Trend Micro Enterprise Protection Strategy

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TREND MICRO™

Trend Micro
FY2007. 1Q Results

Mahendra Negi
COO / CFO , Representative Director

April 26, 2007

Forward Looking Statements

Certain Statements that we make in this presentation 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 anti-virus software industry;**
- **changes in customer needs for anti-virus software;**
- **existing products and new product introductions by our competitors and the pricing of those products;**
- **declining prices for our 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.

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FY2007 1Q Financial Highlight

Consolidated Results

(in million Yen) (unaudited)

Three months ended Mar 31,	1Q2006		1Q2007		YoY growth
Net sales	20,778		23,252		12%
Cost of sales	3,679		4,429		20%
Operating expenses	8,570		12,195		42%
Operating income *(Margin)*	8,529	*(41%)*	6,628	*(29%)*	- 22%
Income before taxes	8,877		7,511		- 15%
Net Income	5,145		4,347		- 16%

(In accordance with US GAAP)

Amount of contracts concluded

Bookings	22,915	27,663	21%

(Non-GAAP)

- *If one time payment income (1,766M) for 1Q2006 is not included*
- *If we use an "average deferral ratio" for 1Q2006 and reply it to 1Q2007, for expediency's sake*

Net sales	20,778	25,084	21%
Operating income	6,763	8,460	25%

(Non-GAAP)

If currency exchange rates used for 1Q2006 were used for 1Q2007

Net sales	20,778	22,390	8%

** The JPY amount for 1Q2007 shown above has been calculated by applying to each foreign currency net sales amount for 1Q2007 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 1Q2006 into a JPY net sales amount for U.S. GAAP reporting purposes.*

(Non-GAAP)

Comparison of Consolidated results before / after Amendment

※ In spite of restating Q1 and Q3 in 2006, There is No impact to both Annual results and Semi-Annual results (restated) we had announced in February 2006.

Comparison of Consolidated results before / after change for each quarter in FY 2006

(in million Yen) (unaudited)

		Q1	Q2	Q3	Q4	FY 2006
Before	Net Sales	20,594	20,631	21,002	23,386	85,614
	Cost of sales	3,679	3,826	3,886	4,503	15,894
	Operating expenses	8,569	10,892	11,005	12,178	42,644
	Operating income	8,346	5,913	6,111	6,705	27,076
	Net income before income taxes	8,694	6,076	6,904	7,881	29,556
	Net income	4,954	3,431	3,822	5,030	17,236
After	Net Sales	20,778	20,447	21,156	23,232	85,614
	Cost of sales	3,679	3,826	3,886	4,503	15,894
	Operating expenses	8,570	10,891	11,022	12,161	42,644
	Operating income	8,529	5,730	6,249	6,568	27,076
	Net income before income taxes	8,877	5,893	7,042	7,744	29,556
	Net income	5,145	3,240	3,896	4,956	17,236

(Non-GAAP)

Delisting from NASDAQ in the U.S.

We're planning to delist our ADR from NADAQ on May 31, 2007 (local time)

(Reason)

- ***The benefit of dual listing is minimal***
  (low volume of trading, no research coverage, no need to access US capital market, etc.)
- ***Costs to maintain NASDAQ listing is increasing***
  (The cost of compliance, etc.)
- ***To focus on better disclosure under one single disclosure requirement***
  (to avoid confusion between U.S. SEC and Tokyo Stock Exchange requirements, to reduce the management cost related to disclosure)

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USD based Results (Non-GAAP)

Three months ended Mar 31,	1Q2006	1Q2007	YoY change
			(unaudited) (in thousand USD)
Net sales	181,215	194,954	8%
Cost of sales	32,090	37,137	16%
Operating expenses	74,740	102,244	37%
Operating income	74,386	55,573	- 25%
Income before taxes	77,424	62,974	- 19%
Net Income	44,871	36,447	- 19%
			(Non-GAAP)

For each of the quarters shown in the table above, JPY U.S. GAAP amounts have been converted to USD amounts using the exchange rates of USD=114.66 JPY for 1Q2006 and 1 USD =119.27 JPY for 1Q2007, respectively, which are the respective weighted average exchange rates used to convert USD net sales to JPY for these quarters.

