



**Notice of the Issuance of the Bonds with Subscription Warrants pursuant to the
"Incentive Plan"**

TOKYO, Japan, May 8, 2001 -- Trend Micro Inc. (NASDAQ:TMIC, Tokyo TSE:4704), a leading provider of antivirus and Internet content security software, today adopted the following resolutions regarding the issuance of the bonds with subscription warrants at the meeting of the Board of Directors of the Company held on May 8, 2001.

Pursuant to the Company's "Incentive Plan for the Year 2001," the purpose of the issuance of the bonds with subscription warrants is to grant the subscription warrants to certain directors and employees of the Company as well as to the officers and certain employees of the Company's subsidiaries.

The summary of the issuance of the bonds with subscription warrants is as follows.

Trend Micro Incorporated

The Summary of the Issuance of the Seventh Unsecured Bonds with Subscription Warrants

1. Name of the bonds

Trend Micro Incorporated Seventh Unsecured Bonds with Subscription Warrants

2. Total amount of bonds to be issued

1.5 billion yen

3. Price of each bond

1 million yen

4. Type of bond

Only bearer type

5. Price of bond at issue

Undecided (It will be decided at the meeting of the Board of Directors to be held between May 16, 2001 and May 18, 2001).

(Of which, the bond issue price shall be 100 yen. As a tentative rule, subscription warrant issue price shall be 8 to 13 yen, and it will be decided at the meeting of the Board of Directors to be held between May 16, 2001 and May 18, 2001).

6. Interest rate

Undecided (As a tentative rule, it shall be 1.0% to 2.0% per year. It will be decided at the meeting of the Board of Directors to be held between May 16, 2001 and May 18, 2001).

7. Redemption price

100 yen par value of 100 yen

8. Term of redemption

June 4, 2004

9. Application period

From May 21, 2001 until May 31, 2001

10. Date of payment

June 4, 2001

11. Subscription method

Daiwa Securities SMBC Co., Ltd. shall purchase the total amount.

12. Security, guarantee

There is no collateral or guarantee, and there is no asset serving as a back up for the bonds.

13. Special agreements

"Negative Pledge," "Net profit maintenance," and "Switching bond type from unsecured to secured."

14. Cancellation of the purchase

From the day after the date of the issuance, as long as the total value of the shares that can be obtained by then unexercised subscription warrants does not exceed the total value of the outstanding bonds, cancellation of the purchase of the bonds is allowed.

15. Method and period of interest payment

1. From the day after the date of the issuance until the redemption date, the interests will be paid first on December 4, 2001 for all the interest payments due by then, and from thereafter, six-months worth of interest will be paid on every June 4 and December 4.
2. If the banks are closed on the day when interests are to be paid, then, the date of interest payment shall be moved to the prior bank business day.
3. When paying less-than-six-months worth of interests, interests should be calculated according to the calendar.
4. No interest will be paid after the redemption date.

16. Place where principal and interest shall be paid

The Toyo Trust and Banking Co., Ltd., Head Office

Daiwa Securities SMBC Co., Ltd., Head Office and Osaka Branch

Daiwa Securities Co., Ltd., Head Office and Osaka Branch

17. Underwriting company

Daiwa Securities SMBC Co., Ltd.

18. Regarding subscription warrants

1. Ratio of the bond to the share obtained by the subscription warrant

For every 1 million yen par value bond price, total issue price of par value shares of common stock issuable upon exercise of the subscription warrant shall be granted 100%. Each subscription warrant certificate represents the right to obtain 1 million yen worth of new shares.

2. Total amount of the issue price of shares issuable upon exercise of the subscription warrants

1.5 billion yen

3. Type of shares issuable upon exercise of the subscription warrant

Par value shares of common stock of the Company (par value per share: 50 yen)

Unless the shares issued by the Company are to be non par value shares of common stock, in which case non par value shares shall be issued.

4. Conditions of exercise of the subscription warrants

Issue price per share ("exercise price") of shares issuable upon exercise of the subscription warrants is undecided. (As a tentative rule, the exercise price shall be the amount which is the closing price per share of the shares of common stock of the Company on the Tokyo Stock Exchange on the day on which the exercise price is decided (if no closing price is reported on such day, the closing price of the immediately preceding such day should be used). It will be decided at the meeting of the Board of Directors to be held between May 16, 2001 and May 18, 2001).

