



Trend Micro Reports Results for 2007

Annual net sales sustained double-digit growth; in Q4, growth in sales for all regions while demand for consumer products increased in U.S. and APAC.

Tokyo, Japan – February 14, 2008 – Trend Micro Incorporated (TSE: 4704), a global leader in Internet content security, earnings results for the fourth quarter and consolidated revenue for fiscal year 2007, ending December 31, 2007.

For the fourth quarter, Trend Micro posted a record 26,213 million Yen (or U.S. \$231 million, 113.11JPY=1USD) in net sales, representing 13 percent growth in Yen year-over-year and 4 percent growth over the third quarter in Yen. Operating income for the quarter was 8,300 million Yen (or U.S. \$73 million) and net income was 5,227 million Yen (or U.S. \$46 million).

For 2007, Trend Micro posted record consolidated net sales of 99,805 million Yen (or U.S. \$848 million, 117.58JPY=1USD), representing an annual growth rate of 17 percent. The company also reported operating income of 33,476 million Yen (or U.S. \$284 million) and net income of 23,561 million Yen (or U.S. \$200 million). Revenues from products and services sold to enterprise, mid-sized, and small business customers worldwide comprised 74 percent of 2007 revenues; revenue from consumer products comprised the remaining 26 percent.

In the fourth quarter, Trend Micro continued to experience worldwide growth. In North America sales grew 21 percent annually while Europe saw a growth of 14 percent, year on year. In the Japan and Asia-Pacific regions, annual sales increased 8 and 12 percent, respectively.

“Trend Micro is a technology company that succeeds because of its employees and I am proud of our people who have led us to this year’s past achievements,” said Eva Chen, CEO. “Our customizable, multi-layered approach for inbound and outbound content security was enhanced through the introduction of products with Trend Micro Web reputation and in-the-cloud security Software-as-a-Service. The Provilla acquisition launched us into the data leak prevention and education. For 2008, Trend Micro will continue to battle the changing threat landscape with a service-oriented culture and a solution set whose main focus will always be the needs of our customers.”

Based on information currently available to the company, consolidated net sales for the first quarter ending March 31, 2008, is expected to be 25,100 million Yen (or U.S. \$239million, based on an exchange rate of 105 JPY = 1USD). Operating income and net income are expected to be 6,600 million Yen (or U.S. \$62 million) and 4,100 million Yen (or U.S. \$39 million), respectively.

Growth rate figures are calculated from Japanese Yen results. Some discrepancy may therefore be noted in US Dollar comparisons owing to fluctuations in currency conversion rates.

2007 Business Highlights

- The acquisition of Provilla, a data leak prevention company, extends Trend Micro's content security offering into the global DLP market with innovative new technology and products. With this acquisition, Trend Micro also announced its first data leak prevention solution: Trend Micro™ LeakProof™ 3.0.
- The acquisition of HijackThis, a popular freeware anti-spyware tool, complemented the launch of the beta version of TrendProtect, a new Web reputation service for consumers available at www.trendsecure.com. Since the introduction of the AnalyzeThis feature in HijackThis in March 2007, Trend Micro has analyzed over 1.7 million HijackThis logs. This ongoing analysis provides valuable information about new Web threats and the extent of malware infection in Windows PCs.
- Key components introduced to the Trend Micro Secure Content & Threat Management security solutions portfolio include: Trend Micro Web reputation and in-the-cloud technologies, as well as Software as a Service.

Awards and Recognition

Corporate

- Ranked among the top 30 information security companies by *SC Magazine UK*, Eva Chen profiled on its January 2008 cover.
- Positioned in the leader's quadrant within Gartner's "Endpoint Protection Platforms Magic Quadrant." (Gartner Magic Quadrants for Enterprise BI Suites and Platforms by B. Hostmann, et al. February 28, 2008.)¹
- Ranked No.10 in the Combined Score Ranking of the 2007 Nikkei Excellent Company Ranking, which evaluates companies in the Tokyo Exchange Market.
- Listed on the Dow Jones Sustainability Index for the fourth consecutive year.
- Received the prestigious Bravo! Award presented annually by consumer electronics retailer Best Buy.
- Received a 2007 Rising Star Award, presented by the Global Technology Distribution Council (GTDC) in recognition of the IT industry's fastest-growing manufacturers and publishers doing business with GTDC member distributors.

¹ Disclaimer: The Gartner Magic Quadrant is copyrighted February 28, 2008 by Gartner, Inc., and is reused with permission. The Magic Quadrant is a graphical representation of a marketplace at and for a specific time period. It depicts Gartner's analysis of how certain vendors measure against criteria for that marketplace, as defined by Gartner. Gartner does not endorse any vendor, product or service depicted in the Magic Quadrant, and does not advise technology users to select only those vendors placed in the "Leaders" quadrant. The Magic Quadrant is intended solely as a research tool, and is not meant to be a specific guide to action. Gartner disclaims all warranties, express or implied, with respect to this research, including any warranties of merchantability or fitness for a particular purpose.

- Eva Chen spoke at the Fortune iMeme: The Thinkers of Tech conference about a Web-threat outbreak that compromised thousands of tourism-related websites in Italy this summer.
- Earned a CRN 2007 Channel Champions award for Program & Support in the Client Security Software category in North America.
- Received the “Internet Security Top Provider” award in China from *NetAdmin World Magazine*, targeted to network supervisors of enterprises and institutions.

