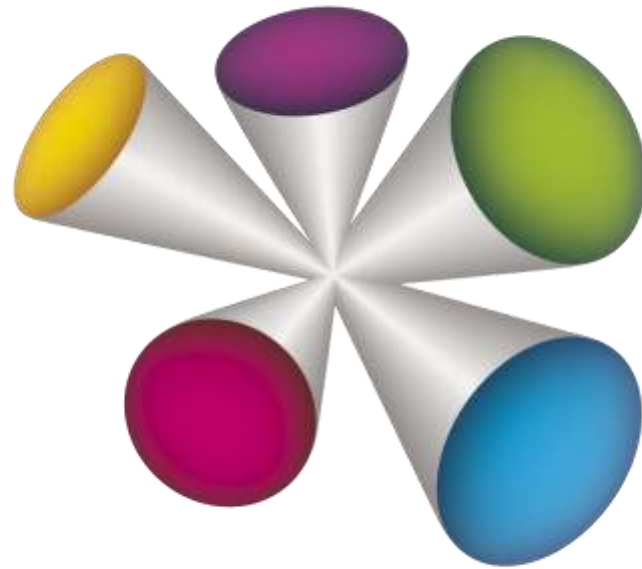


Business Report

FY28 Apr. 2010-Dec. 2010

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



FY28-3Q Consolidated Result Summary

Despite continuous economic growth in emerging countries, economic recovery was still slow in major developed countries, and JPY rapidly appreciated against key currencies. Wacom's sales and profit increased over the previous year with the steady growth of tablet business in Xmas season, mass-production of multi-touch sensor components and successful cost management.

Sales:	+7.0% YoY
Operating Profit:	+15.9% YoY
Recurring Profit:	+19.6% YoY
Net Profit (aft. tax):	+13.1% YoY

Consolidated P/L

(m¥)

	FY27 3Q	FY28 3Q	YoY Change	
	'09/4-'09/12	'10/4-'10/12	Amount	Ratio
Sales	23,568	25,228	1,660	7.0%
Gross Profit	11,876	11,911	35	0.3%
GPM	50.4%	47.2%		
Operating Profit	2,256	2,614	358	15.9%
OPM	9.6%	10.4%		
Recurring Profit	2,337	2,795	458	19.6%
Net Profit aft. Tax	1,533	1,734	201	13.1%

- Average FX rates: FY27 3Q JPY 93.73 /USD JPY 132.69 /EUR
FY28 3Q JPY 86.86 /USD JPY 113.49 /EUR

**Effects of foreign exchange : Sales -1.98bn
(JPY appreciation) OP -0.75bn**

Consol. P/L by Business Segment

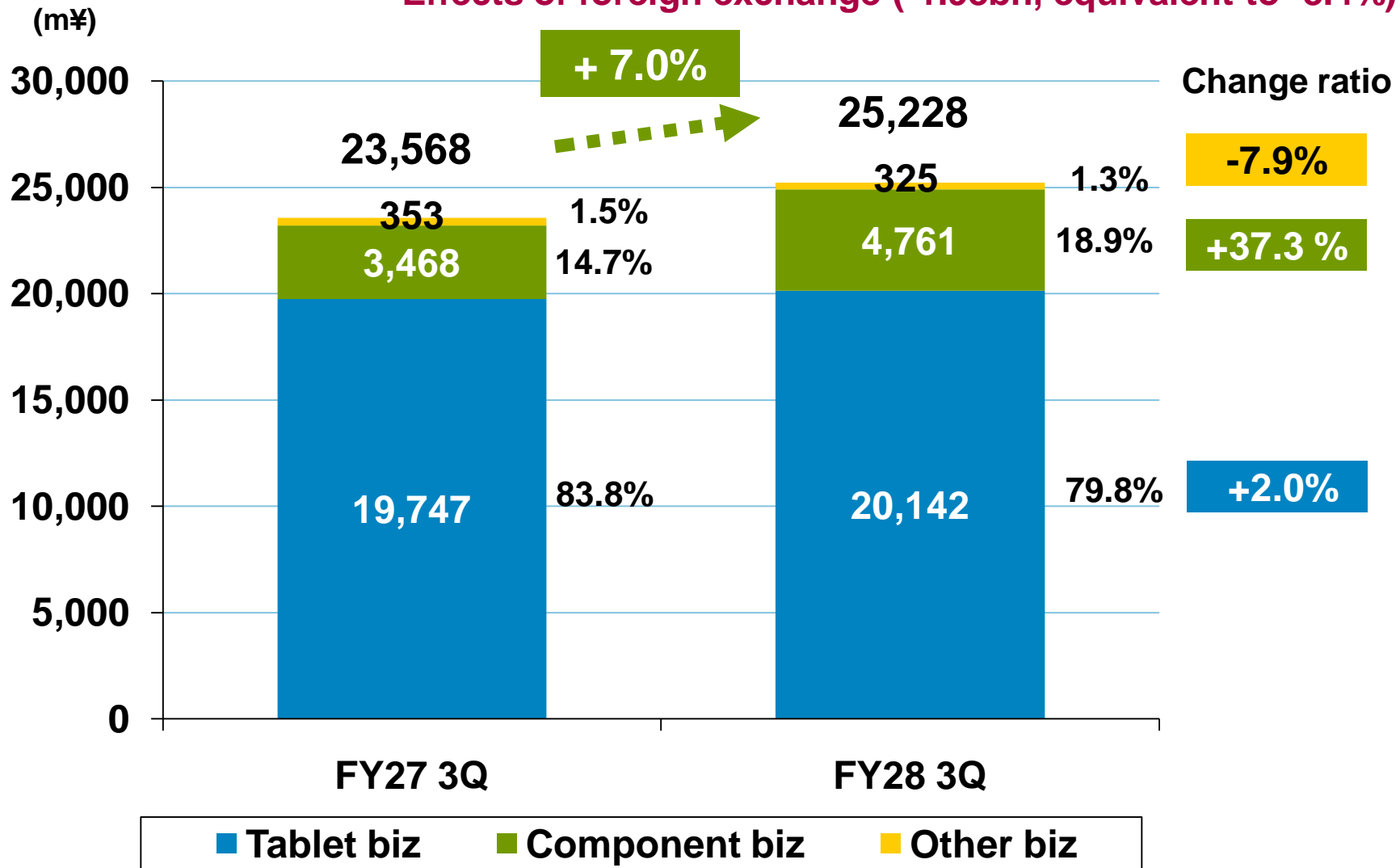
(m¥)

	FY27 3Q	FY28 3Q	YoY Change	
	'09/4-'09/12	'10/4-'10/12	Amount	Ratio
Sales	23,568	25,228	1,660	7.0%
Tablet biz	19,747	20,142	395	2.0%
Component biz	3,468	4,761	1,293	37.3%
Other biz	353	325	-28	-7.9%
Operating Profit	2,256	2,614	358	15.9%
Tablet biz	-	4,389	-	-
Component biz	-	-136	-	-
Other biz	-	-159	-	-
Corp. and others	-	-1,479	-	-
OPM	9.6%	10.4%		

(Note) According to management approach, reporting segments are re-divided into the tablet business, the component business, and other businesses.

