Kato           | Executive Vice President, Business Innovation Group                                     |
| Executive Officer          | Kimiya Sakamoto         | Senior Vice President (Officer), Sales Group                                            |
| Executive Officer          | Atsushi Fujita          | Senior Vice President (Officer), Corporate Administration Group                         |
| Executive Officer          | Yong Xu                 | Director, President and CEO, Advantest (China) Co., Ltd.                                |

(ii) Overview of limited liability agreements

The Company entered into a limited liability agreement pursuant to Article 427, Paragraph 1 of the Companies Act, with outside directors Osamu Karatsu, Seiichi Yoshikawa, Megumi Yamamuro, and Yasushige Hagio. The upper limit of liability based on each agreement is the minimum liability as provided in the relevant laws and regulations.

(iii) The amount of remuneration for directors and audit and supervisory board members

| Category                                                      | Number | Amount of remuneration |
|---------------------------------------------------------------|--------|------------------------|
| Directors (excluding audit and supervisory committee members) | 6      | ¥409 million           |
| Directors (audit and supervisory committee members)           | 3      | ¥64 million            |
| Total                                                         | 9      | ¥473 million           |

- (Notes)
1. The amounts of remuneration set forth above include compensation in the form of stock options.
  2. The amounts of remuneration set forth above includes the aggregate amount of remuneration for two outside directors (excluding audit and supervisory committee members), two outside directors (audit and supervisory committee members) in the amount of ¥36 million.

(iv) Matters pertaining to outside directors and outside audit and supervisory committee members

(a) Significant concurrent positions held and relationship to the Company

| Name                                                                          | Concurrent position(s)                                                 | Relationship to the Company                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|-------------------------------------------------------------------------------|------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Megumi Yamamuro<br>(Outside Director, Audit and Supervisory Committee Member) | Outside Audit and Supervisory Board Member, Fujitsu Limited            | Fujitsu Limited holds the right to instruct the voting of shares in the Company held by Mizuho Trust & Banking Co., Ltd. (retirement benefit trust (Fujitsu account), re-trust trustees, Trust & Custody Services Bank, Ltd.) (11.39%).<br>The Company has transactions with Fujitsu Limited, including sales of products. The amount of the Company's sales to Fujitsu in FY2016 accounted for less than 1% of the Company's consolidated net sales. The Company's transactions with Fujitsu also include purchases of raw materials and contracting of services. The amount of such transactions with Fujitsu in FY2016 accounted for less than 1% of the sum of cost of sales and selling, general and administrative expenses of the Company on a consolidated basis. |
|                                                                               | Outside Audit and Supervisory Board Member, NIFTY Corporation          | There is no special relationship between NIFTY Corporation and the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                               |
|                                                                               | Outside Audit and Supervisory Board Member, Yachiyo Industry Co., Ltd. | There is no special relationship between Yachiyo Industry Co., Ltd. and the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Yasushige Hagio<br>(Outside Director, Audit and Supervisory Committee Member) | Senior Partner, Seiwa Patent & Law                                     | There is no special relationship between Seiwa Patent & Law and the Company.                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                              |

## (b) Principal activities

| Name                                                                                | Attendance                                                            | Participation at meetings                                                                                    |
|-------------------------------------------------------------------------------------|-----------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------|
| Osamu Karatsu<br>(Outside Director)                                                 | Meetings of Board of Directors:<br>13 out of 13 times                 | Mr. Karatsu expresses his opinions based mainly on his knowledge of the industry.                            |
| Seiichi Yoshikawa<br>(Outside Director)                                             | Meetings of Board of Directors:<br>13 out of 13 times                 | Mr. Yoshikawa expresses his opinions based mainly on his knowledge of the research and development strategy. |
| Megumi Yamamuro<br>(Outside Director,<br>Audit and Supervisory<br>Committee Member) | Meetings of Board of Directors:<br>12 out of 13 times                 | Mr. Yamamuro expresses his opinions based mainly on his expertise as an attorney-at-law.                     |
|                                                                                     | Meetings of Audit and Supervisory<br>Committee:<br>14 out of 15 times |                                                                                                              |
| Yasushige Hagio<br>(Outside Director,<br>Audit and Supervisory<br>Committee Member) | Meetings of Board of Directors:<br>13 out of 13 times                 | Mr. Hagio expresses his opinions based mainly on his expertise as an attorney-at-law.                        |
|                                                                                     | Meetings of Audit and Supervisory<br>Committee:<br>15 out of 15 times |                                                                                                              |

(4) Accounting Auditor

(i) Name of accounting auditor

Ernst & Young ShinNihon LLC

(ii) Remuneration

|                                                                                                                         | Amount       |
|-------------------------------------------------------------------------------------------------------------------------|--------------|
| Remuneration to the accounting auditor for this fiscal year                                                             | ¥155 million |
| Total amount of cash and other financial benefits payable by the Company and its subsidiaries to the accounting auditor | ¥157 million |

(Notes) 1. Under the agreement between the Company and the accounting auditor, as the Company has not drawn any distinction between the remuneration for the audit services pursuant to the Companies Act and that pursuant to the Financial Instruments and Exchange Act of Japan, the amount set forth above represents the aggregate amount of these audit services.

2. The Company's significant overseas subsidiaries have been audited by the Ernst & Young Group.

(iii) Reason that the Audit and Supervisory Committee gave consent to the amount of remuneration to the accounting auditor

The Audit and Supervisory Committee obtained necessary materials and received reports from directors, executive officers, the internal departments concerned, and the accounting auditor, and reviewed appropriateness of the content of the audit plan of the accounting auditor, the status of execution of accounting audit duties, the basis for calculation of the estimated amount of remuneration. As a result, the Audit and Supervisory Committee concluded that the amount of remuneration to the accounting auditor is appropriate and gave consent pursuant to Article 399, Paragraphs 1 and 3 of the Companies Act.

(iv) Policies on dismissal or non-reappointment of the accounting auditor

In the case that the accounting auditor falls under any of the items according to Article 340, Paragraph 1 of the Companies Act, the Audit and Supervisory Committee shall dismiss the accounting auditor upon the unanimous consent of the audit and supervisory committee members. In such case, an audit and supervisory committee member who is appointed by the audit and supervisory committee shall report the dismissal and its reasons at the first general meeting of shareholders convened after such dismissal. In addition, other than the above, if it is deemed to be difficult for the accounting auditor to conduct appropriate audits due to the occurrence of events that impair its qualification or independence, the Audit and Supervisory Committee shall determine the content of an agenda item about dismissal or non-reappointment of the accounting auditor to be submitted to a general meeting of shareholders.

(v) Disciplinary action against the accounting auditor in the past two years

Outline of the disciplinary action announced by the Financial Services Agency on December 22, 2015

(a) Firm subject to disciplinary action

Ernst & Young ShinNihon LLC

(b) Description of the disciplinary action

- Suspension from accepting new engagements for three months (from January 1, 2016, to March 31, 2016)
- Operational improvement order (improvement of operational management and administration systems)

(c) Reasons for the disciplinary action

- Partners of the firm had, in negligence of due care, engaged in attestation and provided assurance for the financial statements containing misstatements
- The firm's operations are inappropriate.



- (5) The Board of Directors resolved a system that ensures the appropriateness of its business as follows:

Basic Policy for the System to Ensure the Appropriateness of Business

Holding “Technology Support on the Leading Edge” as our corporate mission, the Company group established the “The ADVANTEST Way & The Code of Conduct” (“Advantest Code of Conduct”), increased the transparency of its management, and worked to promote the enhancement of corporate value. To further promote these efforts, the Company\*1 will prepare a framework as described in each paragraph below, implement the establishment, development and management of the internal control system, and ensure the sound operations of the Company.

