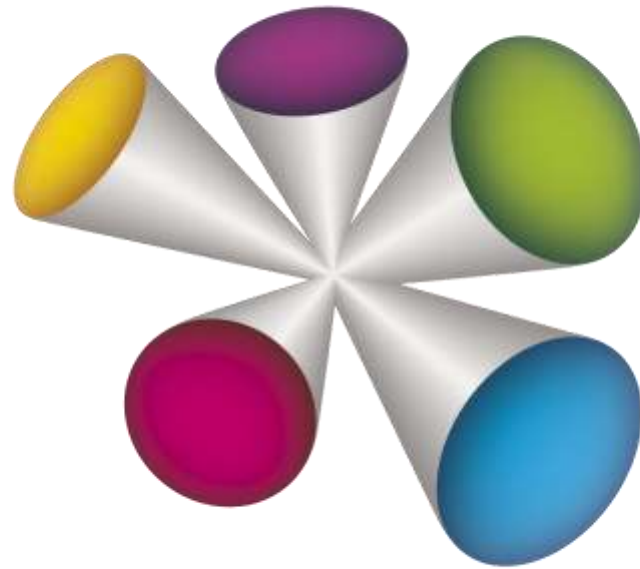


Business Report

FY26 Apr. 2008-Sep. 2008

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



FY08-2Q Consolidated Result Summary

In spite of the global economic slowdown and prolonged weakness of US dollar, Wacom attained the record sales and profit as a 2Q result.

- Sales: +9.3%
- Operating Profit: +35.4%
- Recurring Profit: +30.7%
- Net Profit (aft. Tax): +34.3%

Consolidated P/L

(m¥)

	FY25 2Q	FY26 2Q	YoY Growth	
	'07/4-'07/6	'08/4-'08/9	Amount	Ratio
Sales	17,018	18,595	1,578	9.3%
Gross Profit	8,434	9,118	684	8.1%
GPM	49.6%	49.0%		
Operating Profit	1,887	2,555	669	35.4%
OPM	11.1%	13.7%		
Recurring Profit	1,937	2,531	594	30.7%
Net Profit aft. Tax	1,171	1,573	401	34.3%

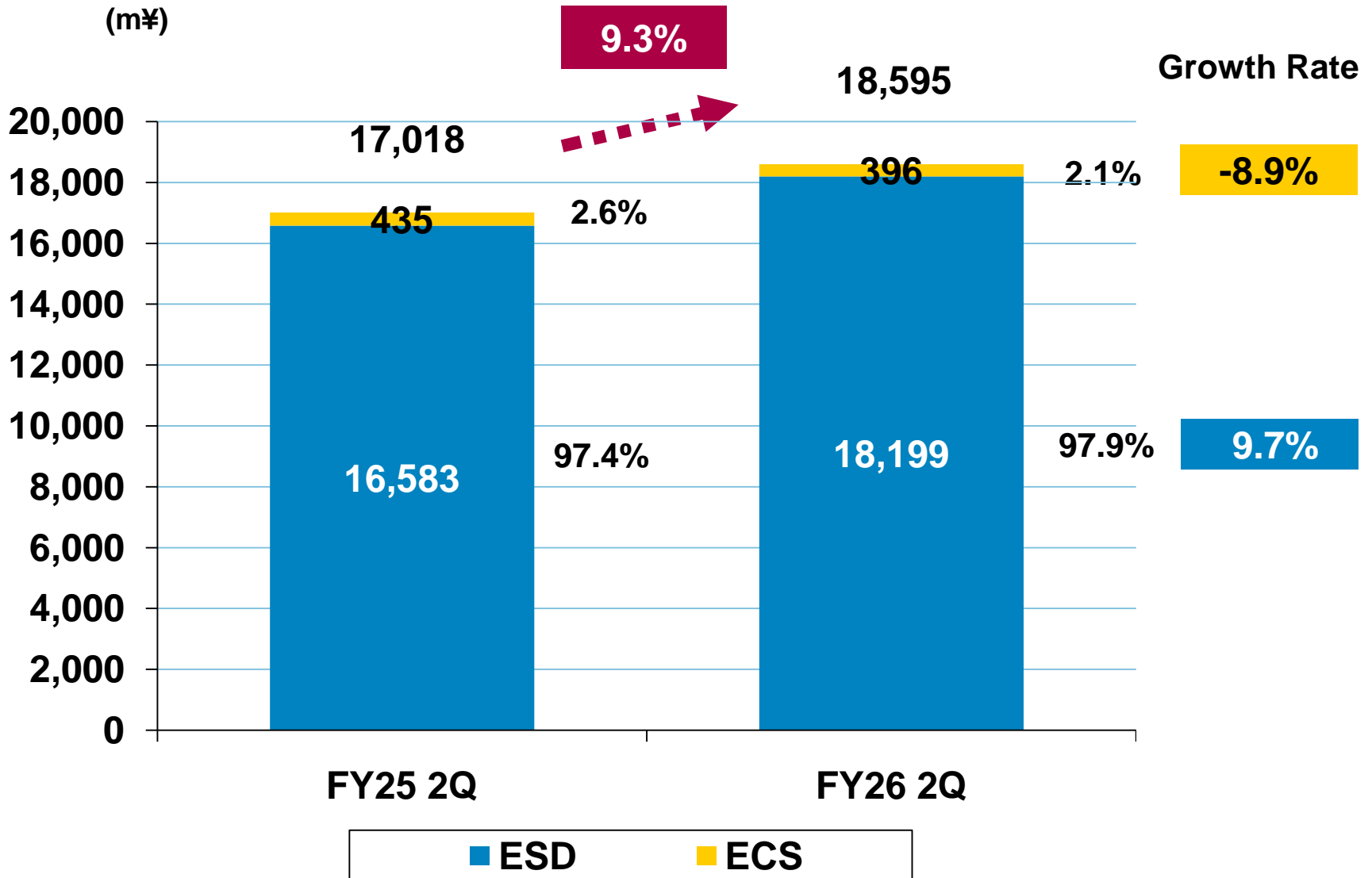
- 2Q Average FX rates: FY25 2Q JPY119.03/USD JPY162.05/EUR
FY26 2Q JPY105.36/USD JPY161.56/EUR