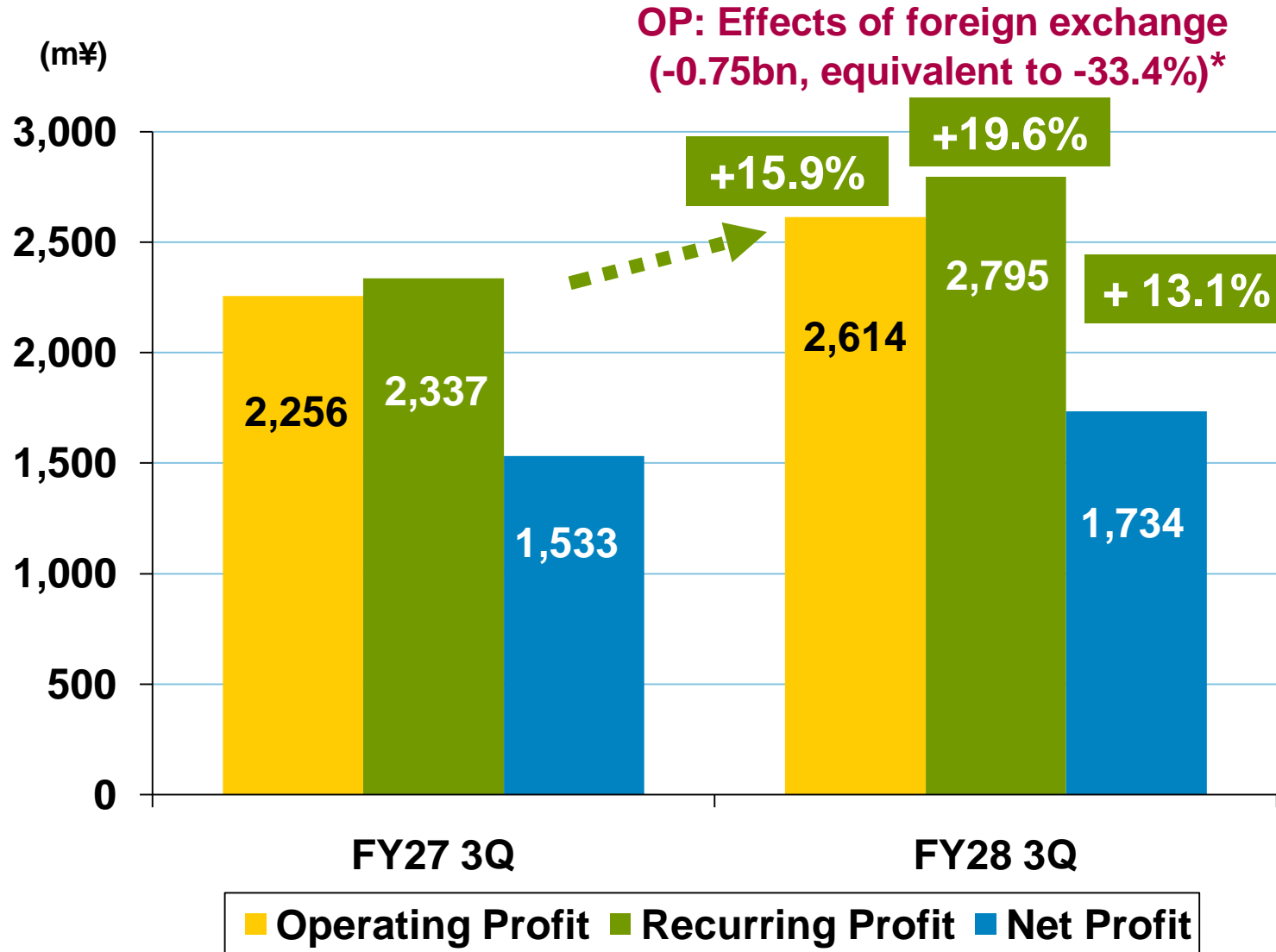
Consolidated Sales Comparison

Effects of foreign exchange (-1.98bn, equivalent to -8.4%)*



*Constant currency basis 27,208

Consolidated Profit Comparison



*Constant currency basis 3,364

Operating Expenses Comparison

(単位:百万円)

	FY27 3Q	FY28 3Q	YoY Change	
	'09/4-'09/12	'10/4-'10/12	Amount	Ratio
Personnel	3,838	3,474	-364	-9.5%
R&D	1,227	919	-309	-25.1%
Ad. & Promo.	1,545	1,517	-29	-1.9%
Other	3,009	3,387	378	12.6%
Total	9,620	9,297	-323	-3.4%
Opex/Sales ratio	40.8%	36.9%		

Key changes

- Increase : Freight cost and depreciation of global SCM system, etc.
- Decrease : Bonus allowance and R&D expenses relative to intensive new product development in FY27, etc.

Business Highlight -1

Tablet Business

+ 2.0%

Professional tablets

+0.4%

- EMEA sales of Intuos4 grew to the level close to US market, and maintained the previous year's sales level despite JPY appreciation.
- Rapid growth of the Chinese graphics market led to a strong sales increase in Asia-Oceania.

intuos.4



Consumer tablets

+4.1%

- Steadily growth of sales despite the JPY appreciation.
- Showed favorable sales in US and steady sales in EU, recorded significant sales increase in Asia-Oceania including 50% growth in China (local currency base).
- “Bamboo Dock & Mini” started free download service, to expand the awareness of pen and touch benefits.
- Received numerous awards including Bamboo apps. Plus X award, Red Dot award, Good Design award, Adobe Max, MIDAS award, etc.

BAMBOO®



Bamboo
Dock
& Mini

WACOM®

Business Highlight -2

LCD Tablet

+ 1.3%

- Cintiq21UX receives high reputation in global graphics market, the supply of high-definition LCD panels improved, but still behind on the strong demand.
- Showed favorable OEM demand for US education in 1H and sales recovery for medical use in Japan in 2H.
- Increase of new signature tablet projects, added a color LCD model.

Cintiq 21UX
Interactive pen display



STU-520

Component Business

+37.3%

- Significant sales increase with the mass production of multi-touch sensor system for Windows PCs offered by HP, Lenovo, Fujitsu, Toshiba, Panasonic, etc.

The total number of multi-touch PC models : over 20 models in FY28

- Increased pen components for tablet-type device projects.
- Started to promote IC controller for unlimited multi-touch detection

Reference: sales ratio of component varieties

Varieties	Pen Only	Touch Only	Pen & Touch
FY28 3Q Total	4	1	5

Wacom feel IT technologies

feel™

Component Customer Projects

Customer PC models for Windows 7

Android based Tablets
Linux based eBooks



TouchSmart tm2



ThinkPad X201



Satellite M505



libretto W100



FMV-MT/E50



Let's note CF-C1



J3500



Eee Slate



Business Highlight -3

Other businesses

- 7.9%

CAD software (ECAD dio) + 11.8%

- Launched the main product “ECAD dio 2011” in September, and has received a high reputation.
- Enhanced wire harness design capability for industrial machinery and the robotics market.



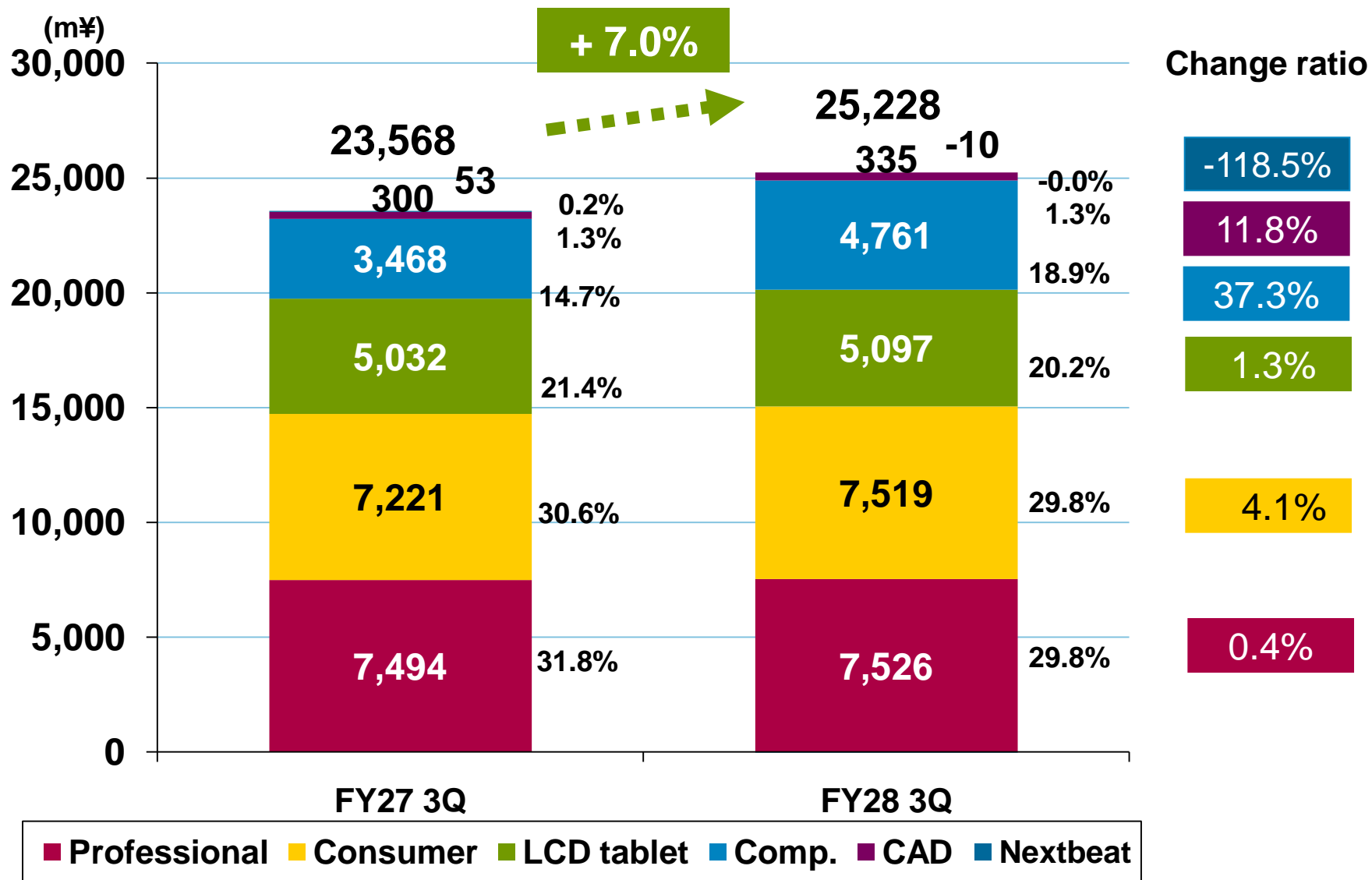
Professional DJ system (Nextbeat) -118.5%

