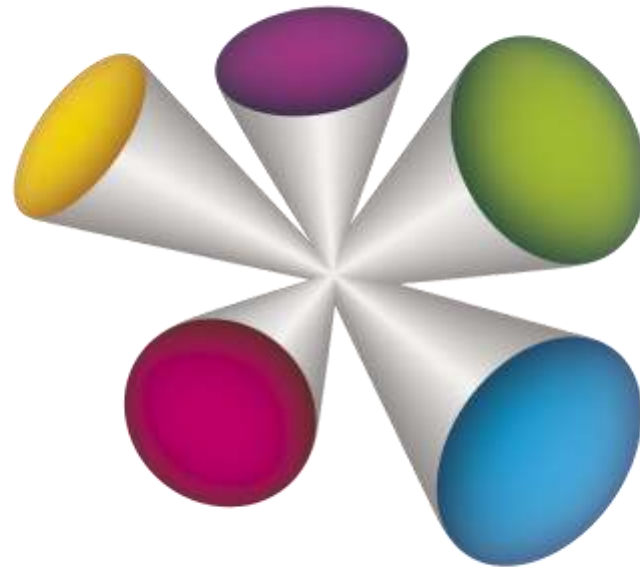


Business Report

FY26 Apr. 2008-Dec. 2008

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



FY26-3Q Consolidated Result Summary

Due to the global financial crisis, drastic slowdown in global economy and rapid appreciation of the JPY, Wacom's 3Q consolidated business slightly declined over previous year while some regions maintained revenue growth in local currency.

- Sales: -1.2% YoY
- Operating Profit: -1.2% YoY
- Recurring Profit: -3.3% YoY
- Net Profit (aft. Tax): -0.8% YoY

Consolidated P/L

(m¥)

	FY25 3Q	FY26 3Q	YoY Growth	
	'07/4-'07/12	'08/4-'08/12	Amount	Ratio
Sales	27,219	26,891	△ 328	△1.2%
Gross Profit	13,782	13,442	△ 340	△2.5%
GPM	50.6%	50.0%		
Operating Profit	3,870	3,824	△ 46	△1.2%
OPM	14.2%	14.2%		
Recurring Profit	3,868	3,739	△ 129	△3.3%
Net Profit aft. Tax	2,315	2,296	△ 19	△0.8%

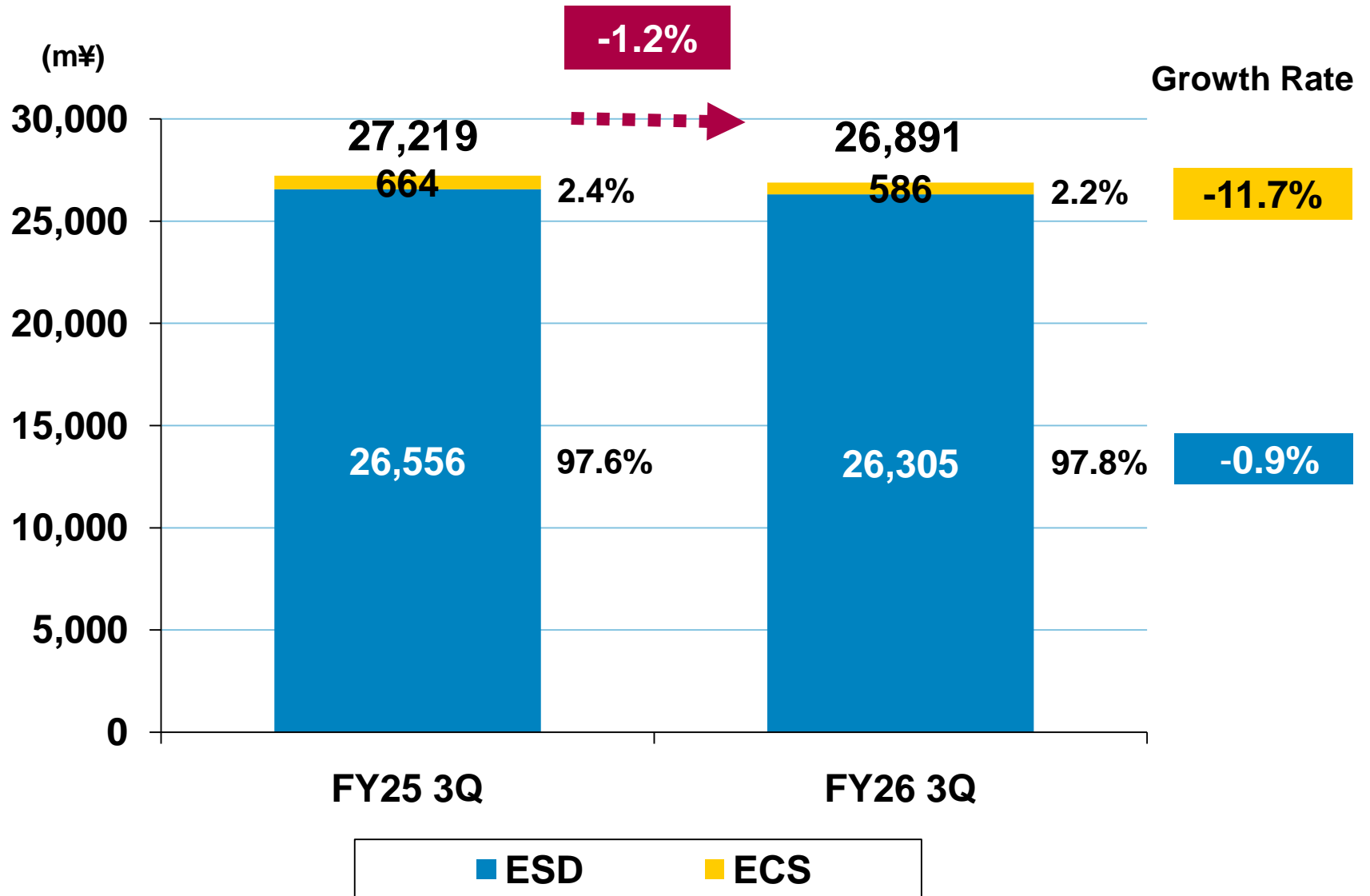
- 3Q Average FX rates: FY25 3Q JPY117.23/USD JPY162.94/EUR
FY26 3Q JPY102.25/USD JPY150.80/EUR

