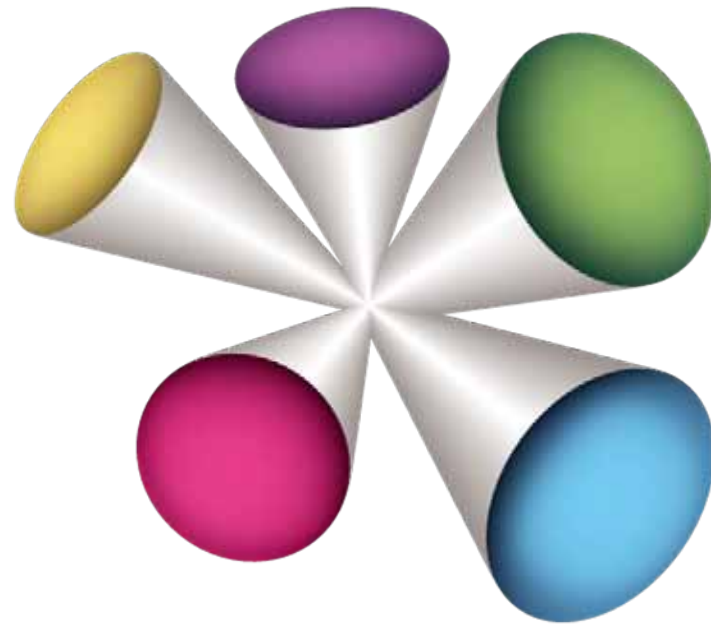


Business Report

FY25-3Q Apr.-Dec. 2007

Wacom Co., Ltd.
(TSE Sec.1 6727)



Contents

- FY07-3Q Consolidated Summary
- Consolidated P/L
- By Business Segments
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- Consolidated B/S
- Consolidated C/F
- Business Focus on 4Q
- Consolidated business results estimates
- Growth strategy

FY07 3Q Consolidated Result Summary

- Sales: **+29.0%**
 - ESD Business: **+30.0%**
 - ECS Business: **-1.1%**
- Operating Profit: **+6.2%**
 - ESD Business: **+18.2%**
 - ECS Business: **+13.4%**
- Recurring Profit: **+4.6%**
- Net Profit (aft. Tax): **-0.1%**

Consolidated P/L

(m¥)

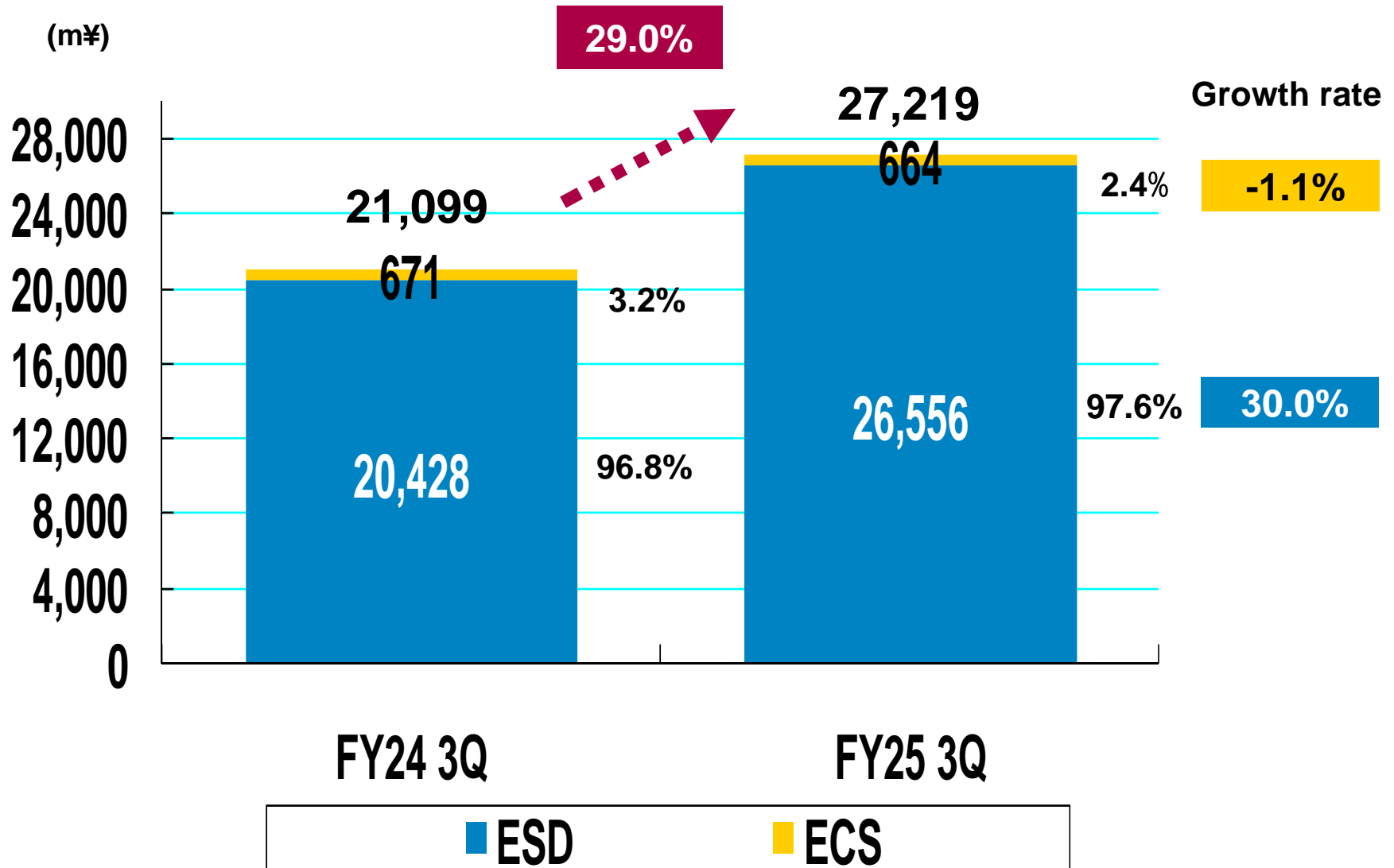
	FY24-3Q	FY25-3Q	YoY Growth	
	'06/4-12	'07/4-12	Amount	Ratio
Sales	21,099	27,219	6,121	29.0%
Gross Profit	11,038	13,782	2,743	24.9%
GPM	52.3%	50.6%		
Operating Profit	3,645	3,870	226	6.2%
OPM	17.3%	14.2%		
Recurring Profit	3,699	3,868	170	4.6%
Net Profit aft. Tax	2,317	2,315	- 2	- 0.1%

Consol. P/L by Business Segment

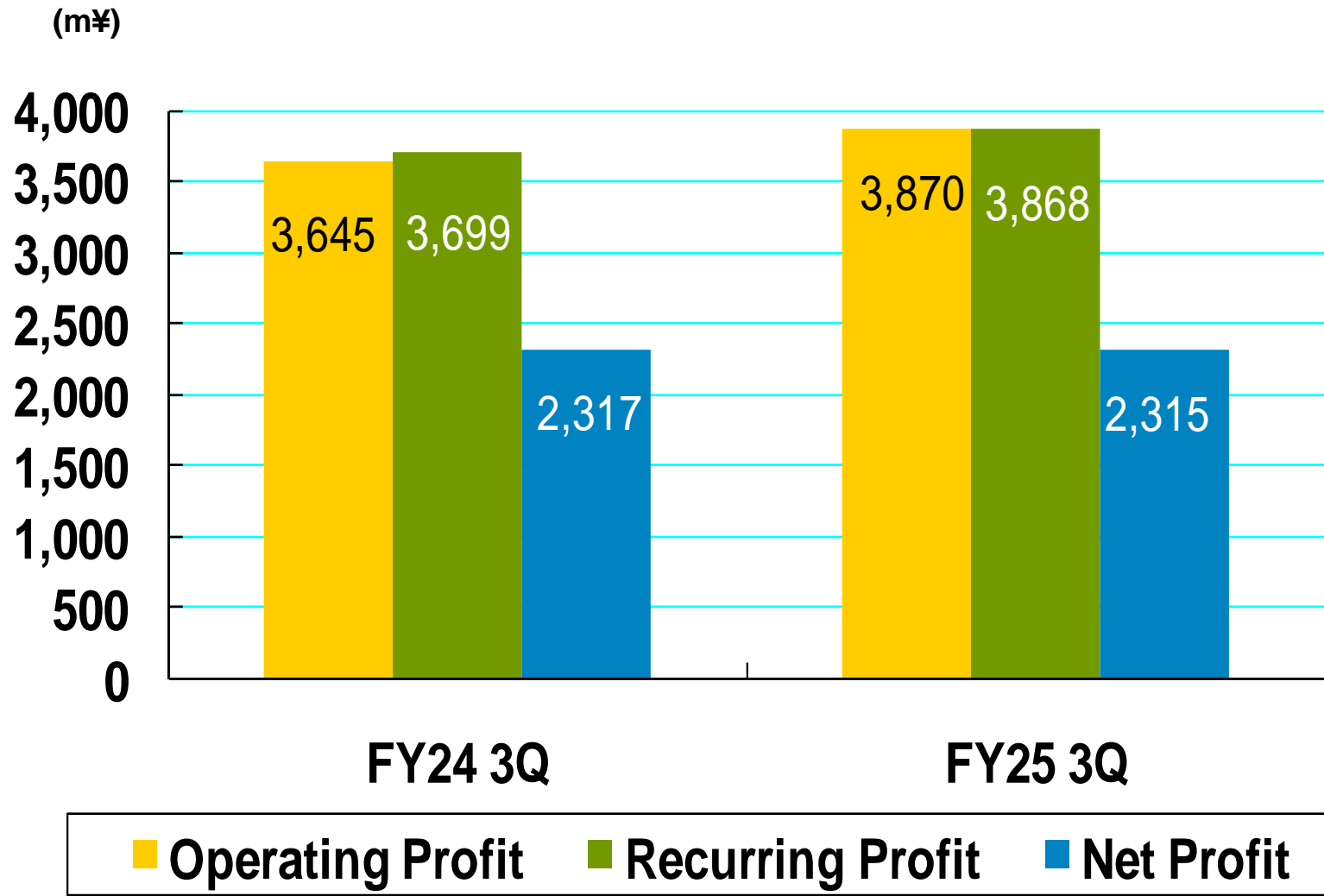
(m¥)