1. Framework to the effective performance of duties by Board Directors of the Company and the Subsidiaries\*2
  - (i) The Company promotes management efficiency by separating the management decision making function and supervisory function from the function of the execution of operations. The Board of Directors shall make management decisions and supervise management. As for execution of operations, executive officers (including the Representative Director) and employees shall execute operations based on the Board of Directors’ clarification of the function and authority of the body executing operations.
  - (ii) The Board of Directors of the Company, as the management decision making body, shall make decisions on significant matters with respect to the management policies and management strategies for the Company group, and in its capacity to supervise management, the Board of Directors, including outside directors shall monitor and supervise the status of exercise of duties by executive officers while delegating necessary authorities to ensure the prompt and efficient performance of duties.
  - (iii) The Board of Directors of the Company shall approve the Company group’s management plans, receive reports on business results based on monthly closing account, financial situation, status of the performance of duties by each department, and review the appropriateness of such plans.
2. Framework to ensure the compliance with applicable laws and ordinances as well as the articles of incorporation by directors, executive officers, and employees of the Company and the Subsidiaries in performing their duties
  - (i) To ensure compliance with laws and ordinances as well as the articles of incorporation, and to ensure that actions are taken faithfully and ethically, the Company shall establish the Advantest Code of Conduct for all directors, executive officers and employees of the Company group, and notify such directors, executive officers and employees of these codes. Furthermore, the Company shall establish the “Code of Ethics for Executives” for directors and executive officers.
  - (ii) As a framework to realize full compliance with laws and ordinances, the Company shall establish the Corporate Ethics Committee that monitors the implementation of the Advantest Code of Conduct. In addition, to handle reports or consultation regarding questionable matters in light of the Advantest Code of Conduct, the Company shall establish the “Corporate Ethics Helpline”, a system in which a person who reports shall not be treated disadvantageously.
  - (iii) The Company shall establish subcommittees such as the Disclosure Committee, the Internal Control Committee, and the Human Rights Protection Committee in order to fulfill its corporate social responsibilities.
  - (iv) The Internal Control Committee shall report to the Board of Directors about the design and operation of Internal Control System as deemed necessary.
3. Rules relating to the management of risk of loss and other frameworks of the Company and the Subsidiaries
  - (i) With respect to potential risks behind management environment, business activities and corporate assets of the Company group, the Company shall identify and classify risk factors for each important business process, analyze the magnitude of risks, possibility of actual occurrence and frequency of such occurrence, etc., and create written policies and procedures regarding the appropriate response to and avoidance/ reduction of the risks, as part of the internal control activities.

- (ii) With respect to emergency situations such as disasters, the Company shall establish the Risk Management Group, create written emergency action guidelines and prepare by implementing education and training programs on a regular base.
  - (iii) The Internal Control Committee shall thoroughly manage risks and report material risks to the Board of Directors.
  - (iv) The Company is making efforts to prevent occupational injuries, create a comfortable working environment, and promote the good health of its employees through the establishment of the Safety and Health Committee.
4. Framework regarding the retention and management of information with respect to the performance of duties by Board Directors of the Company
- (i) The Company shall properly retain and manage the following information regarding the exercise of duties by directors, pursuant to the internal rules that stipulate details such as the period of retention, person in charge of retention and method of retention.
    - o Minutes of general meetings of shareholders and reference materials
    - o Minutes of meetings of the Board of Directors and reference materials
    - o Other important documents regarding the exercise of duties by directors
  - (ii) The Company shall establish the Information Security Committee that is responsible for protecting personal information and preventing confidential information from leaking.
5. Framework to ensure the appropriateness of operations of the Company, and the group as a whole, including its subsidiaries
- (i) The Company group shall establish and operate the same quality of internal control system for the Company and each company of the group in order to conduct the consolidated group management placing an emphasis on business evaluation based on consolidated accounting.
  - (ii) The internal control system of the Company group is supported by each department of the Company that is responsible for each group company, and is established and operated as a unified system based on the policies of the group created by the Internal Control Committee. Significant matters concerning the status of each group company that is controlled by the Internal Control Committee shall be reported to the Board of Directors.
  - (iii) Auditing Group of the Company supervises an internal audit to each group company.
6. Matters relating to employee(s) who assist the Audit and Supervisory Committee
- (i) The Company shall establish the Audit and Supervisory Committee Office and assign the employee(s) who assist the Audit and Supervisory Committee.
7. Matters relating to the independence of the employee(s) referred to in the preceding Section from Board Directors of the Company and the matters for ensuring the effectiveness of direction to the employee(s)
- (i) The personnel matters including but not limited to assignment, transfer, performance appraisal and disciplinary action of the employee(s) referred to in Section 6 shall be subject to a prior consent of the Audit and Supervisory Committee.
  - (ii) The employee(s) referred to in Section 6 shall perform their duties exclusively pursuant to the instruction and order by member of the Audit and Supervisory Committee and their independence from any officers or employees other than the members of Audit and Supervisory Committee shall be ensured.

8. Framework for reporting to the Audit and Supervisory Committee of the Company
  - (i) The Company shall adopt a system that allows member(s) of Audit and Supervisory Committee to attend important meetings such as the meeting of the Board of Managing Executive Officers and to keep abreast important matters regarding the execution of operations.
  - (ii) In the event that a report or consultation is made to the Corporate Ethics Helpline with respect to corporate accounting, internal control or auditing, the Company shall adopt a system that such report or consultation shall be directly reported to the Audit and Supervisory Committee.
  - (iii) In the event that any violation or breach of applicable laws, Articles of Incorporation or Advantest Code of Conduct is detected or reported, such event shall be reported immediately to the Audit and Supervisory Committee.
  - (iv) The Company shall establish system for ensuring the person who reported to the Audit and Supervisory Committee against disadvantageous treatment.
9. Other frameworks to ensure the effective implementation of audit by the Audit and Supervisory Committee
  - (i) The Company shall ensure that the Audit and Supervisory Committee cooperates with the Accounting Auditors, the Auditing Group (an internal audit division of the Company) and the corporate auditor of each Company group, and that there are opportunities to exchange opinions with them as deemed necessary.
  - (ii) The Company shall ensure that there are opportunities to exchange opinions between the Representative Director and the Audit and Supervisory Committee and shall strive for communication between them.
  - (iii) In case that a member of Audit and Supervisory Committee requests a prepayment of expense necessary to perform his or her duties, the Company shall process the prepayment without delay in accordance with the designated procedure.

(6) Status of implementation of the system to ensure the appropriateness of business

The status of implementation of the system to ensure the appropriateness of business during the fiscal year is as follows:

- (i) Framework for the effective performance of duties
 

To promote management efficiency, the Board of Directors performs management decision-making and supervision in accordance with the Board of Directors Regulations and executive officers and employees execute business in accordance with the Authorization Rules.

The Board of Directors consists of nine members: six directors who are not audit and supervisory committee members (of whom two are outside directors) and three directors who are audit and supervisory committee members (of whom two are outside directors). The Board of Directors shall make decisions on significant matters with respect to the management policies and management strategies for the Company group and monitors and oversees execution of duties by executive officers.
- (ii) Framework concerning compliance
 

The Company has established the Corporate Ethics Committee as a framework to realize full compliance with laws and ordinances. The committee monitors the implementation of the ADVANTEST Way and the Code of Conduct, and reviews and implements countermeasures. The main activities of the committee include promotion of compliance activities, provision of education on human rights, as well as provision of consultation and responses to complaints.

Compliance education is provided to officers and employees. All the officers and employees have completed education via the e-learning system.

(iii) Framework for risk management

The Internal Control Committee chaired by the representative director identifies and analyzes material risks throughout the Company group and clarifies departments responsible for individual risks and the policies and procedures for responses. Moreover, the status of design and operation of internal control systems and significant results and material deficiencies detected in the course of evaluation of internal controls shall be reported to the Board of Directors.

