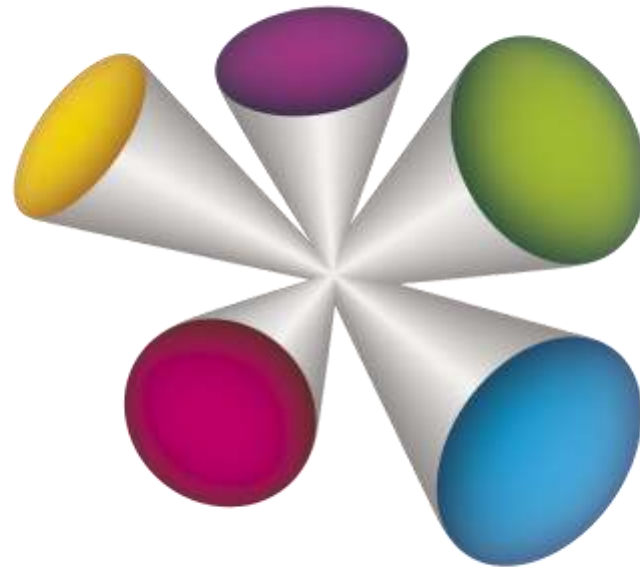


Business Report

FY27 Apr. 2009-Dec. 2009

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



FY27-3Q Consolidated Result Summary

While the global economy showed signs of bottoming out, it remained in uncertainty. Wacom's 3Q business performance declined due to weak corporate investment, sluggish consumer spending, and significant depreciation of the USD and Euro against JPY compared to the previous fiscal year.

- Sales: -12.4% YoY
- Operating Profit: -41.0% YoY
- Recurring Profit: -37.5% YoY
- Net Profit (aft. tax): -33.2% YoY

Consolidated P/L

(m¥)

	FY26 3Q	FY27 3Q	YoY Change	
	'08/4-'08/12	'09/4-'09/12	Amount	Ratio
Sales	26,891	23,568	-3,323	-12.4%
Gross Profit	13,442	11,876	-1,566	-11.7%
GPM	50.0%	50.4%		
Operating Profit	3,824	2,256	-1,568	-41.0%
OPM	14.2%	9.6%		
Recurring Profit	3,739	2,337	-1,403	-37.5%
Net Profit aft. Tax	2,296	1,533	-763	-33.2%

- Average FX rates: FY26 3Q JPY 102.25 /USD JPY 150.80 /EUR
FY27 3Q JPY 93.73 /USD JPY 132.69 /EUR

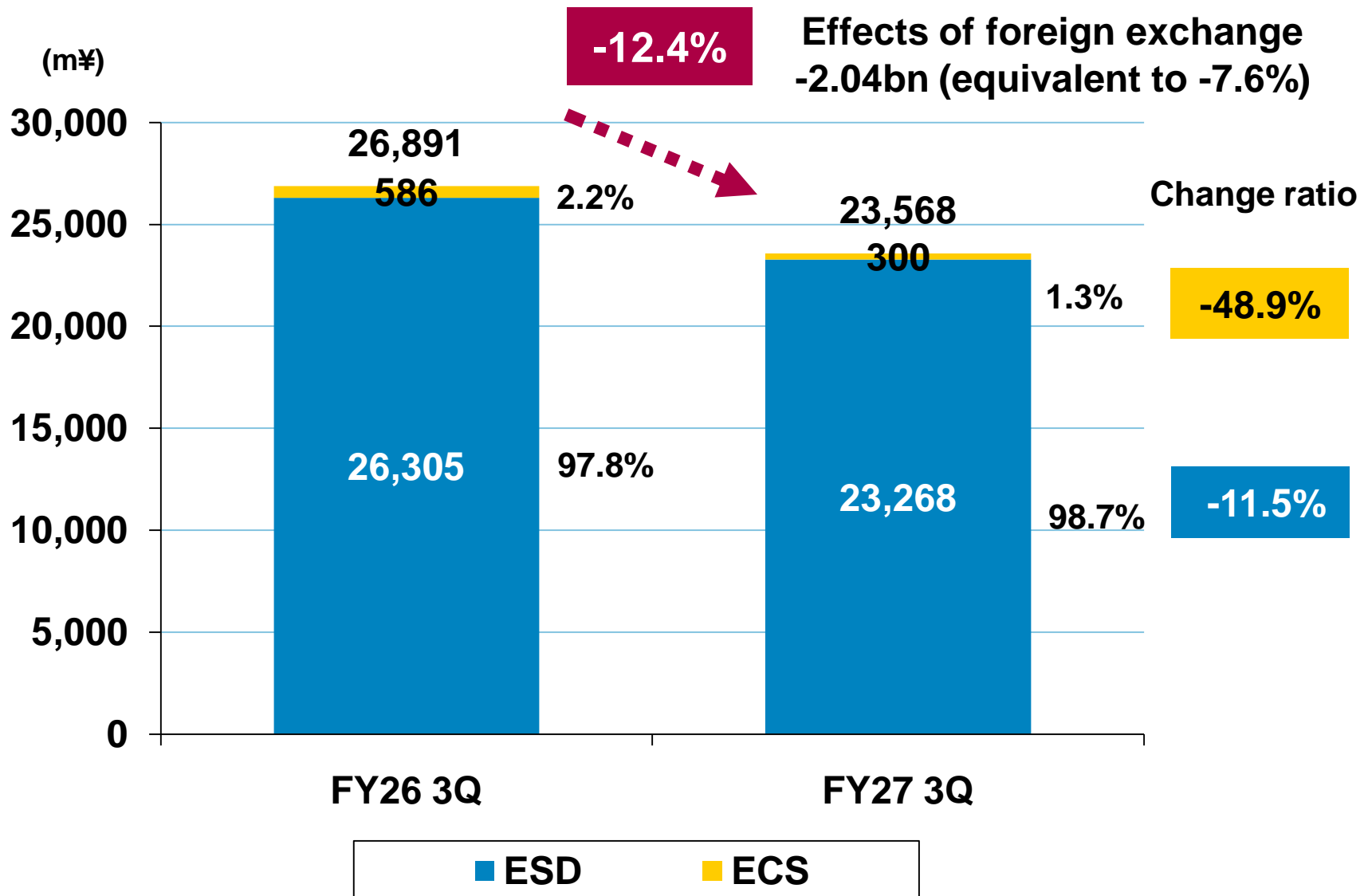
**Effects of foreign exchange : Sales -2.04bn
(JPY appreciation) OP -0.9bn**

