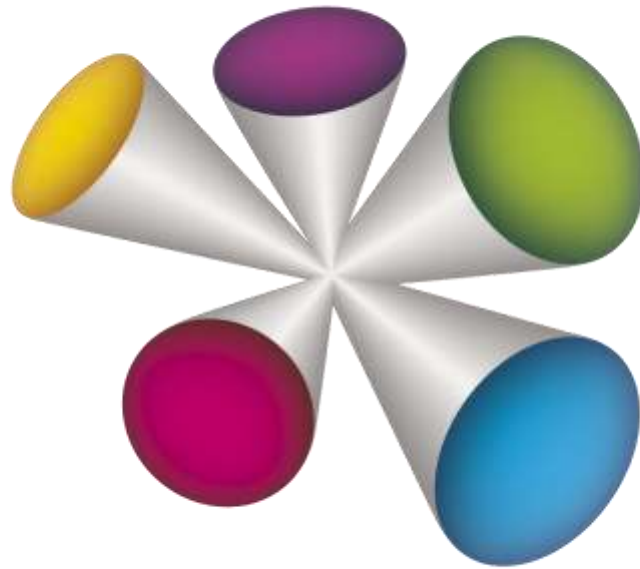


Business Report

FY27 Apr. 2009-Sep. 2009

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



FY27-1H Consolidated Result Summary

While the global economy shows signs of bottoming out, uncertainty remains. Wacom's 1H business performance declined due to weak corporate investment, sluggish consumer spending, and significant depreciation of the USD and Euro against the JPY compared to the previous fiscal year.

- Sales: **-22.1% YoY**
- Operating Profit: **-55.0% YoY**
- Recurring Profit: **-51.1% YoY**
- Net Profit (aft. tax): **-48.6% YoY**

Consolidated P/L

(m¥)

	FY26 1H	FY27 1H	YoY Change	
	'08/4-'08/9	'09/4-'09/9	Amount	Ratio
Sales	18,595	14,478	-4,118	-22.1%
Gross Profit	9,118	7,372	-1,746	-19.1%
GPM	49.0%	50.9%		
Operating Profit	2,555	1,149	-1,406	-55.0%
OPM	13.7%	7.9%		
Recurring Profit	2,531	1,238	-1,293	-51.1%
Net Profit aft. Tax	1,573	809	-764	-48.6%

- Average FX rates: FY26 1H JPY 105.36/USD JPY 161.56 /EUR
FY27 1H JPY 95.27/USD JPY 132.73 /EUR

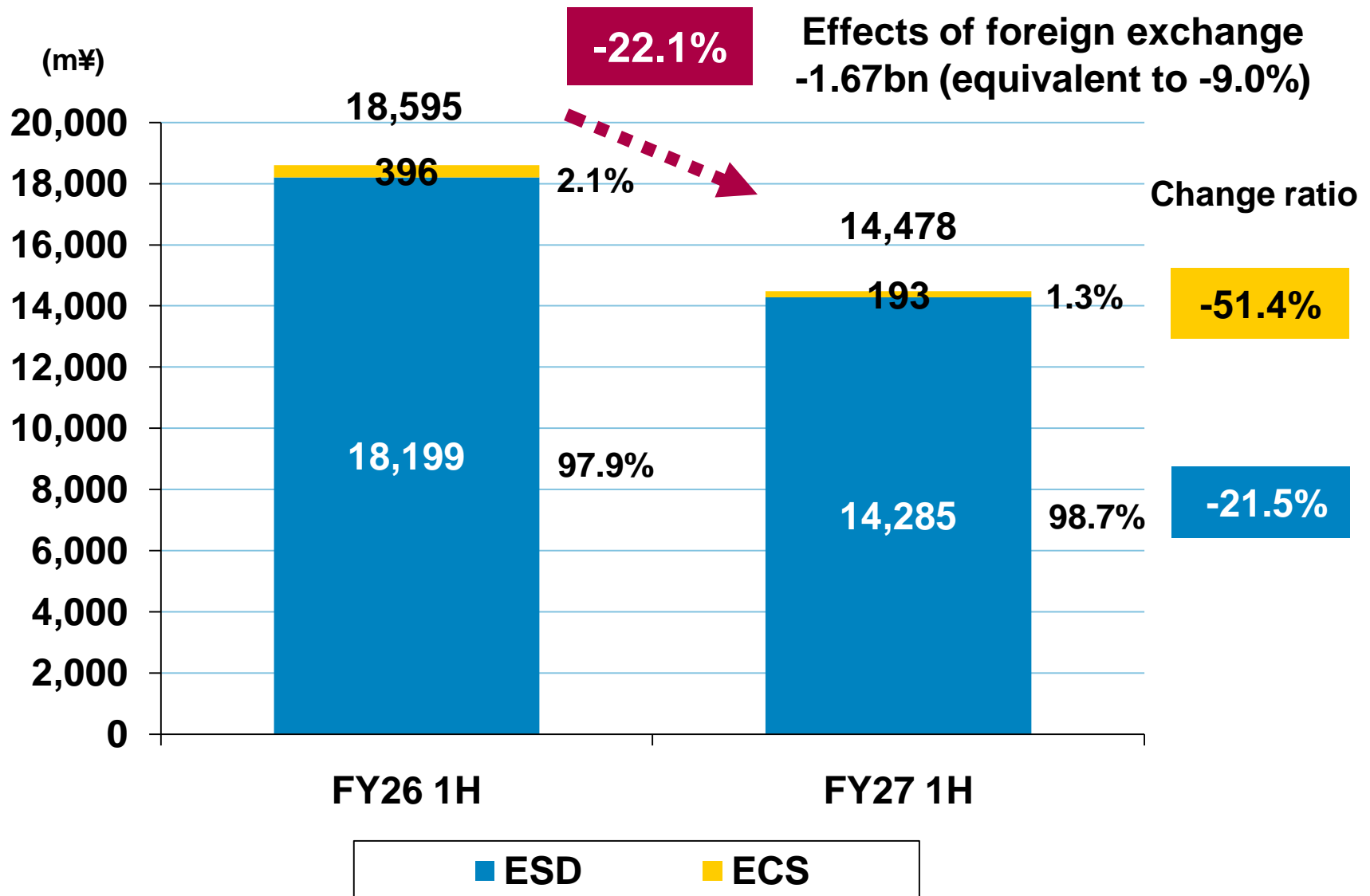
**Effects of foreign exchange : Sales -1.67bn
(JPY appreciation) OP -0.73bn**