(iv) Framework for retention and management of information

The Company retains and manages minutes of general meetings of shareholders and minutes of meetings of the Board of Directors and their reference materials, and important documents regarding the exercise of duties by directors pursuant to the internal rules. The Information Security Committee meets monthly and reviews and implements measures to protect personal information and prevent leakage of confidential information and maintains and enhances security of IT systems. Moreover, the Company conducted a simulation drill for dealing with cyberattacks and provided e-learning on information security to officers and employees and all the officers and employees have completed the education.

(v) Framework to ensure the appropriateness of operations of the group

The Company has defined important business processes of the Company group and conducted risk analysis. The Company provides instructions to the group companies about appropriate responses to those risks. In this way, the Company has established internal control systems that are homogeneous within the group and is operating them. The Internal Control Committee identifies the internal control status of each important group company by means of control self-assessment (CSA) and by means of audits performed by the internal audit division and provides instructions to group companies to ensure operation in compliance with the policy for establishment of internal control systems. The Internal Control Committee reports important matters concerning internal control of group companies to the Board of Directors.

(vi) Framework for the implementation of audit by the Audit and Supervisory Committee

The Company has put in place a system whereby a standing audit and supervisory committee members attend important meetings such as the meeting of the Managing Executive Officers Committee and keep abreast of important matters regarding the execution of operations. The Audit and Supervisory Committee holds meetings with the accounting auditor and the internal audit division, as necessary, to ensure good communication. The Company provides opportunities for the representative director and the Audit and Supervisory Committee to exchange opinions on a periodic basis or on an as-needed basis in order to ensure good communication.

The Company has established the Audit and Supervisory Committee Office to which a full-time employee who assists the Audit and Supervisory Committee is assigned. The employee who assists the Audit and Supervisory Committee performs his duties in accordance with instructions of the audit and supervisory committee members, and thus his independence from directors who are not audit and supervisory committee members and from other officers and employees is ensured.

(7) Policies on the distribution of surplus

Based on the premise that long-term and continued growth in corporate value is fundamental to the creation of shareholder value, the Company deems the distribution of profits to the shareholders as the most important management priority.

With respect to the distribution of surplus, the Company makes dividend payouts based on semi-annual business performance with a target semi-annual payout ratio of 30%.

Retained earnings are devoted to research and development, streamlining efforts, overseas expansion, investments in new businesses and resources for M&A activities, with an aim to strengthen the Company's business position and enhance its corporate value.

In order to maintain capital strategies responsive to changes in the operating environment, the Company plans to decide obtaining more treasury shares by taking into account factors such as trends in stock price, capital efficiency and cash flow.

**Consolidated Financial Statements****Consolidated Statements of Financial Position**

(As of March 31, 2017)

(Millions of yen)

|                                    | FY2016         | FY2015<br>(reference) |                                                          | FY2016         | FY2015<br>(reference) |
|------------------------------------|----------------|-----------------------|----------------------------------------------------------|----------------|-----------------------|
| <b>Assets</b>                      |                |                       | <b>Liabilities</b>                                       |                |                       |
| Current assets                     | 171,139        | 150,396               | Current liabilities                                      | 51,434         | 29,434                |
| Cash and cash equivalents          | 95,324         | 85,430                | Trade and other payables                                 | 28,489         | 22,101                |
| Trade and other receivables        | 32,451         | 28,005                | Bonds                                                    | 15,000         | -                     |
| Inventories                        | 39,093         | 33,912                | Income tax payables                                      | 1,927          | 1,548                 |
| Other current assets               | 2,976          | 3,049                 | Provisions                                               | 1,643          | 1,709                 |
| Subtotal                           | 169,844        | 150,396               | Other financial liabilities                              | 626            | 487                   |
| Assets held for sale               | 1,295          | -                     | Other current liabilities                                | 3,749          | 3,589                 |
| Non-current assets                 | 60,464         | 60,055                | Non-current liabilities                                  | 70,652         | 87,398                |
| Property, plant and equipment, net | 29,915         | 31,451                | Bonds                                                    | 29,745         | 44,618                |
| Goodwill and intangible assets     | 16,479         | 16,726                | Other financial liabilities                              | 39             | 65                    |
| Other financial assets             | 3,625          | 3,542                 | Retirement benefit liabilities                           | 38,865         | 41,076                |
| Deferred tax assets                | 10,282         | 8,038                 | Deferred tax liabilities                                 | 420            | 358                   |
| Other non-current assets           | 163            | 298                   | Other non-current liabilities                            | 1,583          | 1,281                 |
|                                    |                |                       | <b>Total liabilities</b>                                 | <b>122,086</b> | <b>116,832</b>        |
|                                    |                |                       | <b>Equity</b>                                            |                |                       |
|                                    |                |                       | Share capital                                            | 32,363         | 32,363                |
|                                    |                |                       | Share premium                                            | 44,319         | 44,478                |
|                                    |                |                       | Treasury shares                                          | (86,039)       | (94,585)              |
|                                    |                |                       | Retained earnings                                        | 113,676        | 105,190               |
|                                    |                |                       | Other components of equity                               | 5,198          | 6,173                 |
|                                    |                |                       | <b>Total equity attributable to owners of the parent</b> | <b>109,517</b> | <b>93,619</b>         |
|                                    |                |                       | <b>Total equity</b>                                      | <b>109,517</b> | <b>93,619</b>         |
| <b>Total assets</b>                | <b>231,603</b> | <b>210,451</b>        | <b>Total liabilities and equity</b>                      | <b>231,603</b> | <b>210,451</b>        |

## Consolidated Statements of Profit or Loss

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

|                                                     | FY2016   | FY2015<br>(reference) |
|-----------------------------------------------------|----------|-----------------------|
| Net sales                                           | 155,916  | 162,111               |
| Cost of sales                                       | (66,176) | (70,636)              |
| Gross profit                                        | 89,740   | 91,475                |
| Selling, general and administrative expenses        | (76,174) | (79,109)              |
| Other income                                        | 501      | 630                   |
| Other expenses                                      | (162)    | (399)                 |
| Operating income                                    | 13,905   | 12,597                |
| Financial income                                    | 1,344    | 475                   |
| Financial expenses                                  | (227)    | (1,305)               |
| Income before income taxes                          | 15,022   | 11,767                |
| Income taxes                                        | (821)    | (5,073)               |
| Net income                                          | 14,201   | 6,694                 |
| Net income attributable to:<br>Owners of the parent | 14,201   | 6,694                 |

## Consolidated Statements of Comprehensive Income

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

|                                                                  | FY2016  | FY2015<br>(reference) |
|------------------------------------------------------------------|---------|-----------------------|
| Net income                                                       | 14,201  | 6,694                 |
| Other comprehensive income                                       |         |                       |
| Items that will not be reclassified to profit or loss            |         |                       |
| Remeasurements of defined benefit pension plans                  | 2,918   | (4,869)               |
| Items that may be subsequently reclassified to profit or loss    |         |                       |
| Exchange differences on translation of foreign operations        | (1,381) | (6,002)               |
| Net change in fair values of available-for-sale financial assets | 406     | (555)                 |
| Total other comprehensive income                                 | 1,943   | (11,426)              |
| Total comprehensive income for the year                          | 16,144  | (4,732)               |
| Comprehensive income attributable to:<br>Owners of the parent    | 16,144  | (4,732)               |