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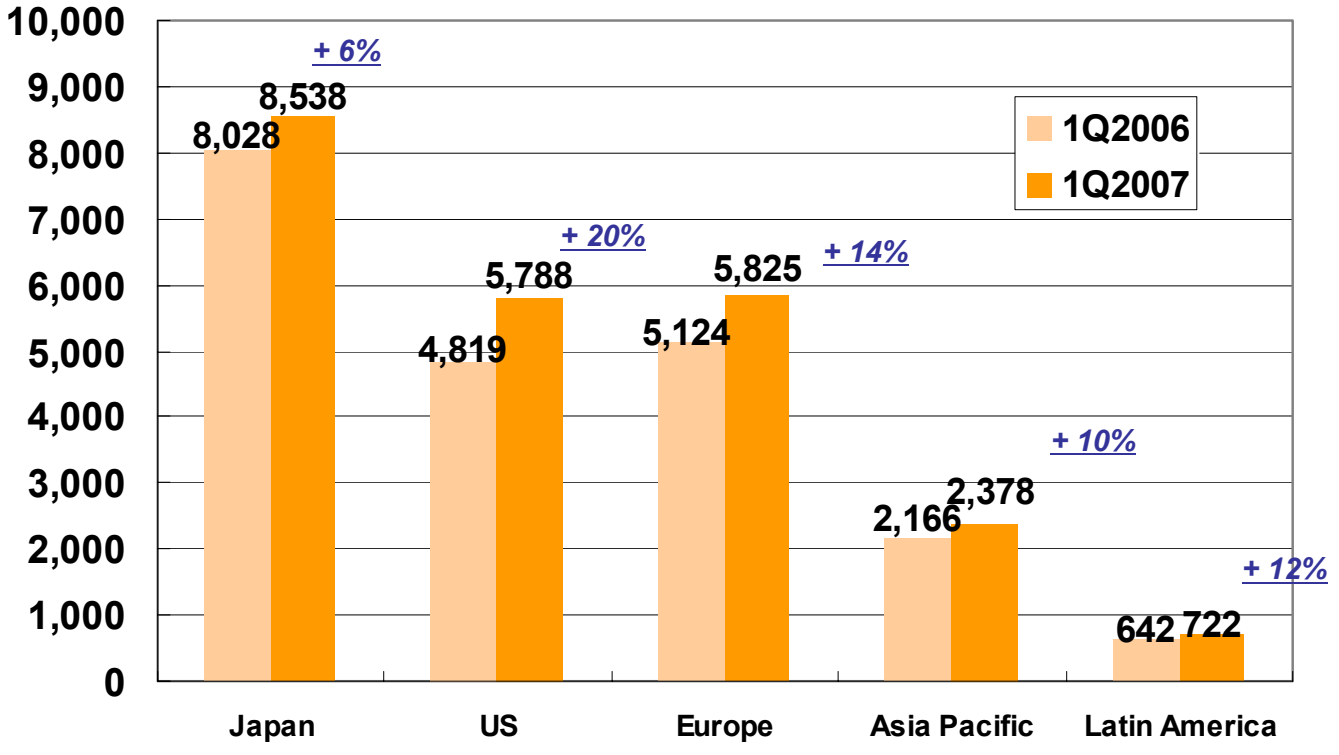
Net Sales Growth by Region

(in million Yen)

(unaudited)



(In accordance with US GAAP)