Consol. P/L by Business Segment

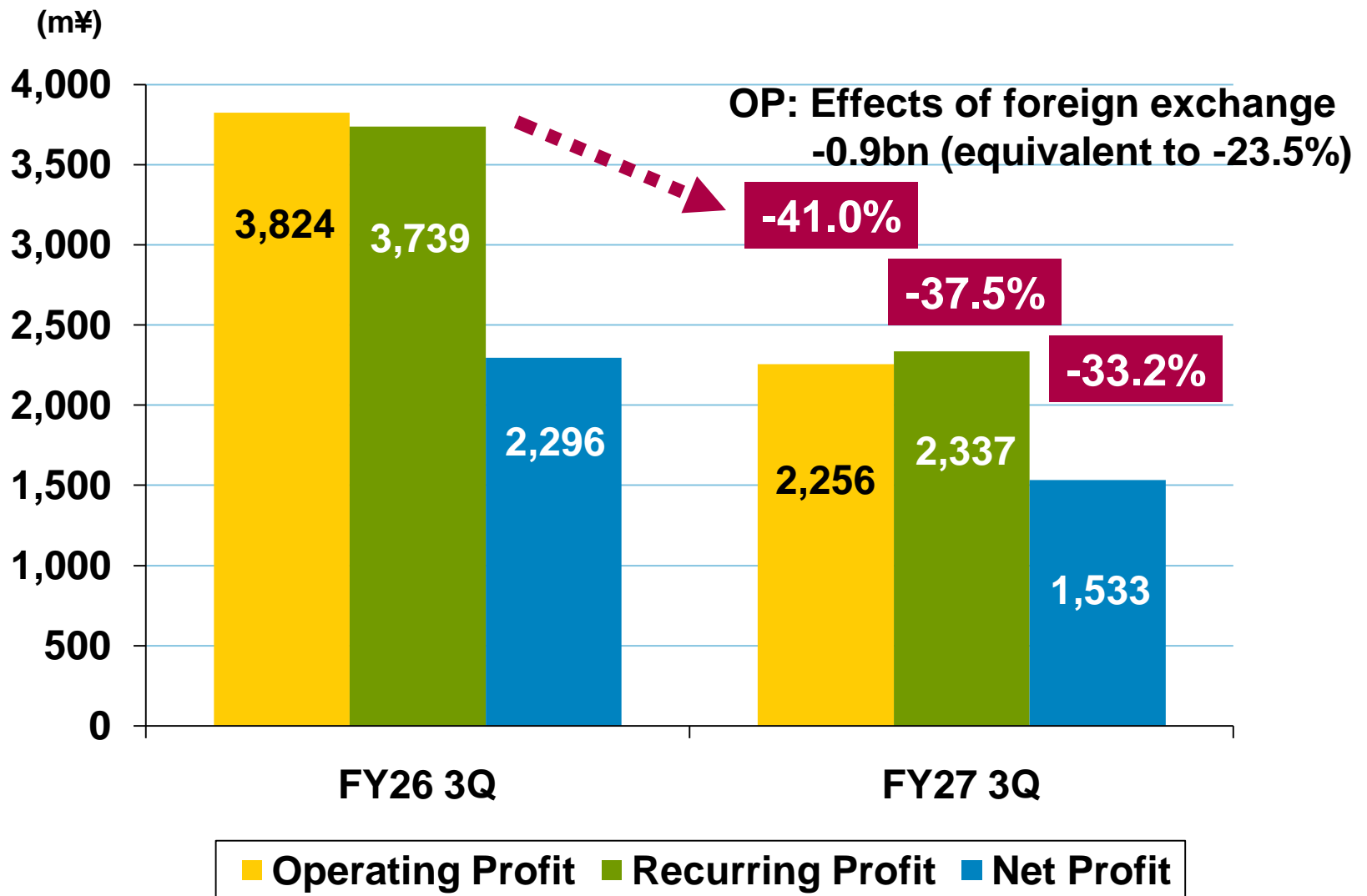
(m¥)

	FY26 3Q	FY27 3Q	YoY Change	
	'08/4-'08/12	'09/4-'09/12	Amount	Ratio
Sales	26,891	23,568	-3,323	-12.4%
ESD	26,305	23,268	-3,037	-11.5%
ECS	586	300	-286	-48.9%
Operating Profit	3,824	2,256	-1,568	-41.0%
ESD	5,297	3,615	-1,682	-31.8%
ECS	36	-76	-112	—
Corp. and Other	-1,509	-1,283	226	-15.0%
OPM	14.2%	9.6%		

Consolidated Sales Comparison



Consolidated Profit Comparison



Operating Expenses Comparison

(m¥)

	FY26 3Q	FY27 3Q	YoY Change	
	'08/4-'08/12	'09/4-'09/12	Amount	Ratio
Personnel	3,580	3,838	258	7.2%
R&D	1,116	1,227	112	10.0%
Ad. & Promo.	1,504	1,545	42	2.8%
Other	3,418	3,009	-409	-12.0%
Total	9,618	9,620	2	0.0%
Opex/Sales ratio	35.8%	40.8%		

Key changes

- Increase : Increase in employee headcounts, allowances for bonus and R&D expense for multi-touch technologies etc.
- Decrease : Expenses related to J-SOX project, expenses for the patent infringement lawsuit, and other general expenses, etc.

Business Highlight -1

ESD

Tablet Business

▪ Professional tablet

+1.9%

- Sales slightly increased despite the influence of the JPY appreciation
- Intuos4 released in March, received high reputations
 - Domestic sales recorded YoY growth of 25%
 - US enjoyed Christmas sales, EU maintained the same sales level as the previous FY (local currency base)
 - China and Australia showed significant sales growth and Korea also recovered since 3Q (local currency base)

- Received numerous awards
 - red dot award, Plus X award, TIPA awards (Europe)
 - Good Design Award (Japan)
 - Editor's Choice: PC Magazine (US, SG)
 - Macworld(UK), Digital Photo 2010 (US)



intuos.4



reddot design award
winner 2009



PLUS X AWARD®



GOOD DESIGN
2009



Macworld Editors' Choice

Digital Photo
wacom

Business Highlight -2

▪ Consumer tablet

+1.6%

- Bamboo new series launched with new multi-touch technologies
 - Simple gestures with 2 finger touch for intuitive PC operation
 - Pen enables content creation in detail
 - 13 models in the global market