## Consolidated Statements of Changes in Equity

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

|                                                               | Equity attributable to owners of the parent |               |                 |                   |                            |          | Total Equity |
|---------------------------------------------------------------|---------------------------------------------|---------------|-----------------|-------------------|----------------------------|----------|--------------|
|                                                               | Share capital                               | Share premium | Treasury shares | Retained earnings | Other components of equity | Total    |              |
| <b>FY2015 (reference)</b>                                     |                                             |               |                 |                   |                            |          |              |
| Balance at April 1, 2015                                      | 32,363                                      | 44,487        | (94,686)        | 106,916           | 12,730                     | 101,810  | 101,810      |
| Net income                                                    |                                             |               |                 | 6,694             |                            | 6,694    | 6,694        |
| Other comprehensive income                                    |                                             |               |                 |                   | (11,426)                   | (11,426) | (11,426)     |
| Total comprehensive income for the year                       | —                                           | —             | —               | 6,694             | (11,426)                   | (4,732)  | (4,732)      |
| Purchase of treasury shares                                   |                                             |               | (1)             |                   |                            | (1)      | (1)          |
| Disposal of treasury shares                                   |                                             | (9)           | 102             | (60)              |                            | 33       | 33           |
| Dividends                                                     |                                             |               |                 | (3,491)           |                            | (3,491)  | (3,491)      |
| Transfer from other components of equity to retained earnings |                                             |               |                 | (4,869)           | 4,869                      | —        | —            |
| Total transactions with the owners                            | —                                           | (9)           | 101             | (8,420)           | 4,869                      | (3,459)  | (3,459)      |
| Balance at March 31, 2016                                     | 32,363                                      | 44,478        | (94,585)        | 105,190           | 6,173                      | 93,619   | 93,619       |

### FY2016

|                                                               |        |        |          |         |         |         |         |
|---------------------------------------------------------------|--------|--------|----------|---------|---------|---------|---------|
| Balance at April 1, 2016                                      | 32,363 | 44,478 | (94,585) | 105,190 | 6,173   | 93,619  | 93,619  |
| Net income                                                    |        |        |          | 14,201  |         | 14,201  | 14,201  |
| Other comprehensive income                                    |        |        |          |         | 1,943   | 1,943   | 1,943   |
| Total comprehensive income for the year                       | —      | —      | —        | 14,201  | 1,943   | 16,144  | 16,144  |
| Purchase of treasury shares                                   |        |        | (2)      |         |         | (2)     | (2)     |
| Disposal of treasury shares                                   |        | (868)  | 8,548    | (4,611) |         | 3,069   | 3,069   |
| Dividends                                                     |        |        |          | (4,022) |         | (4,022) | (4,022) |
| Share -based payments                                         |        | 682    |          |         |         | 682     | 682     |
| Other                                                         |        | 27     |          |         |         | 27      | 27      |
| Transfer from other components of equity to retained earnings |        |        |          | 2,918   | (2,918) | —       | —       |
| Total transactions with the owners                            | —      | (159)  | 8,546    | (5,715) | (2,918) | (246)   | (246)   |
| Balance at March 31, 2017                                     | 32,363 | 44,319 | (86,039) | 113,676 | 5,198   | 109,517 | 109,517 |



## Notes to Consolidated Financial Statements

### 1. Notes to significant matters based on which the consolidated financial statements were prepared

#### (1) Basis of presentation

The consolidated financial statements have been prepared on the basis of International Financial Reporting Standards (“IFRS”), pursuant to paragraph 1 of Article 120 of the Ordinance on Accounting of Companies (*kaisha keisan kisoku*). However, certain disclosures required on the basis of IFRS are omitted, pursuant to the second sentence of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies.

#### (2) Scope of consolidation

##### Consolidated subsidiaries

- (a) Number of consolidated subsidiaries                      30
- (b) Names of major consolidated subsidiaries are omitted, as they are described in “1. Current Conditions of the Company group, (3) Significant Subsidiaries” of the Business Report.

#### (3) Significant accounting policies

##### (i) Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits at call with banks, and other short-term highly liquid investments with maturities of three months or less from the date of acquisition that are readily convertible to known amounts of cash and which are subject to insignificant risk of changes in value.

##### (ii) Inventories

The cost of inventories includes purchase costs, processing costs and all other costs incurred to bring inventories to their present location and condition.

Inventories are measured at the lower of cost or net realizable value. If net realizable value is less than the cost, that difference is accounted for as a write-off and recognized as an expense. The weighted average method is used to calculate cost. Net realizable value represents the estimated selling price in the ordinary course of business, less all estimated costs of completion and estimated costs necessary to make the sale.

##### (iii) Financial assets

###### Financial assets measured at fair value through profit or loss

Financial assets measured at fair value through profit or loss are financial assets designated as held for trading purposes or measured at fair value through profit or loss.

These assets are measured at fair value, and the changes in fair value are recognized as profit or loss.

###### Loans and receivables

Loans and receivables are initially measured at fair value, plus any directly attributable transaction costs and subsequently at amortized cost using the effective interest method, less any impairment losses. The amortization charge for each period is recognized as financial income in profit or loss.

###### Available-for-sale financial assets

Available-for-sale financial assets are initially measured at fair value plus any directly attributable transaction costs and subsequently measured at fair value. Changes in fair value are recognized in other comprehensive income and presented in other components of equity.

###### Derivative financial instruments

Derivative financial instruments are initially recognized at fair value, and remeasured after initial recognition at their fair value. If the derivative instrument is not designated as a hedge, the gain or loss is recognized in earnings in the period in which a change occurred.

(iv) Property, plant and equipment (except lease asset)

Except for assets that are not subject to depreciation such as land, assets are depreciated using the straight-line method over their estimated useful lives.

(v) Goodwill and other intangible assets

Goodwill is not amortized. Intangible assets for which useful lives can be determined are amortized by the straight-line method over their estimated useful lives from the date the assets are available for use.

(vi) Impairment

If there is any indication of impairment for property, plant and equipment, goodwill and intangible assets, the asset is tested for impairment. Goodwill is tested for impairment both annually and when there is any indication of impairment. An impairment loss is recognized if the recoverable amount of an asset, cash-generating unit (CGU) or CGU group is less than its carrying amount.

(vii) Provisions

Provisions are recognized when the Company group has present legal or constructive obligations as a result of past events, it is probable that outflows of resources embodying economic benefits will be required to settle the obligations, and reliable estimates of the obligations can be made. When the effect of the time value of money is material, provisions are measured at the present value of the expenditures expected to be required to settle the obligations.

(viii) Employee benefits

The Company and certain of its subsidiaries have retirement and severance defined benefit plans covering substantially all of their employees. For each defined benefit plan, the present value of defined benefit obligations, related current service cost and past service cost are calculated using the projected unit credit method. The discount rates are the yields of high-quality corporate bonds that have maturity terms approximating those of the obligations for which the benefits are expected to be paid. Net defined benefit liability (asset) is measured at the present value of the defined benefit obligation less the fair value of plan assets. Remeasurements of the net amount of liabilities or assets for defined benefit plans are recognized in full as other comprehensive income in the period when they are incurred and reclassified to retained earnings immediately. Past service costs are recognized immediately in profit or loss.

(ix) Foreign currency translation

Assets and liabilities of foreign operations are translated into Japanese yen using the exchange rate at the end of the reporting period, and revenue and expense items are translated using the average exchange rates during the period. Gains or losses derived from translating foreign operations' financial statements are recognized in other comprehensive income, and presented in other components of equity.

(x) Implementation of a Consolidated Tax System

The Company has implemented a consolidated tax system.