Consol. P/L by Business Segment

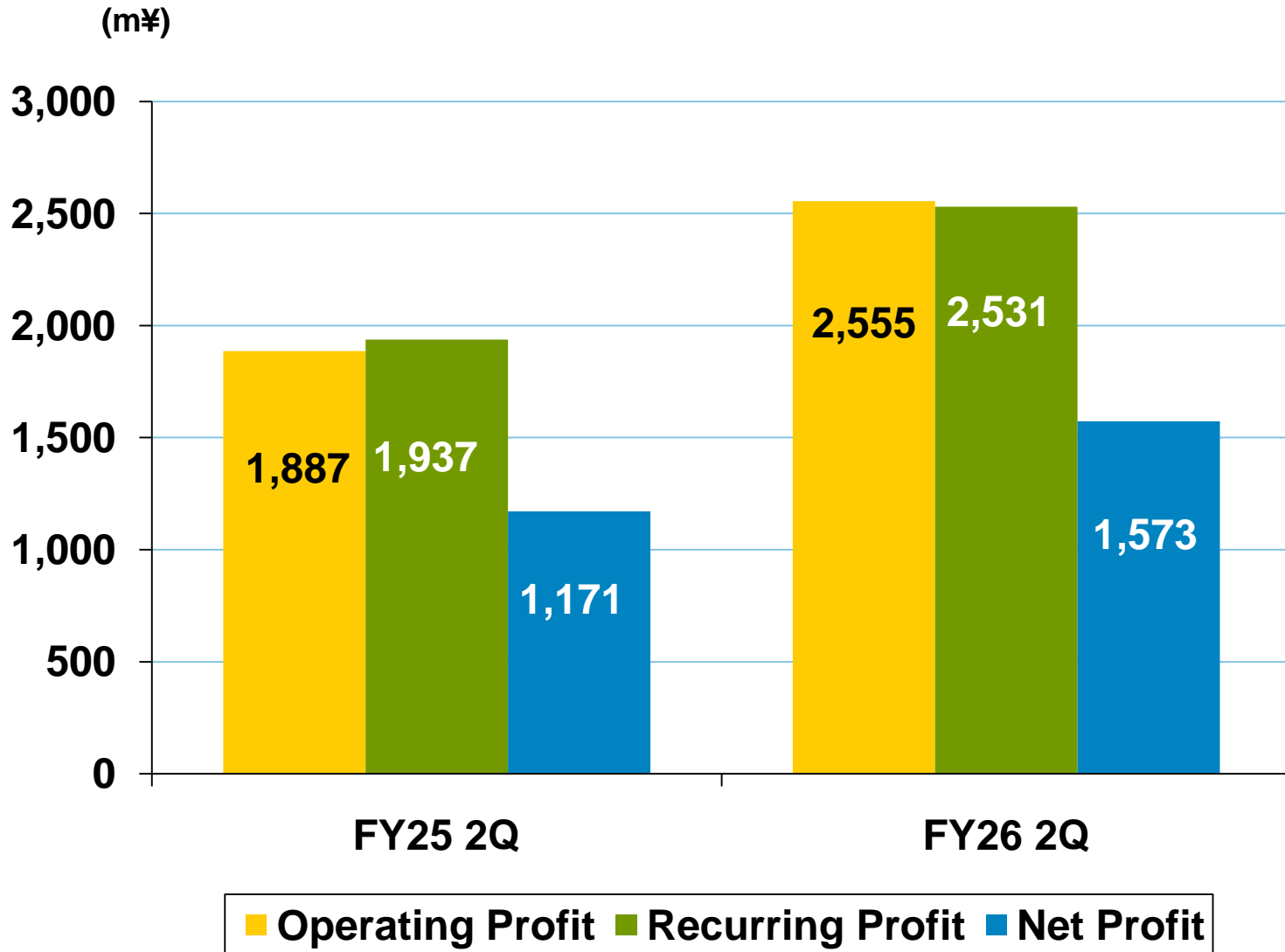
(m¥)

	FY25 2Q	FY26 2Q	YoY Growth	
	'07/4-'07/9	'08/4-'08/9	Amount	Ratio
Sales	17,018	18,595	1,578	9.3%
ESD	16,583	18,199	1,616	9.7%
ECS	435	396	- 39	- 8.9%
OP	1,887	2,555	669	35.4%
ESD	3,155	3,563	408	12.9%
ECS	75	35	- 39	-52.4%
Corp. and Other	-1,343	-1,044	299	-22.3%
OPM	11.1%	13.7%		

Consolidated Sales Comparison



Consolidated Profit Comparison



Operating Expenses Comparison

(m¥)

	FY25 2Q	FY26 2Q	YoY Growth	
	'07/4-9	'08/4-9	Amount	Ratio
Personnel	2,355	2,432	77	3.3%
R&D	613	770	157	25.6%
Ad. & Promo.	1,063	1,016	-47	-4.4%
Other	2,517	2,345	-172	-6.8%
Total	6,548	6,563	15	0.2%
Opex/Sales ratio	38.5%	35.3%		

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** **- 1.1%**
 - US market slowdown due to inventory adjustment at channel partners, transition to LCD tablet, USD depreciation, etc.
 - Favorable growth in Japan, Steady growth in EU, Slowdown in Asia-Oceania due to FX depreciation and weak Korean market.
- **Consumer graphics tablet** **+ 7.6%**
 - Improved consumer awareness with new branding.
 - Favorable growth in US thanks to new brand “Bamboo” product.
 - Steady growth in Japan with the expansion of comic users.
 - Nominal overall growth in EU and Asia-Oceania with regional differences.



BAMBOO
FUN



WACOM®

Business Highlight -2

• LCD Tablet

+ 36.3%

- 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.)