Consol. P/L by Business Segment

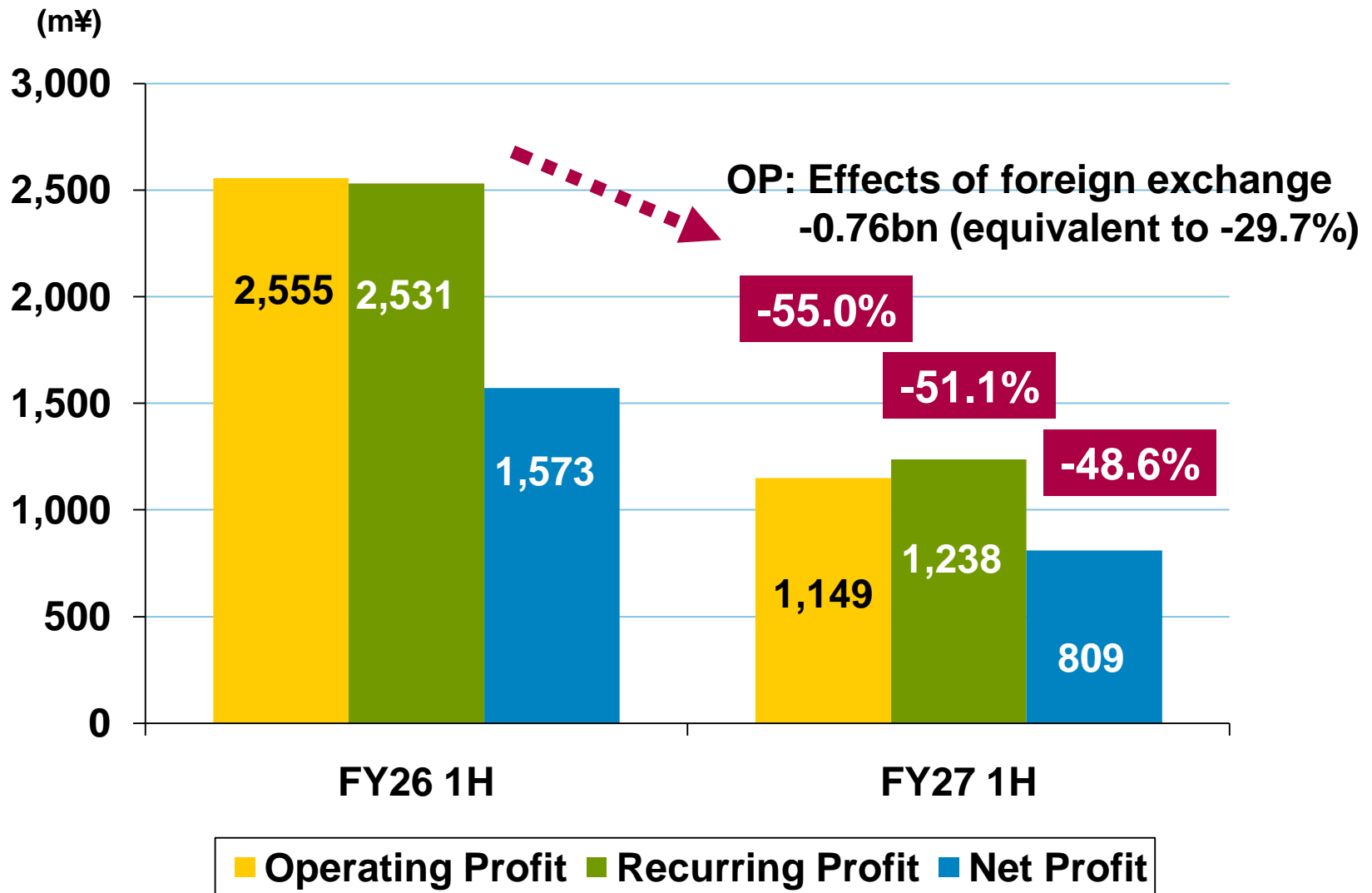
(m¥)