Consol. P/L by Business Segment

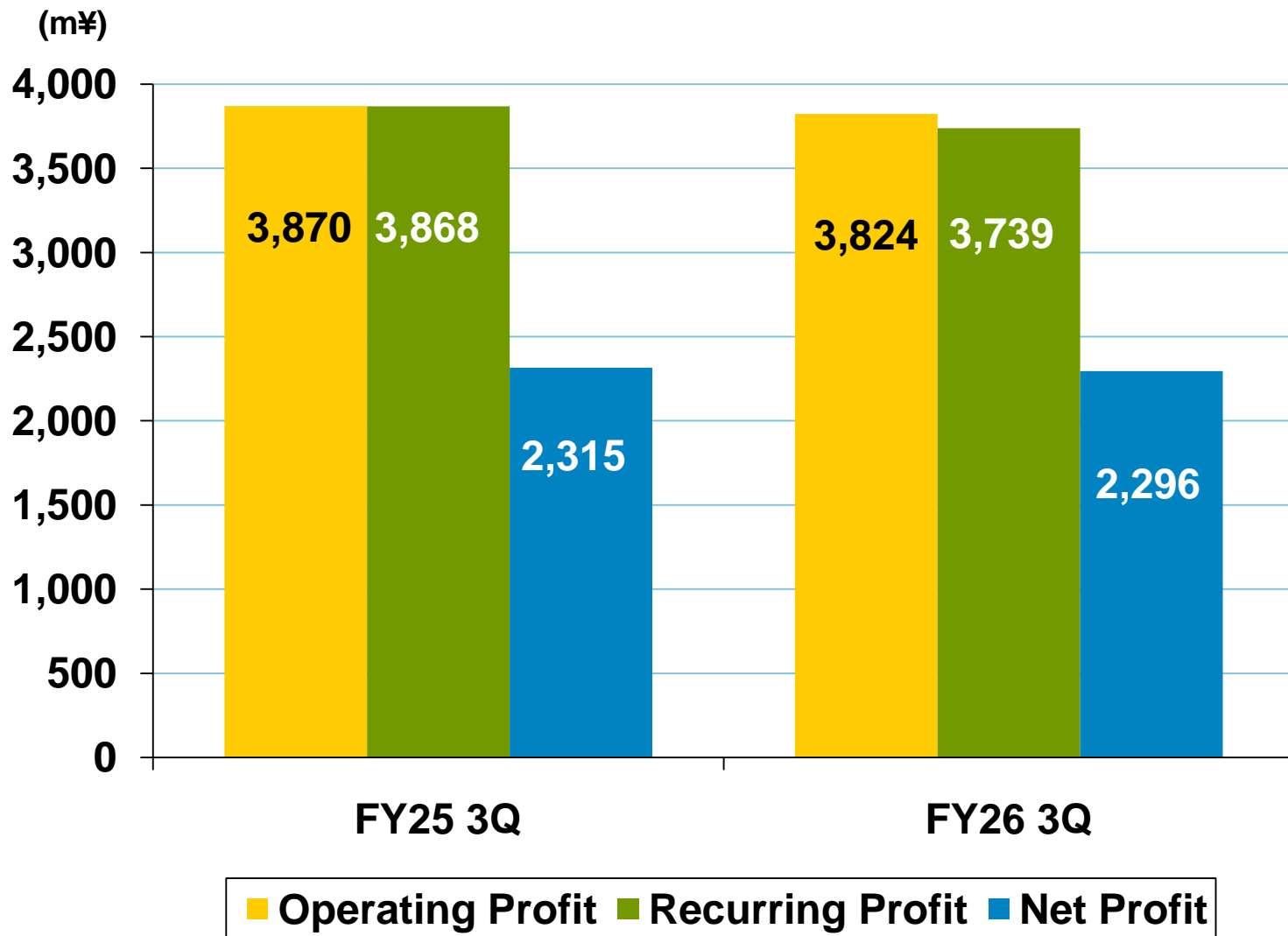
(m¥)