• Component Business

+ 4.7%

- Slowdown in growth rate due to USD depreciation and decrease in LCD module sales in spite of the increased shipment for Tablet PCs for new consumer models.
- Sample shipment of "RRFC touch", original high performance capa touch sensor technology to vertical market
- Developed multi-touch sensor technology and introduction in WinHEC



Business Highlight -3

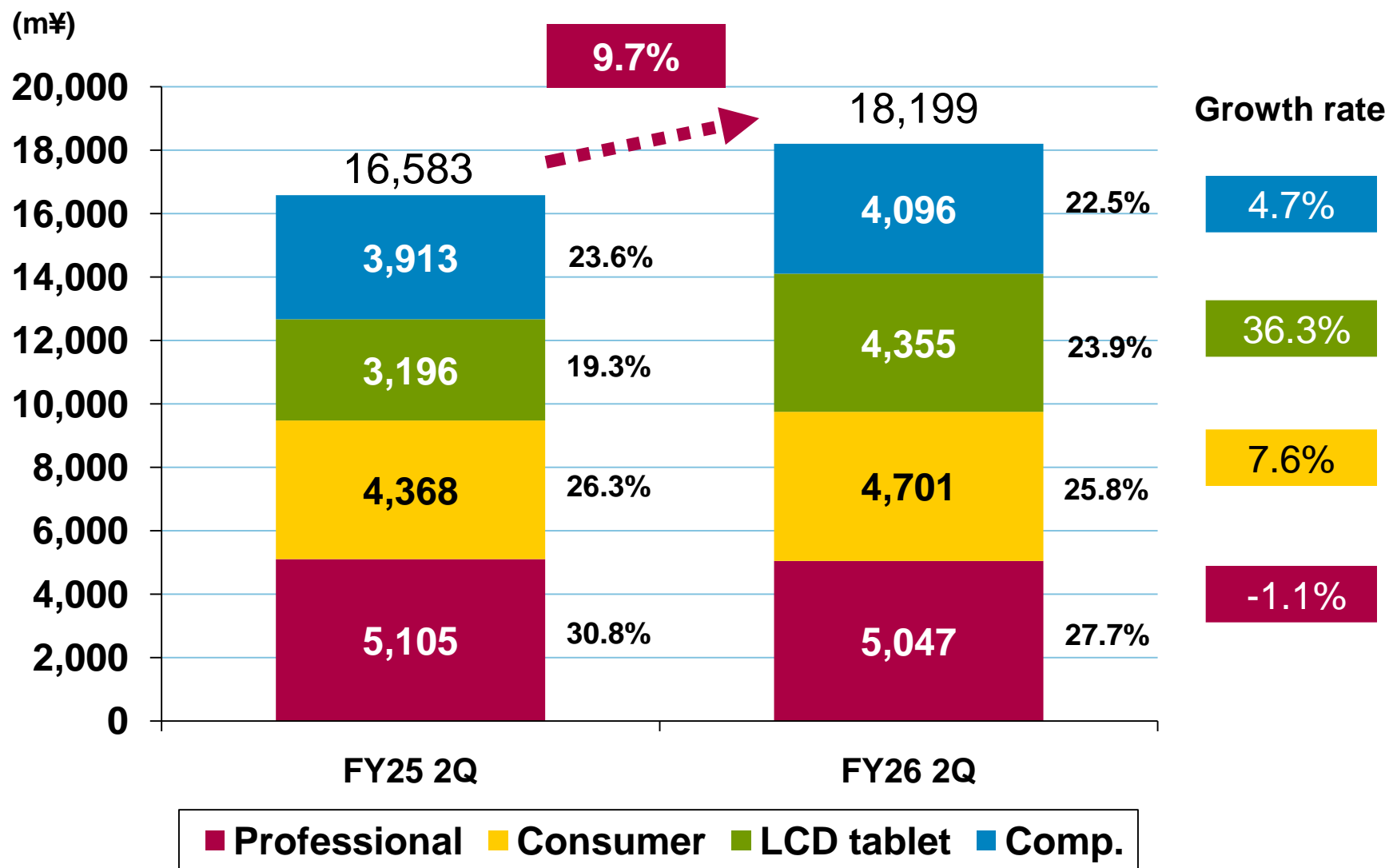
ECS

- 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

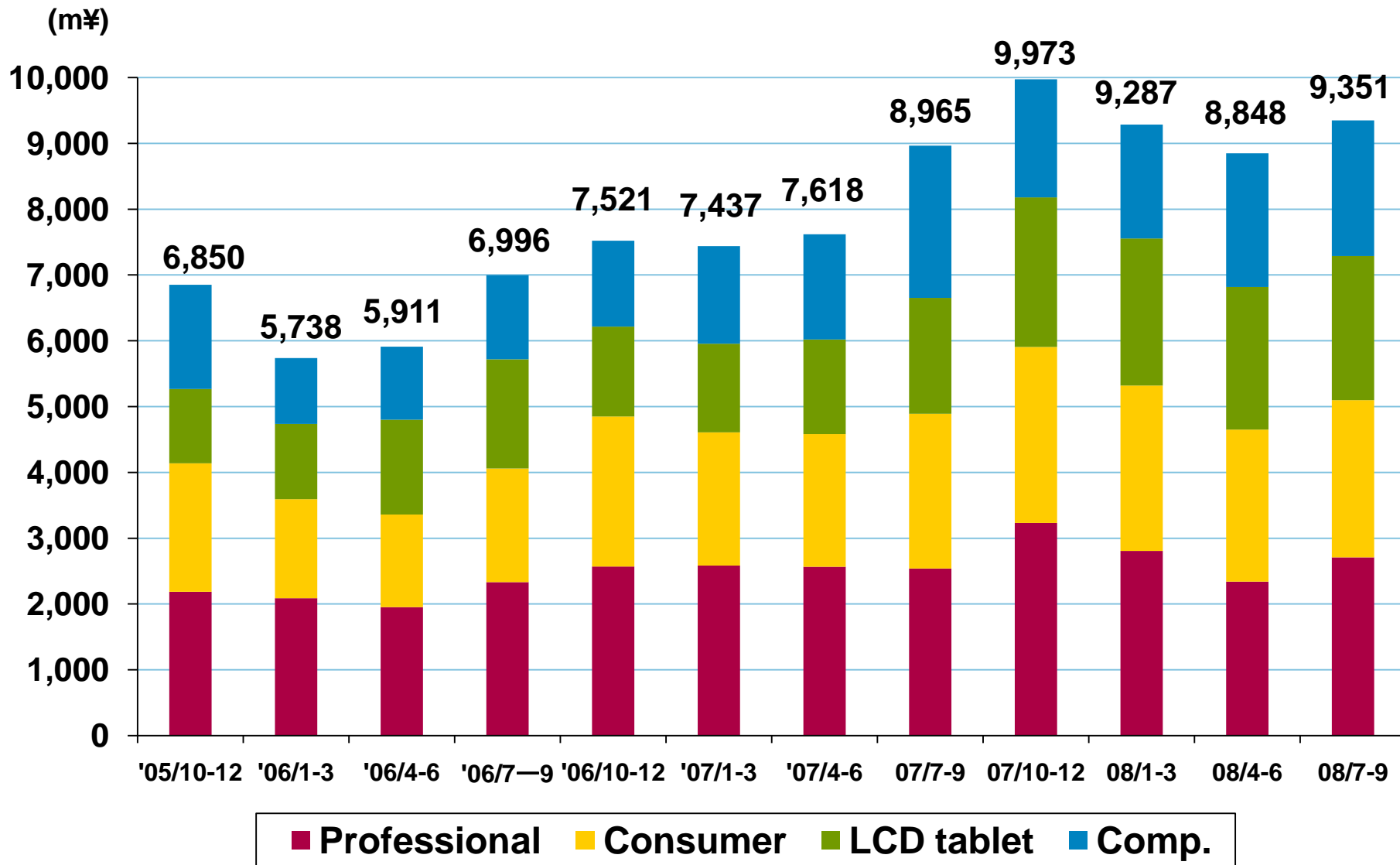
F&A (Corporate)