2. Notes to Consolidated Statements of Financial Position

|                                                                                                                |                 |
|----------------------------------------------------------------------------------------------------------------|-----------------|
| (1) Allowance for doubtful accounts:                                                                           | ¥497 million    |
| (2) Accumulated depreciation on property, plant and equipment:<br>(Accumulated impairment losses are included) | ¥63,529 million |

3. Notes to Consolidated Statements of Changes in Equity

(1) Total number of issued shares as of March 31, 2017

Common stock 199,566,770 shares

(2) Dividends of surplus

(i) Dividends Paid

| Resolution                                                                   | Class of shares | Amount of dividend | Dividend per share | Record date        | Effective date   |
|------------------------------------------------------------------------------|-----------------|--------------------|--------------------|--------------------|------------------|
| Resolution at the meeting of the Board of Directors held on May 25, 2016     | Common stock    | ¥1,746 million     | ¥10                | March 31, 2016     | June 2, 2016     |
| Resolution at the meeting of the Board of Directors held on October 26, 2016 | Common stock    | ¥2,277 million     | ¥13                | September 30, 2016 | December 1, 2016 |

(ii) Dividend with a record date in fiscal year 2016 and an effective date in fiscal year 2017

| Resolution                                                               | Class of shares | Source of dividend | Amount of dividend | Dividend per share | Record date    | Effective date |
|--------------------------------------------------------------------------|-----------------|--------------------|--------------------|--------------------|----------------|----------------|
| Resolution at the meeting of the Board of Directors held on May 22, 2017 | Common stock    | Retained earnings  | ¥2,122 million     | ¥12                | March 31, 2017 | June 2, 2017   |

(3) Stock acquisition rights outstanding as of March 31, 2017

(Excluding stock acquisition rights for which the exercise period has not begun)

Pursuant to the resolution adopted at the meeting of the Board of Directors of June 26, 2013

Common stock 1,569,000 shares

4. Notes to Financial Instruments

(1) Financial Instruments

The Company group limits its fund management to short-term instruments including deposits at financial institutions with high credit ratings. Credit risk of note receivables and trade receivables pertaining to customers are minimized through credit administration standards.

The Company's available-for-sale financial assets mainly consist of shares and the Company keeps track of their fair values. In addition, the Company annually reviews shares and other securities it owns to determine whether the Company should continuously hold them. Furthermore, the Company will not make any speculative derivative transactions other than to conduct derivative exchange rate transactions in order to cope with actual demand risks, pursuant to its fund management guidelines with high credit rating financial institutions.

(2) Fair Value of Financial Instruments

The following table shows carrying amounts, fair value and the difference between such carrying amount and market value as of March 31, 2017. Financial instruments measured by fair value on consolidated financial statements and financial instruments whose fair values approximate their carrying amounts are not included in the table below.

(Millions of yen)

|       | Carrying amount (*) | Fair value (*) | Difference |
|-------|---------------------|----------------|------------|
| Bonds | (44,745)            | (44,965)       | (220)      |

(\*) “( )” means such amount is recorded as a liability.

(Note) Matters with respect to calculation method of fair value of financial products and transactions of securities and derivatives

Amounts of bonds are based on the published market value.

5. Notes to per share information
  - Equity attributable to owners of the parent per share: ¥619.33
  - Basic earnings per share: ¥81.07
  
6. Notes to significant subsequent events
  - Not applicable.
  
7. Other notes
  - Amounts less than one million yen are rounded.

## Non-Consolidated Financial Statements

### Balance Sheets (Non-Consolidated)

(As of March 31, 2017)

(Millions of yen)

| Items                                   | FY2016         | FY2015<br>(reference) | Items                                         | FY2016         | FY2015<br>(reference) |
|-----------------------------------------|----------------|-----------------------|-----------------------------------------------|----------------|-----------------------|
| <b>Assets</b>                           |                |                       | <b>Liabilities</b>                            |                |                       |
| Current assets                          | 140,718        | 115,870               | Current liabilities                           | 95,083         | 74,555                |
| Cash and deposits                       | 72,405         | 66,362                | Trade accounts payable                        | 17,649         | 11,381                |
| Trade notes receivables                 | 36             | 28                    | Other accounts payable                        | 5,193          | 4,819                 |
| Electronically recorded monetary claims | 1,418          | 202                   | Accrued expenses                              | 4,301          | 3,768                 |
| Accounts receivable                     | 28,739         | 21,578                | Income tax payable                            | 773            | 244                   |
| Merchandises and finished goods         | 5,415          | 5,280                 | Deposits received                             | 49,031         | 51,751                |
| Work in progress                        | 14,073         | 12,194                | Accrued warranty expenses                     | 1,595          | 1,705                 |
| Raw materials and supplies              | 10,378         | 8,144                 | Corporate bonds maturing within one year      | 15,000         | -                     |
| Deferred tax assets                     | 6,424          | -                     | Bonus accrual for directors                   | 83             | 82                    |
| Other                                   | 1,830          | 2,115                 | Other                                         | 1,458          | 805                   |
| Allowance for doubtful accounts         | -              | (33)                  | Noncurrent liabilities                        | 45,009         | 58,090                |
| Noncurrent assets                       | 129,405        | 131,437               | Corporate bonds                               | -              | 15,000                |
| Property, plant and equipment           | 19,731         | 21,516                | Convertible bonds                             | 30,059         | 30,089                |
| Buildings and structures                | 5,730          | 6,597                 | Allowance for retirement benefits             | 14,622         | 12,677                |
| Land                                    | 11,195         | 12,168                | Deferred tax liabilities                      | -              | 22                    |
| Other                                   | 2,806          | 2,751                 | Asset retirement obligations                  | 39             | 38                    |
| Intangible fixed assets                 | 2,800          | 3,137                 | Other                                         | 289            | 264                   |
| Patent right                            | 2,339          | 2,616                 |                                               |                |                       |
| Other                                   | 461            | 521                   | <b>Total liabilities</b>                      | <b>140,092</b> | <b>132,645</b>        |
| Investments and other assets            | 106,874        | 106,784               | <b>Net assets</b>                             |                |                       |
| Investment securities                   | 1,419          | 1,207                 | Stockholders' equity                          | 127,972        | 112,821               |
| Investment in affiliated companies      | 103,456        | 104,196               | Common stock                                  | 32,363         | 32,363                |
| Long-term loans receivable              | 19             | 22                    | Capital surplus                               | 32,973         | 32,973                |
| Deferred tax assets                     | 486            | -                     | Capital reserve                               | 32,973         | 32,973                |
| Other                                   | 1,502          | 1,368                 | Retained earnings                             | 148,675        | 142,070               |
| Allowance for doubtful accounts         | (8)            | (9)                   | Legal reserve                                 | 3,083          | 3,083                 |
|                                         |                |                       | Other retained earnings                       | 145,592        | 138,987               |
|                                         |                |                       | [Reserve for losses in foreign investments]   | [27,062]       | [27,062]              |
|                                         |                |                       | [General reserve]                             | [146,880]      | [146,880]             |
|                                         |                |                       | [Retained earnings (accumulated loss)]        | [(28,350)]     | [(34,955)]            |
|                                         |                |                       | Treasury stock                                | (86,039)       | (94,585)              |
|                                         |                |                       | Difference of appreciation and conversion     | 655            | 163                   |
|                                         |                |                       | Net unrealized gains on investment securities | 655            | 163                   |
|                                         |                |                       | Stock acquisition rights                      | 1,404          | 1,678                 |
|                                         |                |                       | <b>Total net assets</b>                       | <b>130,031</b> | <b>114,662</b>        |
| <b>Total assets</b>                     | <b>270,123</b> | <b>247,307</b>        | <b>Total liabilities and net assets</b>       | <b>270,123</b> | <b>247,307</b>        |