	FY26 1H	FY27 1H	YoY Change	
	'08/4-'08/9	'09/4-'09/9	Amount	Ratio
Sales	18,595	14,478	-4,118	-22.1%
ESD	18,199	14,285	-3,914	-21.5%
ECS	396	193	-204	-51.4%
Operating Profit	2,555	1,149	-1,406	-55.0%
ESD	3,563	2,031	-1,532	-43.0%
ECS	35	-50	-85	—
Corp. and Other	-1,044	-832	211	-20.3%
OPM	13.7%	7.9%		

Consolidated Sales Comparison



Consolidated Profit Comparison



Operating Expenses Comparison

(m¥)

	FY26 1H	FY27 1H	YoY Change	
	'08/4-'08/9	'09/4-'09/9	Amount	Ratio
Personnel	2,432	2,521	89	3.7%
R&D	770	747	-23	-3.0%
Ad. & Promo.	1,016	994	-22	-2.2%
Other	2,345	1,961	-384	-16.4%
Total	6,563	6,223	-340	-5.2%
Opex/Sales ratio	35.3%	43.0%		

Key changes

- Increase : Increase in employee headcounts compared with FY26 1H, allowances for bonus 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

-5.5%

- Sales sustained with slight decrease, despite the influence of JPY appreciation
- Intuos4 released in March, received high reputations
 - Domestic sales recorded YoY growth of 30%
 - EU picked up the sales in 2Q, while US entered a slow season
 - China and Australia led the growth in Asia-Pacific



intuos₄

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



reddot design award
winner 2009



PLUS X AWARD™



GOOD
DESIGN
2009



Macworld Editors' Choice

Business Highlight -2

▪ Consumer tablet

-13.3%

- Sales decrease of the previous model due to the end of life, sluggish consumer spending, and JPY appreciation
 - Domestic sales maintained slight growth YoY
 - Germany, China and Australia recorded sales increases on local currency base..However, overseas sales decreased due to the influence of FX rate as a whole
- Bamboo new series launched with new multi-touch technologies
 - Global simultaneous launch of 8 models in September
 - 2 finger touch and simple gestures for PC operation
 - Pen enables content creation in detail
 - First step of New UI strategy



**Bamboo,
Bamboo Touch**



**Bamboo Fun,
Bamboo Art Master**



wacom®

Business Highlight -3

• LCD Tablet

-25.4%

- Decrease in sales of Cintiq series for graphics due to reduction of corporate investment
 - Sales recorded positive YoY growth in China and Australia despite the influence of FX
- 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
 - 140% 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 -3

▪ Component Business

-46.9%

- Sales decrease due to slowdown of corporate investment, production adjustment before Windows 7 launch, JPY appreciation, and change in competitive environment.
- Beginning mass production of multi-touch sensor for Windows 7
 - Adopted by multiple models of Lenovo, Toshiba, Fujitsu, and other major PC manufacturers
 - Completion of development of G6 (IC controller) with low power assumption and small size
 - Preparing mass production capacity for next fiscal year

The Number of customer models in mass production (scheduled in CY2009)

Inch size of PC display	12"	13"	14"	Total
Number of PC models	3	3	1	7

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

Business Highlight -5

Projects adopted Wacom Feel IT Technologies

- Customer PC models for Windows 7
(Disclosure available models as of Nov. 4, 2009)

feel



lenovo

ThinkPad X200



TOSHIBA

Satellite M505

(US consumer model)



FUJITSU

FMV- 8190



FUJITSU

FMV-MT/E50

(consumer model)



FUJITSU

FMV-8290

- e-Book

- Expanded pen components for IREX e-book which Best Buy began to distribute



**IREX DR800SG,
alliance model of
Barnes & Nobel
and Verizon**

Business Highlight -6



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, Launched in Europe

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 for leveraging the market leadership in the severe business environment

F&A (Corporate)

- Improvement of IT infrastructures for global SCM and global ERP

BAMBOO™ New series of Bamboo



A TOUCH OF INSPIRATION

New UI category
Integrated UI solution
with pen for contents
creation and multi-touch
for intuitive operation