	FY24-3Q	FY25-3Q	YoY Growth	
	'06/4-12	'07/4-12	Amount	Ratio
Sales	21,099	27,219	6,121	29.0%
ESD	20,428	26,556	6,128	30.0%
ECS	671	664	- 7	-1.1%
OP	3,645	3,870	226	6.2%
ESD	4,835	5,715	880	18.2%
ECS	86	97	11	13.4%
Corp. and Other	-1,276	-1,941	-666	52.2%
OPM	17.3%	14.2%		

Consolidated Sales Comparison



Consolidated Profit Comparison



Operating Expenses Comparison

(m¥)

	FY24-3Q	FY25-3Q	YoY Growth	
	'06/4-12	'07/4-12	Amount	Ratio
Personnel	2,998	3,505	507	16.9%
R&D	608	881	272	44.7%
Ad. & Promo.	1,461	2,036	574	39.3%
Other	2,326	3,490	1,165	50.1%
Total	7,393	9,911	2,518	34.1%

Main Increases

- Increase in employees headcount and allowance for bonus payable
- R&D expenses for new product and new technology developments
- Project expenses: Global branding, Patent infringement lawsuit, NBD project, J-SOX project etc.

Business Highlight -1

ESD

In spite of uncertain effects of high oil price and sub-prime loan, tablet business showed favorable growth globally and component business resumed substantial expansion.

Tablet Business

- Professional graphics tablet **+21.6%**
 - Steady shipment in U.S.& EU, favorable growth in Asia-Oceania
 - Maintain the same sales level as the previous FY in Japan
- Consumer graphics tablet **+30.2%**
 - “Bamboo” launched for business and general PC users (May, Sep.)
 - “Bamboo Fun” launched for graphics use (Sep.)
 - “Bamboo Comic” launched for animation and illustration use in Japan(Nov.)
 - Shipment favorable in U.S. & EU and nearly doubled in Asia-Oceania
 - Resumed favorable shipment from Q2 in Japan
 - “Bamboo” won global design awards
 - “red dot award” in Europe
 - “good design award” in japan



reddot design award
winner 2007



GOOD DESIGN
AWARD 2007



Business Highlight -2

- LCD Integrated Tablet **+22.4%**
 - LCD panel supply shortage of 1H recovered, showed strong sales
 - “Cintiq12WX” released in Nov. has a favorable reception
 - Favorable shipment in Asia-Oceania

Component Business **+54.5%**

- Shipment for Tablet PC for Windows Vista models increased
- Module solution shipment, combining LCD panel with pen and touch sensors, increased for Lenovo and Gateway (Acer)
- The acquisition of TouchKO added capacitive touch sensor technology to UI technology solutions (June)
- Penable partners increased smoothly



Others

- Acquisition of TouchKO (Austin, Texas, U.S.A.) (June)
- “SignPad”(a signature verification terminal) was adopted by financial institutions
 - Mitsui Sumitomo Insurance (Oct.)
 - Berliner Sparkasse (bank in Germany) (Nov.)

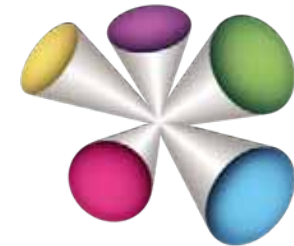


“SignPad”

Business Highlight -3

ECS

- Focused marketing for new user development and replacement of competitive products with "ECAD/dio Ver.8.0", newly released in Sep., for Windows Vista version and English OS as well as reinforcing security function
- Development of new products, "Project Man-hour Management System" and "Claim Information Management System" based on PDM for offering higher solution value to existing customers



F&A (Corporate)

- Introduction of takeover defense plan with a change in Article of Incorporation (June)
- Added top executives of main oversea subsidiaries to Executive Officers at Wacom Co., Ltd. (June)
- Applied for Japan-Germany APA (Advance Pricing Agreement) in June
- Announcement of New business vision and Brand concept (Sep.)
- Involved in patent infringement lawsuit as a plaintiff in China & U.S.

Business Highlight -4

New products released in this 3Q

ESD

“Bamboo™” series

“Intuos™3” A6 wide size model

“Cintiq™12WX” 12.1 inch LCD size model

“Bamboo™”



intuos₃ “PTZ-431W”



BAMBOO™



BAMBOO™ FUN



BAMBOO™
ART MASTER



BAMBOO™ COMIC



Cintiq™ 12WX
interactive pen display

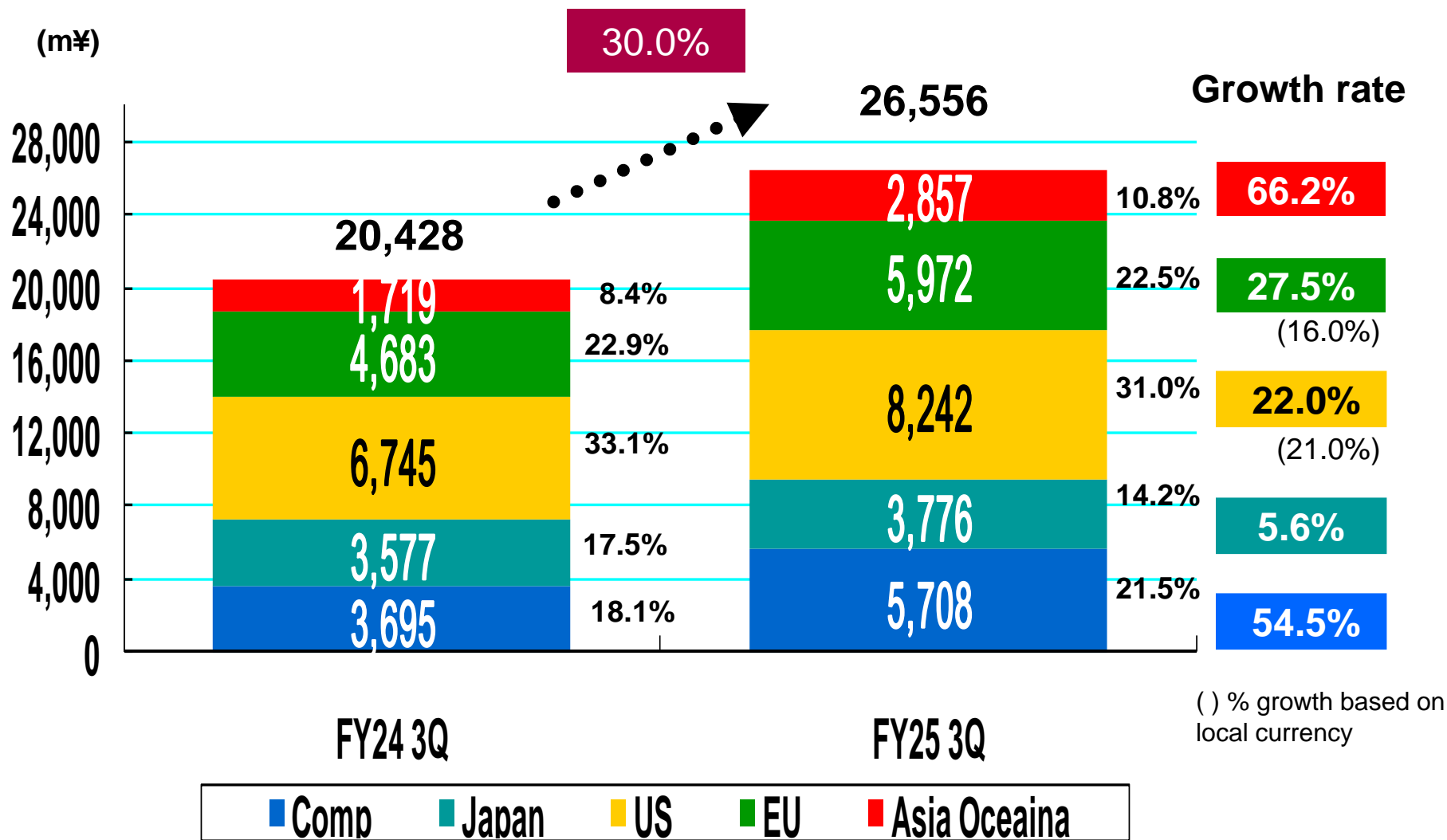


“SignPad”