	FY25 3Q	FY26 3Q	YoY Growth	
	'07/4-'07/12	'08/4-'08/12	Amount	Ratio
Sales	27,219	26,891	△328	△1.2%
ESD	26,556	26,305	△251	△0.9%
ECS	664	586	△78	△11.7%
OP	3,870	3,824	△46	△1.2%
ESD	5,715	5,297	△418	△7.3%
ECS	97	36	△61	△62.6%
Corp. and Other	△1,941	△1,509	432	△22.3%
OPM	14.2%	14.2%		

Consolidated Sales Comparison



Consolidated Profit Comparison



Operating Expenses Comparison

(m¥)

	FY25 3Q	FY26 3Q	YoY Change	
	'07/4-12	'08/4-12	Amount	Ratio
Personnel	3,505	3,580	75	2.2%
R&D	881	1,116	235	26.7%
Ad. & Promo.	1,746	1,504	△242	△13.9%
Other	3,780	3,418	△362	△9.6%
Total	9,911	9,618	△294	△3.0%
Opex/Sales ratio	36.4%	35.8%		

Principal items of the change

- Increase: R&D expenses for new products and technology development
- Decrease: Expenses related to the branding project

Expenses for the lawsuits on patent infringement (settled Apr. 2008)

Business Highlight -1

ESD

Tablet Business

Professional graphics tablet - 11.7%

- Sales decreased as the current products enter 4th year after release.
- Rapid decline of channel demands as the economy slows down.
- Unfavorable impact of rapid appreciation of JPY since October, 2008.

Consumer graphics tablet + 0.9%

- Improved consumer awareness with new branding despite unfavorable foreign exchanges impacts.
- Favorable growth in US with “Bamboo” products and steady sales in EU based on local currencies .
- Steady growth in Japan with comic users.
- China and South Korea experienced sales decrease by economic slowdown and JPY appreciation.



reddot design award
winner 2008

Business Highlight -2

LCD Tablet

+ 13.4%

- Reached new users with Cintiq12WX (LCD tablet with 12.1" display).
- Received design awards.
 - reddot award (Jun.)
 - MacWorld Award (Jun.)
 - Good Design Award (Oct.), etc.
- Continued growth in medical and educational market.
- "DTU-1931"(LCD tablet with 19" display) launched (Jul.)



reddot design award
winner 2008



Component Business

- 1.2%

- Slowdown in growth due to JPY appreciation and decrease in LCD module sales while TabletPC shipment grew with consumer models.
- Introduced multi-touch sensor technology at Microsoft WinHEC .
- Sample shipment to PC manufacturers for Windows7 ready PCs.
- Release of "RRFC touch", sensor technology and sample shipment of "CapPLUS" sensors to vertical market.