- 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)

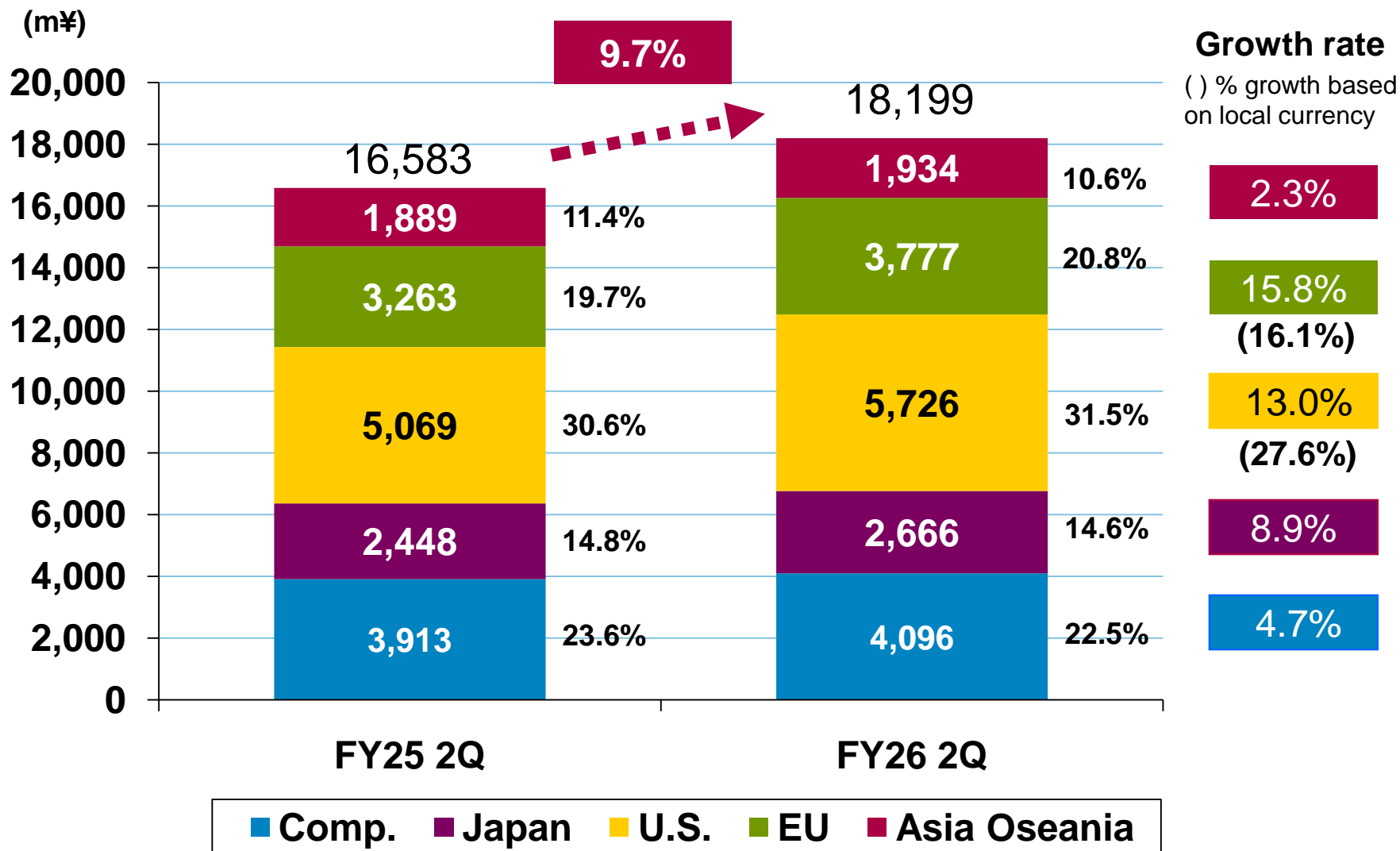
ESD Sales by Product Line



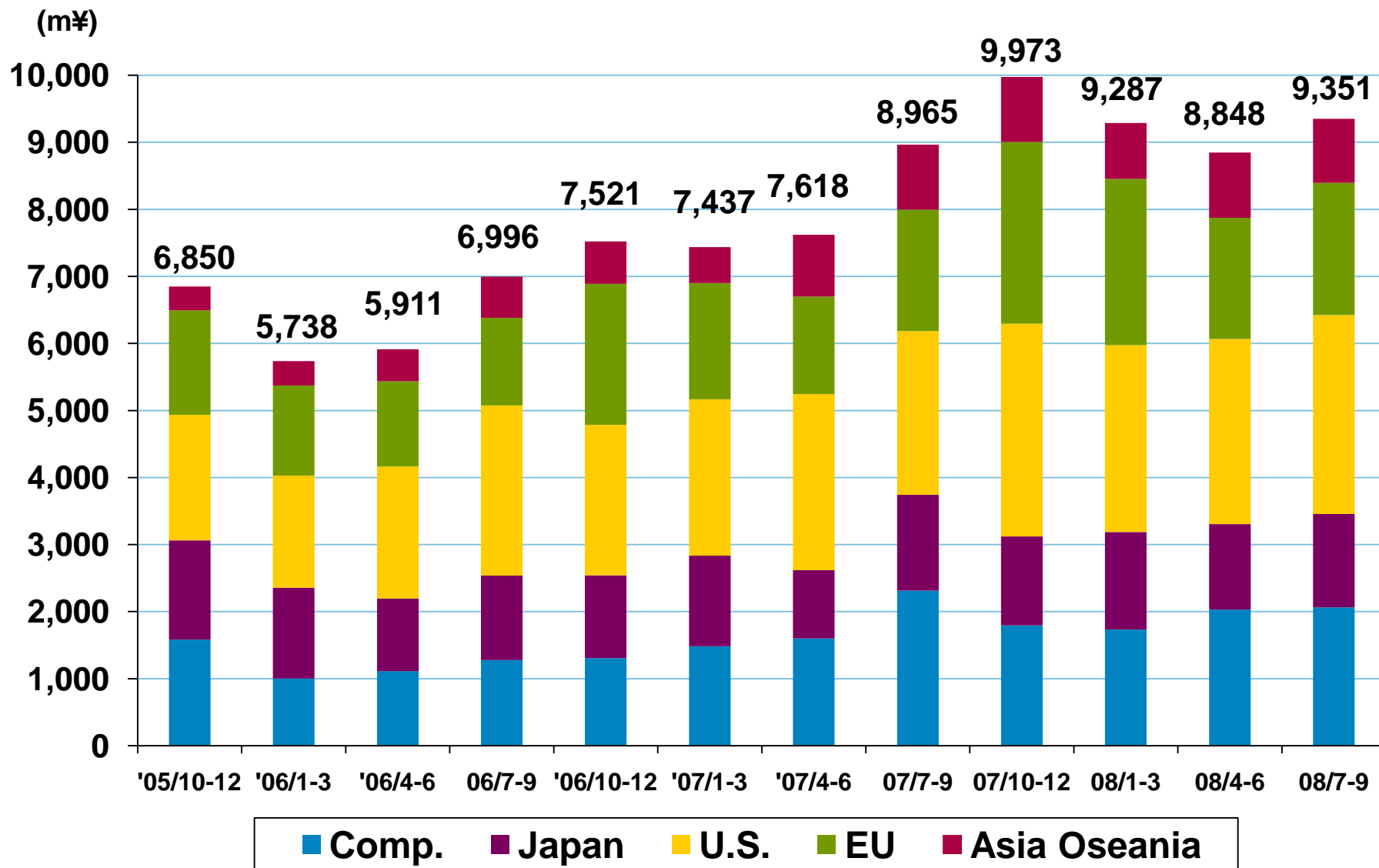
ESD Quarterly Trend by Product Line



ESD Sales by Region



ESD Quarterly Trend by Region



Consolidated B/S

(m¥)

	Mar. 31, 2008	Sep. 30, 2008	Growth
Current assets	24,308	23,962	-346
Fixed assets	4,913	5,418	504
Total assets	29,221	29,379	158
Current liabilities	9,711	9,123	-588
Fixed liabilities	948	1,021	73
Total liabilities	10,660	10,144	-515
Minority interest in consolidated subsidiaries	0	0	0
Net assets	18,562	19,235	673
Total liabilities and Net assets	29,221	29,379	158
Equity ratio	63.5%	65.5%	2.0%
Book value per share (¥)	44,178.22	45,619.12	1,440.90

Consolidated B/S Highlight

- **Retained earnings:** **+JPY493m**
JPY10,854m(End of FY07) ⇒ JPY11,347m(End of FY08-2Q)
- **Equity ratio:** **+2.0 Pts**
63.5%(End of FY07) ⇒ 65.5%(End of FY08-2Q)
- **Book value per share:** **+JPY1,441**
JPY44,178 (End of FY07) ⇒ JPY45,619 (End of FY08-2Q)
- **Increase in total asset:** **+JPY158m**
JPY29,221m(End of FY07) ⇒ JPY29,379m(End of FY08-2Q)
 - Cash & Cash equivalents (including securities): -JPY1,123m
JPY14,078m (End of FY07) ⇒ JPY12,954m (End of FY08-2Q)
(including: corporate tax payment for the last FY25: JPY1,350m)
 - Increase of asset due to business scale expansion:
 - Notes and A/R, Trade: +JPY635m
 - Tangible Fixed Assets (Building in progress etc.): +JPY497m

Consolidated C/F

(m¥)

	FY25 2Q	FY26 2Q	YoY Growth
	'07/4-'07/9	'08/4-'08/9	Amount
C/F from operating activities	587	452	-135
C/F from investing activities	-840	-810	30
C/F from financing activities	-597	-824	-226
Effect of change in exchange rate	1	59	58