BAMBOO® Touch BAMBOO® Pen & Touch BAMBOO® Fun BAMBOO® Comic BAMBOO® Craft

- Sales in 1H decreased with the previous model due to the end of life, sluggish consumer spending, and JPY appreciation
- New products contributed to Christmas sales in 3Q, as a result YOY sales recovered despite JPY appreciation
 - Domestic sales decreased due to some sluggish distributors
 - US, Germany, and AP recorded significant sales growth in 3Q

Business Highlight -3

▪ LCD Tablet

-18.8%

- Decrease in sales due to reduction of corporate investment
 - Sales recorded positive YOY growth in EU and China (local currency base)
- Continuous growth of LCD tablet for “Paperless” solutions
 - Steady sales for medical, education, and paperless conference systems in Japan
 - OEM project increased for education in EU
 - Approximately 300% YOY sales growth of SignPad for digital signature

**DTU series
for medical**



**DTF series
for education**



**Sign Pad
for digital
signature**



**Tokyo Stock exchange
Paperless conference system**

Business Highlight -4

▪ Component Business

-38.5%

- Sales decrease due to slowdown of corporate investment, production adjustment before Windows 7 launch in 1H and change in competitive environment.
- Mass production of multi-touch sensor solutions for Windows 7
 - Adopted by multiple models of HP, Lenovo, Toshiba, Fujitsu, and other major PC manufacturers
 - HP adopted G6(IC controller) with higher sensitivity and low power
 - Preparing mass production capacity for next fiscal year while assessing the demand of multi-touch function

The Number of PC models in mass production (scheduled in FY2009)

Inch size of PC display	Smaller than 10"	12"	13"	More than 14"	Total
Number of PC models	1	5	2	2	10

- Introduced a new brand of UI technologies, Wacom Feel IT Technologies

Wacom Feel IT Technologies

■ Wacom new brand of user interface solution

Integrates pen, multi-touch and display technologies;

Provides advanced functions with natural and intuitive user experiences



The logo for Wacom's 'Feel' technology, featuring the word 'feel' in a stylized, cursive script font with a trademark symbol (TM) to the upper right.

- Supported by major PC manufactures

TOSHIBA

lenovo

FUJITSU

Panasonic



Multi-touch sensor for Windows 7

Wacom Feel IT Technologies

Adopted Projects

Customer PC models for Windows 7



lenovo

ThinkPad X200



TOSHIBA

**Satellite M505
(US Consumer model)**



FUJITSU

**FMV-
8190/8290**

e-Book customers



FUJITSU

**FMV-MT/E50
(Consumer model)**



**TouchSmart tm2
(Consumer model)**



hp

**Mini 5120
(Netbook)**



Onyx



IREX



enTourage

Business Highlight -5

ESD

- **Professional DJ system (nextbeat)**
 - Developed professional digital DJ system “nextbeat” that introduces totally new performance styles
 - Demonstrated in major music events over the world by pro-DJs
 - Released in Japan since September, in Europe since November



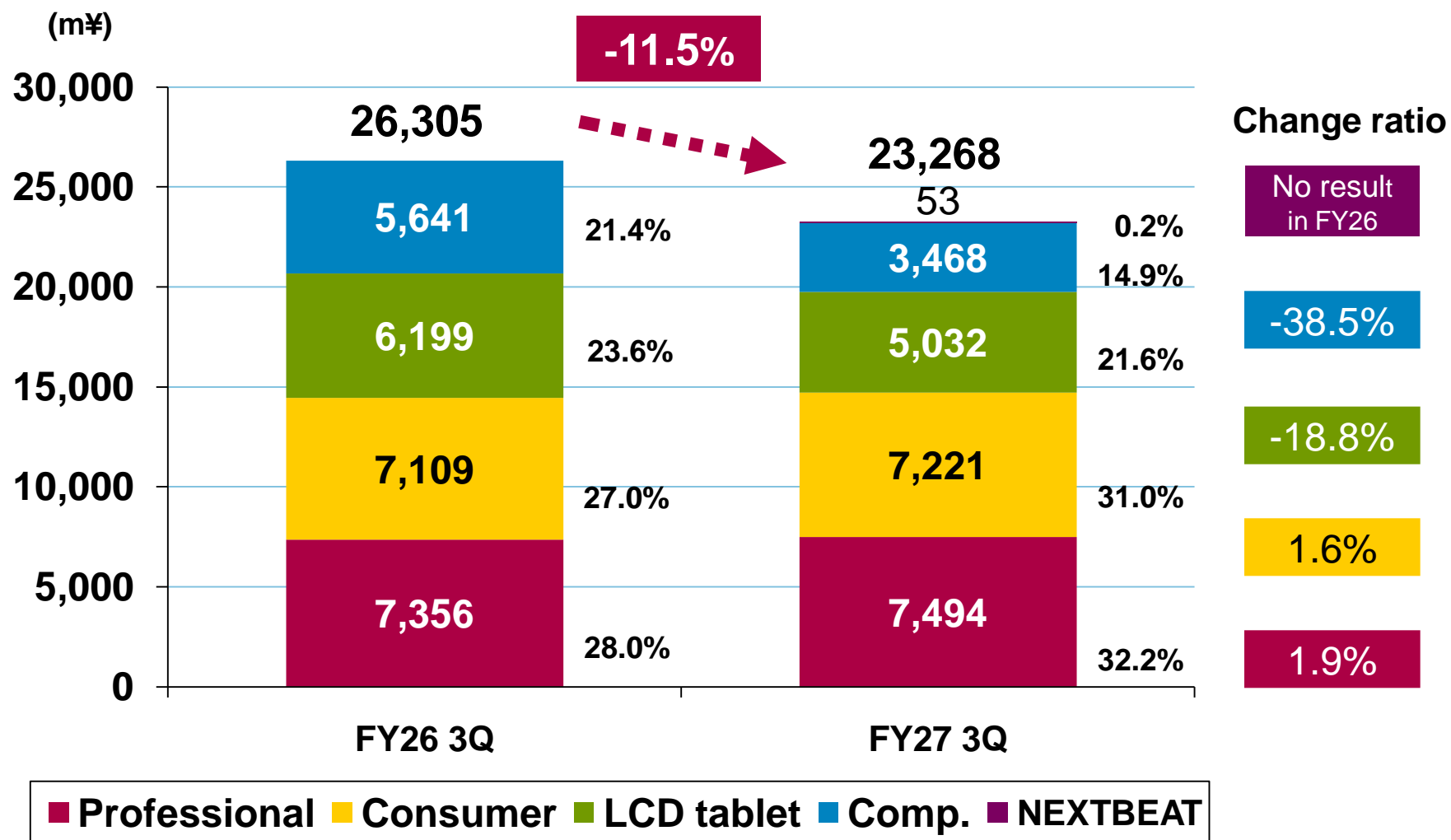
ECS

- Upgrade promotion for existing users, and replacement campaign for competitor products by “ECAD/dio” Ver. 10.0 released in September
- Enhanced user supports by refreshing the user website leveraging the market leadership in the severe business environment due to the lasting late recovery of domestic manufacturers investment