## Statements of Operations (Non-Consolidated)

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

| Items                                             | FY2016  | FY2015<br>(reference) |
|---------------------------------------------------|---------|-----------------------|
| Net sales                                         | 143,559 | 123,642               |
| Cost of sales                                     | 68,775  | 61,473                |
| Gross profit                                      | 74,784  | 62,169                |
| Selling, general and administrative expenses      | 70,177  | 68,987                |
| Operating income (loss)                           | 4,607   | (6,818)               |
| Non-operating income                              |         |                       |
| Interest and dividends income                     | 5,872   | 14,874                |
| Other                                             | 629     | 638                   |
| Non-operating expenses                            |         |                       |
| Interest expenses                                 | 460     | 198                   |
| Foreign exchange losses                           | 518     | 167                   |
| Bad debts expenses                                | -       | 1,970                 |
| Other                                             | 279     | 506                   |
| Ordinary income                                   | 9,851   | 5,853                 |
| Extraordinary income                              |         |                       |
| Gain on reversal of subscription rights to shares | 89      | 732                   |
| Extraordinary loss                                |         |                       |
| Impairment loss                                   | 1,358   | -                     |
| Income before income taxes                        | 8,582   | 6,585                 |
| Income taxes – current                            | 406     | (479)                 |
| Income taxes – deferred                           | (7,062) | (5)                   |
| Net income                                        | 15,238  | 7,069                 |

## Statements of Changes in Net Assets

(From April 1, 2016 to March 31, 2017)

(Millions of yen)

|                                           | FY2016   | FY2015<br>(reference) |
|-------------------------------------------|----------|-----------------------|
| Stockholders' Equity                      |          |                       |
| Common stock                              |          |                       |
| Balance at beginning of year              | 32,363   | 32,363                |
| Changes in the year                       |          |                       |
| Total changes in the year                 | -        | -                     |
| Balance at end of year                    | 32,363   | 32,363                |
| Capital surplus                           |          |                       |
| Capital reserve                           |          |                       |
| Balance at beginning of year              | 32,973   | 32,973                |
| Changes in the year                       |          |                       |
| Total changes in the year                 | -        | -                     |
| Balance at end of year                    | 32,973   | 32,973                |
| Retained earnings                         |          |                       |
| Legal reserve                             |          |                       |
| Balance at beginning of year              | 3,083    | 3,083                 |
| Changes in the year                       |          |                       |
| Total changes in the year                 | -        | -                     |
| Balance at end of year                    | 3,083    | 3,083                 |
| Other retained earnings                   |          |                       |
| Reserve for losses in foreign investments |          |                       |
| Balance at beginning of year              | 27,062   | 27,062                |
| Changes in the year                       |          |                       |
| Total changes in the year                 | -        | -                     |
| Balance at end of year                    | 27,062   | 27,062                |
| General reserve                           |          |                       |
| Balance at beginning of year              | 146,880  | 146,880               |
| Changes in the year                       |          |                       |
| Total changes in the year                 | -        | -                     |
| Balance at end of year                    | 146,880  | 146,880               |
| Retained earnings (accumulated loss)      |          |                       |
| Balance at beginning of year              | (34,955) | (38,473)              |
| Changes in the year                       |          |                       |
| Dividends from retained earnings          | (4,022)  | (3,491)               |
| Net income                                | 15,238   | 7,069                 |
| Sale of treasury stock                    | (4,611)  | (60)                  |
| Total changes in the year                 | 6,605    | 3,518                 |
| Balance at end of year                    | (28,350) | (34,955)              |
| Treasury stock                            |          |                       |
| Balance at beginning of year              | (94,585) | (94,686)              |
| Changes in the year                       |          |                       |
| Purchases of treasury stock               | (2)      | (1)                   |
| Sale of treasury stock                    | 8,548    | 102                   |
| Total changes in the year                 | 8,546    | 101                   |
| Balance at end of year                    | (86,039) | (94,585)              |
| Total stockholders' equity                |          |                       |
| Balance at beginning of year              | 112,821  | 109,202               |
| Changes in the year                       |          |                       |
| Dividends from retained earnings          | (4,022)  | (3,491)               |
| Net income                                | 15,238   | 7,069                 |
| Purchases of treasury stock               | (2)      | (1)                   |
| Sale of treasury stock                    | 3,937    | 42                    |
| Total changes in the year                 | 15,151   | 3,619                 |
| Balance at end of year                    | 127,972  | 112,821               |

|                                                       | FY2016  | FY2015<br>(reference) |
|-------------------------------------------------------|---------|-----------------------|
| Difference of appreciation and conversion             |         |                       |
| Net unrealized gains on securities                    |         |                       |
| Balance at beginning of year                          | 163     | 610                   |
| Changes in the year                                   |         |                       |
| Changes of items other than stockholders' equity, net | 492     | (447)                 |
| Total changes in the year                             | 492     | (447)                 |
| Balance at end of year                                | 655     | 163                   |
| Stock acquisition rights                              |         |                       |
| Balance at beginning of year                          | 1,678   | 2,420                 |
| Changes in the year                                   |         |                       |
| Changes of items other than stockholders' equity, net | (274)   | (742)                 |
| Total changes in the year                             | (274)   | (742)                 |
| Balance at end of year                                | 1,404   | 1,678                 |
| Total net assets                                      |         |                       |
| Balance at beginning of year                          | 114,662 | 112,232               |
| Changes in the year                                   |         |                       |
| Dividends from retained earnings                      | (4,022) | (3,491)               |
| Net income                                            | 15,238  | 7,069                 |
| Purchases of treasury stock                           | (2)     | (1)                   |
| Sale of treasury stock                                | 3,937   | 42                    |
| Changes of items other than stockholders' equity, net | 218     | (1,189)               |
| Total changes in the year                             | 15,369  | 2,430                 |
| Balance at end of year                                | 130,031 | 114,662               |



## Notes to Non-Consolidated Financial Statements

1. Notes to significant accounting policies
  - (1) Valuation of securities
    - (i) Investments in subsidiaries: Stated at cost using the moving average method
    - (ii) Other securities
      - (a) Securities with quoted value  
Stated at fair value based on market prices at the end of the relevant period (evaluation difference is 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  
Stated principally at cost using the gross average method (balance sheet value of assets are calculated using a method in which book values are written down in accordance with decreased profitability)
  - (3) Depreciation and amortization of noncurrent assets
    - (i) Depreciation of plant and equipment  
Based on the straight-line method
    - (ii) 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) Allowances
    - (i) 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 collectability.
    - (ii) Accrued warranty expenses  
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.
    - (iii) Bonus accrual for directors  
In preparation for the payment of bonuses to directors of the total amount expected to be paid, an estimated amount for fiscal year 2015 is reported.
    - (iv) Allowance for retirement benefits  
To provide for employee retirement benefits, an allowance is provided in an amount determined based on the estimated retirement benefit obligations and pension assets at the end of the fiscal year.  
Prior service cost is amortized on a straight-line basis over the average remaining service period of employees.  
Any actuarial gains and losses are amortized on a straight-line basis over the average remaining service period of employees, and the amount is recorded in the fiscal year subsequent to its occurrence.
  - (5) Accounting for consumption taxes  
Consumption taxes are accounted using the net-of-tax method.

(6) Implementation of a Consolidated Tax System

The Company has implemented a consolidated tax system.

2. Notes to changes in line items

“Received rent” and “Gain on sale of investment securities,” which were presented as separate line items under “Non-operating income” are included in “Other” for the current fiscal year due to lack of materiality of their amounts.

“Foreign exchange losses,” which was included in “Other” under “Non-operating expenses” is presented as a separate line item for the current fiscal year because of increased materiality of its amount.