Sep. 24, Global simultaneous release



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



feel™

- Supported by major PC manufactures

TOSHIBA

lenovo™

FUJITSU

Panasonic



Multi-touch sensor for Windows 7

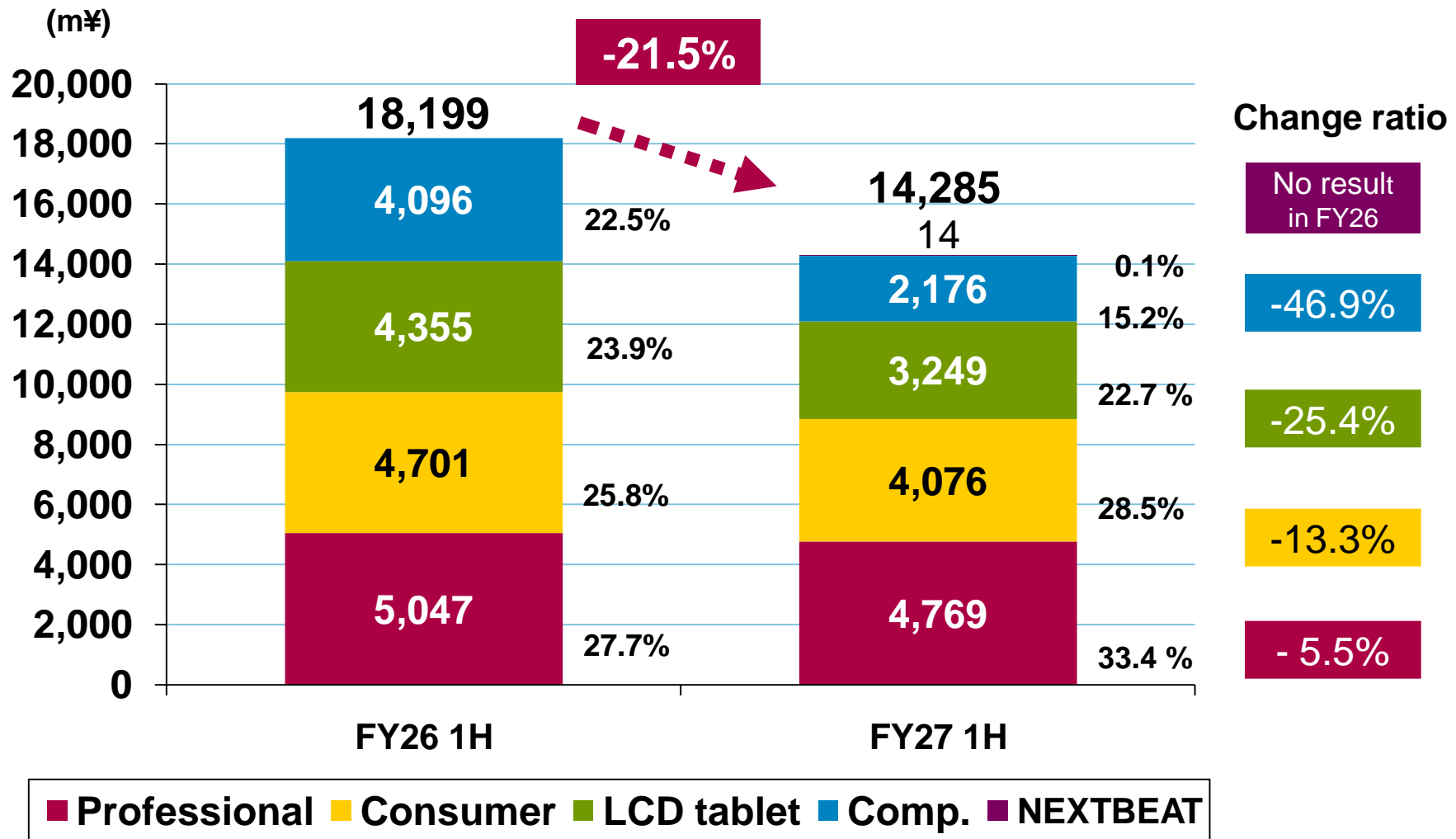
nextbeat released in Japan on Sep. 18

Sales promotion in 27 domestic stores

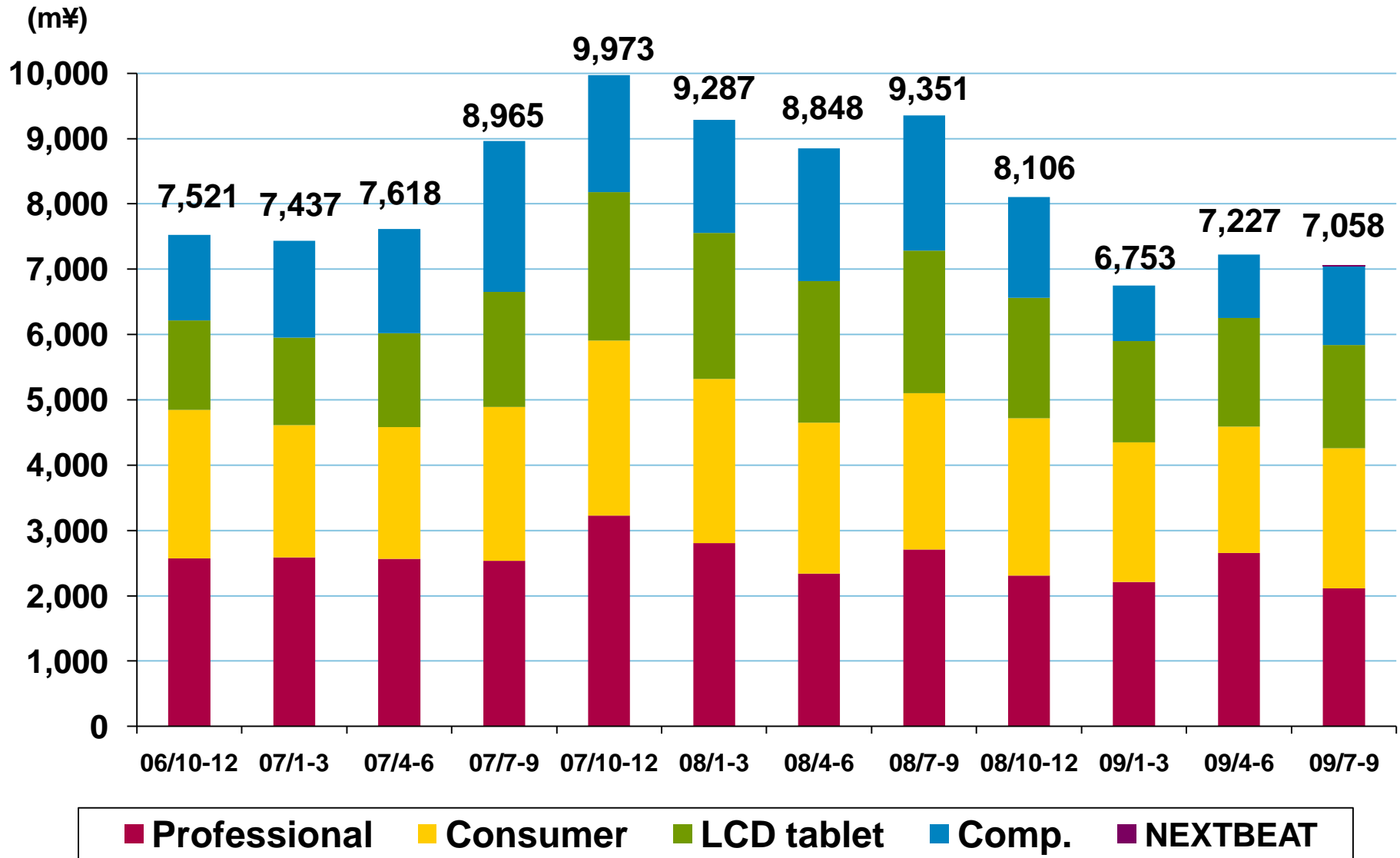


store-front decoration in a major GMS