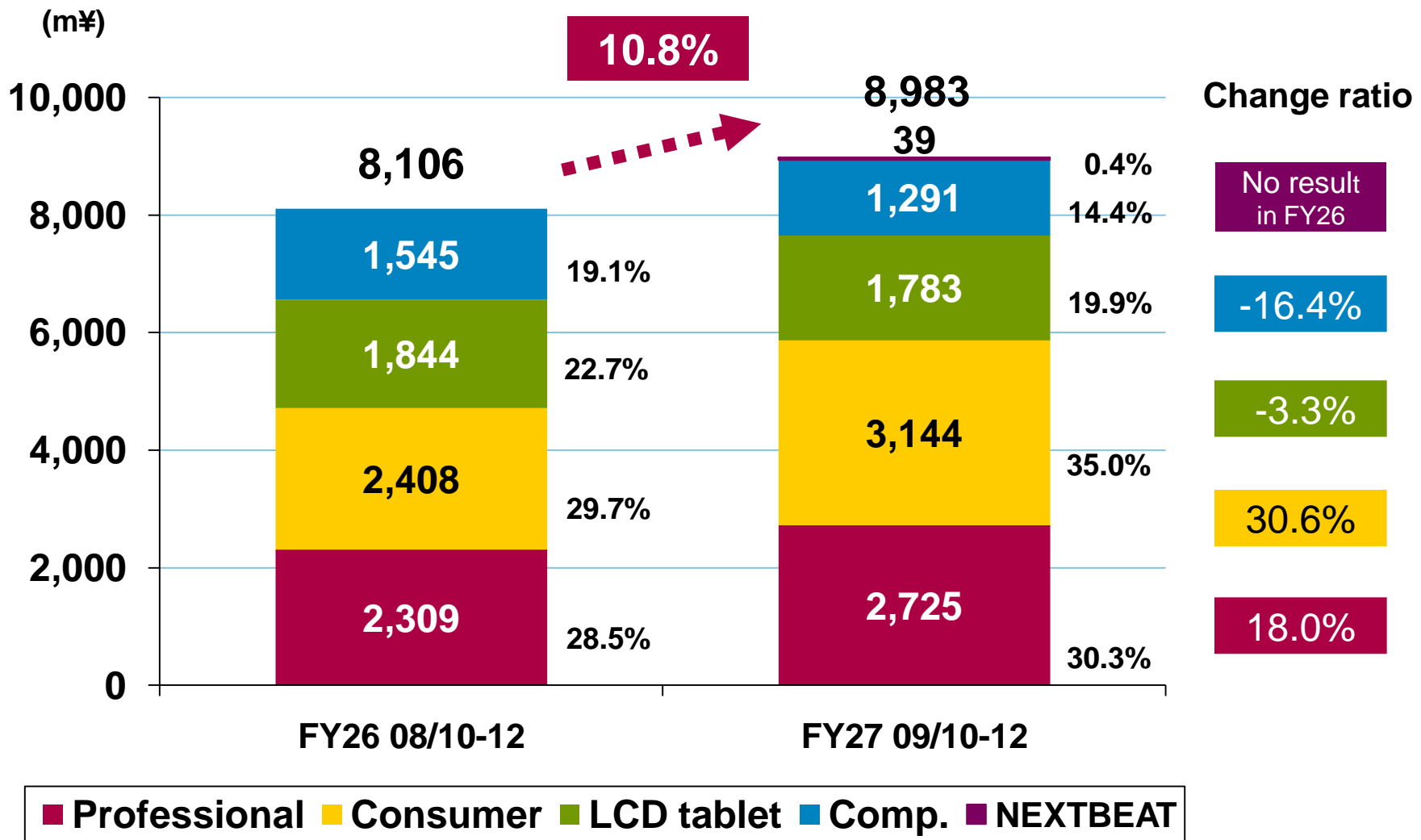
F&A (Corporate)