Business Highlight -3

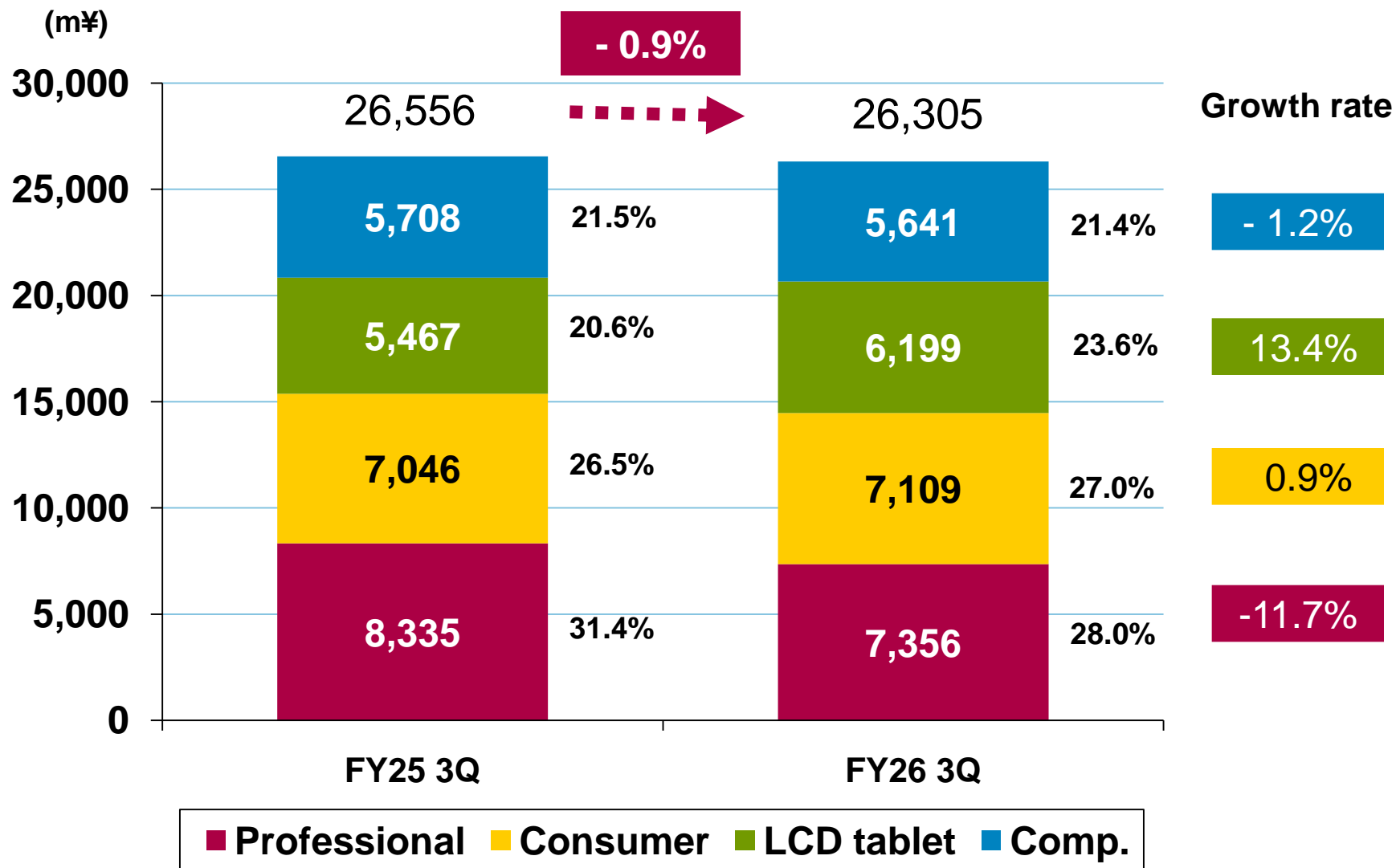
ECS

- Released “ECAD/dio Ver.9.0” in Sept., having enhanced support for system level design beyond conventional electric design territory.
- Promotion of PDM based package solutions
 - “Project Man-hour Management System”
 - “Claim Information Management System” based on PDM

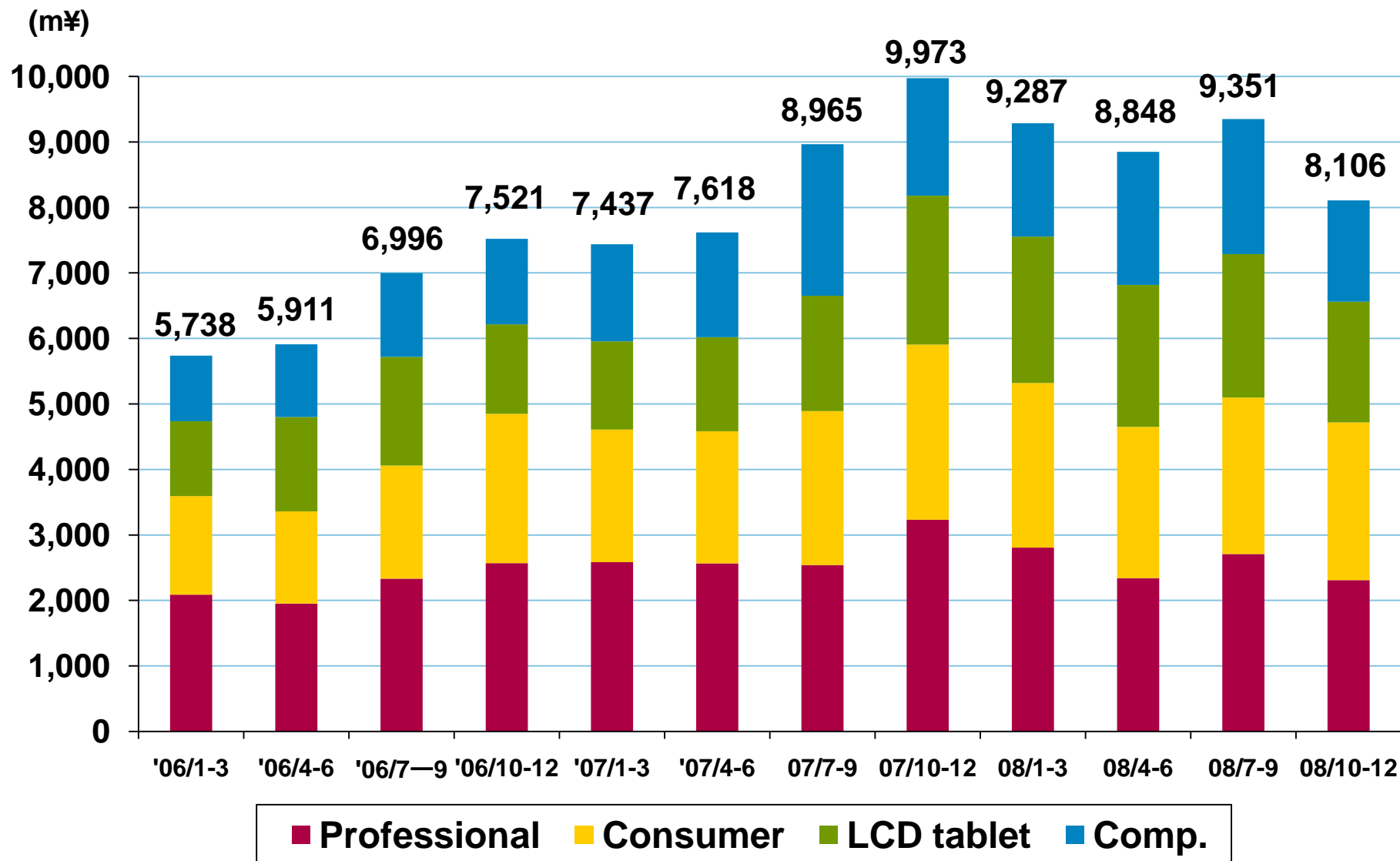
F&A (Corporate)