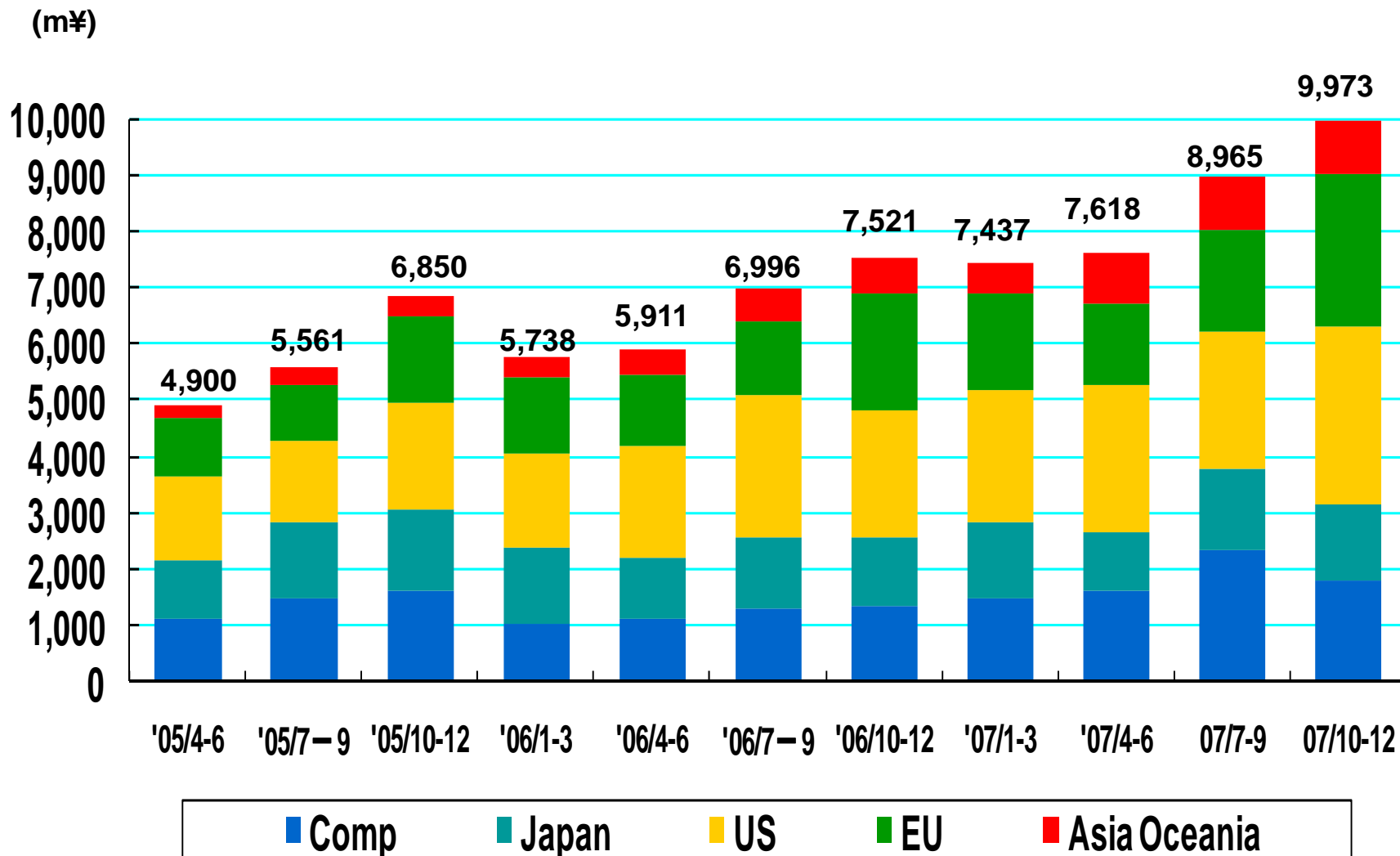
ECS

“ECAD®/dio Ver8.0” Design and development management system for ENOVIA SmartTeam

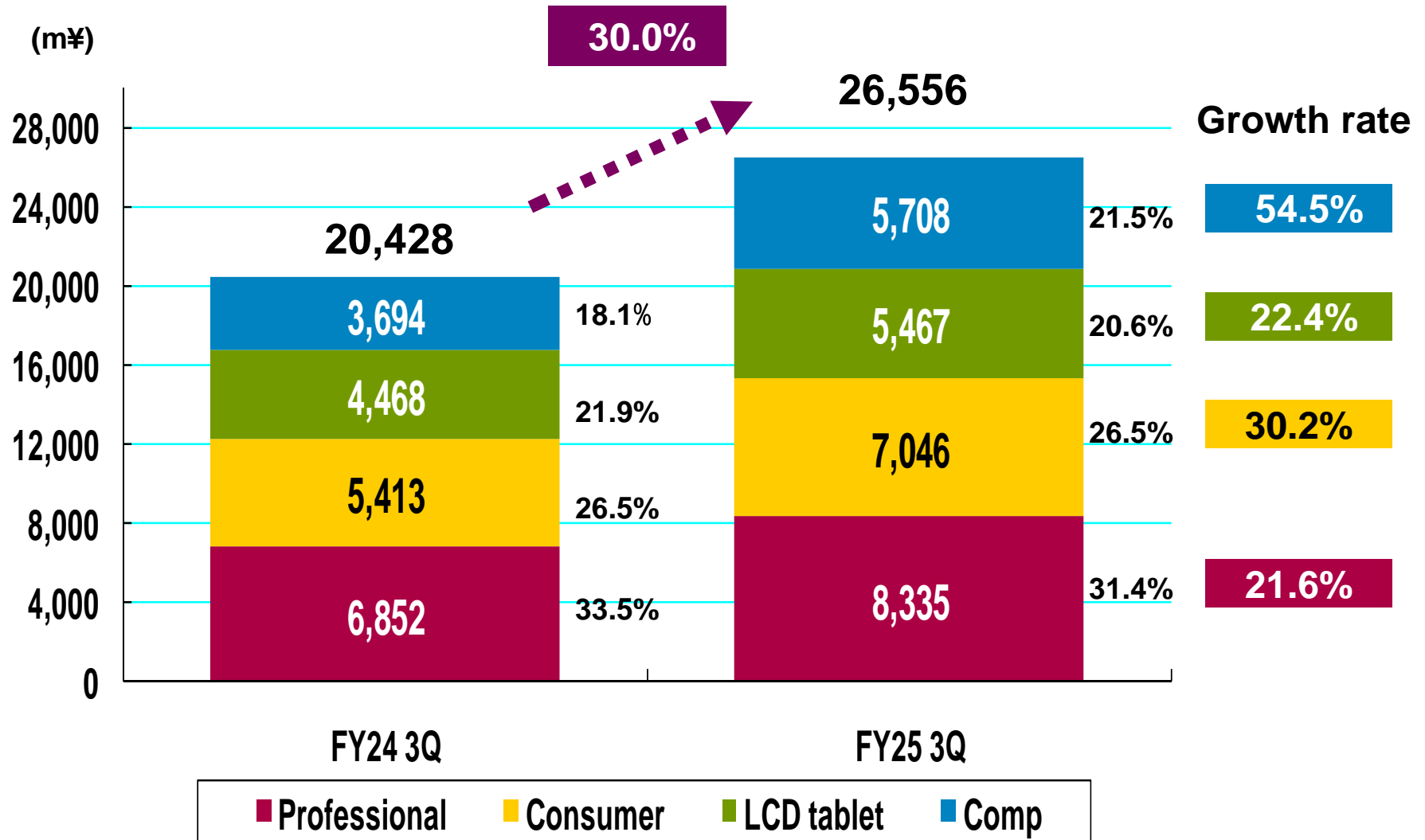
ESD Sales by Region



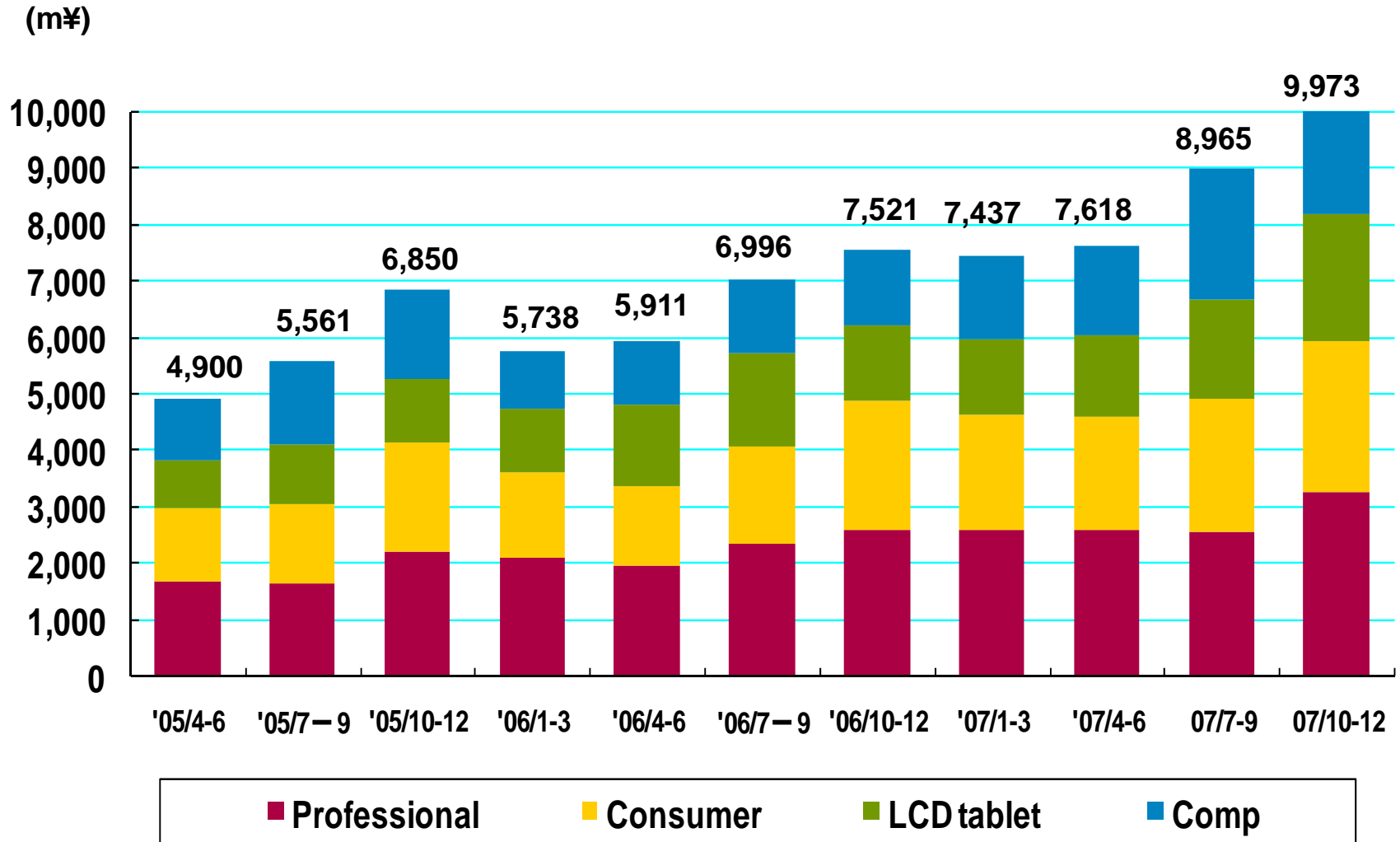
ESD Quarterly Trend by Region



ESD Sales by Product Line



ESD Quarterly Trend by Region



Consolidated B/S

(m¥)

	Mar. 31, 2007	Dec. 31, 2007	Growth
Current assets	20,958	24,350	3,393
Fixed assets	4,194	4,488	294
Total assets	25,152	28,838	3,686
Current liabilities	8,170	9,844	1,675
Fixed liabilities	662	817	155
Total liabilities	8,832	10,662	1,829
Minority interest in consolidated subsidiaries	0	0	0
Net assets	16,320	18,177	1,857
Total liabilities and Net assets	25,152	28,838	3,686
Equity ratio	64.9%	63.0%	-1.9%
Book value per share (¥)	38,978.35	43,280.84	4,302.49

¥ 399m of increase in fixed assets relates to TouchKO purchase

Consolidated B/S Highlight

- Retained earnings : **+¥1,687m**
¥7,981m (End of Mar. 2007) ¥9,668m (End of Dec. 2007)
- Equity ratio: **-1.9Pts.**
64.9%(End of Mar. 2007) 63.0%(End of Dec. 2007)
- Book value per share: **+¥4,303**
¥38,978 (End of Mar. 2007) ¥43,281 (End of Dec. 2007)
- Increase in total asset with the expansion of business scale : **+¥3,686m**
¥25,152m (End of Mar. 2007) ¥28,838m (End of Dec. 2007)
A/R: **+¥1,332m** ¥4,381m ¥5,713m
Inventories: **+¥1,194m** ¥2,122m ¥3,316m
A/P: **+¥2,564m** ¥3,960m ¥6,525m

Consolidated C/F

(m¥)

	FY24-3Q	FY25-3Q	YoY Growth
	'06/4-12	'07/4-12	Amount
C/F from operating activities	2,177	1,388	789
C/F from investing activities	229	941	712
C/F from financing activities	1,197	518	679
Effect of change in exchange rate	163	35	198
Increase of cash & cash equivalent	914	106	1,020
Beginning balance of cash & cash equivalent	10,343	12,707	2,365
Ending balance of cash and cash equivalent	11,256	12,601	1,345

C/F from operating activities (m¥)

· Net profit before taxes	3,774
· Increase in notes and accounts receivable	-2,031
· Increase in inventories	-1,168
· Increase in notes and accounts payable, trade	2,546
· Payment for income tax	-2,275

C/F from investing activities

· Acquisition of fixed asset (IT infrastructure, air conditioning, die)	-516
· Acquisition of subsidiary shares	-420

C/F from financing activities

· Dividends payment	-627
---------------------	------

FY25 4Q Business Focus -1

- Enhance recognition of global brand to strengthen global leadership
- Investment to support future growth
 - New technology and product development, IT infrastructure, SCM, QA global organization

ESD

- Professional graphics tablet
 - Channel expansion and enhanced marketing in Europe and Asia