- Received a high reputation from top DJ artists.
- Recognition is expanding, but sales still remains slow.
- Enhanced promotion in Europe with new features and price point.

F&A (Corporate)

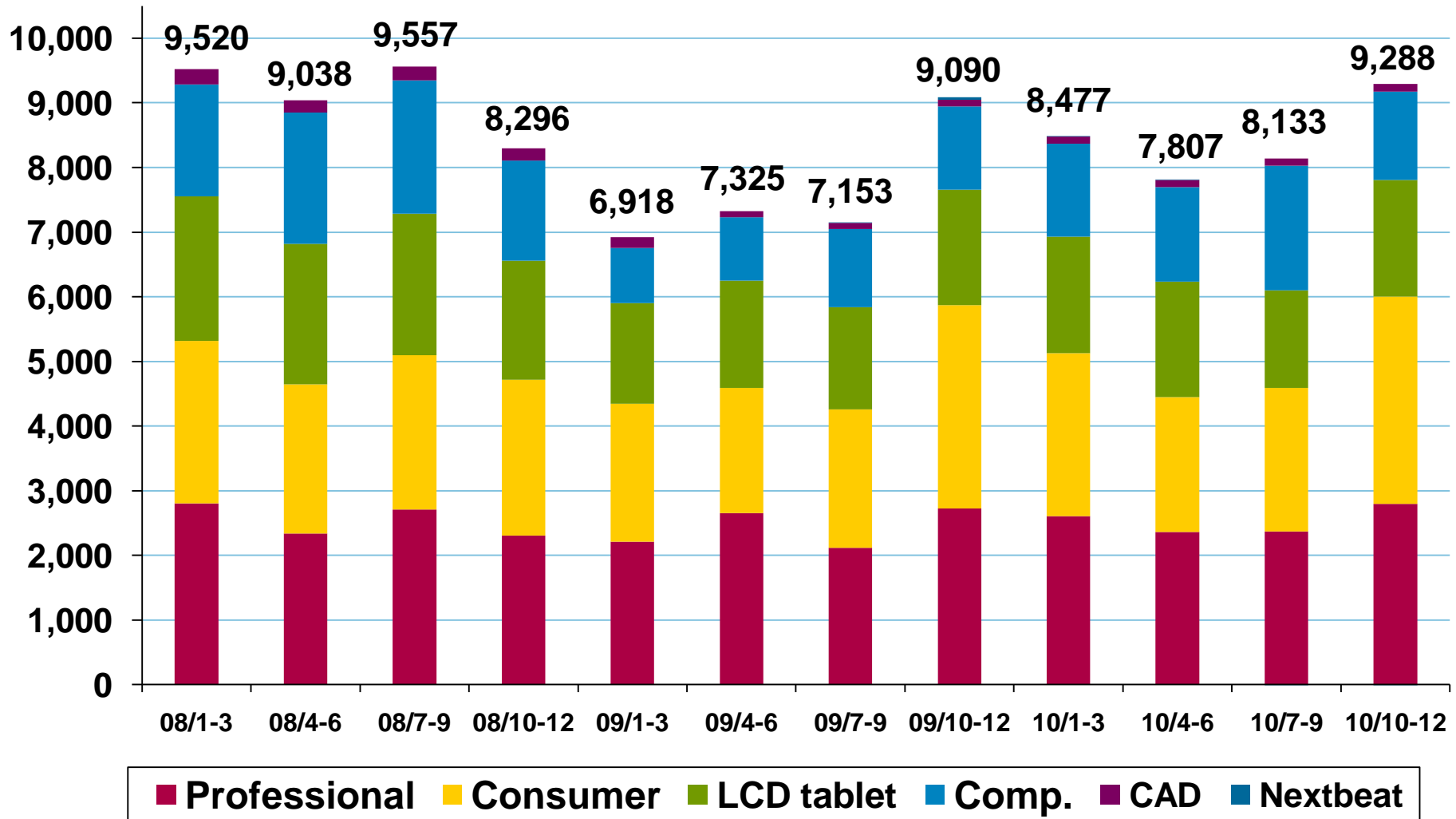
- Established Wacom India, Pvt. Ltd, in New Delhi in October.
- New global SCM system cut over successfully.
- New ERP under development. (cut over in FY29 1H)
- Japan-Germany APA agreement reached for transfer pricing.