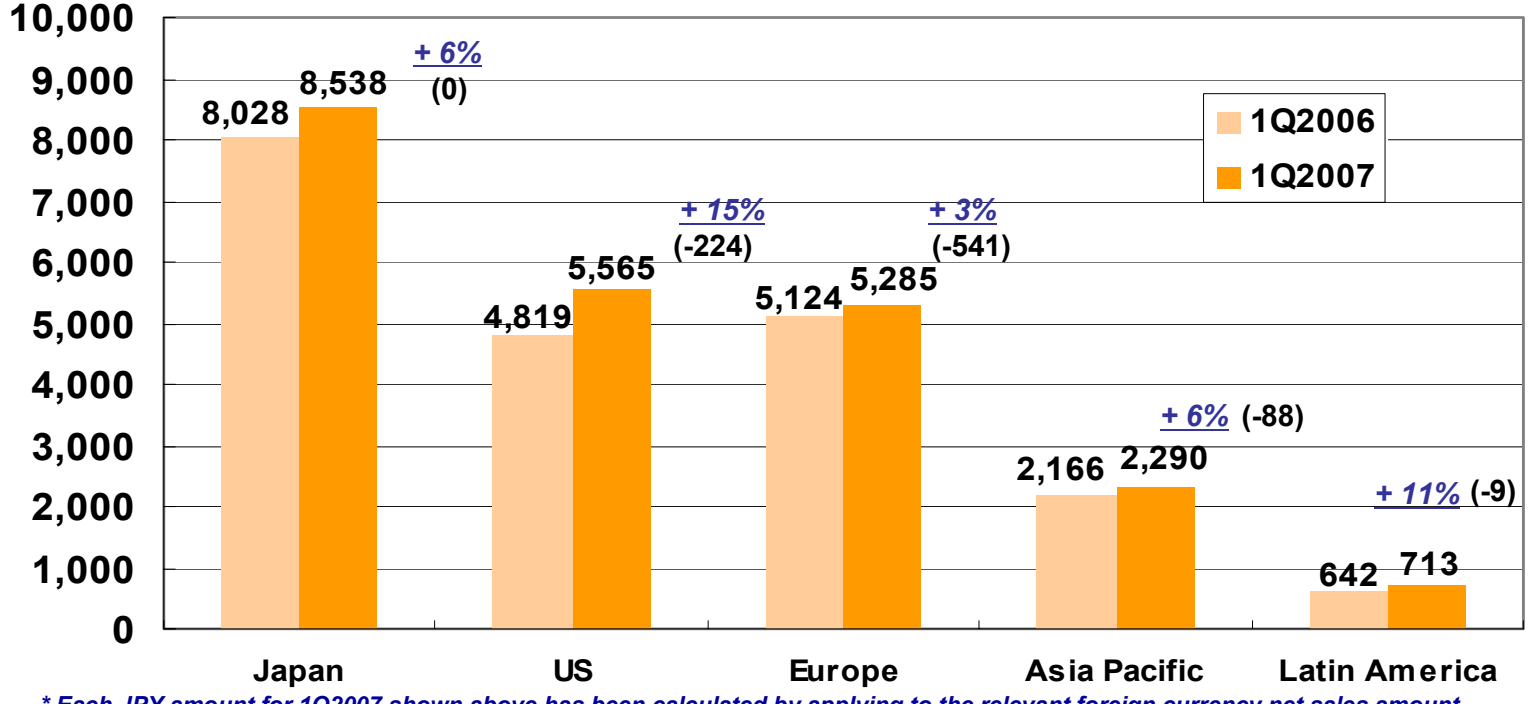
Net Sales Growth by Region

If currency exchange rates used for 1Q2006 were used for 1Q2007:

(unaudited)

(in million Yen)

**** ( ) : difference from GAAP base***



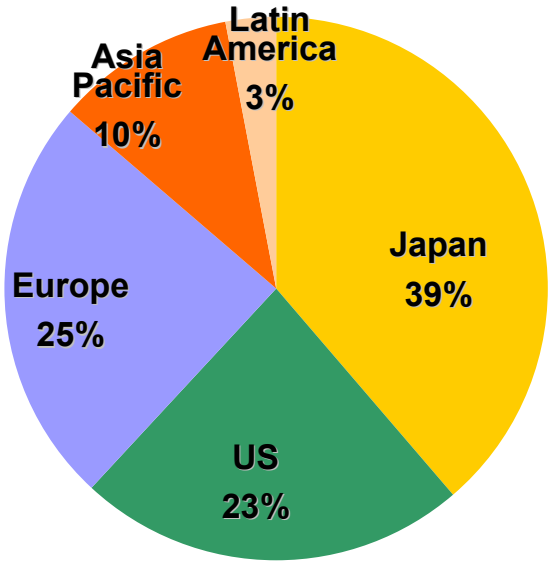
** Each JPY amount for 1Q2007 shown above has been calculated by applying to the relevant foreign currency net sales amount for 1Q2007 the weighted average exchange rate between such foreign currency and JPY that was used to convert the net sales amount denominated in such foreign currency for 1Q2006 into a JPY net sales amount for U.S. GAAP reporting purposes. Net sales in Europe were all reported in Euro. Net sales in Asia Pacific and Latin America were reported in more than one foreign currency.*

% share by region

(unaudited)