 - Focused on graphics and web designers, and fine artists
 - Promotion to high-end digital camera users
- Consumer graphics tablet
 - Enhancement of recognition of new global consumer brand
 - Establishment of business and general PC user segment
 - Promotion of pen capability in Windows Vista™ and Office 2007
- LCD integrated tablet
 - Expansion of product line for growth acceleration
 - Transitioning “Intuos™” users toward “Cintiq™” products
 - Promotion of LCD integrated tablets in business



FY25 4Q Business Focus -2

- Acceleration of component business growth
 - Enhancement of leadership in Tablet PC market
 - Establishment of mass shipment in consumer Tablet PC market
 - Promotion of Penabled 'Pen+Touch' solutions
 - LCD integrated sensor module for improved value for customers
 - Development of new segments such as game, PDA, info-appliances
- SCM system and process enhancement
 - SCM system investment and integration with supply chain partners
 - Enhancement of Asian SCM base
 - IT infrastructure investment
 - Cost reduction
- R&D investment
 - Development of next generation products
 - Development of new generation technology
 - Enhancement in R&D organization
- New Business Development
 - Development and launch of new product lines



“SignPad”

FY25 4Q Business Focus -3

ECS

- Focused marketing and promotion on ECAD/dio product line for top and bottom-line growth
- Value added integration support with PDM to ECAD customer base
- Promote transitioning to new product "ECAD/dio Ver.8.0" corresponding Windows Vista version

F&A (Corporate)

- Promote recognition of Global brand
- Internal control and risk management
 - Establishment of J-SOX correspondence with internal control system
 - Compliance with transfer pricing (TP) policies in key regions
 - Installation of internal system related to hostile take over
- Improvement of global IT infrastructure for higher efficiency
 - Managerial accounting, financial reporting, SCM, information security, and risk management
- Enhancement and protection of IP assets
 - Patent application, patent purchase, and M&A to expand IP asset base
 - Protection of IP against infringements including patent infringement lawsuit involvement

Forecast of consolidated business results for FY07

(m¥)

Consolidated Forecast	Results	Initial Forecast	Revised Forecast	Revised – Initial Forecast	Growth rate (YoY)
	FY24	FY25	FY25		
	'06/4-'07/3	'07/4-'08/3	'07/4-'08/3		
Sales	28,787	35,000	37,000	2,000	28.5%
OP	4,565	5,050	5,400	350	18.3%
RP	4,638	5,000	5,450	450	17.5%
NP	2,853	3,000	3,280	280	15.0%