Sales by Product Line

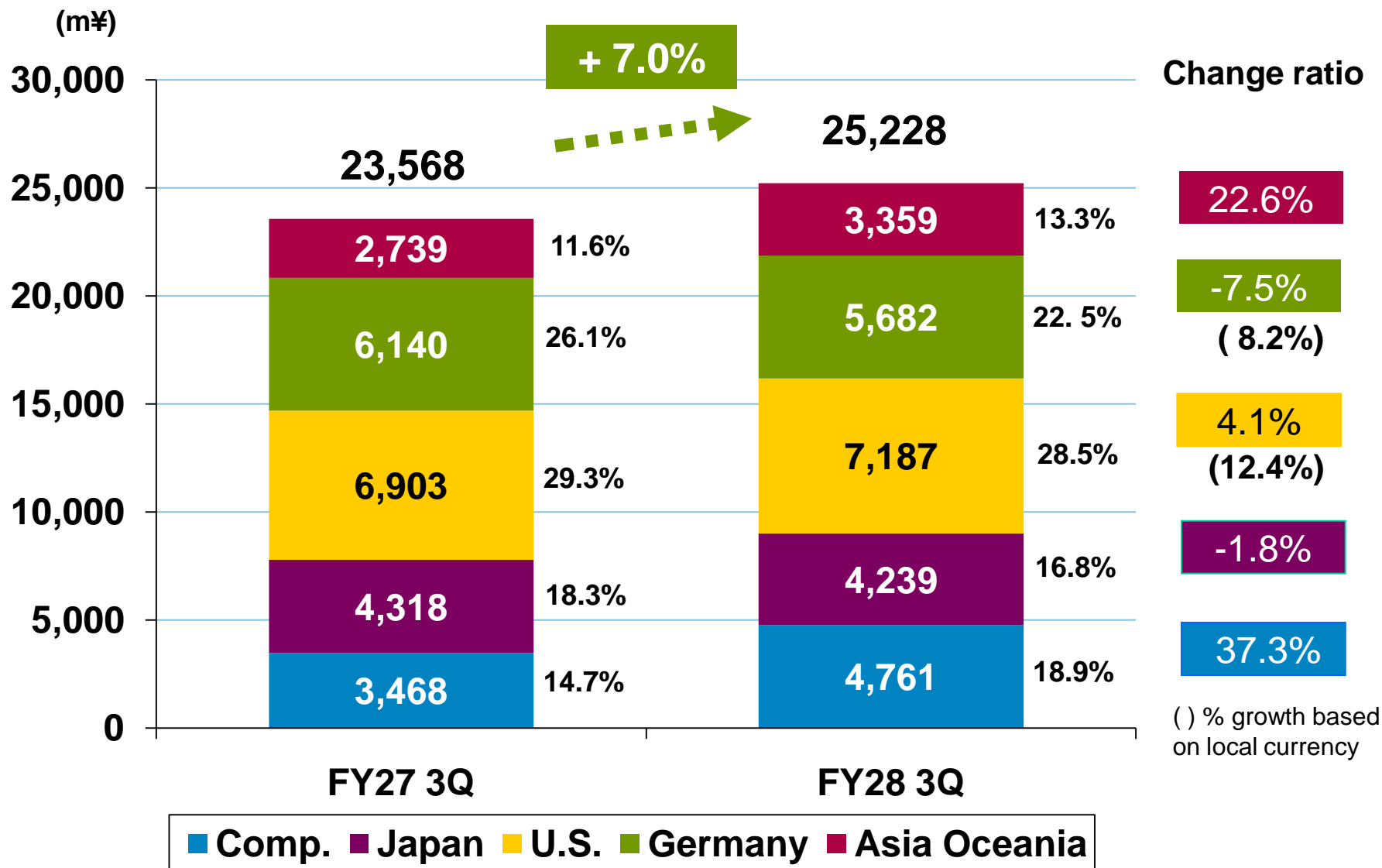


Quarterly Trend by Product Line

(m¥)



Sales by Region



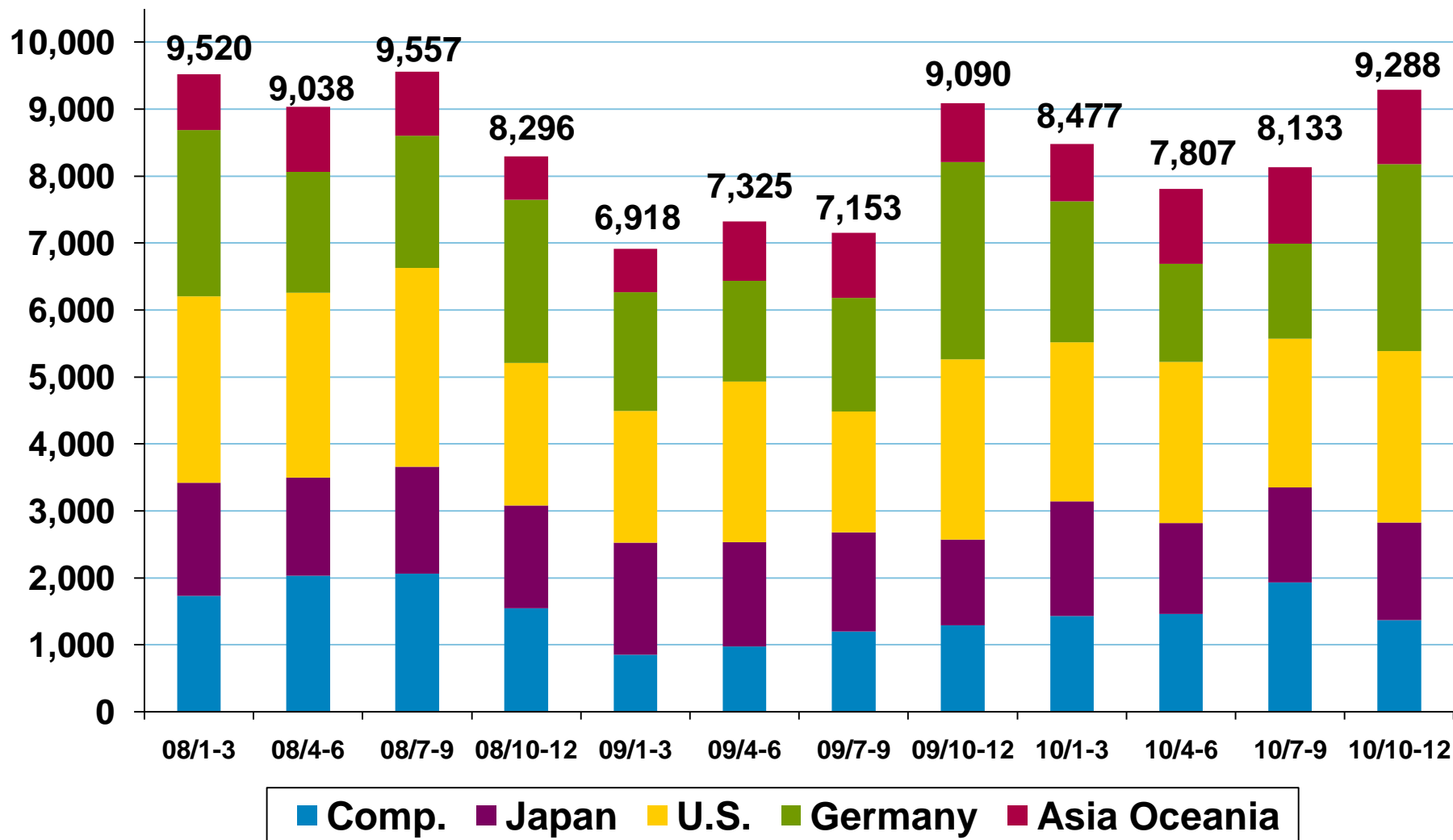
Sales by Region

YOY Sales growth based on local currencies

- **US (USD)** **+12.4%**
- **EU (Euro)** **+8.2%**
- **China (CNY)** **+40.9%**
- **Korea (KRW)** **+28.1%**
- **Australia (AUD)** **-6.9%**
- **HK (USD)** **+15.1%**
- **Singapore and AP (USD)** **+32.6%**

Quarterly Trend by Region

(m¥)



Consolidated B/S

	(m¥)		
	Mar. 31, 2010	Dec. 30, 2010	Change
Current assets	22,824	21,715	-1,109
Fixed assets	5,375	5,598	222
Total assets	28,199	27,313	-886
Current liabilities	8,882	8,339	-543
Fixed liabilities	1,048	1,024	-24
Total liabilities	9,930	9,362	-567
Minority interest in subsidiaries	0	0	0
Net assets	18,270	17,950	-319
Total liabilities and Net assets	28,199	27,313	-886
Equity ratio	64.8%	65.7%	0.9%
Book value per share (¥)	45,467.55	44,673.37	- 794.18

Assets (m¥)

- Decrease in cash and cash equivalents. -2,706
- [Temporary increase of working capital (inventories, accounts receivable, etc.), increase of payment of, corporate tax, and erosion by the yen appreciation, etc.
- Increase in inventories +1,019
- Increase in intangible asset +361

Liabilities

- decrease in accrued corporate tax -474
- decrease in allowance bonus payable -178

Net assets

- Increase of retained earnings +529
(10/3 13,061 ⇒ 10/9 13,590)

Consolidated C/F

(m¥)

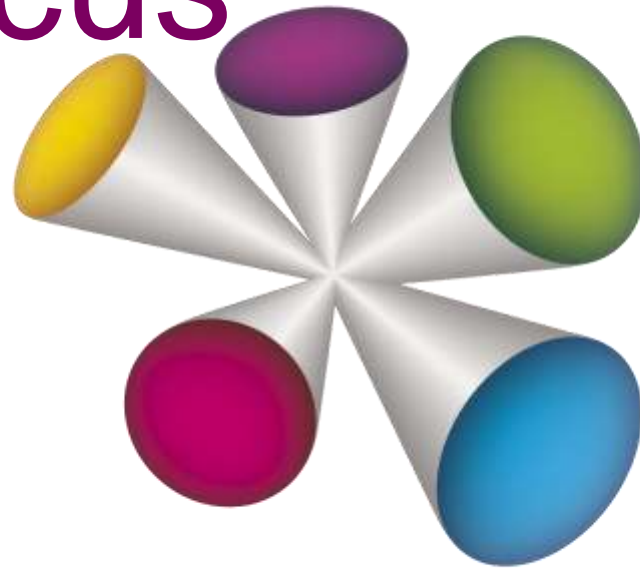
	FY27	FY28	YoY Change
	'09/4-'09/12	'10/4-'10/12	Amount
C/F from operating activities	2,433	-98	-2,531
C/F from investing activities	-405	-877	-472
C/F from financing activities	-1,199	-1,201	-2
Effect of change in exchange rate	-184	-530	-346
Increase-decrease of cash & cash equivalent	646	-2,706	-3,351
Beginning balance of cash & cash equivalent	11,014	12,350	1,336
Ending balance of cash and cash equivalent	11,660	9,644	-2,015

C/F from operating activities	(m¥)
▪ Increase in inventories	-1,335
▪ Payment of corporate tax	-1,218
▪ Increase in notes and accounts receivable	-1,069
▪ Net profit before taxes	+2,720
▪ Depreciation	+536
▪ Increase in notes and accounts payable	+305

C/F from investing activities	
▪ Acquisition of internal software (Global ERP, etc.)	-560
▪ Acquisition of fixed asset (Mold, etc.)	-321

C/F from financing activities	
▪ Dividends payment	-1,201

FY28 Basic Policy and Business Focus



FY28 Basic Policy

- **Business Environment**

- The global economy improves its stability of recovery, and will accelerate in growth in 2H.