- Improvement of IT infrastructures for global SCM and global ERP

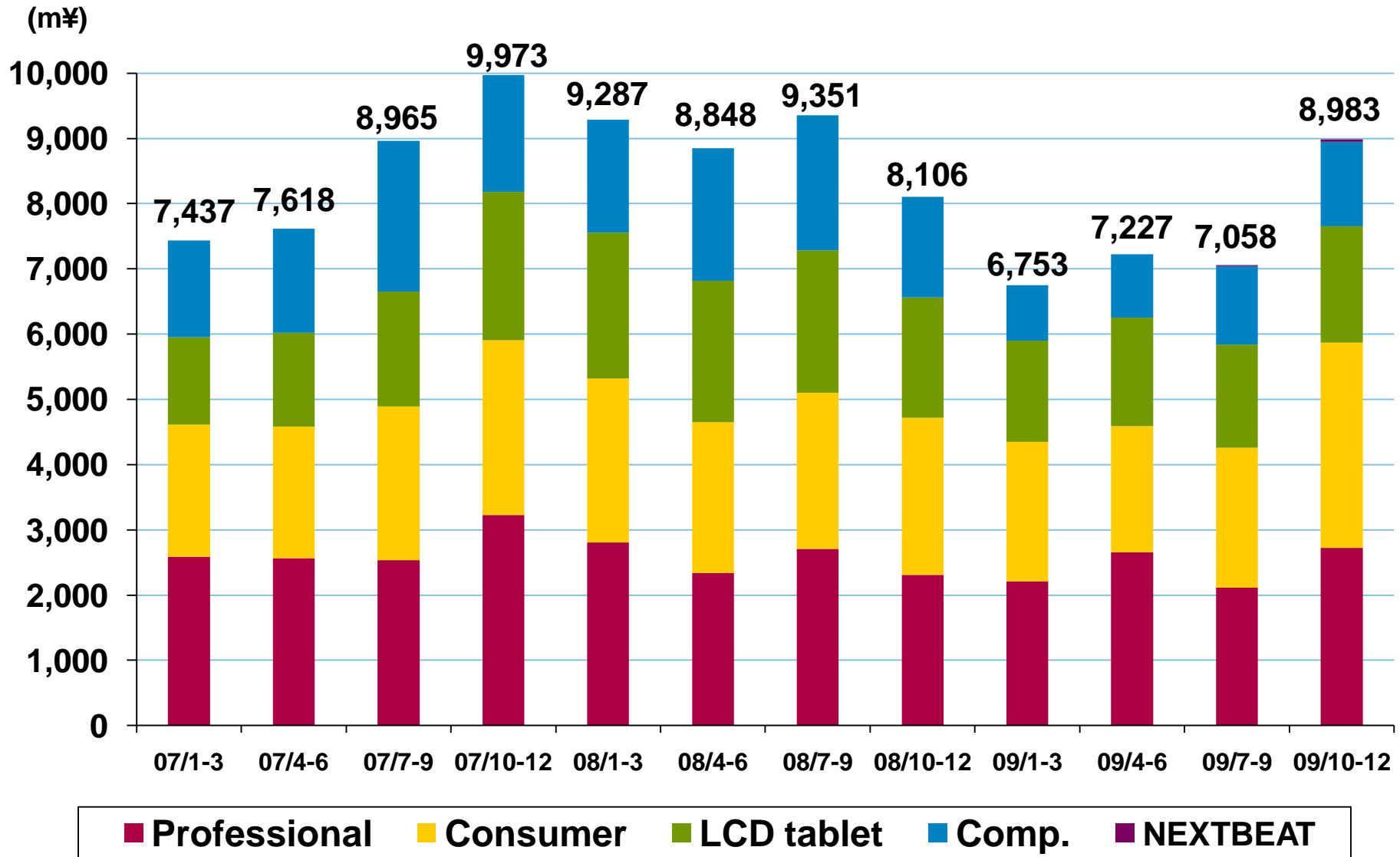
ESD Sales by Product Line



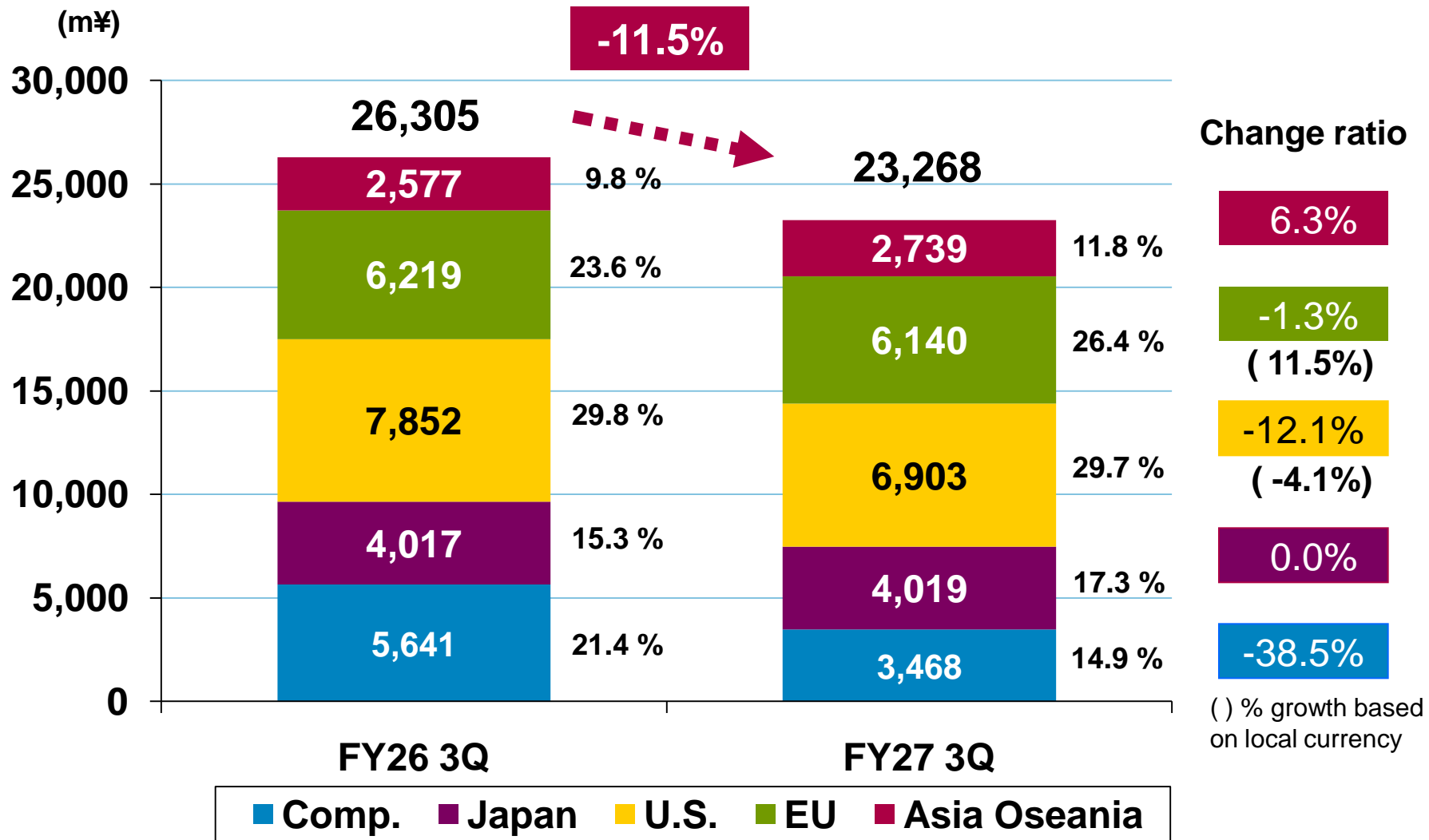
(Ref.) ESD Quarterly Sales by Product Line