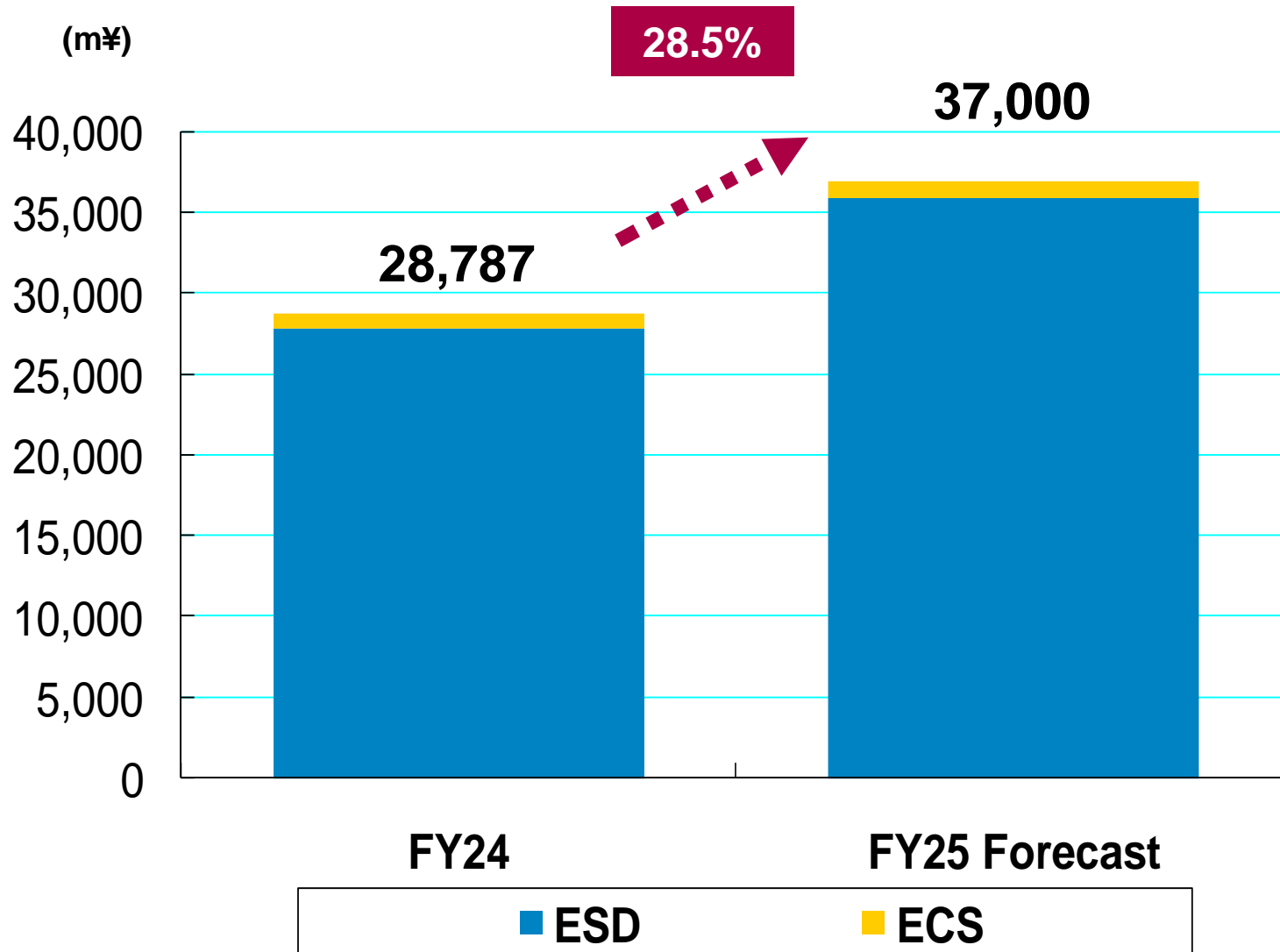
(m¥)

Consolidated Forecast	Results	Initial Forecast	Revised Forecast	Revised – Initial Forecast	Growth rate (YoY)
	FY24 2H	FY25 2H	FY25		
	'06/10-'07/3	'07/10-'08/3	'07/10-'08/3		
Sales	15,425	17,982	19,982	2,000	29.5%
OP	2,607	3,163	3,513	350	34.7%
RP	2,652	3,063	3,513	450	32.5%
NP	1,635	1,829	2,109	280	29.0%

Average FX rates are assumed to be ¥115/U.S. \$ and ¥160/euro after '07/7

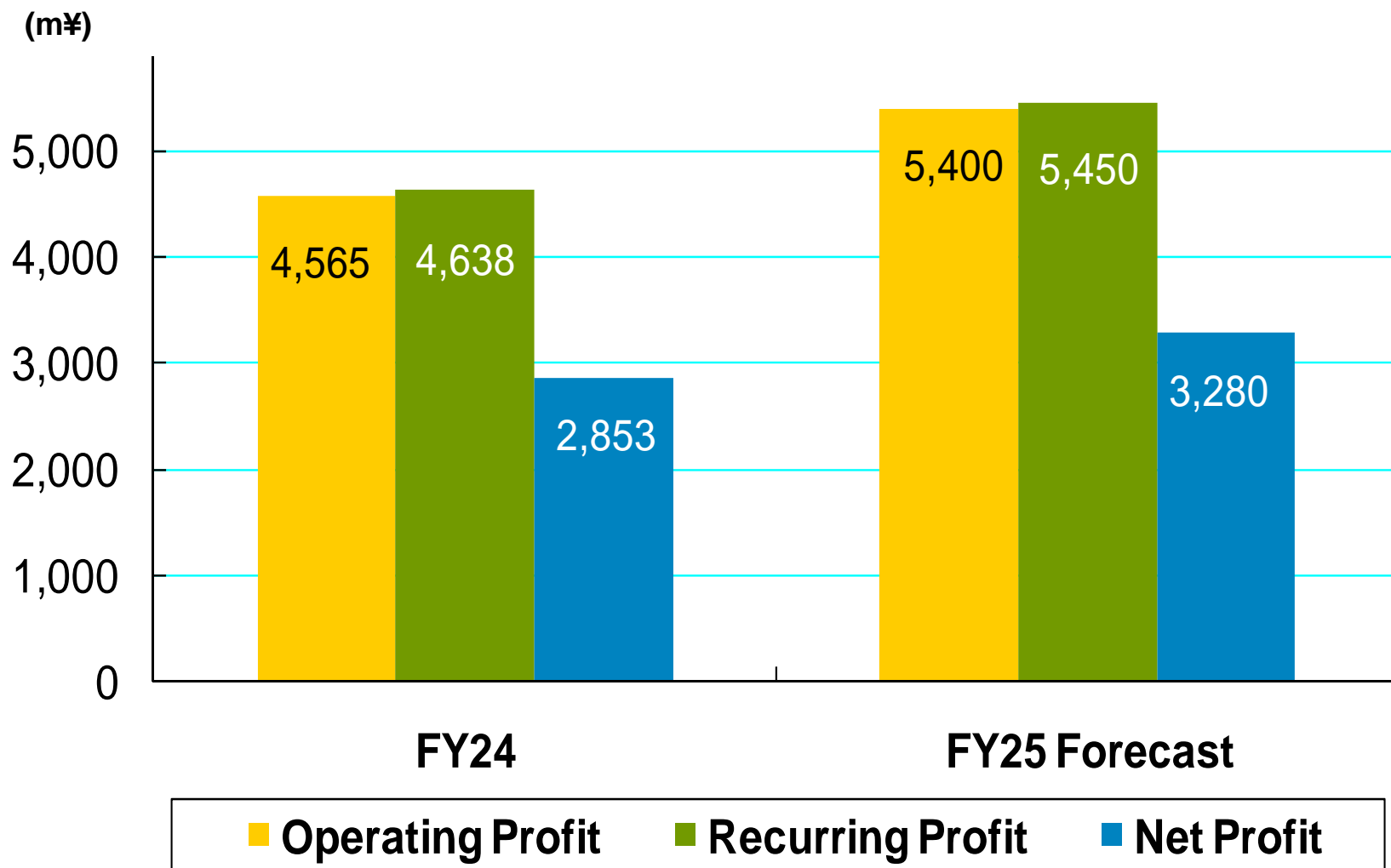
Forecast of consolidated business results for FY07