- * **Significant gap from the initial forecast due to the slow pace of recovery in the major developed regions and rapid appreciation of JPY against key currencies**

- On the other hand, the driving engine of economic growth and IT market expansion will be shifting from developed regions to emerging regions.
- Structural change in the IT market will accelerate by the emergence of new platforms such as iPad, Tablet-type devices and e-Books. The change will create new business opportunities.
- In such transition, MFT technologies will impact a broad range of IT markets, and will become a key factor for competitive advantage.

FY28 Basic Policy

- **Wacom's business strategy**
 - Continue to extend Wacom's leadership based on our original user interface technologies in tablet markets and build new product categories.
 - Enhance brand communication and expand the consumer markets.
 - Invest in emerging regions such as China, India, and Latin America.
 - Provide UI technology solutions in broad segments of the IT industry.
 - Build global business infrastructure and global integration to enhance competitiveness.

FY28 Business Focus -1

- Establish Wacom's global leadership based on original user interface technologies and products.
 - MFT leadership with the next generation multi-touch IC controller. (G8)
 - Development of next generation product lines and new products.
- Enhance global SCM capability and improve cost structure.
 - Build a flexible and responsive global SCM operation.
 - Expand manufacturing partnerships and enhance SCM / SQM in China and Taiwan.
- Invest in emerging markets and build infrastructure for growth.
 - Investment in China and Asia Pacific markets.
 - Build the foundation in India and Latin America.
 - Strengthen business bases in Latin America and India.

FY28 Business Focus -2

- Establish a new management model and global organizational framework.
 - Enhance strategic focus, speed and coordination with a global matrix organization.
 - Improve business development and management capabilities by establishing a new JP-AP regional division.
- Enhance corporate functions and promote global integration.
 - Invest in global IT infrastructure such as global ERP and global WAN.

Assumptions for FY28 forecast

- **Average FX rate in 4Q**

USD:JPY 80 / USD, EUR:JPY 110 / EUR

(No changes for the assumption as of October 28)

- **Forecast of foreign exchange sensitivity on 2H basis (6 months)**

(assumption : CNY, KRW, and AUD link to US dollar)

(m¥)

Currencies	US dollar	Euro
Unit of sensitivity	JPY 1	JPY 1
Sales	120	35
Operation profit	25	25

Forecast of business results for FY28

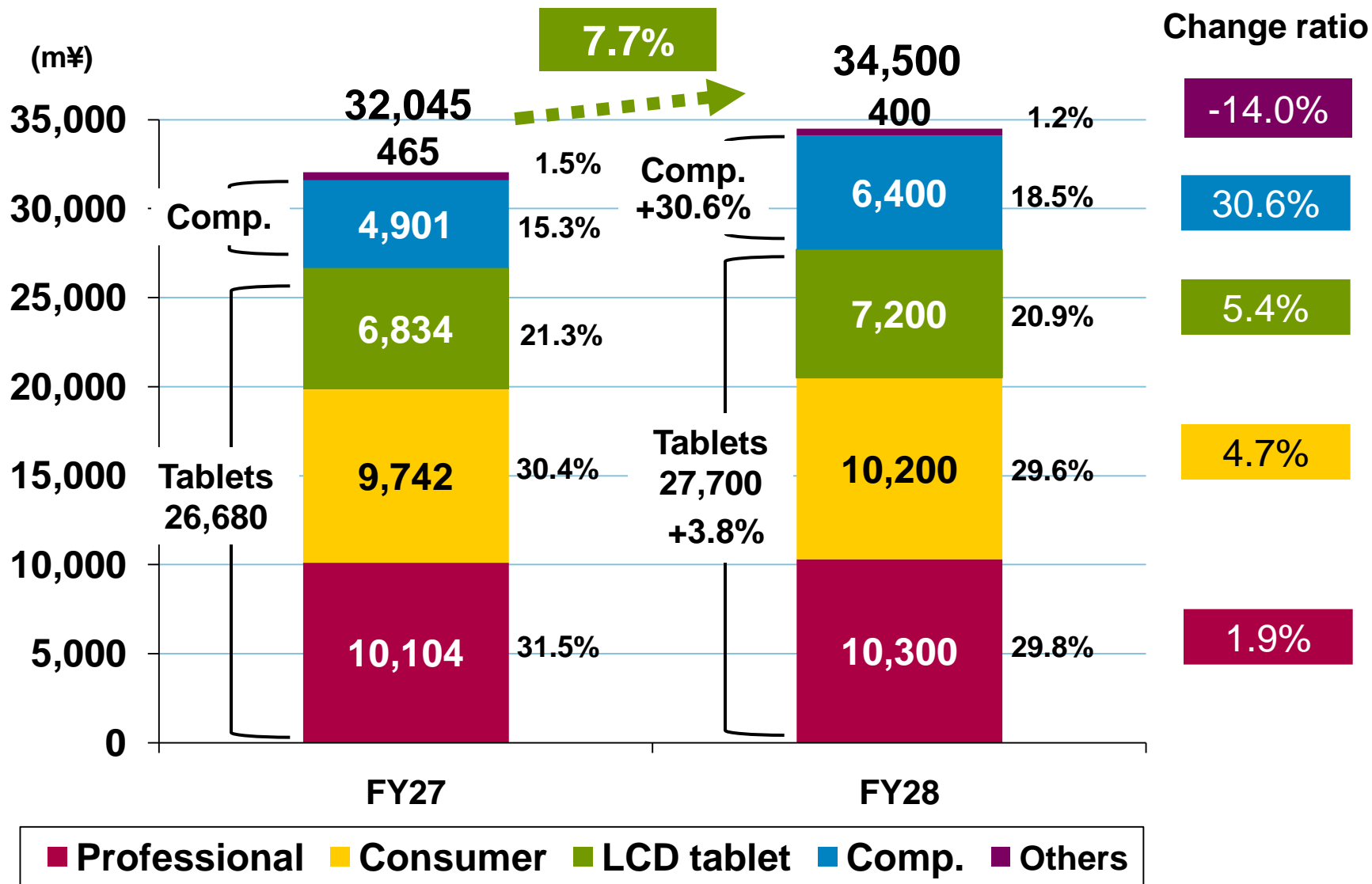
(m¥)

	FY27		FY28		YoY
	2009/4-2010/3		2010/4-2011/3		Growth rate
Sales	32,045		34,500		7.7%
OP	3,128	9.8%	3,250	9.4%	3.9%
RP	3,156	9.8%	3,350	9.7%	6.1%
NP	1,968	6.1%	2,140	6.2%	8.7%

	FY28 (Forecast)		FY28 3Q (Act.)		Progress rate
	2010/4-2011/3		2010/4-2010/12		
Sales	34,500		25,228		73.1%
OP	3,250	9.4%	2,614	10.4%	80.4%
RP	3,350	9.7%	2,795	11.1%	83.4%
NP	2,140	6.2%	1,734	6.9%	81.0%