Increase of cash & cash equivalent	-850	-1,123	-273
Beginning balance of cash & cash equivalent	12,707	13,577	870
Ending balance of cash and cash equivalent	11,857	12,454	597

C/F from operating activities (m¥)

- Net profit before taxes 2,543
- Increase in notes and accounts receivable -842
- Payment for income tax -1,350

C/F from investing activities

- Acquisition of fixed asset -751
(Office expansion of the US subsidiary etc.)

C/F from financing activities

- Dividends payment -1,045
- Proceeds from issuance of stocks 224

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, strong 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 capacitive touch screen technology
 - Enhancing leadership in tablet PC market
 - Development of new markets for desk top 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

Forecast of business results for FY08

(m¥)

	Result	Ann.(4/30)	Adj.(10/14)	Adj.-Ann.	YoY
	'07/4-'08/3	'08/4-'09/3	'08/4-'09/3	2008/4-2009/3	Growth rate
Sales	36,739	44,500	38,000	-6,500	3.4%
OP	5,539	6,500	4,800	-1,700	-13.3%
RP	5,581	6,450	4,700	-1,750	-15.8%
NP	3,501	3,950	2,900	-1,050	-17.2%

(m¥)

	Result		Adj.(10/14)		YoY
	'07/10-'08/3		'08/10-'09/3		Growth rate
Sales	19,721		19,405		-1.6%
OP	3,652		2,245		-38.5%
RP	3,644		2,169		-40.5%
NP	2,330		1,327		-43.0%

Share repurchase program

- **Repurchase of own shares**

- Total # of shares to be acquired: up to 20,000
Equivalent of 4.74% of outstanding shares at Sep. 2008
- Total cost of acquisition: up to 2.0 BJPY
- Period of acquisition: From Oct. 15, 2008 - Jun. 14, 2009

- **Total payout to shareholders**

- Total payout ratio: 112.6% (based on forecasted results)
Forecasted dividends payout: 1.26 BJPY
Max cost of share repurchase : 2.0 BJPY