Sales Comparison



Forecast of consolidated business results for FY07

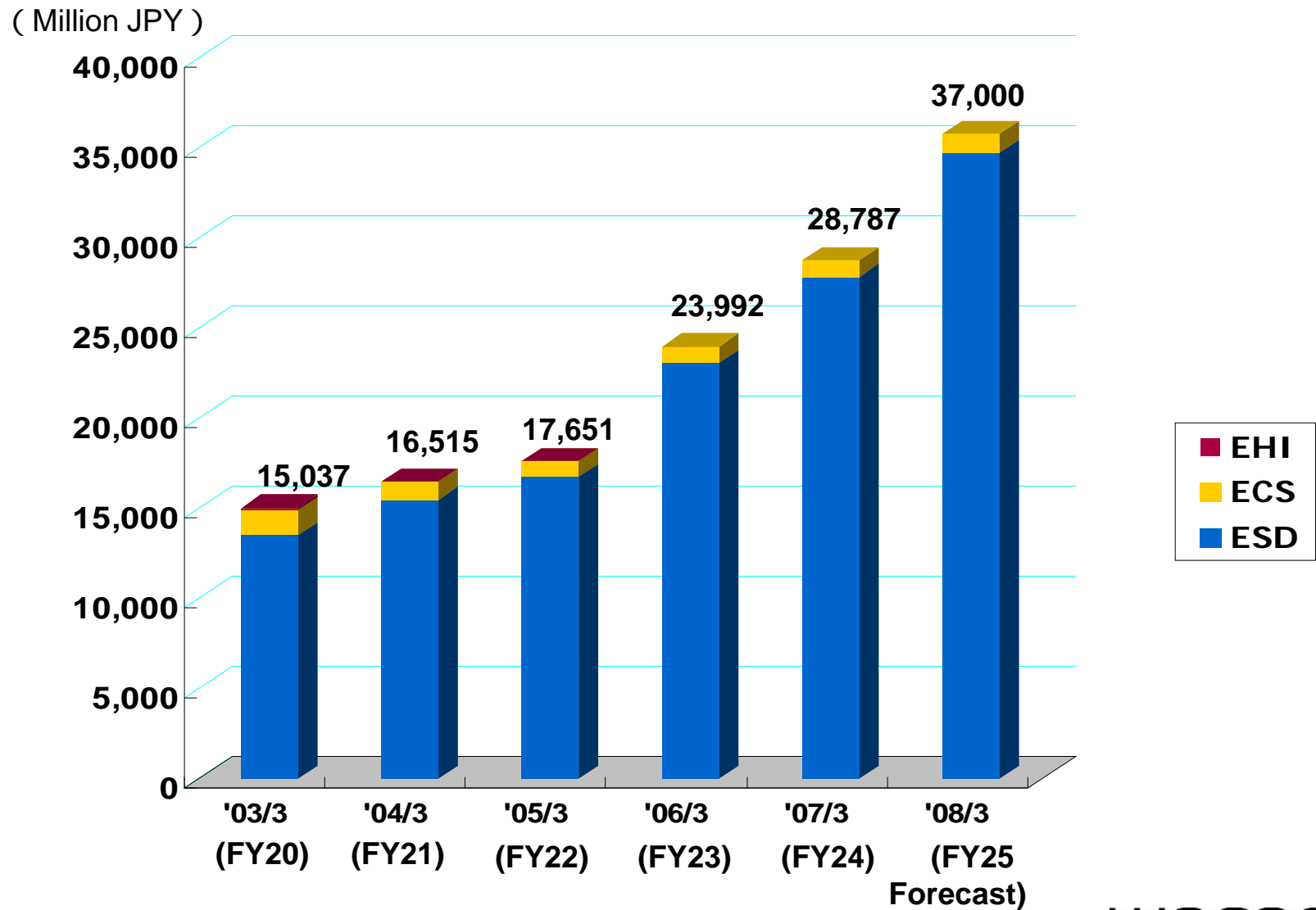
Profit Comparison



Premises to the consolidated business results forecast

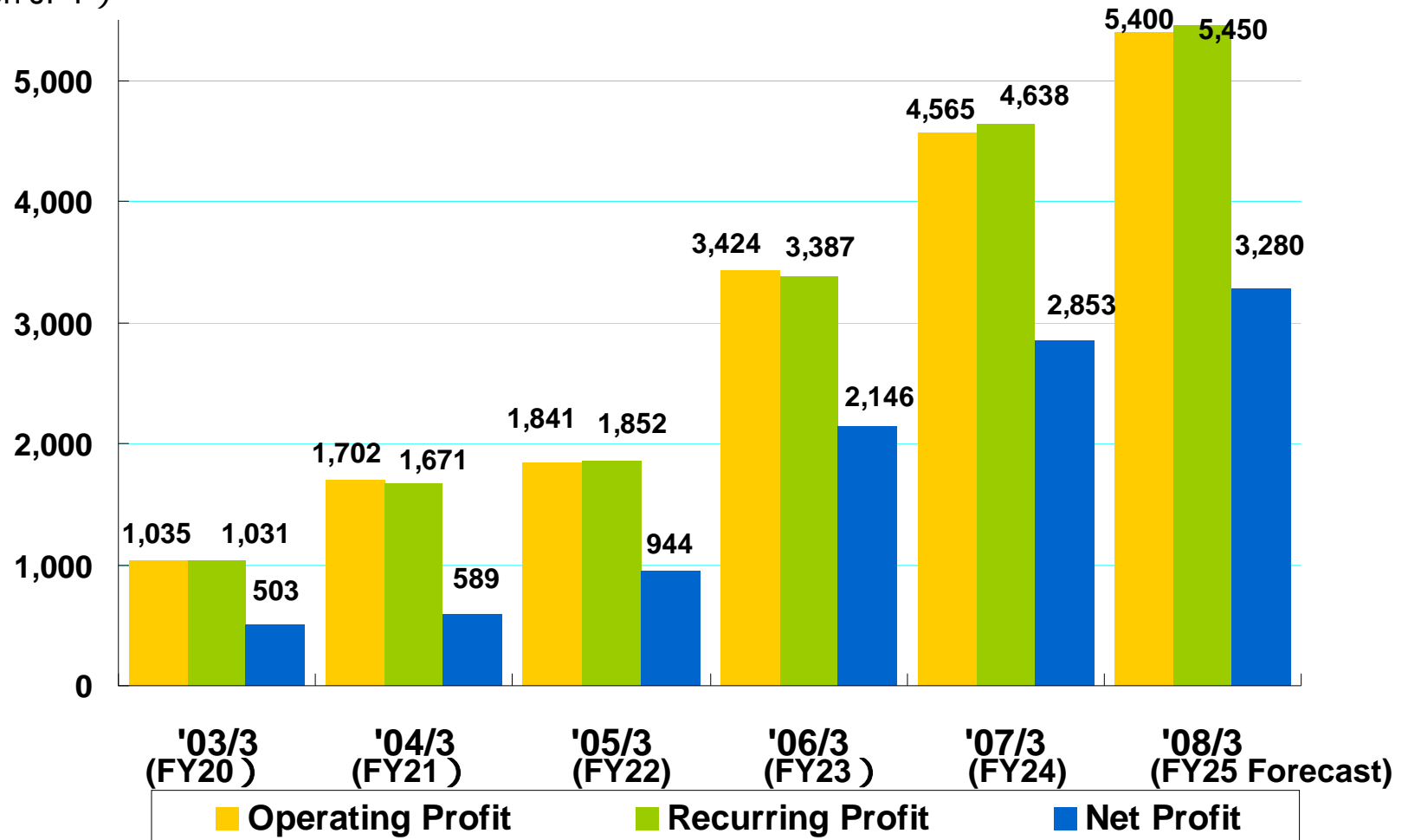
- FX rate
 - USD: ¥115/USD
 - EUR: ¥160/EUR
- A prospect of business except FX rate
 - Limited recession in global economy
 - Christmas sales are steady in professional and consumer tablets
 - Dissolution of backlog in LCD tablets due to supply shortage of liquid crystal panel
 - Pen sensor components sales are favorable through FY07

Consolidated Sales



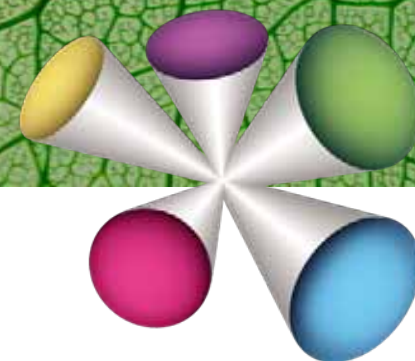
Consolidated Profits

(Million JPY)



Basic Strategy

Focus on “Human Interface Solutions” and
Establish “De-facto Standard”
in Digital Paper Era