- No revisions for the forecast as of October 28

Sales forecast by BU segment



Dividend Forecast for FY28

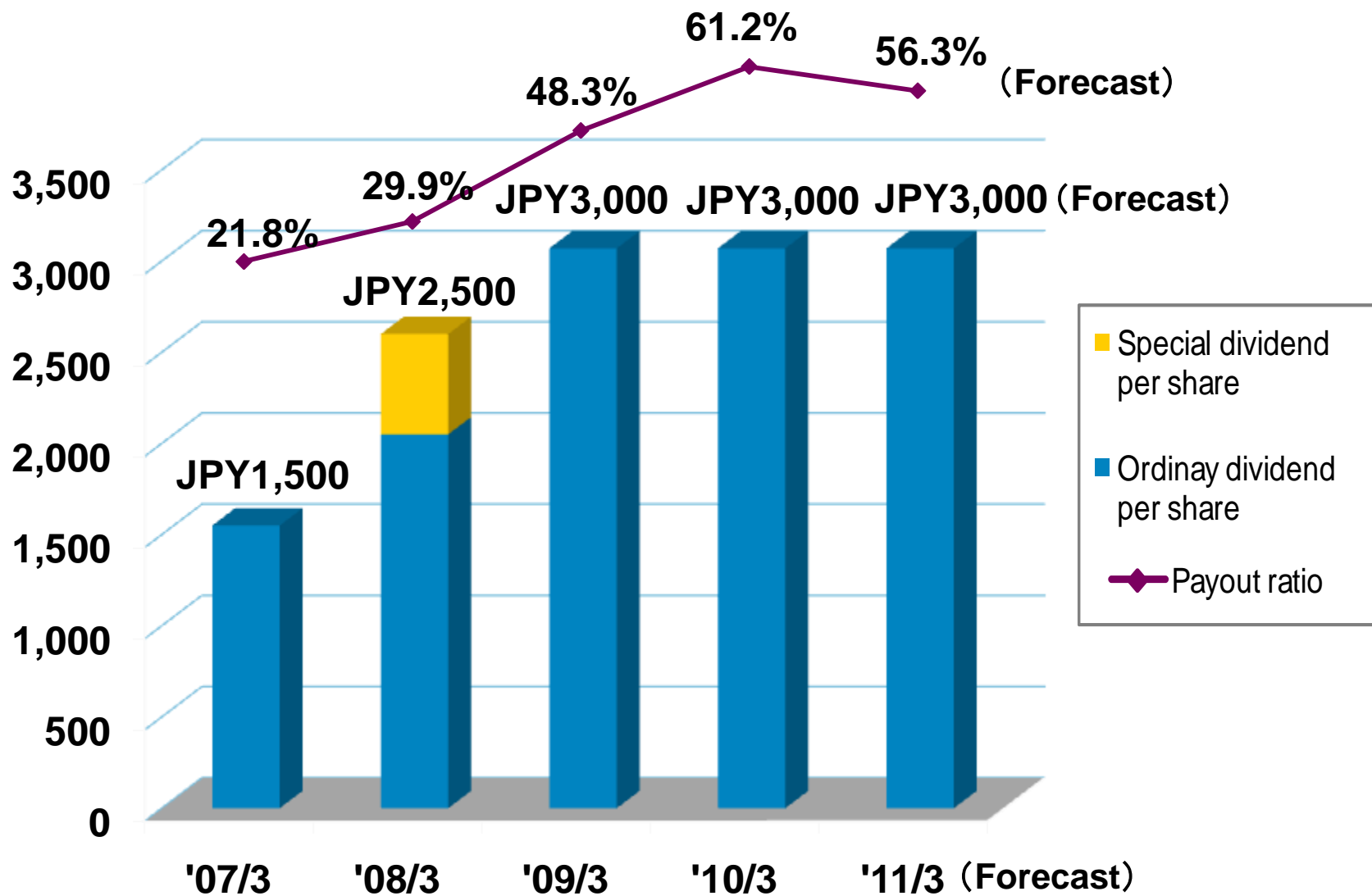
- **Dividend policy**

- Continue to payout stable dividends while maintaining internal reserves necessary for future business development.
- Payout ratio over 30% and to be increased over time.

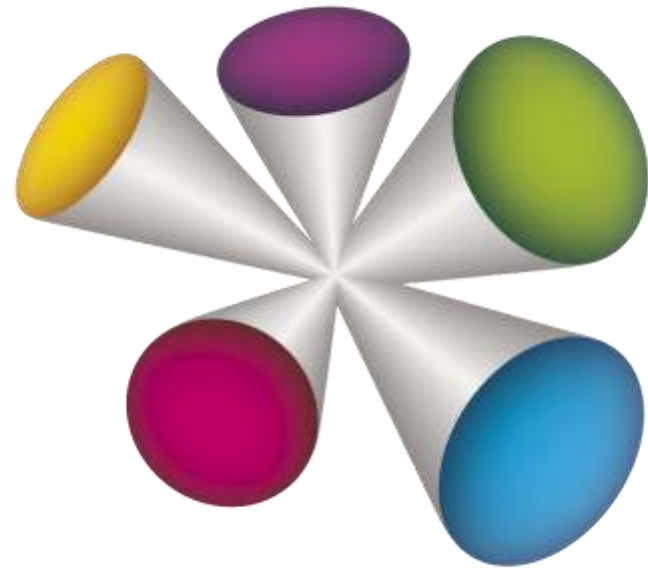
- **Dividend per share**

- JPY 3,000 per share.
- Payout ratio 56.3% (based on FY28 forecast)
(After deducting repurchased stocks of 20,000 in FY26)

Dividends per Share



New Medium-Term Business Plan



Background

- “Medium-Term Plan WP1018 (Wacom Plan 1018)” in March, 2008
 - Financial Goals are consolidated sales of 100 billion JPY and operating income ratio of 18% or higher by the fiscal year ending at March 2012.
- It became difficult to achieve WP1018 due to the global economic crisis and a rapid appreciation of the Japanese yen, etc. Wacom shifted its focus to the stability of business and continued to develop foundations for future growth.
- Now, as the global economy shows recovery, Wacom developed a new Medium-term plan.
 - Review of economic trend, market environment and basic strategy.
 - Development of the product roadmap and business plan.

New Medium-Term Plan - WP1015

Basic Strategy

Focus on “Natural and Intuitive User Interface Solutions”

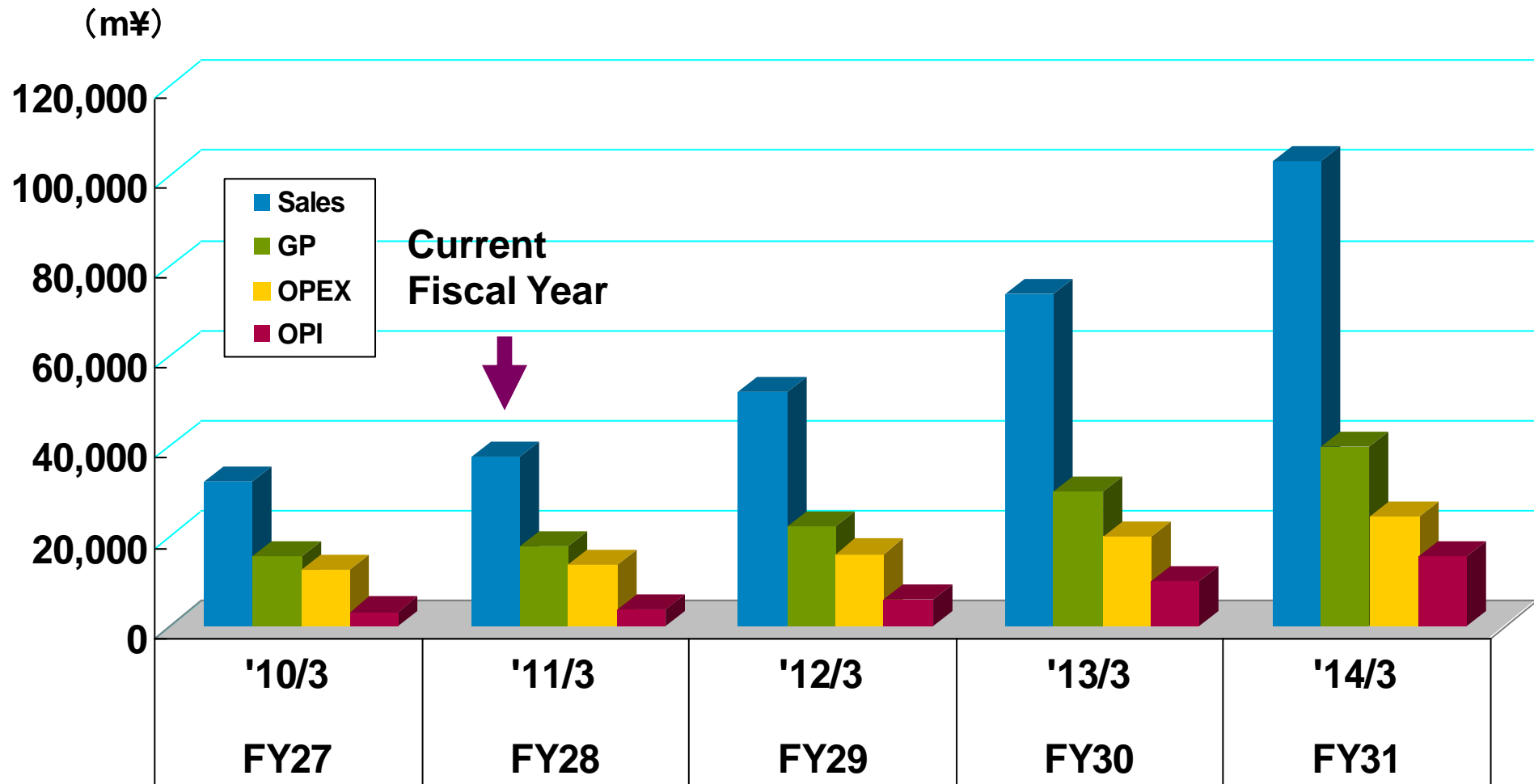
Establish the “Global De-facto Standard”
in a “New Digital Paper Era”