- Officially commenced J-SOX compliant business operation from this April 1, 2008, as J-SOX law became effective.
- Settlement of patent infringement lawsuits in China & U.S. (April,2008)
- Review of cost structure in Wacom Group in response to global economic slowdown and appreciation of JPY

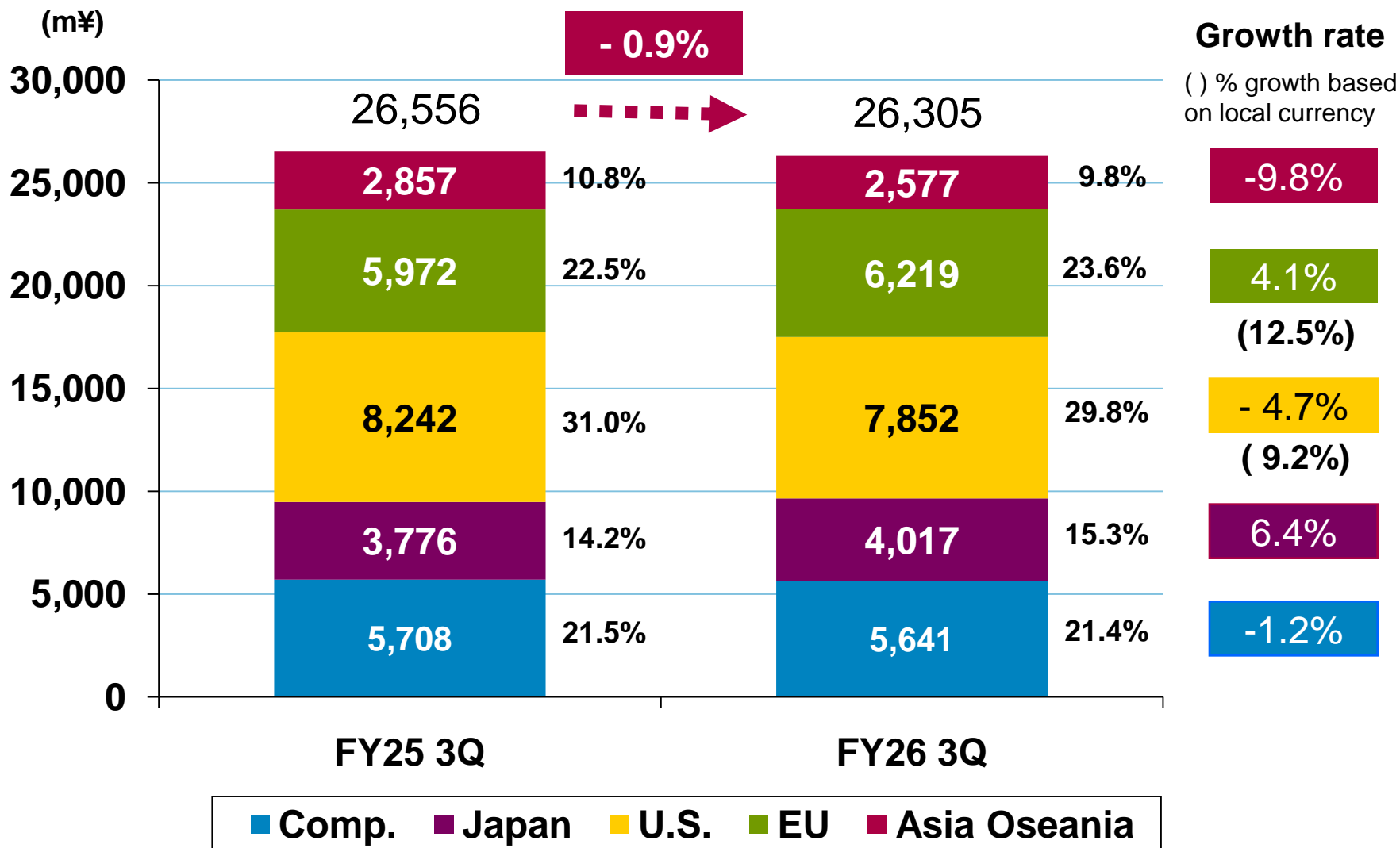
ESD Sales by Product Line



ESD Quarterly Trend by Product Line



ESD Sales by Region

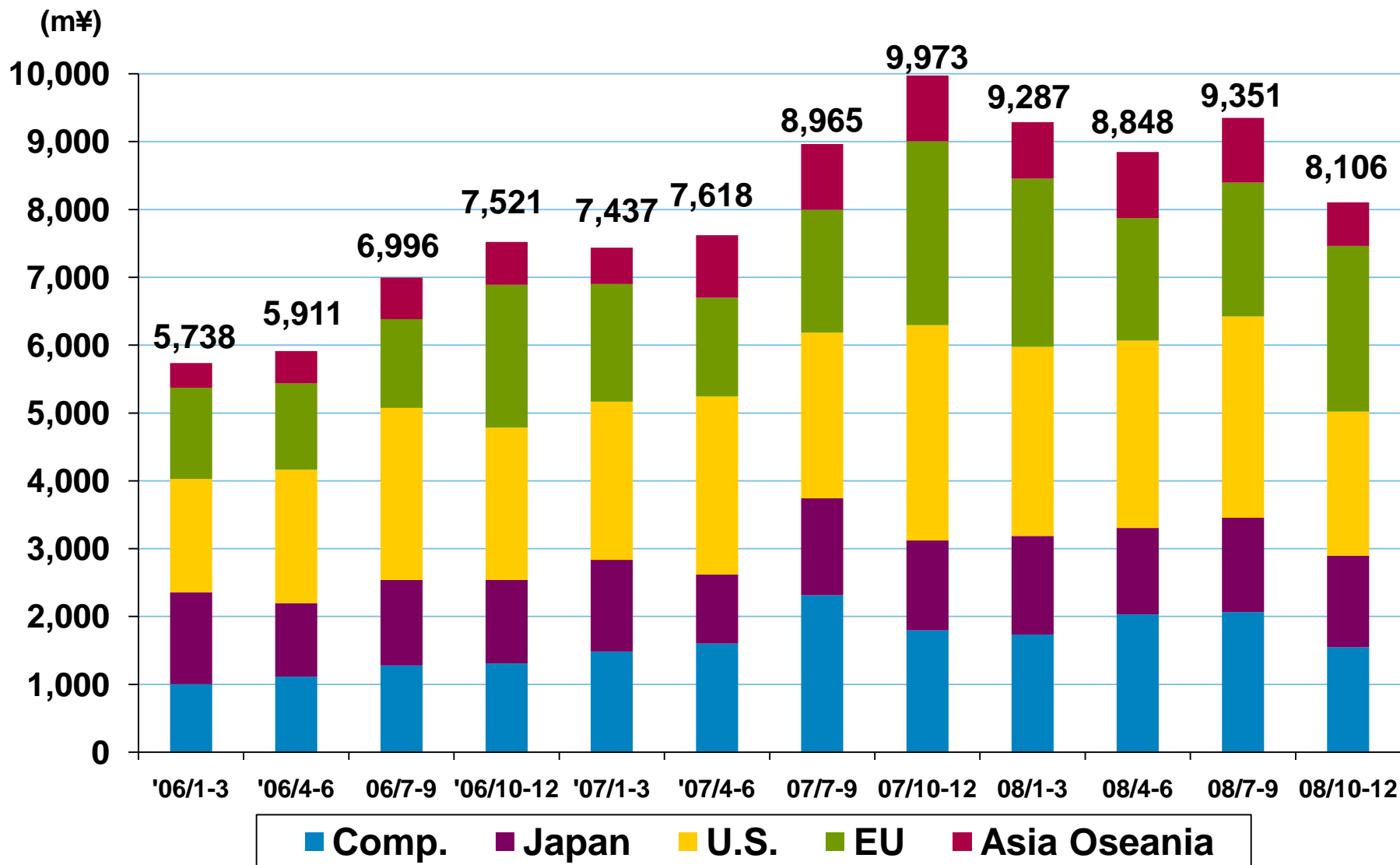


ESD Sales by Region (for reference)

YOY Sales growth based on local currencies

- **US (USD)** + 9.2%
- **EU (Euro)** + 12.5%
- **China (CNY)** + 4.1%
- **Korea (KRW)** - 9.6%
- **Australia (AUD)** + 7.5%
- **HK (USD)** + 46.1%
- **Singapore and AP (USD)** + 4.1%

ESD Quarterly Trend by Region



Consolidated B/S

(m¥)

	Mar. 31, 2008	Dec. 31, 2008	Change
Current assets	24,308	21,459	△2,849
Fixed assets	4,913	4,754	△159
Total assets	29,221	26,213	△3,008
Current liabilities	9,711	8,117	△1,594
Fixed liabilities	948	1,035	87
Total liabilities	10,660	9,152	△1,507
Minority interest in consolidated subsidiaries	0	0	0
Net assets	18,562	17,061	△1,500
Total liabilities and Net assets	29,221	26,213	△3,008
Equity ratio	63.5%	65.1%	1.6%
Book value per share (¥)	44,178.22	42,479.40	△ 1,698.81

Repurchase of own shares : JPY1,848m for FY08 3Q.