ESD Quarterly Trend by Product Line



ESD Sales by Region



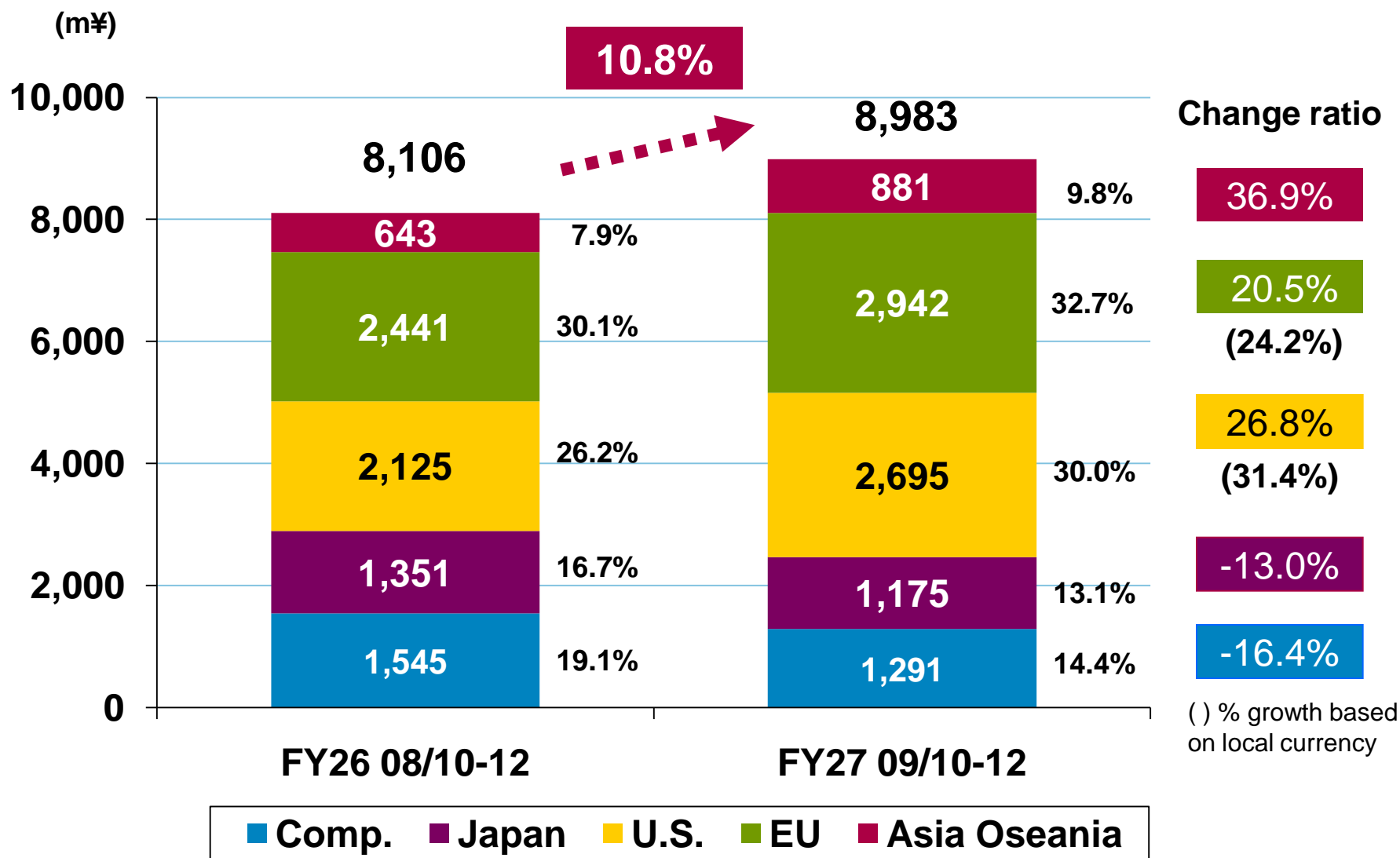
EU: German subsidiary is in charge of the market

ESD Sales by Region

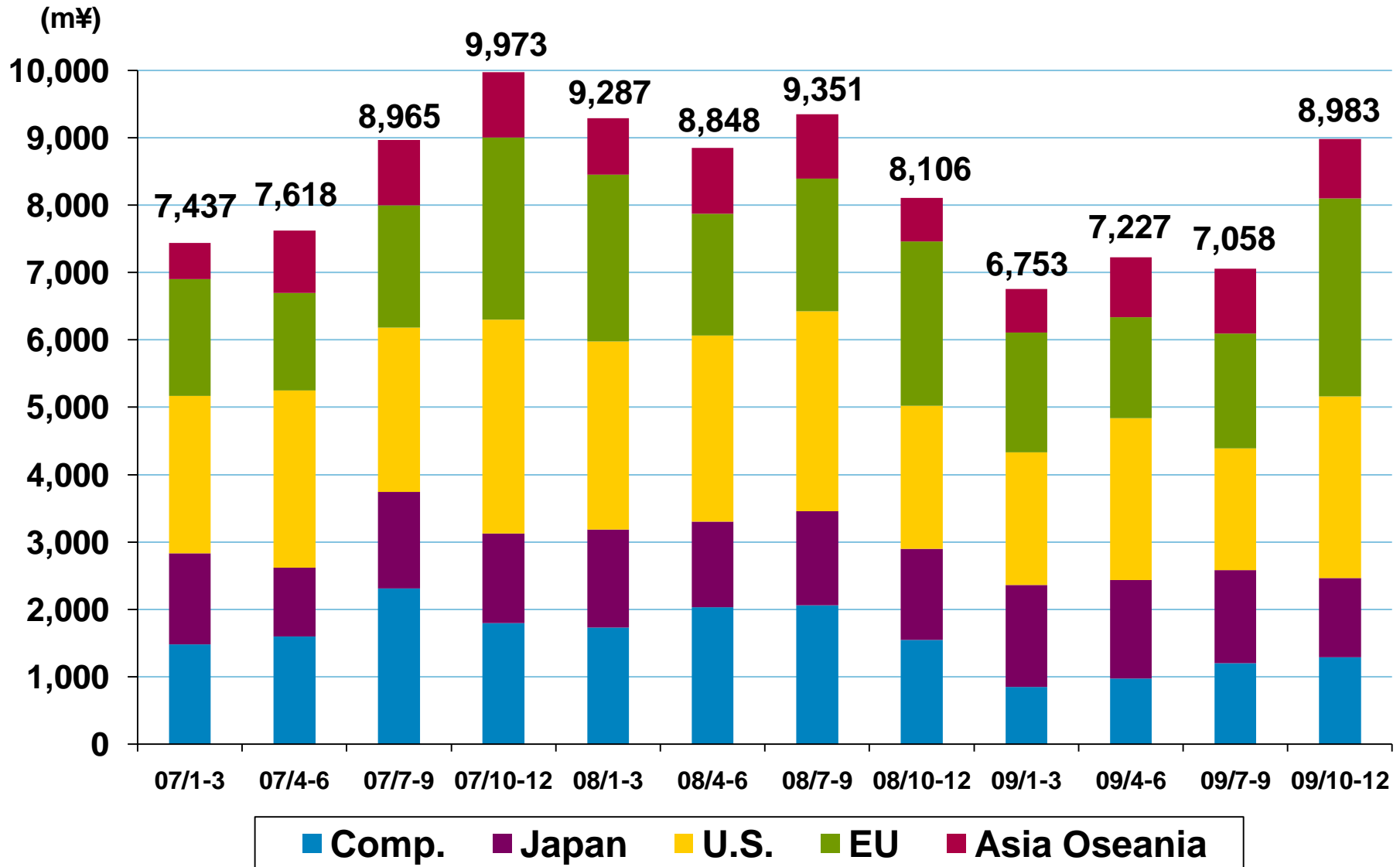
YOY Sales growth based on local currencies