Number of shares issuable upon exercise of the subscription warrant is as follows:

fraction less than one share shall be disregarded. The adjustment of the exercise price will take the market-price format.

5. Exercise period of the subscription warrants:

From May 17, 2002 through May 28, 2004. If bond acceleration occurs, no subscription warrant may be exercised thereafter.

6. Partial exercise of the subscription warrant

No subscription warrant may be partially exercised.

7. Transfer of the subscription warrants

Subscription warrant detachable from the bond can be transferred. However, pursuant to the Company's and/or its subsidiary's memorandum, the Company's directors and employees as well as the subsidiary's directors and employees cannot transfer the subscription warrants.

8. The portion of the issue price of the shares to be issued upon exercise of the subscription warrant which will not be transferred to stated capital

The balance of the exercise price (if adjusted pursuant to 18(4) above, the adjusted exercise price) remaining after deduction of the amount to be transferred to stated capital. The amount to be transferred to stated capital shall mean an amount obtained by multiplying the exercise price (if adjusted pursuant to 18(4) above, the adjusted exercise price) by 0.5, with any fraction of one yen occurring as a result of such calculation to be rounded up to a full yen. However, the amount to be so transferred to stated capital for each such share shall not be below the par value of a share of the par value common stock of the Company.

9. Payment in kind

Not applicable

10. Effectiveness of exercise of the subscription warrants

The exercise of the subscription warrants shall become effective if the certificate evidencing the relevant subscription warrant, documents required for exercise of the subscription warrant and cash payment reach the place for handling payments.

11. Dividends payable on shares to be issued upon exercise of the subscription warrants

Any annual dividend or interim dividend payable on shares issuable upon exercise of the subscription warrants with respect to the Dividend Accrual Period (as defined below), during which the relevant date of exercise falls, shall be paid for the full Dividend Accrual Period as if the exercise had taken effect at the beginning of such Dividend Accrual Period. The "Dividend Accrual Period" means each six-month period ending on June 30 and December 31 in each year.

12. Place for accepting the request for exercise of the subscription warrant

The registered head office of the Company

13. Place for handling payments resulting from exercise of the subscription warrant

The registered head office of The Toyo Trust and Banking Co., Ltd.

14. Method of delivery of share certificates

Share certificates will be delivered by the corporate agency department of The Toyo Trust and Banking Co., Ltd. as soon as after the relevant subscription warrant is exercised. No certificates will be issued for any fractional shares.

19. Registration agency

The Toyo Trust and Banking Co., Ltd.

20. Any other matters required for the issuance of the Bonds of Subscription Warrants will be decided at a meeting of the Company's board of directors to be held hereafter and entrusted to the representative director of the Company.

21. The subscription warrants to be issued by the Company will be fully repurchased by the Company from Daiwa Securities SMBC Co., Ltd. Then, they will be partly granted to certain directors of the Company as part of director compensations and partly offered to certain employees of the Company and to the Company's subsidiaries.

Offering of Subscription Warrants for Sale

1. Name of certificates

Trend Micro Incorporated Subscription Warrants (Seventh)

2. Holder of certificates to be sold

Trend Micro Incorporated

3. Number of certificates to be sold

1,420

4. Minimum unit for application

One certificate

5. Period during which applications will be accepted

From May 21, 2001 through May 31, 2001

(This period has been tentatively fixed but subject to formal decision to be made on the date when the offering price will be decided. The Company expects to monitor the demand for the certificates to be sold during three days from May 16, 2001 to May 18, 2001 and may advance the beginning date of this period, in which case the period will be from May 17, 2001 to May 31, 2001.)

6. Date of delivery

June 5, 2001

7. Place where applications will be accepted

At the holder of certificates as stated in 2 above

8. Miscellaneous

- (1) Offering price per certificate, the aggregate offering prices and other details will be decided at the meeting of the Board of Directors to be held between May 16, 2001 and May 18, 2001.
- (2) This offer for sale will be made to certain employees of the Company and to the Company's subsidiaries.

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 Or follow our news on Twitter at [@TrendMicro](#).

Information

Mr. Mahendra Negi

Chief Operating Officer / Chief Financial Officer / IR Officer

Phone: +813-5334-4899

Fax: +813-5334-4874

ir@trendmicro.co.jp