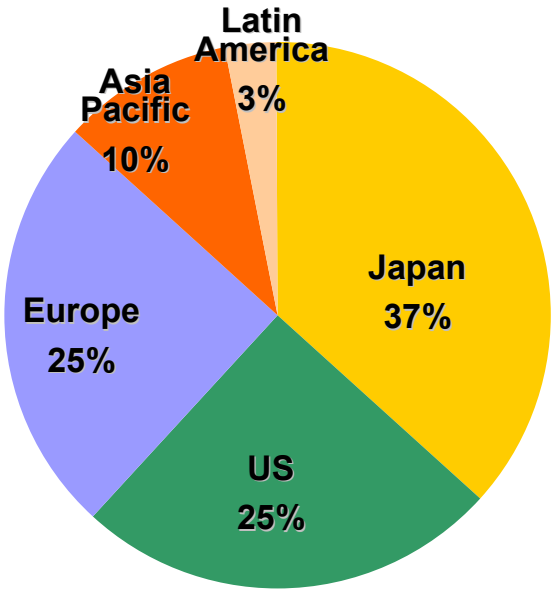
1Q2006

20,778 million Yen



1Q2007

23,252 million Yen

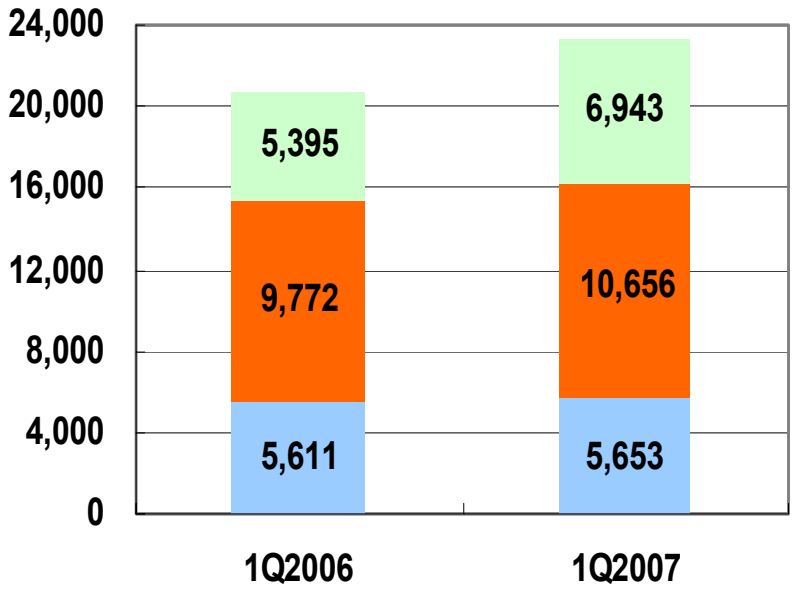


(In accordance with US GAAP)

Sales by Segment

(unaudited)

(in million Yen)



YoY growth

Large Enterprise	+ 29%
Small & Medium	+ 9%
Consumer	+ 1%

(Non-GAAP)

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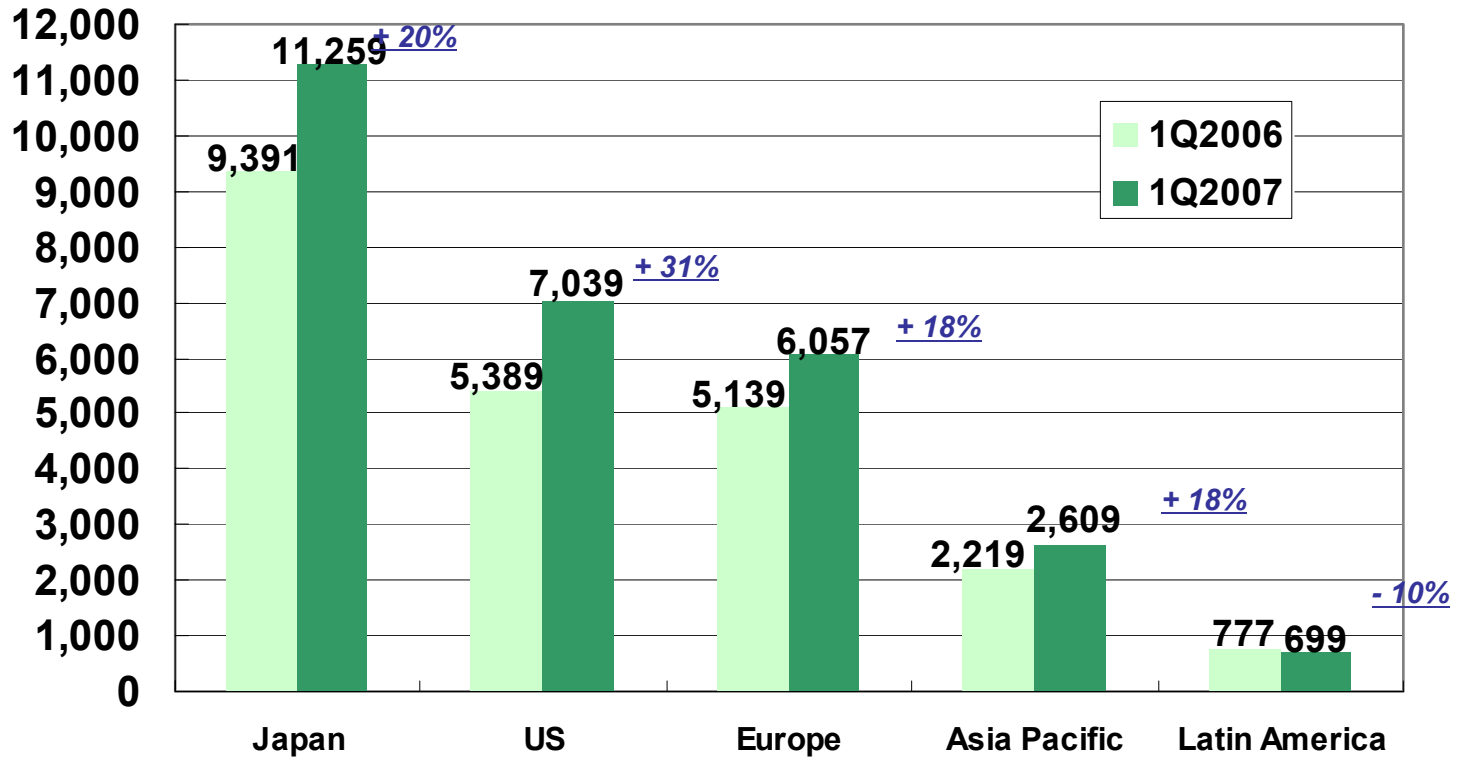
Bookings (Amount of contracts concluded)