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

Dividend Forecast for FY26

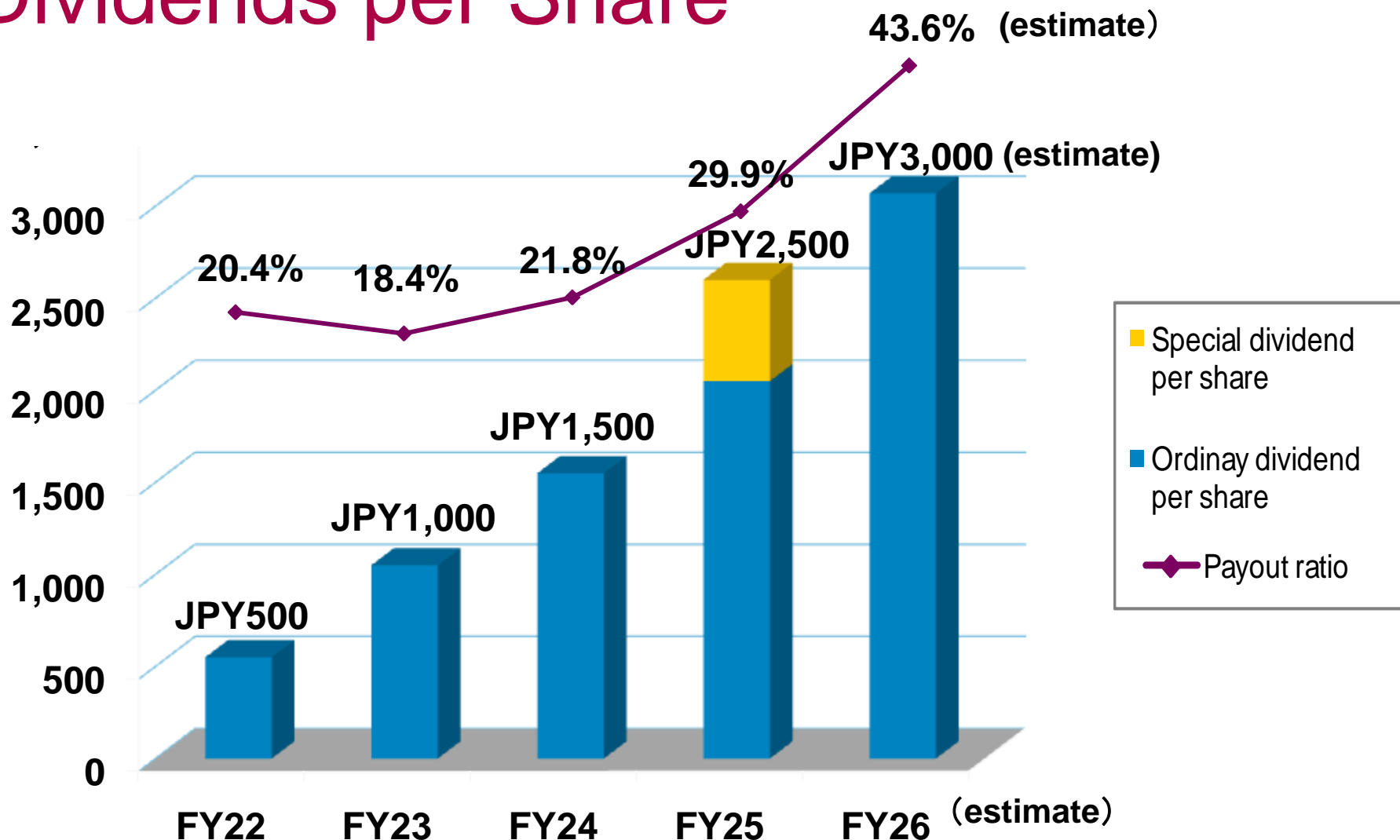
- **Dividend policy**

- 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 43.6%
(based on the revised business forecast on Oct. 14)

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

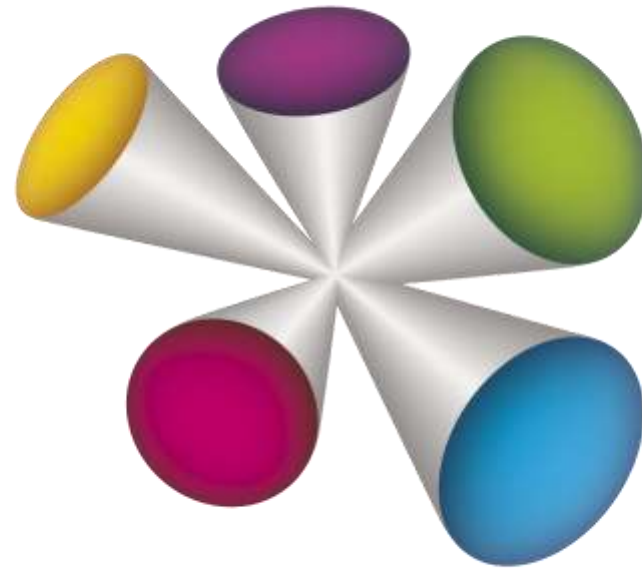
Assumptions for business result forecast (as of Initial announcement of Apr. 30)

- Average FX rate
 - USD:JPY 100 / USD
 - EUR:JPY 155 / EUR
- Prospect of business other than FX rate
 - Financial risk and slowdown contained within US, limited impacts in global economy
 - Limited impact of raw material cost increase in components
 - Stable transition in FX rate
 - Steady Christmas sales in professional and consumer tablets
 - Components sales are favorable through FY09

Assumptions for business result forecast (as of revised announcement on Oct. 30)

- 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 due to weakening economy and channel contraction
 - Decline of demands for components business and competitive environment changes

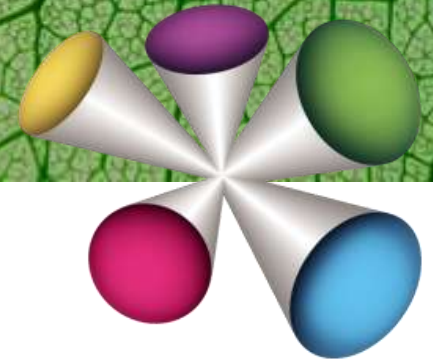
New Mid-Term Plan



Mid-Term Plan : WP1018

Basic Strategy

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



WP1018: Financial Goals

- By FY29 (ends March 2012)
- Consolidated sales : 100 billion Japanese yen
- Consolidated operating income ratio : 18% or higher

