



Trend Micro Notice Relating to Issue Stock Acquisition Rights as stock-based remuneration to Directors and Employees of the Company and Directors and Employees of its Subsidiaries (Stock Acquisition Rights)

TOKYO, Japan, February 16, 2012 -- Trend Micro Incorporated (TSE: 4704), a global cloud security leader, hereby announces that at the meeting of the Board of Directors held on February 16, 2012, the Company resolved to propose an agenda to the 23rd Ordinary General Meeting of Shareholders which will be held on March 27, 2012, to issue Stock Acquisition Rights as stock-based remuneration and to give the Company's Board of Directors the authority to issue Stock Acquisition Rights as stock-based remuneration to Directors and Employees of the Company and Directors and Employees of its Subsidiaries. See below for details.

1. Reason for Necessity of Issuing the Stock Acquisition Rights (the “Options”) on Preferential Terms and Conditions:

The Company issues the stock options as stock-based remuneration to the Directors and Employees of the Company and Directors and Employees of its Subsidiaries, for the purposes of linking the Company's stock price to their interest and thereby further 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, as well as for sharing with shareholders not only a stock appreciation incentive linked to improved results but also the risk of stock price volatility.

2. The maximum number of the Options to be issued:

The maximum number of the Options to be issued under the conditions described in 4. below shall be 22,000 units.

The maximum number of shares to be issued upon exercise of the Options shall be 2,200,000 ordinary shares of the Company, and if the Number of Shares Granted subject to Options is adjusted as provided for in 4. (2) below, the maximum number of shares to be issued shall be the number obtained by multiplying the above mentioned maximum number of the Options by the adjusted number of shares in connection with the Options.

3. The amount or the calculation method of payment for the Options:

Payment of money is not necessary.

4. Details of the Options:

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

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.

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

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

(3) Amount of assets to be contributed upon exercise of each Option or calculation method thereof

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, which is one (1) yen, multiplied by the number of the Option Shares.

(4) Exercise period of the Options

Five (5) years from the day immediately following the date of allotment of the Options

(5) Conditions on the exercise of the Options

- (i) If a 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 two (2) years from the day on which such Optionee loses its Prior Position if the board of directors of the Company recognizes that the Optionee made a high standard of contributions to the Company, or otherwise only during a period of six (6) months from the day on which such Optionee loses its Prior Position.

In addition, upon the occurrence of the event specified by the Company’s board as the one that, in light of the purpose of granting the stock acquisition rights, would make it inappropriate for a holder of the rights to exercise them, e.g. where the holder commits a material breach of laws and regulations or the Company’s articles of Incorporation or internal rules (such events including, but not limited to, the holder being convicted of a criminal offence, the holder being liable for damages against the Company under Article 423 of the Companies Act, the holder being dismissed due to poor work performance or behaviour that caused disturbance to business, the holder resigning from the company under instruction by the employer and the holder being dismissed under a disciplinary action), such holder shall not be entitled to exercise the stock acquisition rights. If the provisions of this paragraph conflict with any compulsory provisions applicable in the country of residence of the holder, this paragraph shall not apply to the extent that such conflict arise.

- (ii) If the Optionee dies after the exercise period of the Options set forth in clause (5) above expires, the heir(s) of the Optionee may, upon making necessary arrangement for the inheritance of the Options specified by the Company within six (6) months of the Optionee's death, exercise the succeeded Options only during a period of two (2) years from the day on which such Optionee dies if the board of directors of the Company recognizes that the deceased Optionee made a high standard of contributions to the Company, or otherwise only during a period of six (6) month from the day on which such Optionee dies. If the provisions of this paragraph conflict with any compulsory provisions applicable in the country of residence of the holder, this paragraph shall not apply to the extent that such conflict arises.
- (iii) The Options may not be exercised if any pledge or other security interest is established or created thereon.

(6) 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.

(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) 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 decide. The Options to be withdrawn shall be the Options which cease to be exercised in accordance with clause (5) above.

(9) 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 (3) 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 (4) above and the effective date of the Restructuring to the expiration date of exercise period of the Options specified in (4) above.
- (f) Conditions on the exercise of the Options
To be determined pursuant to (5) 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 (6) above.
- (h) Matter regarding acquisition of the Options
To be determined pursuant to (8) 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.

(10) 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 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