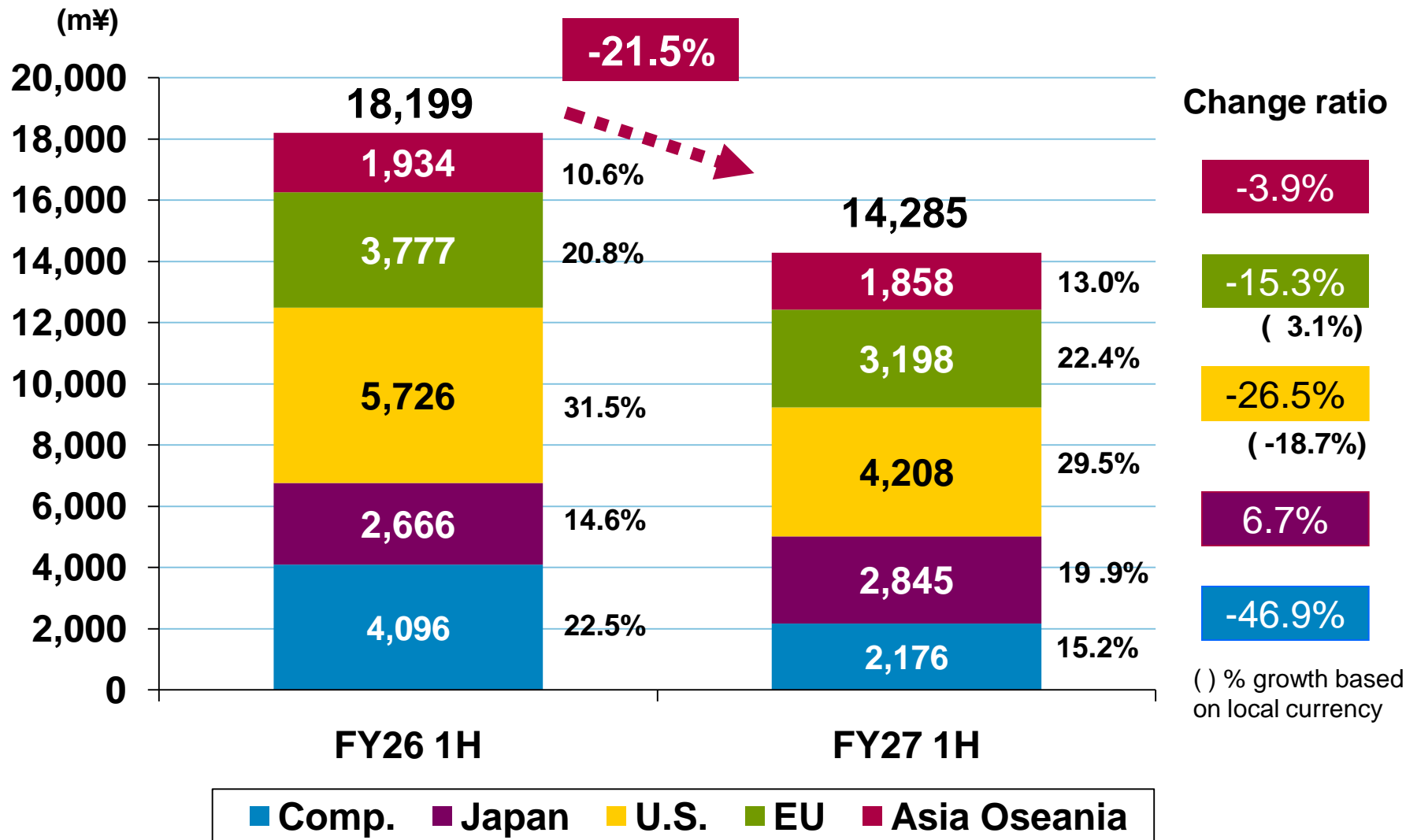
ESD Sales by Product Line



ESD Quarterly Trend by Product Line



ESD Sales by Region



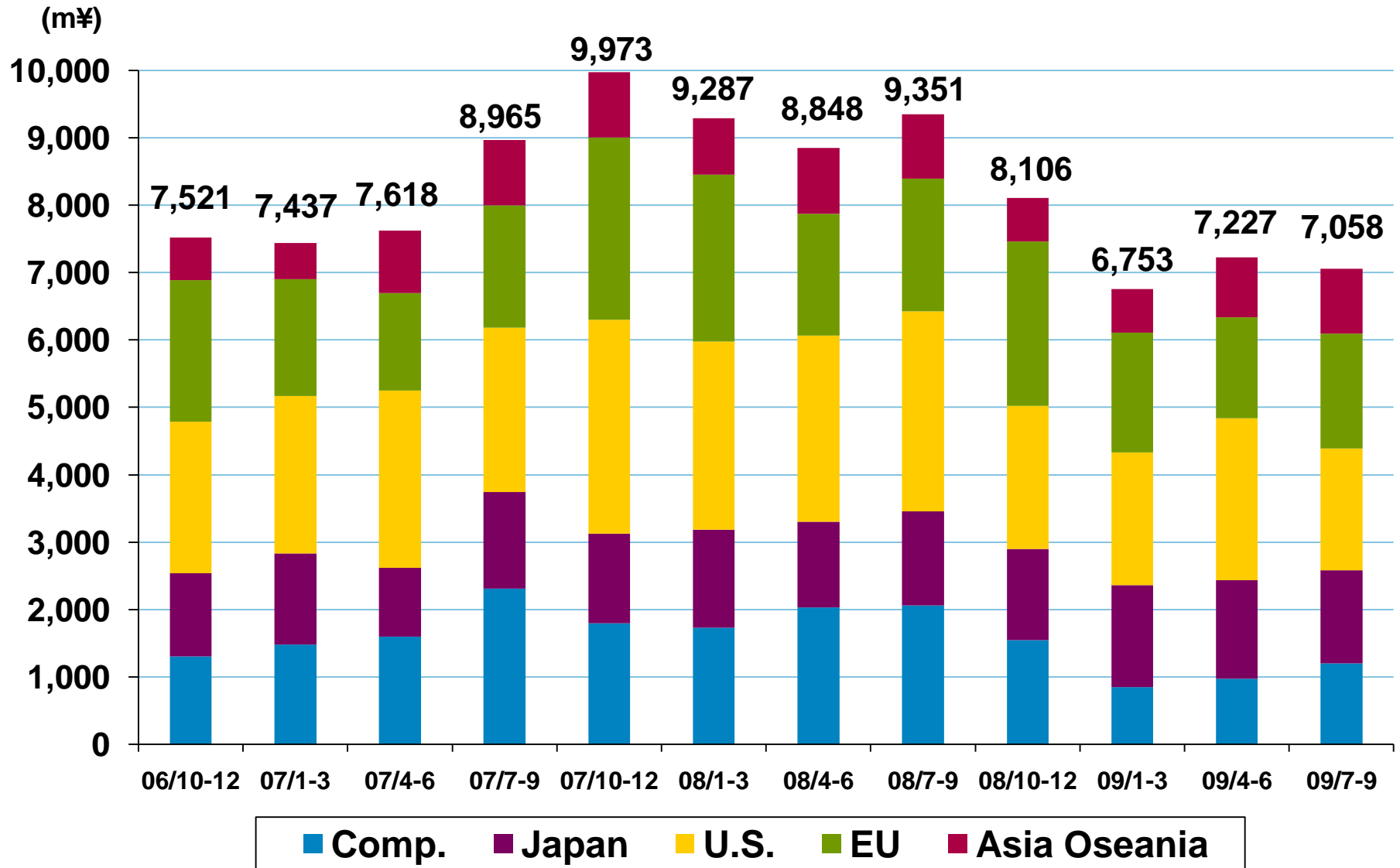
EU: German subsidiary is in charge of the market