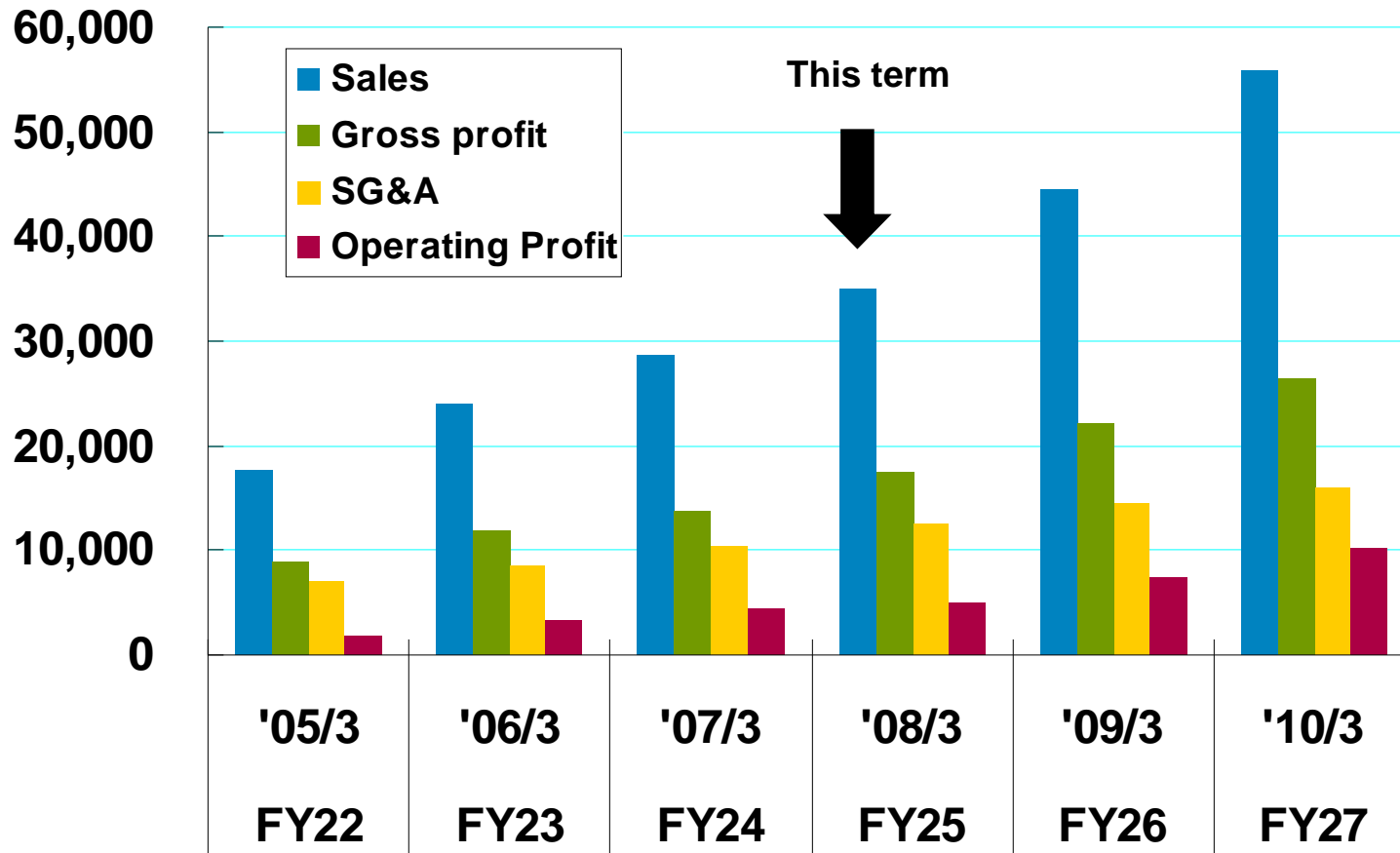
Mid-Term Business Plan -WP515

WP515: Financial Goals

- By FY27 (ends March 2010)
 - Consolidated sales : 50 billion Japanese yen
 - Consolidated operating income ratio : 15%

Consolidated P/L Forecast

(Million JPY)



Growth Strategy -1

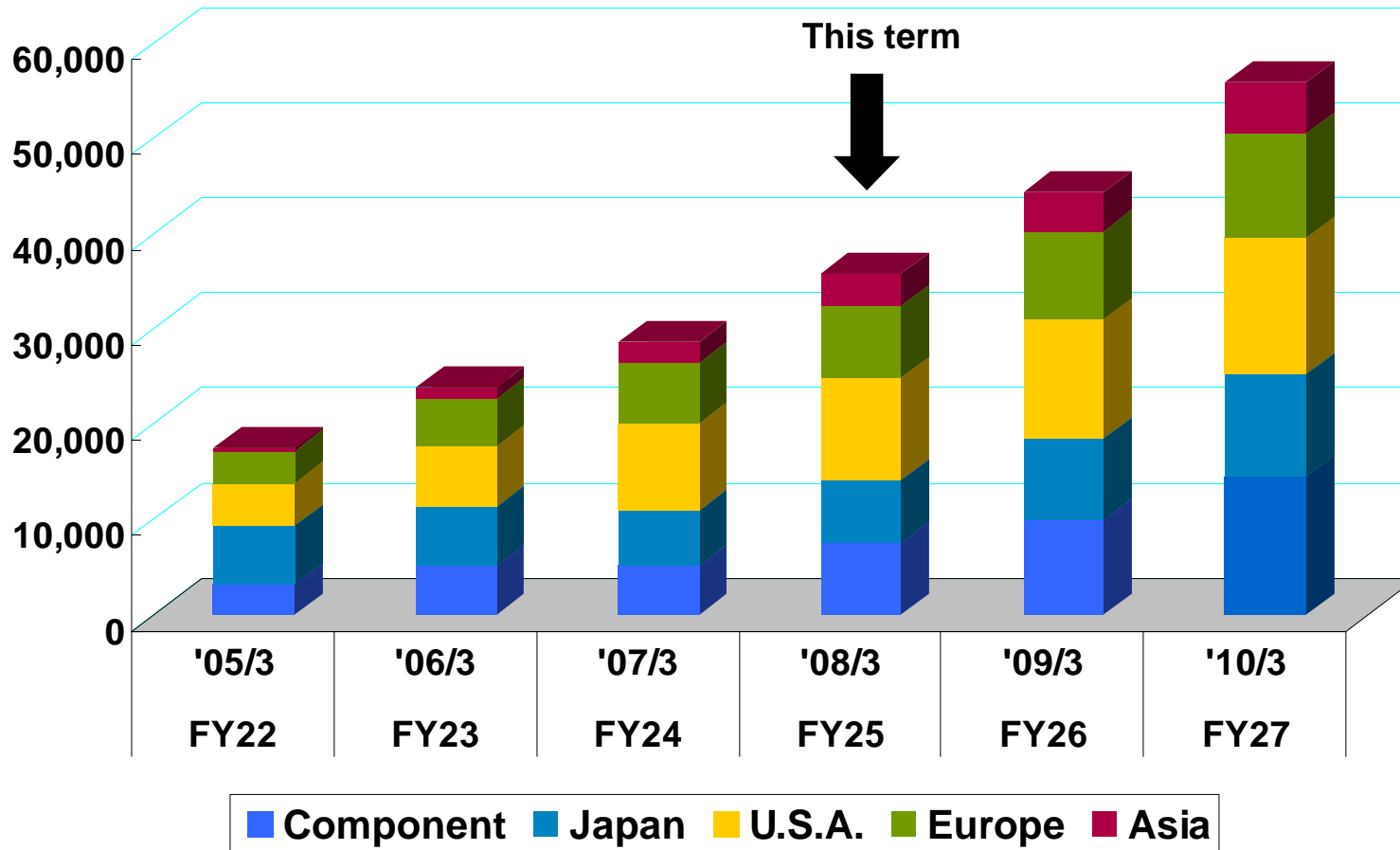
- Strengthen leadership in tablet industry for the growth
 - Strengthen leadership in product by global branding
 - Expand new segments and regional coverage to AP and BRICs
 - Guide professional users to LCD pen tablets
- Expand component business
 - Expand Tablet PC from mobile to desktop platform
 - Expand platforms from PC to mobile phone, game, and info-appliances
- Global branding and enhancing its value
 - Invest in global brand enhancements
 - Continue to improve customer values
- New technology and new business development
 - Develop new generation pen sensor technology
 - Develop and/or acquire new UI technologies
 - Merge display technology with pen sensor technology
 - Develop new business segments and M&A