Consolidated B/S Highlight

- **Retained earnings:** **+JPY 1,161m**
JPY10,854m (End of FY07) ⇒ JPY12,015m (End of FY08-3Q)
- **Equity ratio:** **+1.6 Pts**
63.5% (End of FY07) ⇒ 65.1% (End of FY08-3Q)
- **Book value per share:** **- JPY 1,699**
JPY44,178 (End of FY07) ⇒ JPY42,479 (End of FY08-3Q)
- **Decrease in total asset:** **+JPY 3,008m**
JPY29,221m (End of FY07) ⇒ JPY26,213m (End of FY08-3Q)
 - Cash & Cash equivalents (including securities): -JPY 3,621m
JPY14,077m (End of FY07) ⇒ JPY10,456m (End of FY08-3Q)
including: repurchase of own shares for 3Q JPY 1,848m
corporate tax payment JPY 2,272m
 - Increase of other assets
Tangible Fixed Assets (Building in progress etc.): +JPY442m

Consolidated C/F

	FY25 3Q	FY26 3Q	YoY Change
	'07/4-'07/12	'08/4-'08/12	Amount
C/F from operating activities	1,388	490	△898
C/F from investing activities	△941	△1,024	△83
C/F from financing activities	△518	△2,677	△2,159
Effect of change in exchange rate	△35	△410	△375
Increase of cash & cash equivalent	△106	△3,621	△3,514
Beginning balance of cash & cash equivalent	12,707	13,577	870
Ending balance of cash and cash equivalent	12,601	9,956	△2,644

C/F from operating activities (m¥)

- Net profit before taxes 3,744
- Increase in notes and accounts receivable -570
- Increase in inventories -559
- Payment for income tax -2,272

C/F from investing activities

- Acquisition of fixed asset -988
(Office expansion of the US subsidiary etc.)

C/F from financing activities

- Repurchase of own shares -1,852
- Dividends payment -1,046
- Proceeds from issuance of stocks

221

FY26 Business Focus -1

- **Cost control for ensuring profitability**

Flexible action and cost control for changing market environment

- **Promote and secure thorough compliance**

Ensure full J-SOX compliance for the first effective year

- **Investment to support future growth**

New technology and product development, IT infrastructure, stronger global organization

- **Improvement of “Wacom” brand and product brand value**

Promotion of global brand for enhancing global leadership

ESD business

- Professional graphics tablet

Launch and promotion of a new generation product line

- Consumer graphics tablet

Promotion of pen tablets in “Vista & Office”, establish “Bamboo” brand

- LCD tablet

Expansion of graphics users market with “Cintiq12WX”

Promotion of new LCD tablets for vertical markets

FY26 Business Focus -2

- Component business
 - Launch of multi-touch sensor technology
 - Enhancing leadership in tablet PC market
 - Development of new markets for desktop PC and mobile applications
- R&D, NBD (New Business Development)
 - Development of next generation products and technology
 - Development of new product lines
 - Launch of new product lines in new marker segments

ECS business

- Expansion of the market share in CAD market with ECAD/dio
- Value added integration support to ECAD customer base

SCM-F&A (Corporate)

- Internal control system in accordance with J-SOX, effective in FY26
- Improvement of global SCM, and global IT infrastructure
- Enhancement and protection of IP assets

Revised forecast for FY26

(m¥)

Annual Forecast	Result	Ann.(10/14)	Re Ann.(1/29)	Ann. — Re Ann.	YOY Growth
	'07/4-'08/3 Result	'08/4-'09/3 Ann.(10/14)	'08/4-'09/3 Ann.(1/29)		
Sales	36,739	38,000	33,800	-4,200	-8.0%
OP	5,539	4,800	3,900	-900	-29.6%
RP	5,581	4,700	3,800	-900	-31.9%
NP	3,501	2,900	2,380	-520	-32.0%

(m¥)

2H Forecast	Result	Ann.(10/14)	Re Ann.(1/29)	Ann. — Re Ann.	YOY Growth
	'07/10-'08/3 Result	'08/10-'09/3 Ann.(10/14)	'08/10-'09/3 Ann.(1/29)		
Sales	19,721	19,405	15,205	-4,200	-22.9%
OP	3,652	2,245	1,345	-900	-63.2%
RP	3,644	2,169	1,269	-900	-65.2%
NP	2,330	1,327	807	-520	-65.4%

Assumption of FX rates for 4Q (Jan.-Mar., 2009) : JPY90/USD, JPY120/EUR

Assumptions for business result forecast as of Oct. 14, 2008

- Average FX rate
 - USD:JPY 100 / USD
 - EUR:JPY 135 / EUR
- Prospect of business other than FX rate
 - Financial crisis spreads from US to EU, also influences on Asian economy. Slowdown of global economy is evident.
 - Sudden depreciation of EURO and Asian currencies
 - Christmas sales unusually weak in professional and consumer tablets
 - Channel contraction due to weakening economy and credit crisis
 - Decline of demands for components business and competitive environment changes

Assumptions for business result forecast as of Jan. 29, 2009

- Average FX rate
 - USD:JPY 90 / USD
 - EUR:JPY 120 / EUR
- Prospect of business other than FX rate
 - Financial crisis spreads from US to EU, also influences on Asian economy. Slowdown of global economy is evident.
 - Depreciation of EURO and Asian currencies, further depreciation of US dollar against the Japanese Yen.
 - Christmas sales unexpectedly weak in professional and consumer tablets
 - Channel contraction due to weakening economy and credit crisis
 - Further decline of demands for components business and competitive environment changes

Dividend Forecast for FY26

- **Dividend policy**

- Continue to maintain stable dividend with internal reserves necessary for future business development
- Payout ratio over 30% and to increase over time.