(in million Yen)

(unaudited)



* *"Bookings" means amount of contracts concluded.*

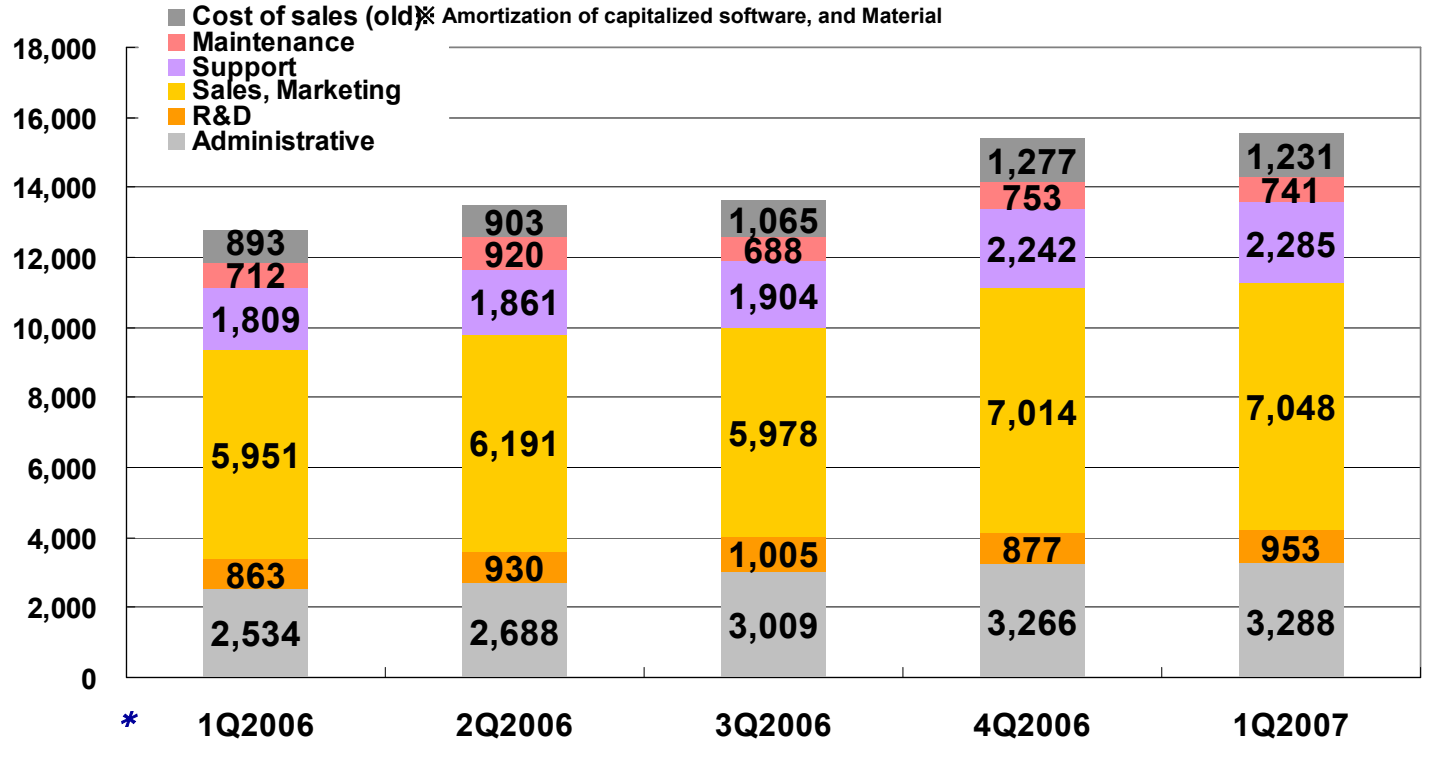
(Non-GAAP)

Cost of sales & Operating expenses

(excluding stock option expenses effects)

(in million Yen)

(unaudited)



