

Trend Micro Notice Relating to Remuneration, etc. in the form of stock options of directors

TOKYO, Japan, February 21, 2007 -- Trend Micro Inc. (NASDAQ:TMIC, TSE:4704), a leader in network antivirus and Internet content security software and services, today resolved at a meeting of its Board of Directors to obtain an authorization by shareholder resolution to be adopted at the 18th ordinary General Meeting of Shareholders scheduled to be held on March 27, 2007, for the Remuneration, etc. in the form of stock options of directors, as discussed under the agenda below.

1. Reason for Proposal

The Company issues Options to directors for the purpose of linking the Company's stock price to the directors' 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.

We will maintain the number of Options to be issued within appropriate range in consideration of the balance between such number and profitability of the Company as well as payout ratio.

It was resolved at the ordinary general meeting of shareholders held on March 11, 1999 that the annual remuneration, etc. of directors would be 1 billion yen or less, and the rules have been applicable up to the present. However, upon recent enforcement of the Company Law, the stock acquisition rights granted to company officers as stock options have been determined to be included in their remuneration, etc., and we would like to revise the annual remuneration, etc. of directors including remuneration, etc. in the form of stock options to 800 million yen or less (of which outside director receives 10 million yen or less per year). We would also like to ask the shareholders' to approve on the grant of stock acquisition rights to directors (other than outside director) in the following terms and conditions.

Please note that the amount of remuneration, etc. of directors (other than outsider director) and the details thereof have been determined taking into consideration the recent payment records, fair appraisal value of the stock acquisition rights granted to directors other than outside director as stock options (as calculated by multiplying the fair unit value of the stock acquisition right per share calculated using Black-Scholes model based on the Company's stock price, by the total number of stock acquisition rights to be allocated) and the effect of such stock options as an incentive to improve performance of Trend Micro Group.

Please also note that the remuneration, etc. of directors does not include, as before, employees' salaries payable to directors who also serve as employees.

There are currently four directors (including one outside director) and four corporate auditors, which numbers will not change even if Agenda relating to Election of four Directors will be approved and resolved as originally proposed at the 18th ordinary General Meeting of Shareholders scheduled to be held on March 27, 2007.

2. Terms of Conditions

1. Class of shares to be issued upon exercise of the Options:

Ordinary shares of the Company

2. Number of shares to be issued upon exercise of the Options:

The aggregate number of shares to be issued upon exercise of the Options during the period of one year from the date of the ordinary general meeting of shareholders of each fiscal year shall be up to 255,000 ordinary shares of the Company.

In the event of stock split or consolidation, the number of shares to be issued upon exercise of the Options (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.

$$\text{Number of Shares after Adjustment} = \frac{\text{Number of Shares before Adjustment}}{\text{Split/Consolidation Ratio}} \times \text{Split/Consolidation Ratio}$$

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:

Up to 510 in aggregate (The number of the Option Shares shall be 500 shares per one (1) Option; provided, however, that if the adjustment in clause (2) above has been made, it shall also be adjusted accordingly.)

4. Amount 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.

$$\text{Exercise Price after Adjustment} = \text{Exercise Price before Adjustment} \times \frac{1}{\text{Split/Consolidation Ratio}}$$

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 (including those attached to the bonds with stock acquisition rights), exercise of the subscription rights pursuant to the provision of Article 280-19 of the Commercial Code prior to the amendment on April 1, 2002 (including the subscription rights in connection with the bonds with subscription rights pursuant to the provision of Article 341-8 thereof) 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.

$$\text{Exercise Price after Adjustment} = \text{Exercise Price before Adjustment} \times \frac{\text{Number of Shares issued and outstanding} + \frac{\text{Number of Shares newly issued} \times \text{Subscription Price per share}}{\text{Share Price before new issue}}}{\text{Number of Shares issued and outstanding} + \text{Number of Shares newly issued}}$$

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.

5. Exercise period of the Options:

Within four (4) years from the date on which one (1) year has passed from the day immediately following the date of allotment of the Options

6. 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 unless there is a special reason, which the Board of Directors of the Company deems valid, such as 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 unless there is a special reason, which the Board of Directors of the Company deems valid, such as the provision of this clause being in violation of any forcible laws of the country in which the Optionee resides.
- (c) If there is any provision restricting the exercise of the Options for the period set forth in (5) above in the "Share Acquisition Right Grant Agreement" to be entered into between the Company and any person subject to the allocation according to the resolution of this general meeting of shareholders and the Board of Directors, then the Optionees shall exercise the Options in accordance with such provision.
- (d) The Options may not be exercised if any pledge or other security interest is established or created thereon.
- (e) Any other condition shall be provided for in the "Share Acquisition Right Grant Agreement". The Company may, upon grant of the Options, enter into the "Share Acquisition Right Grant Agreement" with the conditions (a) through (d) more restricting the Optionees.

7. 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.

8. The Board of Directors determining the terms of offering of the Options shall provide any other details of issue of the Options.

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](http://trendmicro.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](https://twitter.com/TrendMicro).

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