Assumption for WP1018

- Global proliferation of digital design process
- Continued growth of digital content demand
- Steady transition to Windows Vista
- Acceleration of platform integration among PC, mobile phone and digital home appliances
- Global recession risk managed and emerging market expansion continues
- Limited impact of raw material cost increase in components
- Global exchange rate stay relatively stable
 - 1\$=¥100, 1EUR=¥155

Significant change in business environment

- Global proliferation of digital design process
- Continued growth of digital content demand
- ~~• Steady transition to Windows Vista~~
- Acceleration of platform integration among PC, mobile phone and digital home appliances
- ~~• Global recession risk managed and emerging market expansion continues~~
- Limited impact of raw material cost increase in components
- ~~• Global exchange rate stay relatively stable~~
 - ~~• 1\$=¥100, 1EUR=¥155~~

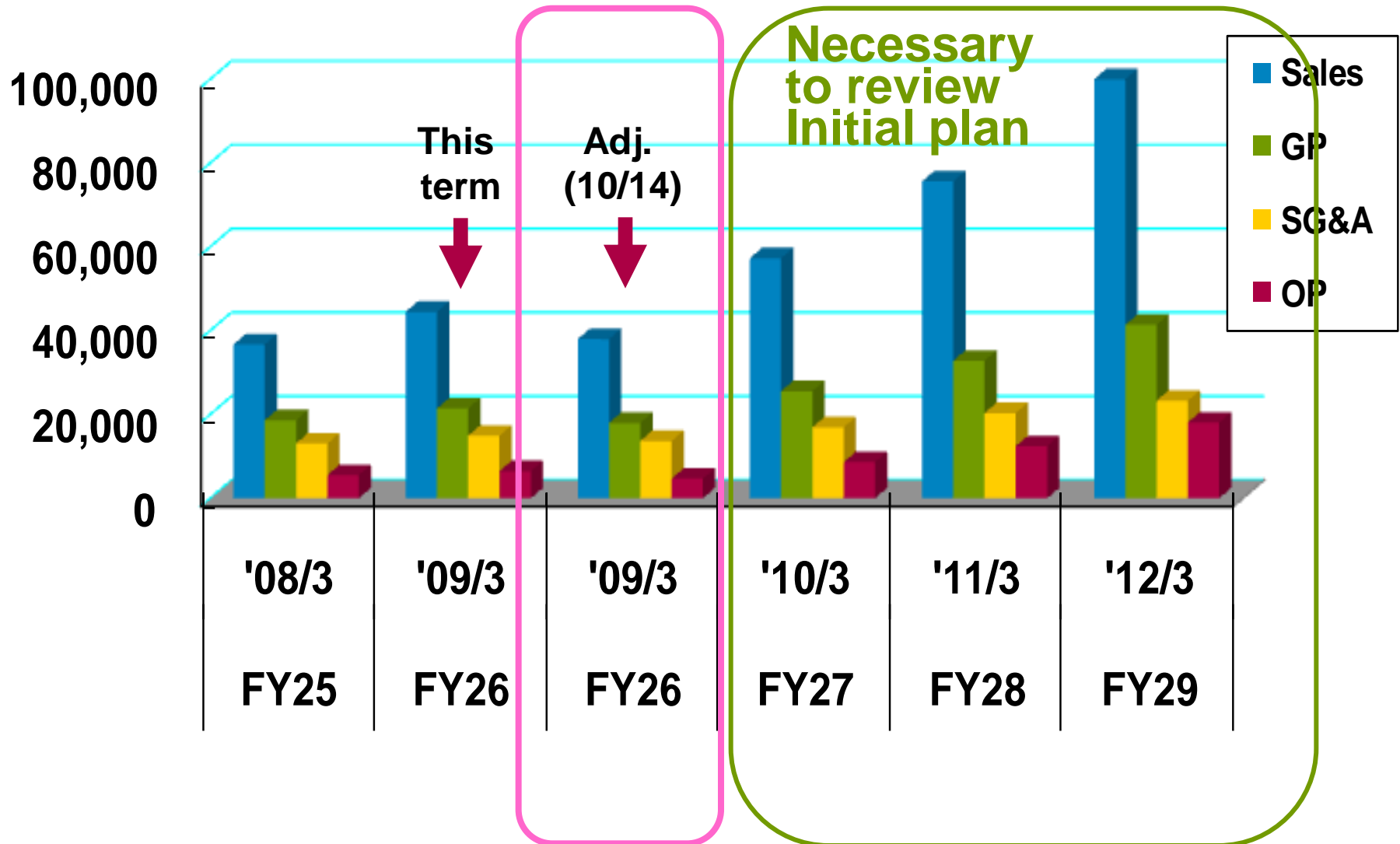
Global economy slowdown due to financial crisis

Unstable FX market, difficult to forecast

MS accelerates to shift the platform from Vista to Windows 7

Consolidated P/L Forecast

(m¥)



Future policy for Mid-Term Plan

- No fundamental change to the corporate strategy aiming for mid and long-term sustainable growth
 - Difficult to achieve WP515 and initial FY27 plan of WP1018
 - Necessary to review the goal year for new mid-term plan, WP1018
 - Wait for global economy recovery and stable market environment
- No change to the basic business line strategy
 - Basic trend to IT and UI technologies continue
 - Continuous enhancement and growth for existing product lines.
 - Shift products to multi touch when Windows7 becomes available
 - Brand focus and enhancement of distribution channel structure
 - Promote component solutions for business and vertical markets
 - Enhancement of IT foundation and development of business infrastructure in emerging markets
 - Continuous investment for new technologies, new business

New Mid-Term Plan

Future strategy

New Mid-Term Plan

Growth strategies

Products & regions



Future Strategy

From technology to people

From pen to user interface solutions

From professionals to consumers

Anywhere in the world, for everybody in the world



Open up. Sense more.



wacom

Open up. Sense more.

Open Up

To what could be.

To new perspectives and experiences.

To experience the same world through different minds.

Sense More

Of life and people around you.

Of the world in all its richness, making life better.

Richer. More exciting.