WP1015:Financial Goals



- By FY31 (ends March 2014)
 - Consolidated sales: 100 billion JPY or more.
 - Consolidated operating income ratio: 15% or higher.

Consolidated P&L Forecast



General Assumptions

- The global economy will transition from recovery to growth, driven by high growth in emerging regions.
- Digital design process continues to expand globally.
- Digital content demands will continue to grow at a high pace.
- IT industries will go under structural changes centered on new user interface technologies and cloud computing.
- New platforms such as smart phones, e-Books, and tablet-type devices will emerge and expand.
- MFT technologies will spread across a wide range of product categories.
- Average FX rate: JPY 90 / USD, JPY 125 / EUR

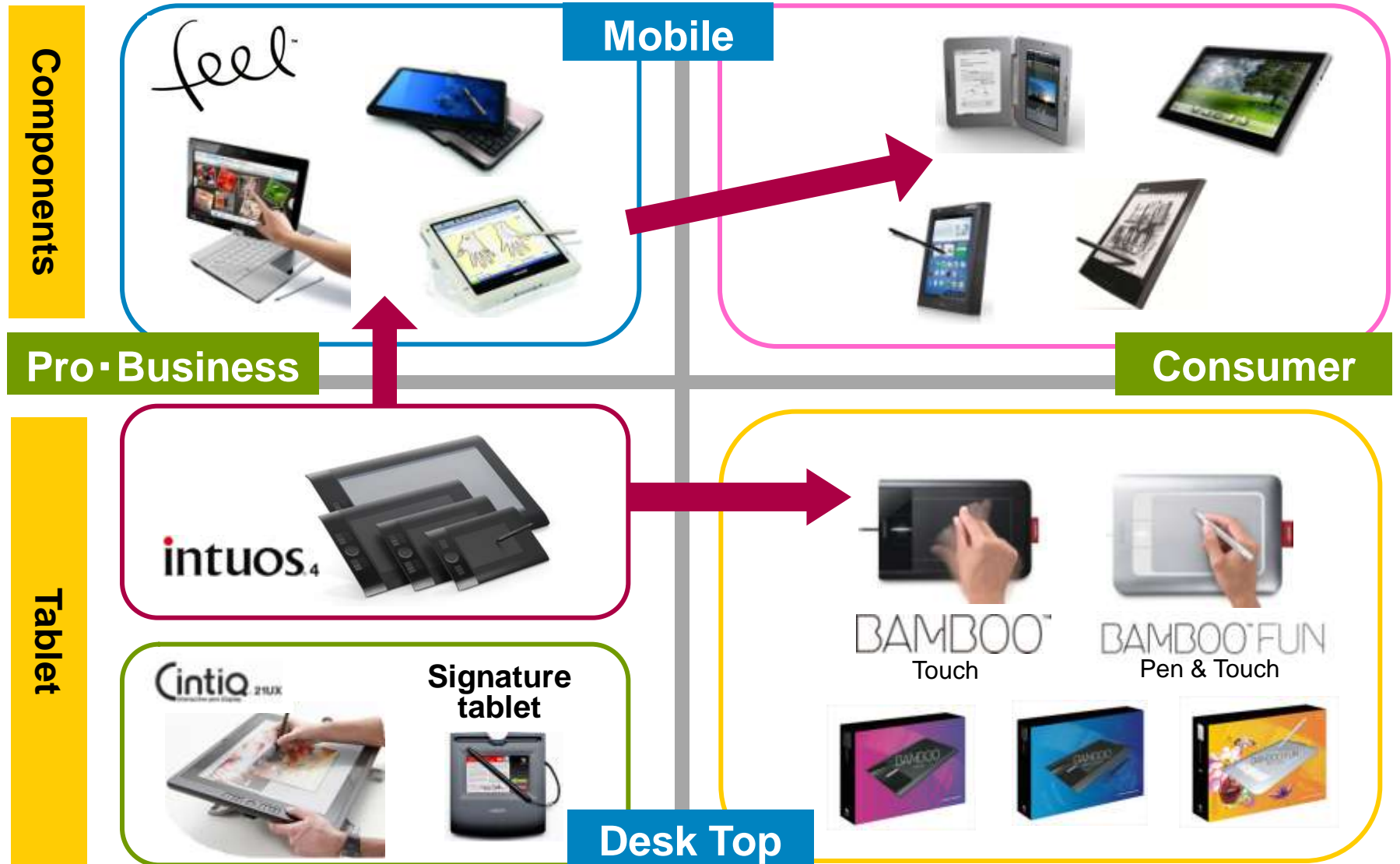
Growth Strategies -1

- **Establish global leadership in UI technologies.**
 - Establish leadership in MFT technologies and enhance IP portfolio.
 - Expand UI technology foundations through R&D, partnerships, M&A, etc.
- **Strengthen global leadership in the tablet business.**
 - Expand tablet product lines and promotion of global strategy.
 - Grow the business in Asia and Latin America market.
 - Globalize product planning and development functions.
 - Reinforce user communication on the Web.
 - Expand global partnerships in key industry segments.
- **Expansion and growth of the Component Business in new segments.**
 - Promote UI technology solutions and extend PC customers.
 - Expand to new segments including e-Book and Tablet-type devices.
 - Expand manufacturing partnerships and improve cost competitiveness.

Growth Strategies -2

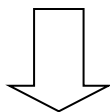
- **Enhance global SCM capability and improve cost structure.**
 - Establish highly responsive SCM operation with global IT support.
 - Enhance coordination with manufacturing partners, and improve cost structure.
 - Enhance SCM capabilities in China and Taiwan.
- **Establish a new management model and a global organizational framework.**
 - Matrix (BU x Region) organization to improved strategic focus, speed and coordination.
 - Enhance corporate functions and support global integration.
 - Invest in global IT infrastructure to support global collaboration.
- **Promote global branding activities.**
 - Develop a corporate culture that re-creates itself and leads change.
 - Enhance brand communication and promote consumer branding activities.

Product Portfolio

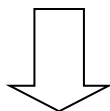


Product line strategies

- Advanced design tools for higher productivity for professionals.
- Natural and intuitive UI products for general consumers.
- Promotion of IT and paperless solutions with LCD tablets.
- High-performance technology solutions for mobile devices.