ESD Sales by Region (for reference)

YOY Sales growth based on local currencies

- **US (USD)** **-18.7%**
- **EU (Euro)** **+3.1%**
- **China (CNY)** **+27.2%**
- **Korea (KRW)** **-5.2%**
- **Australia (AUD)** **+41.5%**
- **HK (USD)** **-9.1%**
- **Singapore and AP (USD)** **-18.6%**

ESD Quarterly Trend by Region



Consolidated B/S

(m¥)

	Mar. 31, 2009	Sep. 30, 2009	Change
Current assets	20,808	21,245	437
Fixed assets	4,823	5,075	252
Total assets	25,631	26,320	689
Current liabilities	6,867	8,183	1,316
Fixed liabilities	967	1,045	78
Total liabilities	7,835	9,228	1,394
Minority interest in consolidated subsidiaries	0	0	0
Net assets	17,796	17,092	-705
Total liabilities and Net assets	25,631	26,320	689
Equity ratio	69.4%	64.9%	-4.5%
Book value per share (¥)	44,303.37	42,542.29	-1,761.08

Consolidated B/S Highlight

- **Retained earnings:** **-JPY 396m**
JPY12,298m (End of FY08) ⇒ JPY11,902 m (End of FY09 1H)
- **Equity ratio:** **-4.5Pts**
69.4% (End of FY08) ⇒ 64.9% (End of FY09 1H)
- **Book value per share:** **-JPY 1,761**
JPY44,303 (End of FY08) ⇒ JPY42,542 (End of FY09 1H)
- **Total assets:** **+JPY 689m**
JPY 25,631m (End of FY08) ⇒ JPY 26,320m (End of FY09 1H)
 - Cash & Cash equivalents: -JPY 202m
JPY11,514m (End of FY08) ⇒ JPY 11,312m (End of FY09 1H)
 - Increase of notes and accounts receivable, other current assets for launching new products: +JPY 646m
 - Increase of intangible fixed assets for intellectual property and the next ERP systems: +JPY 361m

Consolidated C/F

(m¥)

	FY26 1H	FY27 1H	YoY Change
	'08/4- '08/9	'09/4- '09/9	Amount
C/F from operating activities	452	1,873	1,421
C/F from investing activities	-810	-663	147
C/F from financing activities	-824	-1,198	-374
Effect of change in exchange rate	59	-214	-273
Increase-decrease of cash & cash equivalent	-1,123	-202	921
Beginning balance of cash & cash equivalent	13,577	11,014	-2,563
Ending balance of cash and cash equivalent	12,454	10,812	-1,642

C/F from operating activities (m¥)

- Net profit before taxes 1,211
- Increase in notes and accounts payable 1,063
- Increase in notes and accounts receivable -755

C/F from investing activities

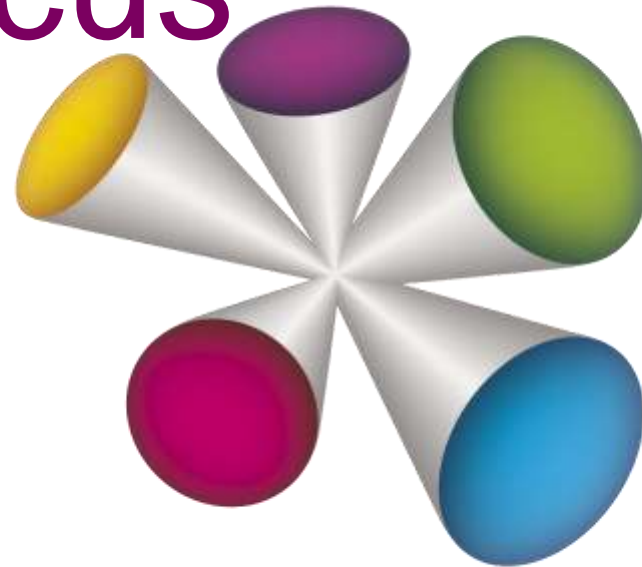
- Acquisition of fixed asset (ERP system, IP, mold etc.) -667

C/F from financing activities

- Dividends payment -1,199

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

Forecast of business results for FY27

(m¥)

	FY26		FY27		YoY
	2008/4-2009/3		2009/4-2010/3		Growth rate
Sales	33,809		35,500		5.0%
OP	4,311	12.8%	3,550	10.0%	-17.7%
RP	4,179	12.4%	3,500	9.9%	-16.2%
NP	2,579	7.6%	2,130	6.0%	-17.4%

	FY26 2H		FY27 2H		YoY
	2008/10-2009/3		2009/10-2010/3		Growth rate
Sales	15,214		21,022		38.2%
OP	1,756	11.5%	2,401	11.4%	36.7%
RP	1,648	10.8%	2,262	10.8%	37.3%
NP	1,006	6.6%	1,256	6.0%	24.9%

- Average FX rates are assumed to be JPY 90/USD, JPY130/EUR in 2H.
- There are no changes in the FY27 forecast released on May 8, 2009.