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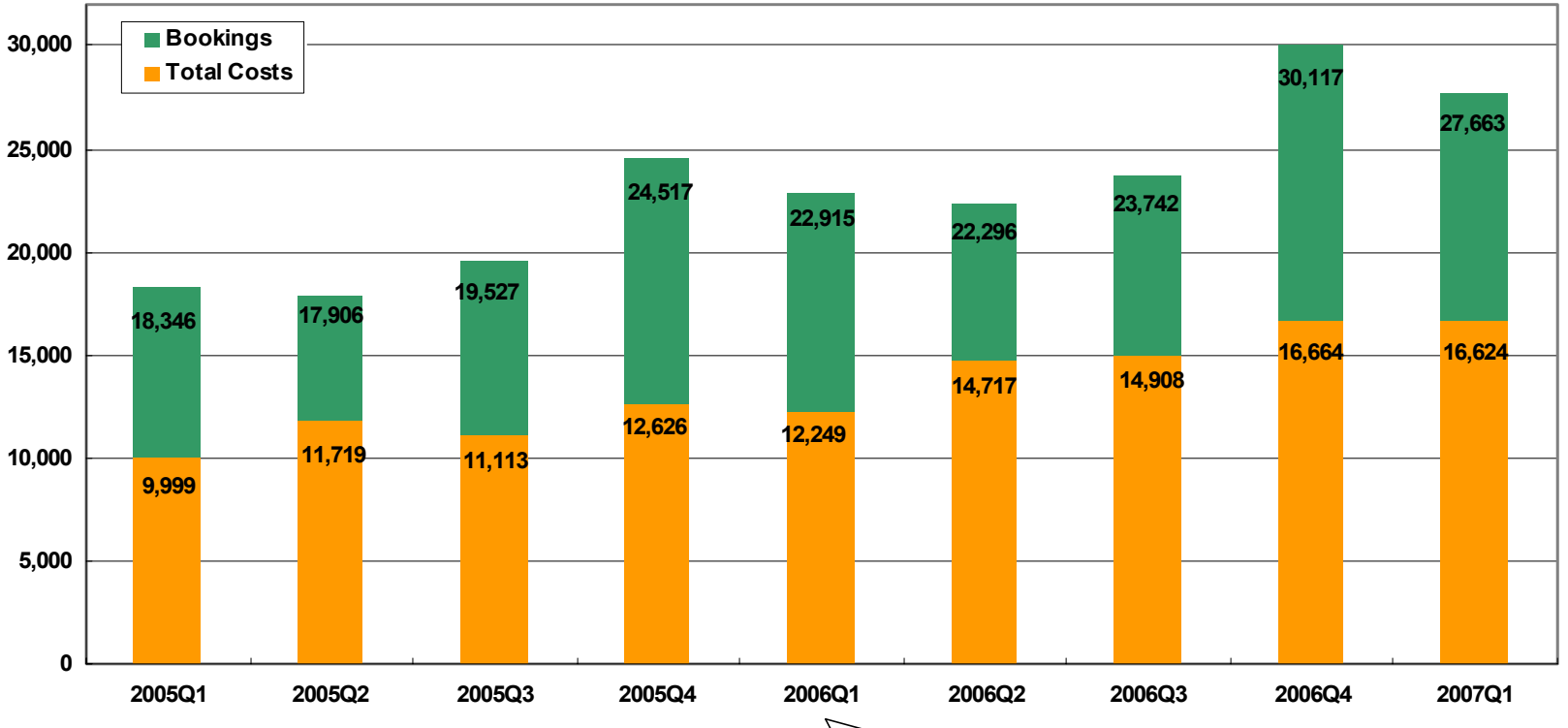
** Excluding one time payment (receipt) 1,766 million Yen for 1Q2006*

(Non-GAAP)

Bookings vs Total costs

(in million Yen) (unaudited)



* *"Total costs" means COGS + SGA.*

(Non-GAAP)