3. Notes to Balance Sheets

|                                                                |                 |
|----------------------------------------------------------------|-----------------|
| (1) Accumulated depreciation on property, plant and equipment: | ¥24,100 million |
| (2) Short-term receivables from affiliates:                    | ¥17,893 million |
| Long-term receivables from affiliates:                         | ¥348 million    |
| Short-term payables to affiliates:                             | ¥55,230 million |

4. Notes to Statements of Operations

Transactions with affiliated companies

|                             |                  |
|-----------------------------|------------------|
| Sales:                      | ¥102,162 million |
| Purchases:                  | ¥53,011 million  |
| Non-operating transactions: | ¥6,562 million   |

5. Notes to Statement of Changes in Net Assets

Total number of treasury stock as of March 31, 2017

|              |                   |
|--------------|-------------------|
| Common stock | 22,736,166 shares |
|--------------|-------------------|

6. Notes to tax effect accounting

Breakdown by major causes of deferred tax assets and deferred tax liabilities

(Millions of yen)

|                                          |                     |
|------------------------------------------|---------------------|
| Deferred tax assets                      |                     |
| Appraised value of inventories           | 1,736               |
| Research and development expenses        | 3,327               |
| Allowance for retirement benefits        | 4,448               |
| Impairment loss                          | 1,312               |
| Loss carried forward                     | 35,548              |
| Other                                    | <u>3,568</u>        |
| Subtotal of deferred tax assets          | 49,939              |
| Valuation allowance                      | <u>(42,878)</u>     |
| Total of deferred tax assets             | 7,061               |
| Deferred tax liabilities                 |                     |
| Valuation difference in other securities | (150)               |
| Other                                    | <u>(1)</u>          |
| Total of deferred tax liabilities        | <u>(151)</u>        |
| Net deferred tax assets                  | <u><u>6,910</u></u> |

7. Notes to transactions with related parties

(1) Parent company and major corporate shareholders

Not applicable.

(2) Officers and major individual investors

Not applicable.

(3) Subsidiaries

| Company name                    | Address                | Common stock                        | Principal Activities                               | Percentage of Voting Rights | Description of relationships                                     |                                                              | Details of transactions | Amount of transactions | Items               | Balance at fiscal year end |
|---------------------------------|------------------------|-------------------------------------|----------------------------------------------------|-----------------------------|------------------------------------------------------------------|--------------------------------------------------------------|-------------------------|------------------------|---------------------|----------------------------|
|                                 |                        |                                     |                                                    |                             | Officer of subsidiaries temporarily transferred from the Company | Business relationship                                        |                         |                        |                     |                            |
| Advantest Finance Inc.          | Chiyoda-ku, Tokyo      | 310 million Yen                     | Leasing of test systems and sales of used products | 100.0%                      | Yes                                                              | Leasing of the Company's products and sales of used products | Receipt of dividends    | ¥1,000 million         | -                   | -                          |
| Advantest America, Inc.         | California, U.S.A.     | 4,059 thousand USD                  | Development and sale of test systems, etc.         | 100.0%                      | Yes                                                              | Development and sale of the Company's products               | Sales                   | ¥37,016 million        | Accounts receivable | ¥6,947 million             |
|                                 |                        |                                     |                                                    |                             |                                                                  |                                                              | Receipt of dividends    | ¥1,216 million         | -                   | -                          |
| Advantest Europe GmbH           | Munich, Germany        | 10,793 thousand Euro                | Development and sale of test systems, etc.         | 100.0%                      | Yes                                                              | Development and sale of the Company's products               | Depositing of money     | -                      | Deposits received   | ¥9,553 million             |
| Advantest Taiwan Inc.           | Hsin-Chu Hsien, Taiwan | 760,000 thousand New Taiwan Dollars | Sale of test systems, etc.                         | 100.0%                      | Yes                                                              | Sale of the Company's products                               | Sales                   | ¥36,515 million        | Accounts receivable | ¥3,827 million             |
|                                 |                        |                                     |                                                    |                             |                                                                  |                                                              | Depositing of money     | -                      | Deposits received   | ¥3,702 million             |
| Advantest (Singapore) Pte. Ltd. | Singapore              | 15,300 thousand Singapore Dollars   | Sale of test systems, etc.                         | 100.0%                      | Yes                                                              | Sale of the Company's products                               | Receipt of dividends    | ¥3,369 million         | -                   | -                          |
|                                 |                        |                                     |                                                    |                             |                                                                  |                                                              | Payment of interest     | ¥251 million           | -                   | -                          |
|                                 |                        |                                     |                                                    |                             |                                                                  |                                                              | Depositing of money     | -                      | Deposits received   | ¥34,155 million            |
| Advantest Korea Co., Ltd.       | Cheonan, South Korea   | 9,516 million Won                   | Support for sales of test systems, etc.            | 100.0%                      | Yes                                                              | Maintenance and manufacturing of the Company's products      | Sales                   | ¥8,646 million         | Accounts receivable | ¥3,151 million             |

Terms and conditions of transactions and determination of policies thereof

1. With respect to sales, the price is determined by referring to the market price, among others.
2. With respect to deposit, the interest rate is determined by taking into account the market interest rate.

8. Notes to per share information

Net assets per share: ¥727.40

Net income per share: ¥86.98

9. Notes to significant subsequent events

Not applicable.

10. Other notes

Amounts less than one million yen are rounded.

## Audit Reports


### Copy of Report of Independent Auditors (Consolidated)


#### Report of Independent Auditors


May 16, 2017

The Board of Directors Advantest Corporation:

Ernst & Young ShinNihon LLC

Makoto Usui   
Certified Public Accountant  
Designated and Engagement Partner

Kaeko Kitamoto   
Certified Public Accountant  
Designated and Engagement Partner

Keiichi Wakimoto   
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 444, Paragraph 4 of the Companies Act, we have audited the accompanying consolidated financial statements, which comprise the consolidated statement of financial position, the consolidated statement of profit and loss, the consolidated statement of comprehensive income, the consolidated statement of changes in equity and the notes to the consolidated financial statements of Advantest Corporation (the "Company") applicable to the fiscal year from April 1, 2016 through March 31, 2017.

#### *Management's Responsibility for the Consolidated Financial Statements*

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with the International Financial Reporting Standards with certain disclosure items omitted pursuant to the second sentence of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the consolidated financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on the consolidated financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the consolidated financial statements prepared in accordance with the International Financial Reporting Standards with certain disclosure items omitted pursuant to the second sentence of Article 120, Paragraph 1 of the Ordinance on Accounting of Companies referred to above present fairly, in all material respects, the financial position and results of operations of the Company and its consolidated subsidiaries, applicable to the fiscal year ended March 31, 2017.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Note)

This is an English translation of the Japanese language Report of Independent Auditors issued by Ernst & Young ShinNihon LLC in connection with the audit of the consolidated financial statements of the Company, prepared in Japanese, for the year ended March 31, 2017. Ernst & Young ShinNihon LLC have not audited the English language version of the consolidated financial statements for the above-mentioned year.


Copy of Report of Independent Auditors


Report of Independent Auditors


May 16, 2017

The Board of Directors Advantest Corporation:

Ernst & Young ShinNihon LLC

Makoto Usui   
Certified Public Accountant  
Designated and Engagement Partner

Kaeko Kitamoto   
Certified Public Accountant  
Designated and Engagement Partner

Keiichi Wakimoto   
Certified Public Accountant  
Designated and Engagement Partner

Pursuant to Article 436, Paragraph 2, Item 1 of the Companies Act, we have audited the accompanying financial statements, which comprise the balance sheet, the statement of operation, the statement of changes in net assets, the notes to the non-consolidated financial statements and the related supplementary schedules of Advantest Corporation (the “Company”) applicable to the 75th fiscal year from April 1, 2016 through March 31, 2017.

*Management’s Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements and the related supplementary schedules in accordance with accounting principles generally accepted in Japan, and for designing and operating such internal control as management determines is necessary to enable the preparation and fair presentation of the financial statements and the related supplementary schedules that are free from material misstatement, whether due to fraud or error.

