



Trend Micro Notice Relating to Entering into Cost Sharing Arrangement

Trend Micro (TSE: 4704; the “Parent Company”), a leader in network antivirus and Internet content security software and services, today determined to enter into the cost sharing agreement with consolidated subsidiaries as follows.

1. Purpose

Trend Micro as the parent company currently has been bearing the entire cost for creating Trend Micro group's material intangibles and related expenses (intangible creating and related costs). On the other hand, most of research and development activities of software for sales, which create the core of Trend Micro group intangibles, are conducting in overseas subsidiaries, and also the aggregated net sales amount of overseas subsidiaries has accounted for over 60% of consolidated net sales. Under this circumstance, which only the parent company has borne the intangible creating and related costs, we, Trend Micro, have considered that it is more reasonable that some overseas subsidiaries also bear certain portion of the intangible creating and related costs.

Thus, since January 2010 we will split Trend Micro affiliates into four regions, and the representative companies of four regions (participants) will enter into the cost sharing agreement which aims to share the intangible creating and related costs among the participants.

<Representative Companies of Four Regions>

U.S. and Latin America region	Trend Micro Incorporated (subsidiary in US)
Europe region	Trend Micro Ireland Limited(subsidiary in Ireland)
APAC region	Trend Micro Australia Pty.(subsidiary in Australia)
Japan region	Trend Micro Inc. (parent company)

2. Outline

- Each participant will bear the intangible creating and related costs in the proportion of the aggregated operating income (excluding profit from inter-company transactions) of affiliates in its region to the consolidated operating income.
- Each participant will have a part of the economic ownership of intangibles which will be developed after 2010 (new intangible) depending on the cost sharing proportion.
- The parent company will continue to hold the entire ownership of intangibles developed before 2009 (pre-existing intangible). The economic value of pre-existing intangible will remain for certain period of time after 2010.

- Each participant will grant to affiliates in its region the right to use intangibles (the license for sales of Trend Micro products) which involves new and pre-existing intangibles.
- The participants other than Japan region will pay to the parent company the royalty for using pre-existing intangible which will be licensed by the participants to affiliates.
- The existing royalty agreements and the entrustment agreements between the parent company and oversea subsidiaries will be revised or canceled accordingly.

3. Impact on financial results

Anticipated financial impact to consolidated and non-consolidated in current fiscal year 2009

The cost sharing agreement will be introduced in the fiscal year ending December 31, 2010. Thus, there will be no impact to both consolidated and non-consolidated earnings of the fiscal year ending December 31, 2009.

Anticipated financial impact to non-consolidated in next fiscal year 2010

In next fiscal term, a decrease in the burden of the intangible creating and related costs is expected. On the other hand, royalty sales of pre-existing intangible from the participants other than Japan region will be replaced by royalty sales of product license from subsidiaries which distribute Trend Micro products in overseas market. As the result, a decrease in royalty sales is expected.

As it is currently difficult to predict figure out both decreases in net sales and costs which will be greatly affected by each region's operating results and others in next fiscal term, it is anticipated that at the parent company level there will be an approximately 5 billion JPY decrease in net sales, and approximately 10 billion JPY decrease in sales costs based on past trend through several years. As the result, increase roughly around 5 billion JPY into operating income is expected.

Anticipated financial impact to consolidated in next fiscal year 2010

The introduction of cost sharing agreement shall impact to only inter-company transactions among the parent company and affiliates. It means that there is no impact to the consolidated earnings of net sales, operating income, and ordinary income. On the other hand, transferring of profit among the participants is expected, and that will effect the consolidated effective tax rate, because the respective participants' effective tax rates are different. Regard to next fiscal year 2010, we expect the parent company will mark large increases in profit. On the other hand, the profits of the participants other than Japan region are expected to be negative. As the result, the consolidated effective tax rate is expecting to slightly increase.

Regard to after next fiscal year 2010, the consolidated effective rate is expected to be more reflected by respective participants' effective tax rates than it has been until the fiscal year 2009, though the impact on the tax rate will move in tandem with operating results of respective regional affiliates.

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.

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