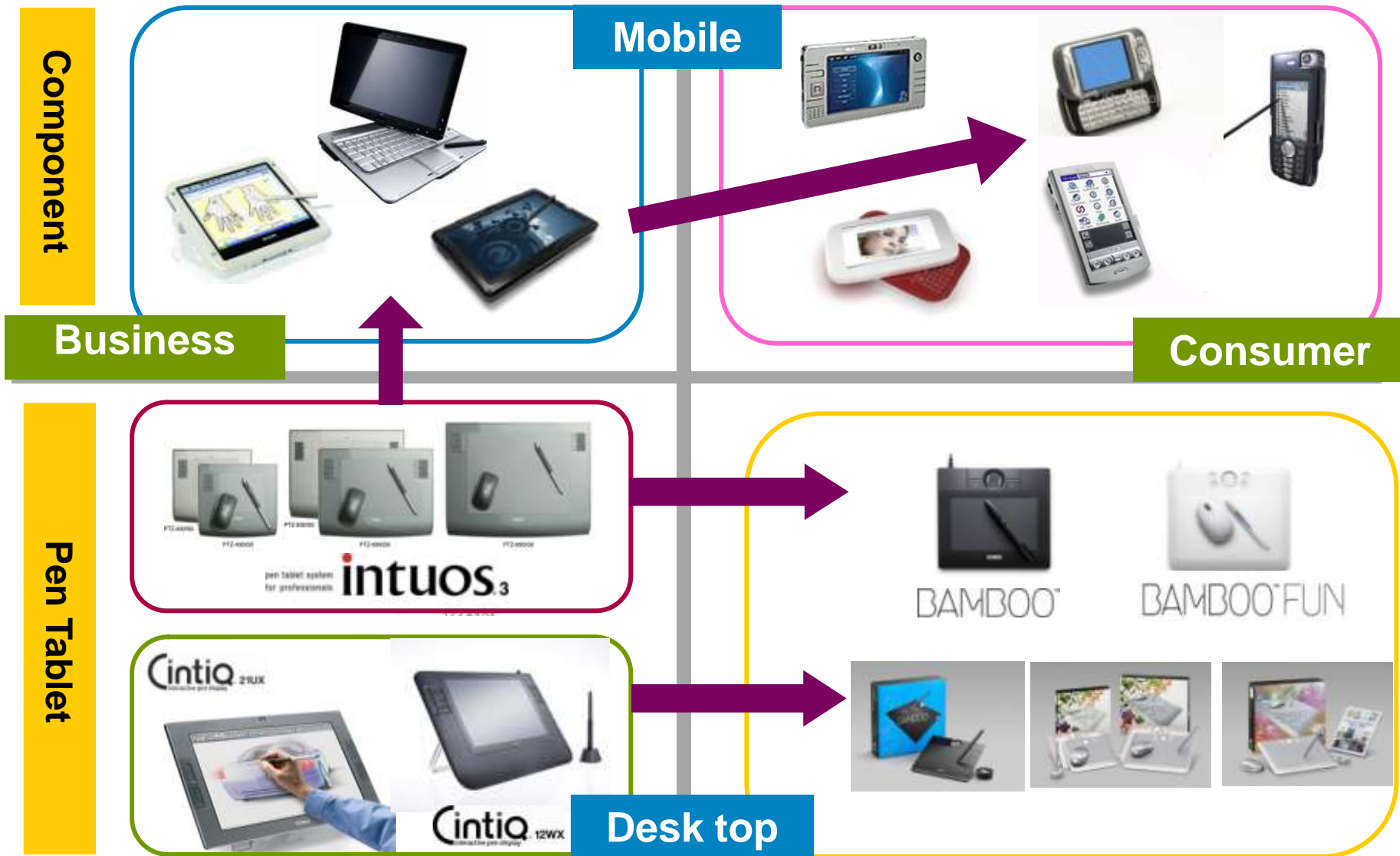
Growth Strategies

- Global leadership enhancement and growth
 - Product line expansion in digital processing field for leadership enhancement
 - Invest in emerging market and new segment development
 - Guide professional users to LCD tablets
- Expand component business
 - Develop UI standard in TPC, expand to Desktop
 - Expand to mobile phone, game, and info appliances.
 - Provide integrated UI solution with “pen + touch + display”
- Global branding and brand value enhancement
 - Globally integrated brand communication
 - Customer driven product management for higher CS
- New technology and new business development
 - New UI technology development, joint R&D and M&A
 - New business and new product line development

Growth Strategies

- Enhance SCM function and improve process integration
 - Global SCM optimization through EMS partnerships
 - Black box production of key component
 - Establish global leadership in Quality, Cost and Delivery
- Global QA enhancement and global integration
 - Global process integration for improvement of CS
 - Organization and resources enhancement
- Global management integration
 - Global process improvement and IT support
 - Improve process accuracy for global compliance
- Expansion of global partnership
 - OS, application, display, system solutions
 - Penabled Partnership Program (PPP)

Product Portfolio of ESD



Digital Classroom Queensland University, AU

- Fully interactive digital classroom CAE system for large lecture rooms.



SignPad Project (Signature Authentication)

IKEA Germany

- STU-500 x 1300 units
- Credit card signature digital certification
- Complete paperless process
- Collaboration with Softpro & Telecash



IKEA®

TeleCash®

Capacitive Multi Touch Sensor

- High speed, high precision multi-touch detection
 - Unlimited fingers detection
 - Size: 10~40 inch or more
 - Speed: 100fps or more
 - Resolution: 200ppi or more
 - Accuracy: within 0.5mm
 - Offset: within 2mm
 - Low -power consumption with ASIC
- Target applications
 - UMPC, TabetPC, Note PC,
 - Desktop PC
 - Large size LCD monitor
 - Interactive sign board
 - Smart phone, PDA
 - Game devices



Product line strategies

- Advanced design tools for design professionals
- Natural and intuitive UI products for consumers
- Intuitive UI solutions for vertical applications
- Low-cost high performance UI solutions for all platforms



Technology Standard

- pen
- touch
- display
- optics...



**De-Facto standard
in Digital Paper Era**

- Integrated UI Solution



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.

Wacom Co., Ltd.
<http://www.wacom.com/index.html>

Investor Relations Inquiries

IR Gr. Corporate Planning Dept. Wacom Co., Ltd.
TEL : 03-5309-1525 FAX : 03-5309-1503
Wacom Co., Ltd. Tokyo Office, Harmony Tower 18F,
1-32-2 Hon-Cho, Nakano-Ku, Tokyo 164-0012, Japan