Assumptions for FY27 forecast

- **Business environment and outlook**

- Negative growth of global economy is expected for the first time in after WWII, and prolonged recession due to further decline of corporate investment and consumer spending
- 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.
- Expect to stimulate consumer demand by branding and added value in product. However, the demand will be influenced by consumer spending and channel trends
- Microsoft's new version OS, Windows7 will release on schedule, multi-touch will trigger new UI model for general adoption
- Success in containing the new influenza, and its limited impact on global economy

Dividend Forecast for FY27

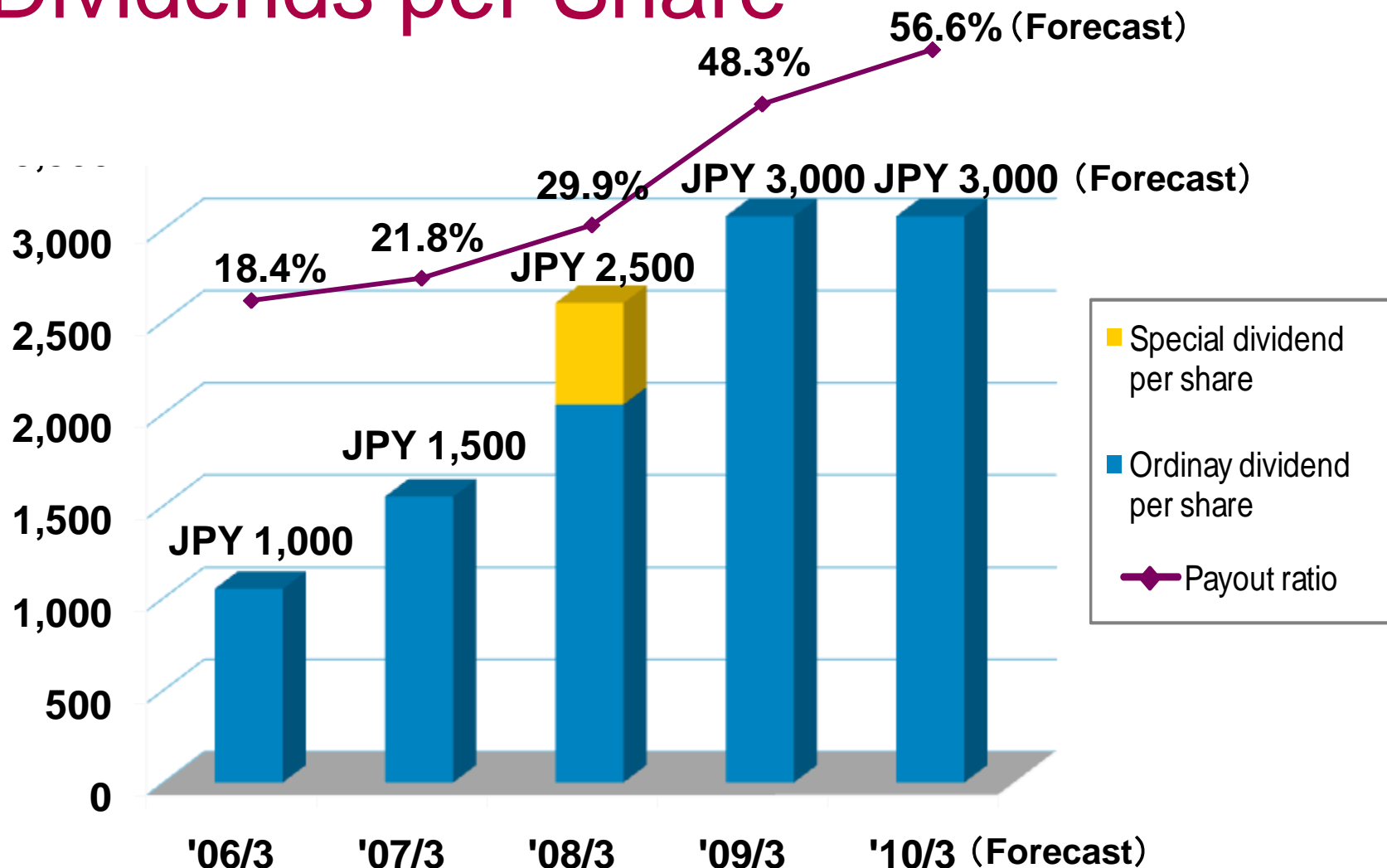
- **Dividend policy**

- 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/share
- Payout ratio 56.6% (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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