- **US (USD)** **-4.1%**
- **EU (Euro)** **+11.5%**
- **China (CNY)** **+36.6%**
- **Korea (KRW)** **+3.9%**
- **Australia (AUD)** **+17.6%**
- **HK (USD)** **-4.3%**
- **Singapore and AP (USD)** **+1.1%**

(Ref.) ESD Quarterly Sales by Region



ESD Quarterly Trend by Region



Consolidated B/S

(m¥)

	Mar. 31, 2009	Dec. 31, 2009	Change
Current assets	20,808	23,232	2,424
Fixed assets	4,823	5,305	482
Total assets	25,631	28,537	2,906
Current liabilities	6,867	9,504	2,636
Fixed liabilities	967	1,109	142
Total liabilities	7,835	10,613	2,778
Minority interest in consolidated subsidiaries	0	0	0
Net assets	17,796	17,924	128
Total liabilities and Net assets	25,631	28,537	2,906
Equity ratio	69.4%	62.8%	-6.6%
Book value per share (¥)	44,303.37	44,614.56	311.18

Consolidated B/S Highlight

- **Retained earnings: +JPY 328m**
JPY12,298m (End of FY08) ⇒ JPY12,625 m (End of FY09 3Q)
- **Equity ratio: -6.6Pts**
69.4% (End of FY08) ⇒ 62.8% (End of FY09 3Q)
- **Book value per share: +JPY 311**
JPY44,303 (End of FY08) ⇒ JPY44,614 (End of FY09 3Q)
- **Total assets: +JPY 2,906m**
JPY 25,631m (End of FY08) ⇒ JPY 28,537m (End of FY09 3Q)
 - Cash & Cash equivalents: +JPY 146m
JPY11,514m (End of FY08) ⇒ JPY 11,660m (End of FY09 3Q)
 - Increase of notes and accounts receivable for Christmas sales, other current assets for launching new products: +JPY 2,127m
 - Increase of intangible fixed assets for intellectual property and the next ERP systems: +JPY 618m

Consolidated C/F

(m¥)

	FY26 3Q	FY27 3Q	YoY Change
	'08/4- '08/12	'09/4- '09/12	Amount
C/F from operating activities	490	2,433	1,944
C/F from investing activities	-1,024	-405	619
C/F from financing activities	-2,677	-1,199	1,478
Effect of change in exchange rate	-410	-184	226
Increase-decrease of cash & cash equivalent	-3,621	646	4,266
Beginning balance of cash & cash equivalent	13,577	11,014	-2,563
Ending balance of cash and cash equivalent	9,956	11,660	1,703

C/F from operating activities (m¥)

- Net profit before taxes 2,309
- Increase in notes and accounts payable 1,983
- Increase in notes and accounts receivable -2,275

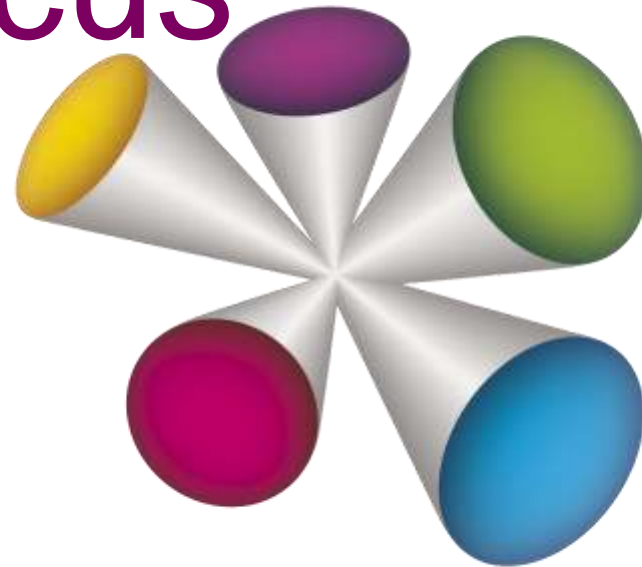
C/F from investing activities

- Acquisition of fixed asset (IT infrastructure, IP, mold etc.) -908
- Redemption of securities 500

C/F from financing activities

- Dividends payment -1,200

FY27 Basic Policy and Business Focus



FY27 Basic Policy

- **Business Environment**

- Global economic crisis and recession continue and market condition will further deteriorate
- IT industry is undergoing fundamental change in its value proposition and human interface paradigm.

- **Wacom's business strategy**

- Wacom will continue to invest in new technology, products and new segments, and business infrastructure development for long term growth and leadership, while proactively addressing the short term needs for higher business sustainability.
- Wacom will continue to strengthen its leadership by global brand enhancements

FY27 Business Focus -1

- **Proactive global cost control for ensuring profitability**
Continuous and flexible cost management for changing environment
- **Investment to support future growth**
New technology and new product development, IT infrastructure investment, development of global organizations
- **Enhancement of “Wacom” brand and product value**
Global branding initiatives for stronger global leadership
- **Promote of thorough compliance**
Improvement in internal control and J-SOX compliance process

ESD business

- Professional tablet
“Inuos4” promotion for existing user base as well as for new users
- Consumer tablet
Enhancement of “Bamboo” brand communication, Windows7 adaptation and product value improvements for user base expansion

FY27 Business Focus -2

- LCD tablet
 - “Cintiq” series promotion, LCD tablets product expansion
- Component business
 - Establishing the leadership in multi-touch sensor technology
 - Development of new business in vertical markets
 - Enhancing competitiveness with partnership expansion
- New Business Development, R&D
 - Launch of DJ equipment, nextbeat to EU and Japan market
 - Development of next generation products and technology
 - Development of new product lines

ECS business

- Focus on CAD market and expansion of the market share with ECAD/dio

SCM·F&A (Corporate)

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

Revised forecast for FY27

(m¥)

Annual Forecast	Result	Original (May 8)	Rev. (Jan. 27)	Rev. —Original	YOY Growth
	FY26 '08/4-'09/3	FY27 '09/4-'10/3	FY27 '09/4-'10/3		
Sales	33,809	35,500	32,300	-3,200	-4.5%
OP	4,311	3,550	3,000	-550	-30.4%
RP	4,179	3,500	3,050	-450	-27.0%
NP	2,579	2,130	1,930	-200	-25.2%

