

For reference (Translation in English)

January 30, 2013

Wacom Co., Ltd.

Representative: Masahiko Yamada, CEO

(Company Code: 6727 TSE1)

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**Re: Announcement of capital and business alliance with  
Samsung Electronics Co., Ltd. and Samsung Asia Pte. Ltd.,  
and related sale of treasury shares through a third party allocation  
transaction**

The board of directors of Wacom Co., Ltd. (“Wacom” or the “company”) at a meeting of the board of directors held on 30 January 2013 approved the signing of a capital and business alliance agreement with Samsung Electronics Co., Ltd. (“Samsung Electronics”) and Samsung Asia Pte. Ltd. (“Samsung Asia”), a wholly-owned subsidiary of Samsung Electronics. The board also approved a related sale of treasury shares through a third party allocation (the “sale of treasury shares”).

I. Overview of the capital and business alliance

1. Purpose of the capital and business alliance

Since its founding, Wacom’s aim has been to bring people and technology closer together to inspire greater creativity. Wacom currently sells tablet products in 60 countries in North America, South America, Europe, Asia, the Middle East, and Africa. Wacom’s products are used by a wide-range of users around the globe, and the company’s share of the Japanese pen tablet market is estimated at 92.3 per cent (period: 1 January 2012 – 31 December 2012, survey by BCN Inc.). In the future, Wacom will continue to evolve its products, services and business model with the goal of becoming the global leader in user interfaces.

In addition to selling its own lines of pen tablets and LCD tablets under the Wacom brand, in recent years Wacom has become a supplier of digital pen solutions incorporating multi-touch and proprietary Wacom technology(\*1) for use with a wide range of platforms including notebook computers, tablets, e-book readers, and smartphones, and the company aims to achieve growth in this area going forward. In this context, it is becoming increasingly important to form close relationships with manufacturers of mobile information terminals, particularly smartphones and tablets, and to bring new products to market in a timely manner. With regard to digital pens for smartphones in particular, Wacom’s sales to Samsung Electronics have increased in recent years. Wacom digital pens are used in Samsung Electronics’ Galaxy Note smart phone, which is sold in 99 countries around the globe including in North America, Europe, Japan, China and India. Wacom expects the inclusion of its digital pens in Samsung Electronics’ smartphones and tablets to lead to the expansion of the user base of its products.

In consideration of this business environment and with the aim of shortening the time required to bring new products to market in order to capitalize on rapidly developing market opportunities, Wacom has decided to form an alliance with Samsung Electronics to establish a broad strategic partnership in the smart phone and tablet areas by, among other things, strengthening cooperation on product strategy and planning and by improving business processes. To this end, Wacom on 30 January 2013 signed a capital and business alliance agreement (the “agreement”) with Samsung Electronics and Samsung Asia. The agreement, through the provision of Wacom digital pen technology and products to Samsung Electronics, will enable Wacom to reach new customer

segments, including users in countries and regions to which it presently does not provide products. The company continuously anticipates that this will accelerate the expansion of its market share. At the same time, the mutually beneficial agreement gives Samsung Electronics stable and timely access to Wacom's proprietary digital pen technology and products, that is expected to strengthen Samsung Electronics' global competitiveness. Furthermore, in order to facilitate collaboration between the companies, the parties have agreed to establish a capital relationship, with Samsung Asia becoming the recipient of an allocation of shares in Wacom. A wholly-owned subsidiary of Samsung Electronics, Samsung Asia is the Samsung group company responsible for sales and investment in the Asia region.

(\*1) Proprietary Wacom technology represents own developed Electromagnetic Resonance technology which enables digital pen to draw with pen pressure without battery.

## 2. Details of the capital and business alliance

### (1) Details of the business alliance

The parties agree to a broad strategic partnership in the smartphone and tablet areas to accomplish, among other things, the following:

- Shortening of the time required to bring new products to market.
- Strengthening of cooperation on product strategy and planning.
- Enhancement of systems and infrastructure for product development, production and supply.
- Improvement of business processes.

Details will be determined in discussion with Samsung Electronics.