Growth Strategy -2

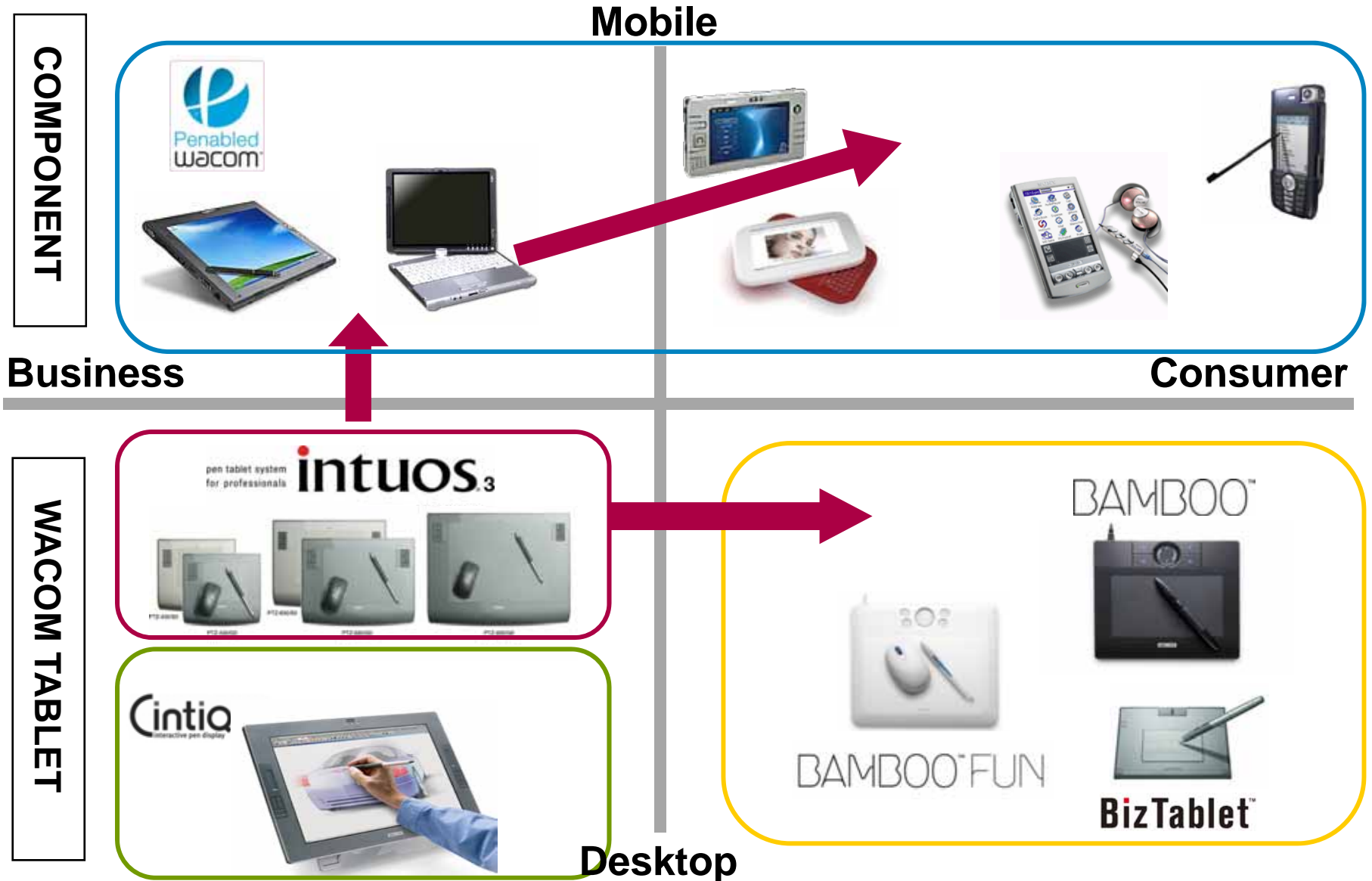
- Strengthen/integrate global SCM function
 - Optimal SCM solution in QCD (quality, cost, and delivery)
 - Utilize EMS and integrate QCD process
 - Black box production of key components
- Strengthen/integrate global QA function
 - Build global QA process including EMS
 - Enhance organization and human resources
- Global process integration and global IT support
 - Global business process reengineering
 - Pursue high productivity and efficiency by global IT support
 - SOX compliance
- Enhancing global partnerships
 - OS, application, display, and solutions
 - Promote PPP (Penabled Partnership Program)

Sales Forecast by Region

(Million JPY)

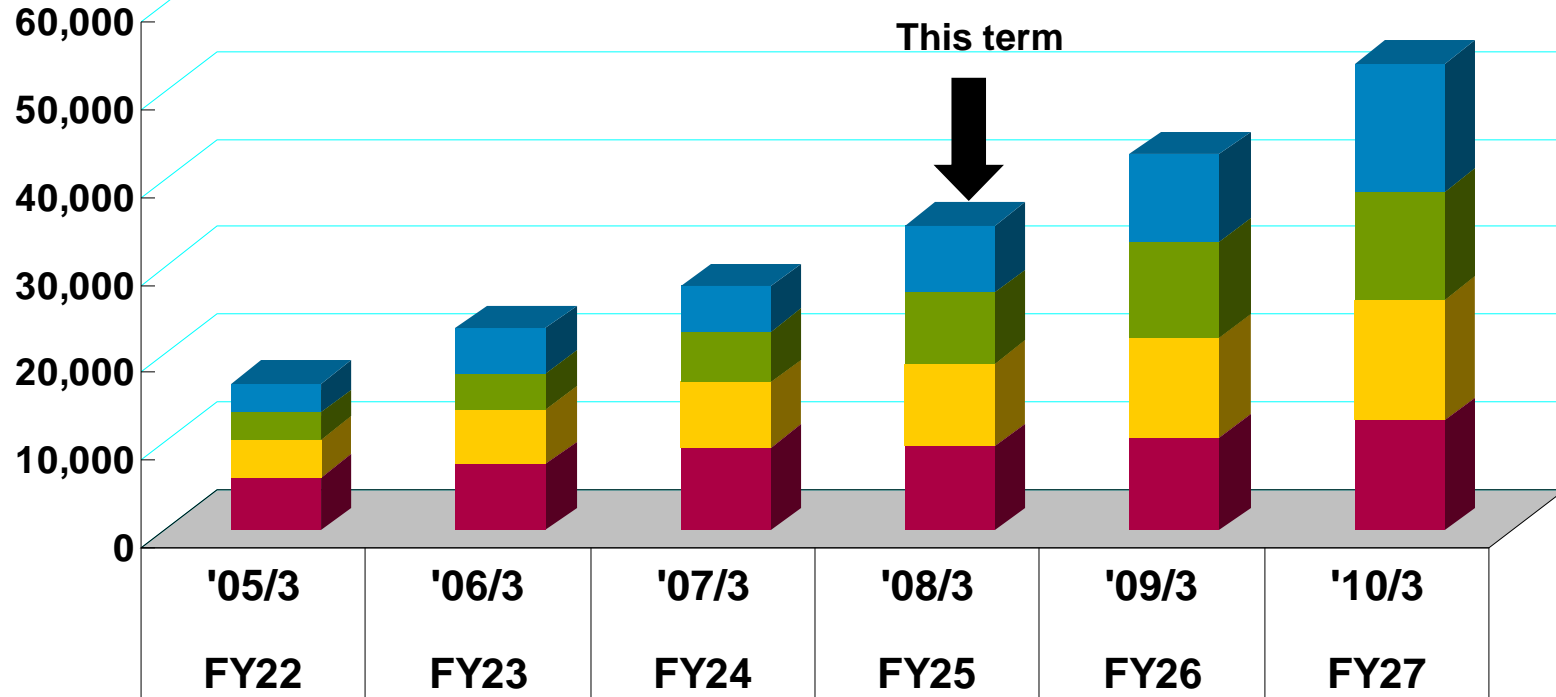


Product Portfolio of ESD



Sales Forecast by Product Line

(Million JPY)



■ Professional ■ Consumer ■ LCD tablets ■ Component

Product Line Strategy

- Advanced design tools for professionals
- Natural and intuitive input device for consumers
- Intuitive UI solutions for vertical applications
- Low-cost, high-performance pen technology for mobile info-appliances



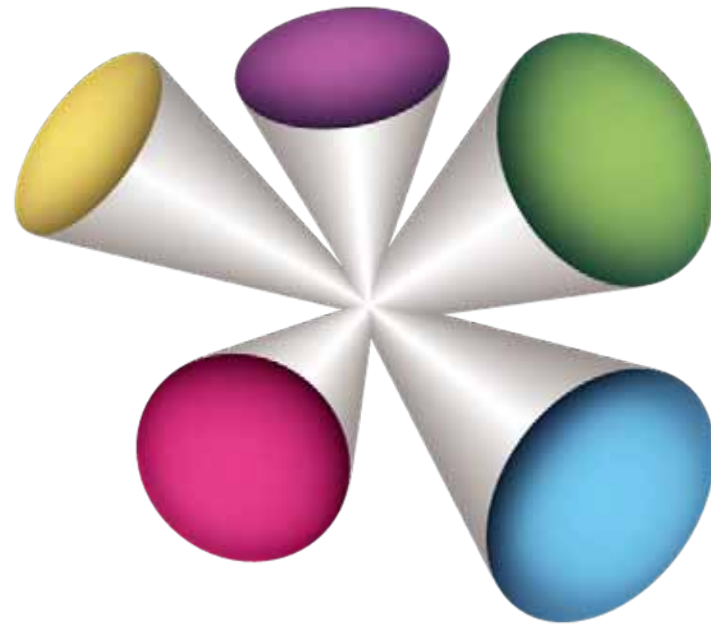
Technology Standard



**De-facto Standard
in Digital Paper Era**



Thank you.



Disclaimer

Forward-looking statements regarding future events and performance contained in this presentation are based on currently available information and involve risks and uncertainties, including macroeconomic conditions, trends of the industry in which the company is engaged, and progress in new technologies. Please note that actual results could materially differ from those expressed or implied by the forward-looking statements in this presentation due to these risks and uncertainties.

<http://www.wacom.co.jp/english/index.html>

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