- **Dividend per share**

- JPY 3,000/share. No change from the initial announcement on April 30.
- Payout ratio 50.6%
(based on the revised business forecast on Jan. 29)

Result of share repurchase program

- **Repurchase of own shares**

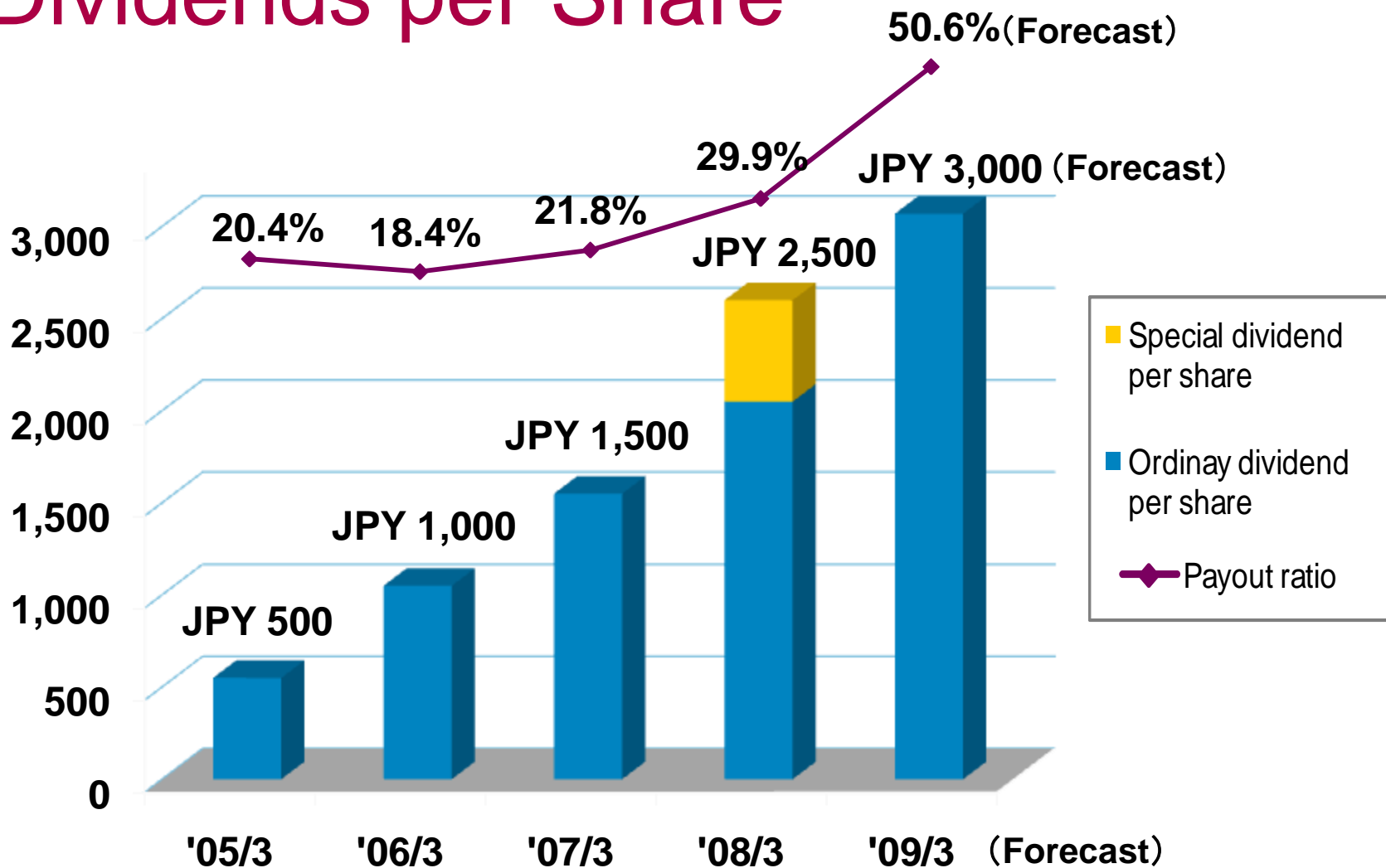
- Total # of shares to be acquired: 20,000 shares (max.)
Equivalent of 4.74% of outstanding shares at Dec. 2008
- Total cost of acquisition: JPY 1,848m
- Period of acquisition: From Oct. 31, 2008 - Dec. 10, 2008

- **Total payout to shareholders**

- Total payout ratio: 128.3% (based on forecasted results)
Forecasted dividends payout: JPY 1.2b
Max cost of share repurchase : JPY 1.8b

※ total payout ratio : (dividends payout excluding own shares + acquisition cost of own shares) / net income

Dividends per Share



Common Shares Split

Nov. 2003 Split 5-for 1 basis Nov. 2005 Split 4-for 1 basis
 Dividends before 22nd term reflects the above share splits

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.

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