Technology Standard



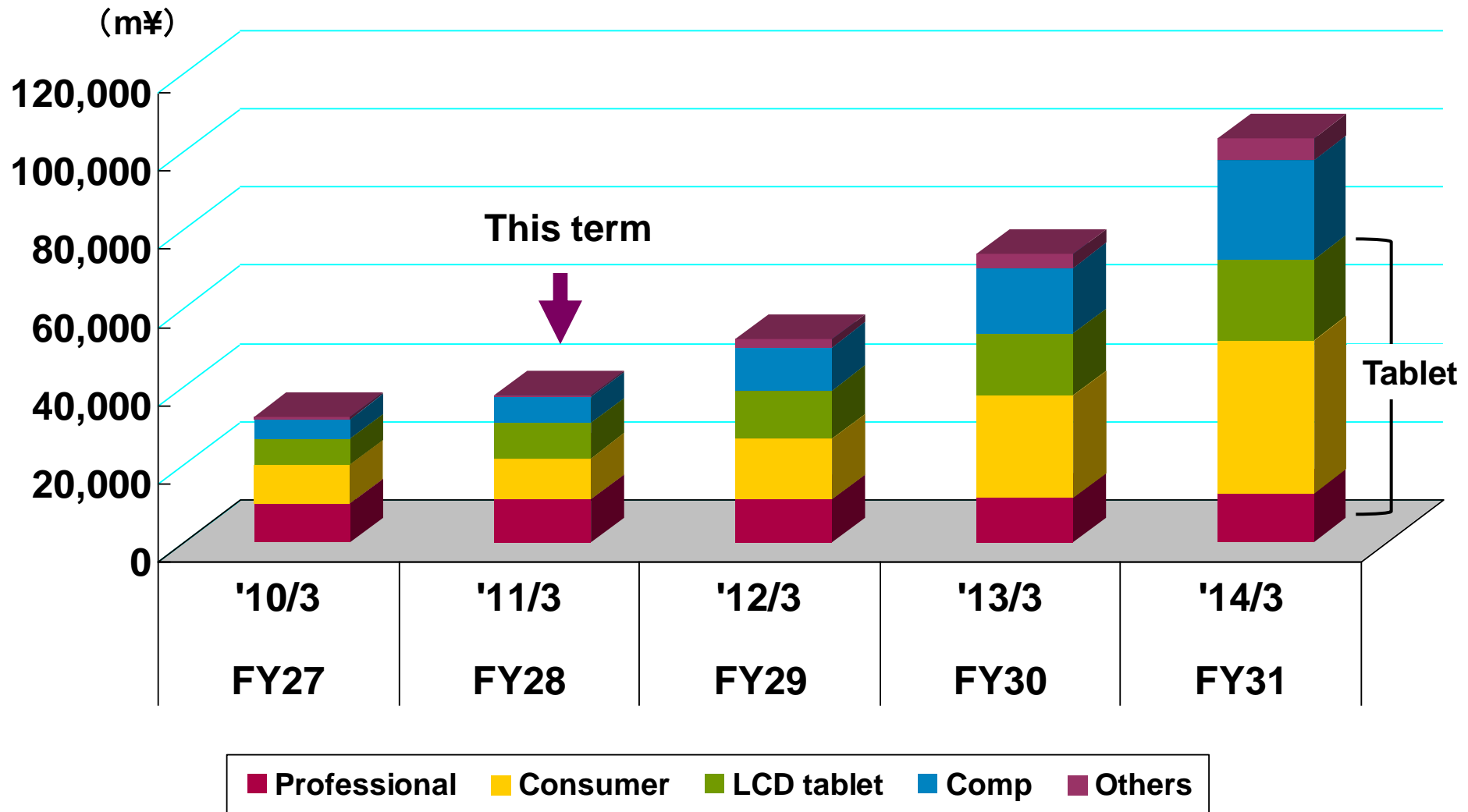
**Global De-facto Standard
in New Digital Paper Era**

- **Pen**
- **Multi-touch**
- **Display**
- **New UI technologies**

- **Integrated UI Solutions**

feel

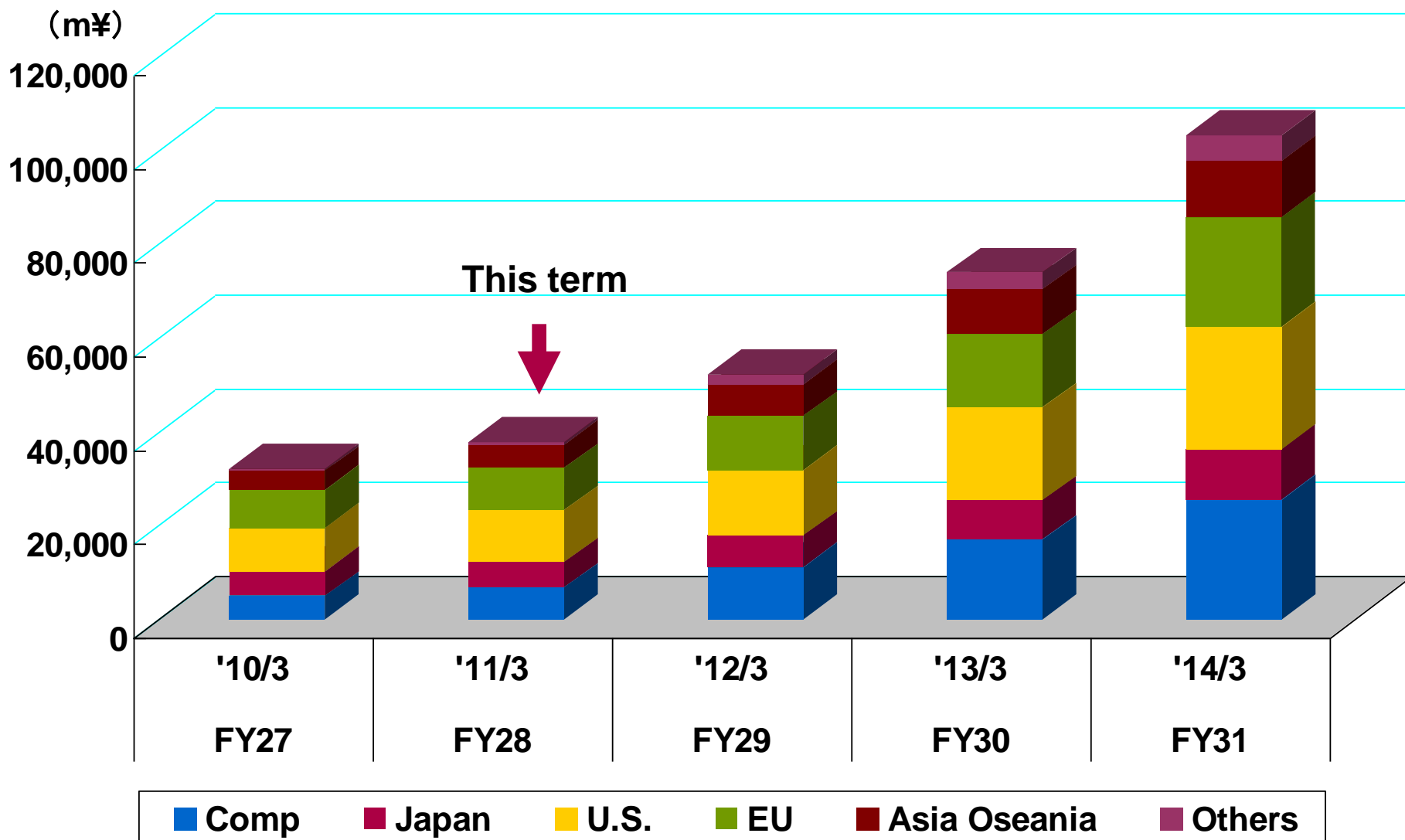
Revenue by Product Line



Global Strategies

- **Enhancement of leadership in key advanced regions.**
 - Expansion of partnerships in professional markets.
 - Enhanced brand communication and expansion of consumer markets.
 - Expansion of business solution segments such as medical, education, and paperless office.
- **Growth and brand establishment in emerging regions.**
 - Acceleration of the growth in China and Asia Pacific.
 - Development of business infrastructure in India and South.
 - Establishment of brand awareness in emerging regions.
- **Build globally optimized manufacturing operation.**
 - Enhancement of SCM operations in China and Taiwan.
 - Enhanced collaborating with manufacturing partnerships.
 - Global SCM operation supported by global IT systems.
- **Build global R&D organization.**
 - Enhancement of R&D organization and personnel.

Revenue by Region



UI Paradigm Shift

For everyone in the world,
anywhere in the world,
simple, natural, and easy
for interaction and sharing
fun and always connected.



Simple, Natural, Intuitive.

Fun & Connected



Open up.
Sense more.



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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