Products

- InterScan™ Messaging Security Suite, InterScan™ Gateway Security Appliance and InterScan™ Web Security Suite received the Checkmark Premium Level Certifications for anti-spam and URL filtering following independent testing performed by West Coast Labs.
- *Business Week* (November 2, 2007 issue) described Trend Micro Internet Security Pro as “a solid security program that strips off spyware, controls spam, and attacks adware and viruses.”
- A leading consumer testing magazine top-rated Trend Micro’s suite of consumer security solutions.
- TechTarget’s Information Security Magazine and SearchSecurity.com announced that Trend Micro AntiVirus plus AntiSpyware had been awarded the Information Security Readers Choice Silver Award in the Anti-malware category.
- Trend Micro InterScan Gateway Security Appliance received a rating of “Excellent” from the editors of *ZDNet UK*.
- An *SC Magazine* product review recognized Trend Micro InterScan Gateway Security Appliance with 5 stars and Best Buy award in an anti-malware management group test.

Products and Innovation

New products Trend Micro introduced during 2007 included the following:

- *Consumer:*

Trend Micro Total Web Security Service for PLAYSTATION® 3 is the first service built for a gaming system to block malicious Web sites through URL filtering and Web Reputation technology.

Trend Micro eMail ID, an anti-phishing tool, offers visual assurance to email users that emails are from legitimate senders.

Trend Micro announced the availability of Trend Micro OS Protection, a security enhancement package for Windows Vista™ users running Trend Micro Internet Security. The package consists of two enhancements, Trend Micro Firewall Booster and Trend Micro Pre-Startup Scan.

- *Small and Mid-sized Businesses:*

As part of its Total Web Threat Protection initiative, Trend Micro developed and integrated new URL filtering and Web reputation technology onto the following products and solutions for small to mid-sized companies: InterScan™ Web Security Appliance, InterScan™ Gateway Security Appliance, and NeatSuite™ Standard.

SecureCloud™ is Trend Micro's complete Software-as-a-Service Security platform that delivers messaging gateway security, hosted email security and botnet identification services.

Trend Micro Network VirusWall Enforcer, a second-generation Network Access Control (NAC) appliance, addresses the need for mid-market appliances that provide a combination of agent-less policy enforcement and anti-malware at the critical endpoints of the network.

- *Enterprise:*

Trend Micro ScanMail for Exchange continues to provide businesses proven protection against a multitude of email-borne threats. The solution now includes technology to protect against zero-day attacks, image spam and, for improved Web threat security, dedicated anti-spyware as well.

Trend Micro OfficeScan 8.0, now with host intrusion defense technology, is a comprehensive endpoint security solution encompassing antivirus, anti-spyware, firewall, and host intrusion defense which protects users with complementary and proactive protection from malicious attacks.

As part of its Total Web Threat Protection initiative, Trend Micro developed and integrated new URL filtering and Web reputation technology into the following enterprise products and solutions: NeatSuite Advanced and Trend Micro OfficeScan.

Trend Micro teamed with Crossbeam Systems to launch a next-generation content gateway solution for Web threat protection.

Trend Micro Mobile Security 5.0 protects enterprise data on mobile devices from loss or theft. Newly-added data encryption and authentication, along with firewall, intrusion detection and malware protection are all managed by a single console.

Patents

In 2007, Trend Micro was awarded the following patents:

- **U.S. Patent No. 7,188,369**, entitled "System and Method Having an Antivirus Virtual Scanning Processor with Plug-in Functionalities."
- **U.S. Patent No. 7,203,960**, entitled "Antivirus Method and System Guaranteeing a Maximum Delay for Streaming Data."
- **U.S. Patent No. 7,287,278**, entitled "Innoculation of Computing Devices Against a Selected Computer Virus."
- **U.S. Patent No. 7,308,493**, entitled "Task-Based Automatic Network Management System with Distributed Control and Management Information Base."

New customers in the fourth quarter include:

In **APAC** – The Revenue Department of Thailand and Hong Kong Broadband Limited.

In **China** - Faw-VW, Nixxia mobile and Zhejiang tobacco.

In **EMEA** - ATOS Origin, BT Global Services and Sofinco.

In **NABU** - Firstrade Securities, Inc., Spirit Telecom and Alliance for College-Ready Public Schools.

Notice Regarding Forward-looking Statements

Certain statements that we make in this release are forward-looking statements. These forward-looking statements are based upon management's current assumptions and beliefs in light of the information currently available to it, but involve known and unknown risks and uncertainties. Many important factors could cause our actual results to differ materially from those expressed in our forward-looking statements. These factors include:

- Difficulties in addressing new virus and other computer security problems
- Timing of new product introductions and lack of market acceptance for our new products
- The level of continuing demand for, and timing of sales of, our existing products
- Rapid technological change within the antivirus software industry
- Changes in customer needs for antivirus software
- Existing products and new product introductions by our competitors and the pricing of those products
- Declining prices for products and services
- The effect of future acquisitions on our financial condition and results of operations
- The effect of adverse economic trends on our principal markets
- The effect of foreign exchange fluctuations on our results of operations
 - * An increase in the incidence of product returns

- The potential lack of attractive investment targets and
- Difficulties in successfully executing our investment strategy

We assume no obligation to update any forward-looking statements. For more details regarding risk factors relating to our future performance, please refer to our filings with the U.S. Securities and Exchange Commission.

About Trend Micro:

Trend Micro, a global leader in Internet content security, focuses on securing the exchange of digital information for businesses and consumers. A pioneer and industry vanguard, Trend Micro is advancing integrated threat management technology to protect operational continuity, personal information, and property from malware, spam, data leaks and the newest Web threats. Its flexible solutions, available in multiple form factors, are supported 24/7 by threat intelligence experts around the globe. A transnational company, with headquarters in Tokyo, Trend Micro's trusted security solutions are sold through its business partners worldwide.

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