



## **Trend Micro Notice Relating to Allocation of Stock Options to Directors of the Company** **(Stock Acquisition Rights)**

**TOKYO, Japan, June 30, 2011** -- Trend Micro Incorporated (TSE: 4704), a global cloud security leader, today at a meeting of its Board of Directors determined the details of stock acquisition rights to be issued as stock options.

And this buyback program approved pursuant to a resolution adopted at a meeting of the Board of Directors held on May 11, 2011 has finished today

### **1. Reason for the issuance of stock acquisition rights (the “Options”):**

The Company issues Options to directors of the Company for the purpose of linking the Company’s stock price to the their interest and thereby strengthening their motivation and moral to improve performance of the Trend Micro Group which we believe would lead to the development of business focusing on shareholders’ interests and the enhancement of shareholder value.

### **2. Terms and conditions of the Options:**

(1) Number of individuals who will be allotted the stock acquisition rights and number of stock acquisition rights to be

Directors of the Company: 3 persons, a total of 1,497

total: 3 persons, a total of 1,497

If the number of individuals who offer to subscribe for the Options or the number of the Options does not reach the number as stated above, the Company shall allot only such number of the Options to such number of individuals.

(2) Class of shares to be issued upon exercise of the Options and number of shares to be issued upon exercise of the Options:

Ordinary shares of the Company 149,700shares

(The number of the Option Shares shall be 100 shares per one (1) Option)

The number of shares to be issued upon exercise of the Options (the “**Option Shares**”) scheduled to be allotted shall be the number as stated above, and if the total number of the Options to be allotted decreases (due to the reason that no offer for subscription is made), shall be the total number of the Options to be allotted (i.e. the Options to be issued) multiplied by 100 shares per Option.

In the event of stock split or consolidation, the number of the Option Shares shall be adjusted using the following formula; *provided*, however, that such adjustment shall be made only in respect of the number of the

Option Shares which are not exercised at that time and any fractions less than one (1) share resulting from such adjustment shall be disregarded.

$$\begin{array}{ccccc} \text{Number of Shares} & & & & \\ \text{after Adjustment} & = & \text{Number of Shares} & \times & \text{Split/Consolidation} \\ & & \text{before Adjustment} & & \text{Ratio} \end{array}$$

In addition to the above, if it becomes necessary to adjust the number of Option Shares after the date of allotment of the Options then the Company may also make necessary adjustment of the number of the Option Shares to the reasonable extent.

(3) Aggregate number of the Options to be issued:

1,497 in aggregate

4) The amount or the calculation method of payment for the Options:

Payment of money is not necessary, however, the Options shall not be issued on the specifically advantageous conditions.

(5) The amount or the calculation method of assets to be contributed upon exercise of each Option:

The amount of assets to be contributed upon exercise of each Option shall be the amount of each share delivered upon exercise of the Options (the "Exercise Price") multiplied by the number of the Option Shares.

The Exercise Price shall be the closing price of the ordinary shares of the Company established through regular transactions reported by the Tokyo Stock Exchange on the date when the Options will be allotted or the immediately preceding date of such date if there is no trading on such date. In the event of stock split or consolidation occurring after the date of allotment of the Options, the Exercise Price shall be adjusted using the following formula and any fractions less than one (1) yen resulting from such adjustment shall be rounded up.

$$\begin{array}{ccccc} \text{Exercise Price} & & & & \\ \text{after} & = & \text{Exercise Price} & \times & \frac{1}{\text{Split/Consolidation Ratio}} \\ \text{Adjustment} & & \text{before} & & \\ & & \text{Adjustment} & & \end{array}$$

In the event of issuance of new shares or disposition of treasury stock at a price less than the market price (excluding the exercise of the Options and conversion of securities to be converted or convertible into ordinary shares of the Company), then the Exercise Price shall be adjusted using the following formula and any fractions less than one (1) yen resulting from such adjustment shall be rounded up.

$$\begin{array}{rcccl}
 \text{Exercise Price after Adjustment} & = & \text{Exercise Price before Adjustment} & \times & \frac{\text{Number of Shares issued and outstanding} + \text{Number of Shares newly issued}}{\text{Share Price before new issue}} \\
 & & & & \frac{\text{Number of Shares issued and outstanding} + \text{Number of Shares newly issued}}{\text{Number of Shares newly issued}}
 \end{array}$$

In the formula above, “Number of Shares issued and outstanding” shall mean the number calculated by the number of outstanding shares less the number of treasury stock held by the Company and in the event of the disposition of treasury stock, “Number of Shares newly issued” shall be read as “Number of Treasury Stock disposed” and “Share Price before new issue” shall be read as “Share Price before disposition”.

In addition to the above, in the event of merger or split-off of the Company occurring after the date of allotment of the Options, the Company may also adjust the Exercise Price to a reasonable extent in the similar manner upon resolution of the board of directors.