2H Forecast	Result	Rev. (Oct. 22)	Rev. (Jan. 27)	Rev. (Oct. 22) —(Jan. 29)	YOY Growth
	FY26 2H '08/10-'09/3	FY27 2H '09/10-'10/3	FY27 '09/10-'10/3		
Sales	15,214	21,022	17,822	-3,200	17.1%
OP	1,756	2,401	1,851	-550	5.4%
RP	1,648	2,262	1,812	-450	9.9%
NP	1,006	1,321	1,121	-200	11.4%

Assumption of FX rates for 4Q (Jan.-Mar., 2010) : JPY90/USD, JPY130/EUR

Assumptions for FY27 forecast revision as of Jan. 27

• **Business environment and outlook**

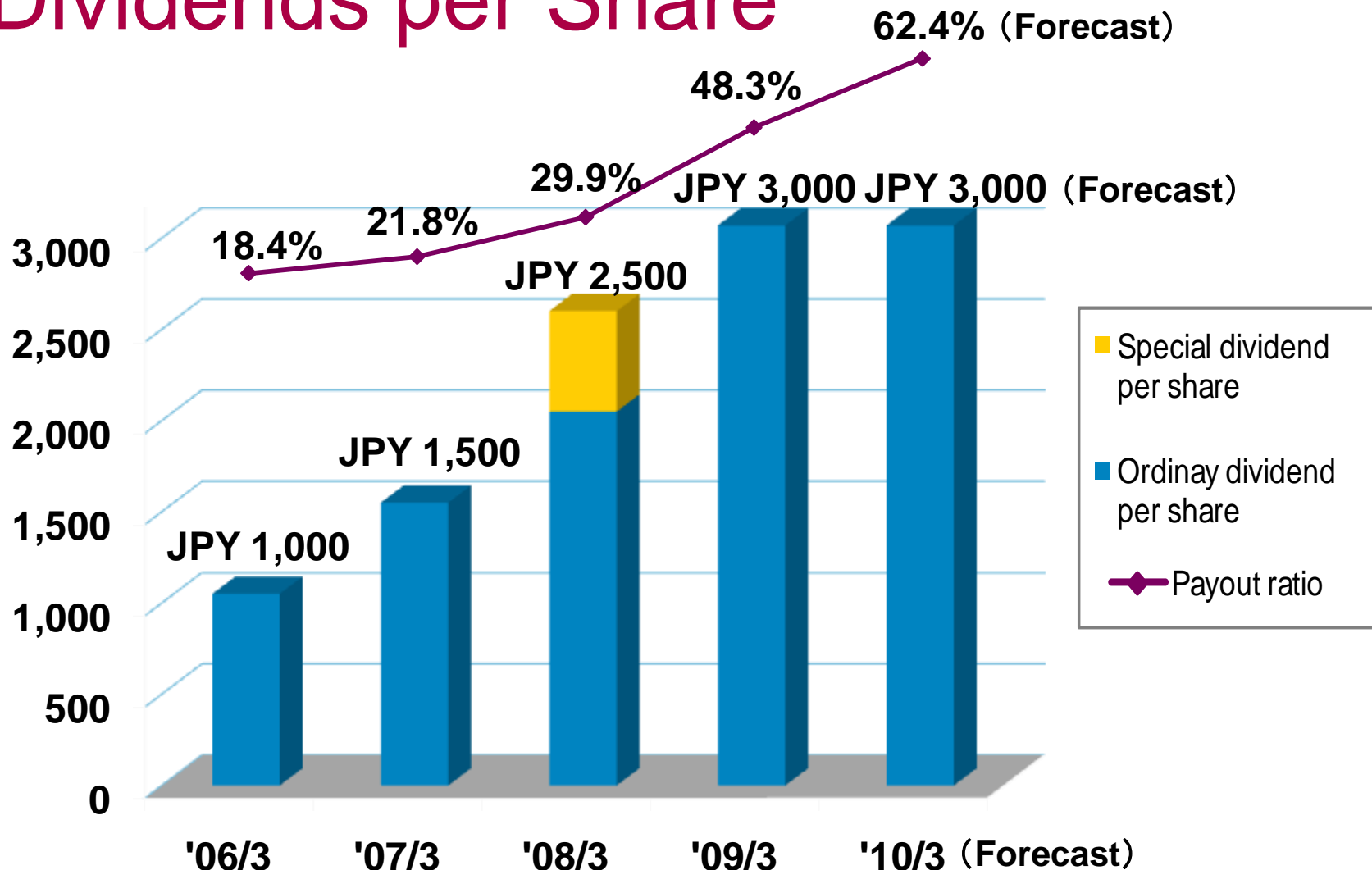
- Recovery of corporate investment and consumer spending will be slow excluding the emerging regions. And a severe business environment continues while the world economy will be out of the worst period.
- No change in the assumptions of digital contents demand acceleration ,and proliferation of digital processes into emerging markets. Stable demand for “Intuos4” in professional graphics, negative influence to high price products such as LCD tablet.
- Consumer products showed a steady growth by effective promotion of “Bamboo” new series and branding.
- While Windows 7 is successful, general recognition and adoption of the multi-touch in Notebook PC takes longer than originally expected.
- Sales of DJ equipment, “nextbeat” has been slow in the first year due to its lower recognition in the market.
- ECS business will not achieve expected sales level due to the late recovery of corporate investment in domestic manufacturing sector.
- Limited impact by the new influenza on the global economy.

Dividend Forecast for FY27

- **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 per share
 - Payout ratio 62.4% (based on FY27 forecast)
(After deducting repurchased stocks of 20,000 in FY26)

Dividends per Share



Common Shares Split

Nov. 2003 Split 5-for 1 basis Nov. 2005 Split 4-for 1 basis

Status update of Mid-Term Plan

- No directional change in the strategy for mid- and long-term sustainable growth
 - Necessary to review the goal year for new mid-term plan, WP1018
 - Wait for global economy recovery and stabilization of market environment
 - Continue investment and improvement of infrastructure for growth
- No change in the basic business line strategy
 - Fundamental trend in IT and UI technologies continues
 - Continuous enhancement and growth for existing product lines
 - Transition product line compliant with multi-touch UI and Windows7
 - Brand communication and enhancement of distribution channel structure
 - Promote component solutions for business and vertical markets
 - Enhancement of IT infrastructure and development of business infrastructure in emerging markets
 - Continuous investment for new technologies and new business

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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<http://www.wacom.com/index.html>

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