### (2) Details of the capital alliance

In a third party allocation transaction involving treasury shares, Wacom will sell 20,996 of its common shares to Samsung Asia. Upon completion of the sale of treasury shares, Samsung Asia will own 4.97 per cent of outstanding shares, giving it control of 5.00 per cent of voting rights. See section II "Sale of treasury shares through a third party allocation transaction" for details.

## 3. Corporate overview of Samsung Electronics

(1)	Company name	Samsung Electronics Co., Ltd.
(2)	Headquarters	416, Maetan 3-dong, Yeongtong-Gu, Suwon, Gyonggi-do, Korea
(3)	Chief executive	Vice Chairman & CEO OH-HYUN KWON
(4)	Business description	Consumer electronics, IT/mobile communications
(5)	Paid-in capital	897,514,000,000 KRW
(6)	Date established	13 January 1969
(7)	Outstanding shares	170,132,764 shares
(8)	Fiscal year end	31 December
(9)	Number of employees	221,700 (consolidated)
(10)	Significant customers	APPLE, SONY, DEUTSCHE TELEKOM, BEST BUY, SPRINT NEXTEL
(11)	Main bank	Woori Bank
(12)	Major shareholders	Samsung life Insurance 6.53% Citibank N.A 6.14% National Pension Service 5.83% Samsung C&T Corporation 3.51% Kun-Hee Lee 2.94%
(13)	Relationships between Samsung Electronics and Wacom	
	Capital relationships	Not applicable.

Personal relationships	Not applicable.	
Business transactions	Not applicable. (Wacom has no direct dealings with Samsung Electronics, but in the fiscal year ended 31 March 2012 recorded Y5,086m in sales of digital pens and other components to Samsung Japan Corporation, a subsidiary of Samsung Electronics.)	
Related party status	Not applicable.	

(14) Selected fiscal data from the three most recent fiscal years.  
(All figures are on a consolidated basis in million South Korean won unless otherwise indicated.)

Fiscal year ended December 31	2009	2010	2011
Shareholders' equity	73,045,202	89,349,091	101,845,323
Total assets	112,179,789	134,288,744	155,631,254
Book value per share	429,342KRW	525,173KRW	598,623KRW
Revenue	136,323,670	154,630,328	165,001,771
Operating income	10,925,259	17,296,536	16,249,717
Ordinary income	12,191,596	19,328,656	17,159,015
Net income	9,760,550	16,146,525	13,734,067
Earnings per share	64,888KRW	105,992KRW	89,073KRW
Dividends per share	8,006.7KRW	10,006.6KRW	5,506.6KRW

(For reference, the JPY/KRW exchange rate on 29 January 2013 was 0.0834 yen per won. TTM rate provided by Bank of Tokyo-Mitsubishi UFJ.)

For the corporate overview of Samsung Asia, refer to section II.6(1) "Corporate overview of Samsung Asia."

#### 4. Schedule

(1)	Resolution of board of directors	30 January 2013
(2)	Signing of capital and business alliance agreement	30 January 2013
(3)	Payment date	19 February 2013

#### 5. Outlook

Refer to section II.8 "Outlook."

## II. Sale of treasury shares through a third party allocation transaction

### 1. Transaction summary

(1)	Transaction date	19 February 2013
(2)	Number and class of shares	20,996 common shares
(3)	Price per share	Y255,510
(4)	Amount of capital to be raised	Y5,364,687,960
(5)	Transaction type	Third party allocation
(6)	Purchaser	Samsung Asia Pte. Ltd.
(7)	Other	The above are conditional upon the effectiveness of the registration statement filed in accordance with the Fiscal Instruments and Exchange Act.

### 2. Objectives and purpose of the transaction

As stated under section I.1 "Purpose of the capital and business alliance", the sale of treasury shares is being conducted simultaneously with the establishment of a business alliance with Samsung Electronics and Samsung Asia. Wacom anticipates that the further expansion of its relationship with Samsung Electronics in the smartphone and tablet areas will contribute the raising of Wacom's corporate value.