(6) Exercise period of the Options:

From July 15, 2012 to July 14, 2016

(7) Conditions on the exercise of the Options:

- (a) If the person having the Options (the “**Optionee**”) loses its position as a director, corporate auditor, employee of, staff seconded to or advisor of the Company or its subsidiary (hereinafter in this clause referred to as the “**Prior Position**”), such Optionee may exercise the Options only during a period of forty-five (45) days from the day on which such Optionee loses its Prior Position. In addition, if the Optionee loses its Prior Position for the reason of incapacity due to physical disability, etc., such Optionee may exercise the Options only during a period of six (6) months from the day on which such Optionee loses its Prior Position. However, the Optionee may exercise the Option during a period of two (2) years from the date of termination if the Board of Directors of the Company deems the Optionee has made a positive contribution to the Company; provided, however, that the provision of this clause being in violation of any forcible laws of the country in which the Optionee resides.
- (b) In the event of death of the Optionee, then the successor(s) of the Optionee may, upon making necessary arrangement for the succession of the Options within six (6) months of the Optionee’s death, exercise the succeeded Options only during a period of such six (6) months. However, the successor(s) of the Optionee may exercise the Option during a period of two (2) years from the date of death of the Optionee if the Board of Directors of the Company deems such Optionee has made a positive contribution to the Company; provided, however, that the provision of this clause being in violation of any forcible laws of the country in which the Optionee resides.
- (c) The Options may not be exercised if any pledge or other security interest is established or created thereon.

(8) The amount of capital and additional paid-in capital increased upon issuance of shares by exercise of the Options:

The amount of the increase of capital shall be 50% of the maximum increase amount of capital, etc. as calculated according to the Company Accounting Regulations, Article 17, Paragraph 1, with any fraction of less than one (1) yen being rounded up. The remaining amount shall be accounted for as additional paid-in capital.

(9) Matters regarding acquisition of the Options:

- (a) In the event of the approval of the contract of merger or amalgamation for the Company to become an extinct company, or the approval by the general meeting of shareholders of the agenda (if the approval of the general meeting of shareholders is not required, then with the approval of the Board of Directors) with respect to the approval of the contract of stock exchange or the share transfer for the Company to become a wholly-owned subsidiary, then the Company may acquire the Options without any consideration on the date as the Board of Directors may from time to time decides.
- (b) The Company may acquire all or a part of the Options without any consideration on the date as the Board of Directors may from time to time decides. The Options to be withdrawn shall be the Options which cease to be exercised in accordance with sub-clauses (a) and (b) of clause (7) above.

(10) Restriction on the acquisition of the Options by way of transfer:

Acquisition of the Options by way of transfer requires approval of the Board of Directors.

(11) Treatment of the Option upon Restructuring:

Upon merger (only if the Company is merged), divestiture (*kyushu bunkatsu*), corporate split (*shinsetsu bunkatsu*), share exchange or share transfer (collectively, the “**Restructuring**”) by the Company, the Company shall issue the Option of *kabushiki kaisha* described in Article 236, paragraph 1, item 8, (a) through (e) of the Company Law (the “**Restructuring Company**”) to holders of the Options outstanding as of the effective date of the Restructuring (the “**Outstanding SAR**”) under the following conditions. In such a case, the Outstanding SAR shall be extinguished and the Restructuring Company shall issue new the Options; provided, however, that the issue of the Options of the Restructuring Company under the following conditions shall be provided for in merger agreement, divestiture agreement, corporate split agreement, share exchange agreement or share transfer plan.

- (a) Number of the Options of the Restructuring Company to be issued  
The number equal to the number of the Options held by the holders of the Outstanding SAR.
- (b) Class of shares of the Restructuring Company to be issued upon exercise of the Options  
Ordinary shares of the Restructuring Company.
- (c) Number of shares of the Restructuring Company to be issued upon exercise of the Options  
To be determined pursuant to (2) above in consideration of conditions of the Restructuring.
- (d) Amount of assets to be contributed upon exercise of each Option  
The amount of assets to be contributed upon exercise of each Option to be issued shall be the product of the payable amount after the restructuring which is calculated by adjusting the Exercise Price specified in (5) above and the number of shares of the Restructuring Company delivered upon exercise of the Options determined pursuant to (c) above in consideration of the conditions of the Restructuring.
- (e) Exercise period of the Options  
The period from the later of the commencement date of exercise period of the Options specified in (6)

above and the effective date of the Restructuring to the expiration date of exercise period of the Options specified in (6) above.

- (f) Conditions on the exercise of the Options  
To be determined pursuant to (7) above
- (g) Matters regarding the amount of capital and additional paid-in capital increased upon issuance of shares by exercise of the Options  
To be determined pursuant to (8) above.
- (h) Matter regarding acquisition of the Options  
To be determined pursuant to (9) above.
- (i) Restriction on the acquisition of the Options by way of transfer  
Acquisition of the Options by way of transfer requires approval by a resolution of the Board of Directors (if the Restructuring Company is not a company with the board of directors, Directors) of the Restructuring Company.

(12) Date of allotment of the Options: July 15, 2011

(13) Treatment of the issuance of the Options certificates: The Options certificates will not be issued.

### **About Trend Micro**

Trend Micro Incorporated (TSE: 4704), a global cloud security leader, creates a world safe for exchanging digital information with its Internet content security and threat management solutions for businesses and consumers. A pioneer in server security with over 20 years' experience, we deliver top-ranked client, server and cloud-based security that fits our customers' and partners' needs, stops new threats faster, and protects data in physical, virtualized and cloud environments. Powered by the [Trend Micro™ Smart Protection Network™](#) cloud security infrastructure, our industry-leading cloud-computing security technology, products and services stop threats where they emerge, on the Internet, and are supported by 1,000+ threat intelligence experts around the globe.

Additional information about Trend Micro Incorporated and the products and services are available at [Trend Micro.com](#) This Trend Micro news release and other announcements are available at <http://trendmicro.mediaroom.com/> and as part of an RSS feed at [www.trendmicro.com/rss](http://www.trendmicro.com/rss) Or follow our news on Twitter at [@TrendMicro](#).

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