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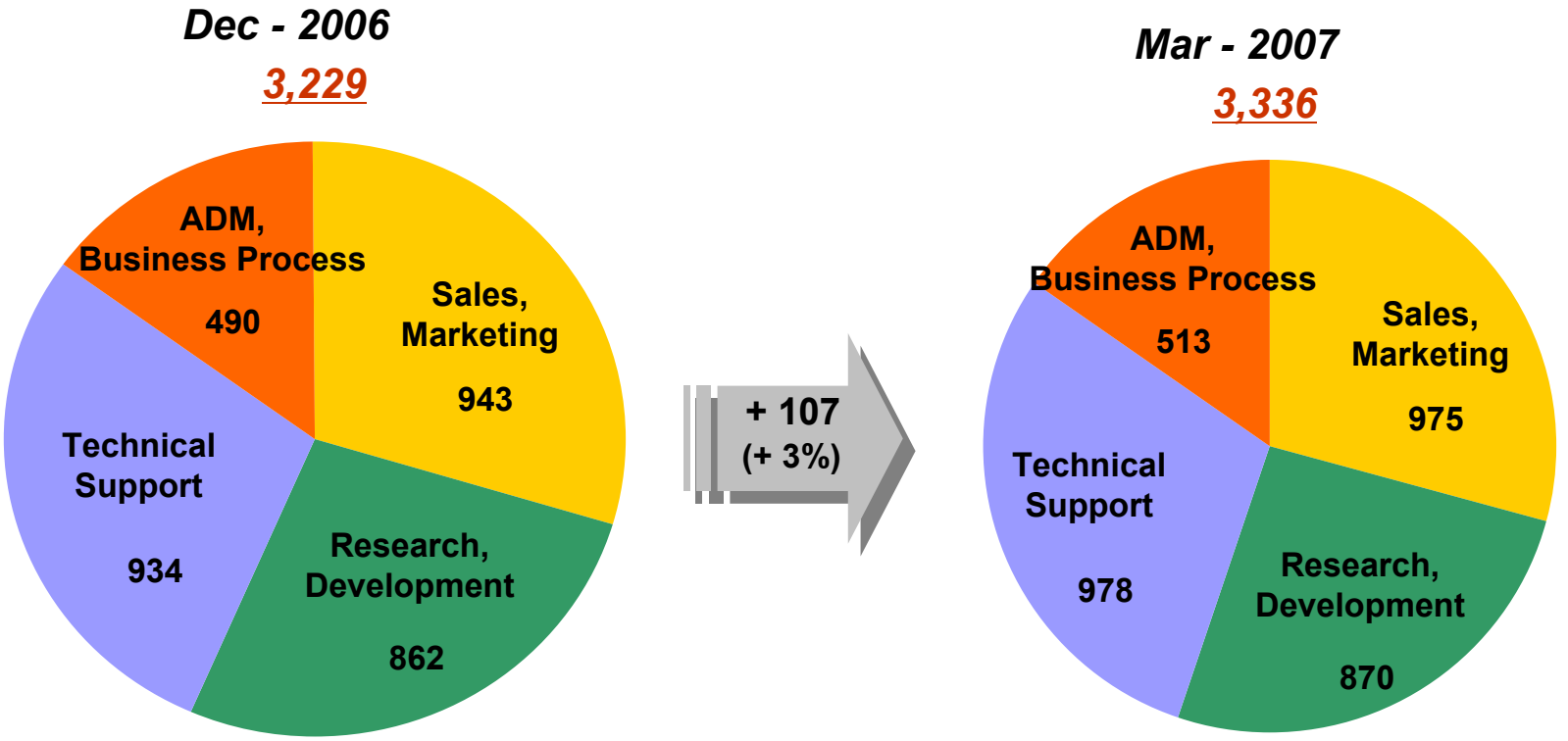
Q1 Highlights

- *Good growth in North America, increasing market share*
- *Good growth in Large Enterprise segment*

Q1 Lowlights

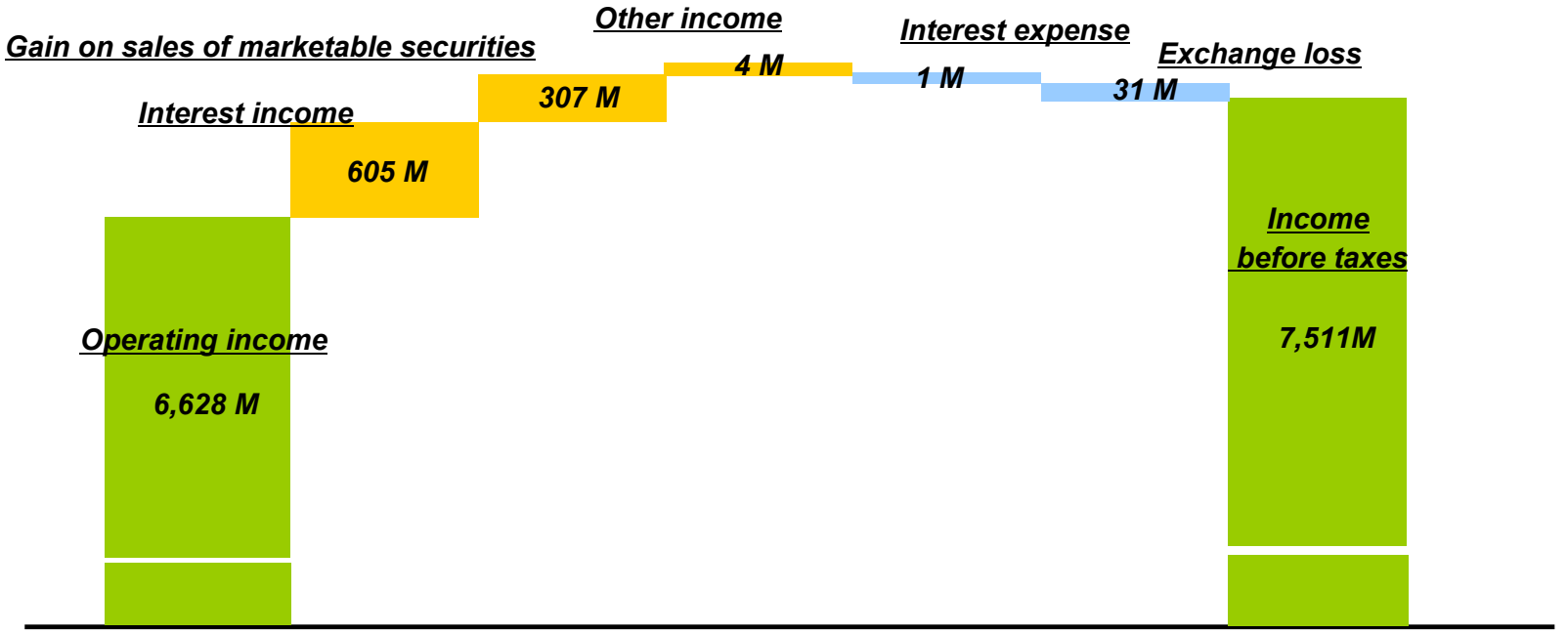
- *Lower than expected growth in SMB*
- *Lower than expected growth in EMEA*