*Auditors’ Responsibility*

Our responsibility is to express an opinion on the financial statements and the related supplementary schedules based on our audit. We conducted our audit in accordance with auditing standards generally accepted in Japan. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements and the related supplementary schedules are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements and the related supplementary schedules. The procedures selected depend on the auditors’ judgment, including the assessment of the risks of material misstatement of the financial statements and the related supplementary schedules, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity’s preparation and fair presentation of the financial statements and the related supplementary schedules in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements and the related supplementary schedule.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion*

In our opinion, the financial statements and the related supplementary schedules referred to above present fairly, in all material respects, the financial position and results of operations of the Company, applicable to the fiscal year ended March 31, 2017 in conformity with accounting principles generally accepted in Japan.

*Conflicts of Interest*

We have no interest in the Company which should be disclosed in compliance with the Certified Public Accountants Act.

(Note)

This is an English translation of the Japanese language Report of Independent Auditors issued by Ernst & Young ShinNihon LLC in connection with the audit of the financial statements of the Company, prepared in Japanese, for the year ended March 31, 2017. Ernst & Young ShinNihon LLC have not audited the English language version of the financial statements for the above-mentioned year.

## Copy of Audit and Supervisory Committee's Audit Report

### Audit Report

The Audit and Supervisory Committee of Advantest Corporation (the "Company") has audited the performance of duties by Directors during the 75th fiscal year (from April 1, 2016 to March 31, 2017). We hereby report the method and result thereof as follows.

#### 1. Methods and Content of Audit

Regarding the content of the resolution of the Board of Directors relating to matters stipulated in Article 399-13, Paragraph 1, Item 1(b) and (c) of the Companies Act of Japan and the status of the system being developed pursuant to such resolutions (internal controls system), the Audit and Supervisory Committee periodically received reports from the Directors, Executive Officers, and employees and other personnel concerning the establishment and management of such system, sought explanations as necessary, and expressed opinions. In addition, the Audit and Supervisory Committee carried out audits according to the following method:

- (i) In compliance with the Rules for Audit by the Audit and Supervisory Committee established by the Audit and Supervisory Committee, pursuant to the audit policies, audit plans, allocation of duties, etc., and in coordination with the internal audit division and other relevant departments with jurisdiction over internal control, the audit and supervisory committee members attended important meetings, received reports from Directors, Executive Officers and employees on the performance of their duties, requested further explanations as deemed necessary, reviewed important approval-granting documents, and inspected the state of business operations and assets at the head office and other important branch offices.

With respect to subsidiaries, we communicated with and exchanged information with the directors and corporate auditors of the subsidiaries and received business reports from subsidiaries as deemed necessary, and conducted site visits to the Company's main consolidated subsidiaries overseas, and confirmed their state of business operations and assets.

- (ii) In addition, we monitored and reviewed whether the Independent Auditors maintained their independent positions and conducted the audit properly, received reports from the Independent Auditors on the performance of their duties, and requested further explanations as deemed necessary. Furthermore, we were informed by the Independent Auditors that they are establishing a "System to ensure the appropriate performance of duties" (*Syokumu no Suikou ga Tekisei ni Okonawareru Koto o Kakuho Suru Tameno Taisei*) (Matters as defined in each Item of Article 131 of the Company Accounting Regulations) pursuant to "Quality control standards of audit" (*Kansa ni Kansuru Hinshitsu Kanri Kijyun*) (the Business Accounting Counsel, October 28, 2005), and requested their explanations as deemed necessary.

Based on the above methods, we reviewed the business report and the related supplementary schedules, the consolidated financial statements (the consolidated statement of financial position, consolidated statement of profit and loss, consolidated statement of comprehensive income, consolidated statement of stockholders' equity, and notes to consolidated financial statements), and the non-consolidated financial statements (the balance sheet, statement of operations, statement of changes in net assets, notes to non-consolidated financial statements) as well as the related supplementary schedules for the 75th fiscal year.

#### 2. Results of Audit

##### (1) Results of audit of the business report and other documents

- (i) The business report and the related supplementary schedules of the Company accurately present the financial conditions of the Company in conformity with applicable laws and regulations and the Articles of Incorporation of the Company.
- (ii) No irregularity or material violation of applicable laws or regulations or the Articles of Incorporation of the Company was found with respect to the activities of the Directors.



(iii) The contents of the resolutions of the meeting of the Board of Directors with respect to the internal control system are appropriate. In addition, there are no matters to be pointed out regarding the entries in the business report and the performance of duties of Directors with respect to the internal control system.

(2) Results of audit of the consolidated financial statements and the related supplementary schedules

The methods and results of audit performed by Ernst & Young ShinNihon LLC, the independent auditor of the Company, are appropriate.

(3) Results of audit of the financial statements and the related supplementary schedules

The methods and results of audit performed by Ernst & Young ShinNihon LLC, the independent auditor of the Company, are appropriate.

May 19, 2017

Audit and Supervisory Committee of Advantest Corporation

Yuichi Kurita

Standing Audit and Supervisory Committee Member



Megumi Yamamuro

Audit and Supervisory Committee Member



Yasushige Hagio

Audit and Supervisory Committee Member



Note: Audit and Supervisory Committee Members Megumi Yamamuro and Yasushige Hagio are outside directors provided in Article 2, Item 15, and Article 331, Paragraph 6 of the Companies Act of Japan.

Memorandum to Shareholders

|                                                                |                                                                                                                                                                                                                                                                                                                                                                    |
|----------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Fiscal Year:</b>                                            | Starting from April 1 of each year and ending on March 31 of the following year                                                                                                                                                                                                                                                                                    |
| <b>Ordinary general meeting of shareholders:</b>               | June of each year                                                                                                                                                                                                                                                                                                                                                  |
| <b>Date of decision on shareholders of record qualified to</b> | <b>attend ordinary general meeting of shareholders:</b> March 31 of each year                                                                                                                                                                                                                                                                                      |
|                                                                | <b>receive dividends:</b> March 31 of each year                                                                                                                                                                                                                                                                                                                    |
|                                                                | <b>receive interim dividends:</b> September 30 of each year                                                                                                                                                                                                                                                                                                        |
| <b>Number of shares comprising one unit:</b>                   | 100 shares                                                                                                                                                                                                                                                                                                                                                         |
| <b>Share registration agent:</b>                               | Mitsubishi UFJ Trust and Banking Corporation                                                                                                                                                                                                                                                                                                                       |
| <b>Contact information of the aforementioned agent</b>         | Corporate Agency Division, Mitsubishi UFJ Trust and Banking Corporation<br>7-10-11, Higashi-suna, Koto-ku, Tokyo 137-8081<br>Toll free number: 0120-232-711                                                                                                                                                                                                        |
| <b>Method for public notice:</b>                               | Public notices will be posted on the Company's website ( <a href="https://www.advantest.com/investors">https://www.advantest.com/investors</a> ).<br>However, in case of accidents or other inevitable circumstances that prevent the Company from posting public notices on such Company's website, public notices will be published in the Nihon Keizai Shimbun. |

**(Notice)**

1. Please inform the securities firm at which you hold an account of changes of address, demands for sales and purchases of fractional shares or other various services. Share registration agent (Mitsubishi UFJ Trust and Banking Corporation) is not able to provide such services.
2. For various services in connection with those shares that are recorded in the special account, please contact the firm responsible for administering such special account described below.
3. Unpaid dividends shall be paid at the head office or any branch office of Mitsubishi UFJ Trust and Banking Corporation.

|                                                                |                                                                                                                                           |
|----------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------|
| <b>The firm responsible for administering special account:</b> | Tokyo Securities Transfer Agent Co., Ltd.                                                                                                 |
| <b>Contact information of the aforementioned firm</b>          | Business Center, Tokyo Securities Transfer Agent Co., Ltd.<br>2-8-4, Izumi, Suginami-ku, Tokyo 168-8522<br>Toll free number: 0120-49-7009 |