Headcount



Non-operating Items

(unaudited)



(In accordance with US GAAP)

Balance Sheet

(unaudited)

(in million Yen)

	Dec-2006	change	Mar-2007
Assets			
Cash & cash equivalents	76,197	- 8,978	67,219
Account receivable (less allowance for doubtful accounts and sales returns)	19,924	+ 481	20,405
Marketable securities & Securities investments	42,154	+ 1,338	43,492
Liabilities			
Deferred revenue (total of current and long-term)	52,775	+ 4,411	57,186
Shareholders' Equity			
Common Stock & Additional paid in capital	38,235	+ 1,178	39,413
Treasury Stock	- 14,167	- 1,484	- 15,651

(In accordance with US GAAP)

Q2 forecast assumptions

- *North America to grow higher than average, Japan and EMEA growth rate same.*
- *SMB business growth to recover*
- *Stock option expenses will be 1.2Bn yen*
- *Estimated exchange rate: 1USD = 117yen*
  1EUR = 159yen

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Projection for 2Q2007

(unaudited)

	For 2Q2007 Apr - Jun, 2007	Expected YoY growth
		(in million Yen)
Net Sales	22,500	10%
Operating Income	5,300	- 8%
Net Income	3,000	- 7%

- Including stock option expense（about 1,176M Yen）

(In accordance with US GAAP)

Amount of contracts concluded

Bookings	26,000	17%	(Non-GAAP)

Thank you!

Appendix

Quarterly Chart (1)

(unaudited)

(in million Yen)

	FY2006				FY2006			
	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Net sales	20,778	20,447	21,156	23,232	23,252			
Cost of sales	3,679	3,826	3,886	4,503	4,429			
Operating expenses	8,570	10,891	11,022	12,161	12,195			
Operating income	8,529	5,730	6,249	6,568	6,628			
Net income	5,145	3,240	3,896	4,956	4,347			
(COGS and SG&A)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Amortization of capitalized software, and Material	893	903	1,065	1,277	1,231			
Maintenance	712	920	688	753	741			
Support	1,809	1,861	1,904	2,242	2,285			
Sells, Marketing	5,951	6,191	5,978	7,014	7,048			
R&D	863	930	1,005	877	953			
Admin, etc.	2,534	2,688	3,009	3,266	3,288			
Stock Option expenses	1,253	1,224	1,260	1,235	1,076			
One time payment income	-1,766							
Total	12,249	14,717	14,908	16,664	16,624			

Appendix

Quarterly Chart (2)

(unaudited)

(in million Yen)

	FY2006				FY2007			
(Sales by region)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Japan	8,028	8,128	8,315	8,777	8,538			
US	4,819	4,249	4,897	5,330	5,788			
Europe	5,124	5,134	5,119	5,774	5,825			
Asia Pacific	2,166	2,270	2,178	2,535	2,378			
Latin America	642	667	647	816	722			
Total	20,778	20,447	21,156	23,232	23,252			
(Sales by segment)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Enterprise	5,395	5,782	6,261	7,302	6,943			
Small & Medium	9,772	9,842	9,952	10,733	10,656			
Consumer	5,611	4,823	4,944	5,196	5,653			
Total	20,778	20,447	21,156	23,232	23,252			
(Bookings by region)	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Japan	9,391	8,390	9,027	9,636	11,259			
US	5,389	5,327	6,972	7,430	7,039			
Europe	5,139	5,426	4,742	8,969	6,057			
Asia Pacific	2,219	2,514	2,383	3,003	2,609			
Latin America	777	638	618	1,079	699			
Total	22,915	22,296	23,742	30,117	27,663			

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** "Bookings" means amount of contracts concluded.*