### 3. Amount of capital to be raised, use of proceeds and expected timing of use

#### (1) Amount of capital to be raised (net of transaction costs)

(1)	Total amount of transaction	Y5,364,687,960
(2)	Issuance costs	Y20,000,000
(3)	Net amount raised	Y5,344,687,960

(Note) Issuance costs include the cost of producing the registration statement, legal fees and advisory fees. Issuance costs do not include consumption tax.

#### (2) Use of proceeds

By about 31 March 2014, Wacom intends to use the entire net amount of Y5,344,687,960 raised from the sale of treasury shares to invest in product development and manufacturing and supply system enhancements for products to be supplied to Samsung Electronics, the parent company of the purchaser of the shares, Samsung Asia (the "purchaser"); to supply operating capital, the need for which will increase concomitantly with business expansion; and to invest in information systems to increase supply chain efficiency, etc.

Sales of Wacom's components business supplying digital pens, etc. for use in smartphones, tablets and e-book readers are growing. Sales were Y6,117m and Y11,683m in the fiscal years ending 31 March 2011 and 2012, respectively. Through the above described use of proceeds, Wacom will aim to expand its relationship with Samsung Electronics in the smartphones and tablet areas. Proceeds will be held in a bank account until needed.

#### 4. Reasonability of the proposed use of proceeds

As stated in 3(2) "Use of proceeds", by about 31 March 2014, Wacom intends to use the entire net amount of Y5,344,687,960 raised from the sale of treasury shares to invest in product development and manufacturing and supply system enhancements for products to be supplied to Samsung Electronics, the parent company of the purchaser of the shares, Samsung Asia; to supply operating capital, the need for which will increase concomitantly with business expansion; and to invest in information systems to increase supply chain efficiency, etc. As Wacom expects this investment to increase its corporate value, Wacom believes it to be a reasonable use of the proceeds of the sale of treasury shares.

## 5. Reasonability of the terms of the transaction

### (1) Basis and details of calculation of payment

The per share selling price for the sale of treasury shares is Y255,510. This price is Wacom's closing share price of Y283,900 on the Tokyo Stock Exchange on the business day immediately preceding the date of the resolution of the board of directors authorizing the sale (29 January 2013) minus a discount of 10.00 per cent. The selling price represents a premium of 0.69 per cent compared to the company's average closing share price of Y253,758 (rounded down to nearest yen) over the previous month (30 December 2012–29 January 2013), a premium of 7.06 per cent compared to the company's average closing share price of Y238,669 over the previous three months (30 October 2012–29 January 2013), and a premium of 22.28 per cent compared to the company's average closing share price of Y208,947 over the previous six months (30 July 2012–29 January 2013). The selling price was determined through negotiation with the purchaser, taking into consideration the provisions of the Japan Securities Dealers Association's "Regulations Concerning Handling of Allocation of New Shares to a Third Party, etc.", and Wacom does not consider it to be unusually favorable to the purchaser.

### (2) Basis of judgment regarding the reasonableness of the number of shares sold and the scale of dilution

The sale of treasury shares will result in Samsung Asia acquiring 20,996 shares, or 4.97 per cent of the number of common shares outstanding prior to the sale. The sale will result in a certain amount of dilution to existing shareholders; however, The purpose of the sale is to facilitate the business alliance with Samsung Electronics, the parent company of the purchaser, and for this reason, Wacom anticipates that the sale will contribute to the raising of Wacom's corporate value and share value. In Wacom's view, the number of shares to be sold and the amount of resulting dilution to existing shareholders are both reasonable.

## 6. Reason for selecting purchaser, information of purchaser

### (1) Corporate overview of Samsung Asia

(1)	Company name	Samsung Asia Pte. Ltd.
(2)	Headquarters	30 PASIR PANJANG ROAD #17-31/32 MAPLETREE BUSINESS CITY, SINGAPORE (117440)
(3)	Chief executive	Executive Vice President Gregory Lee
(4)	Business description	Wholesaling (including importing and exporting), corporate investments
(5)	Paid-in capital	736,268,536 SGD
(6)	Date established	17 July 2006
(7)	Outstanding shares	736,268,536 shares
(8)	Fiscal year end	31 December
(9)	Number of employees	366
(10)	Significant customers	Dell Global BV(Singapore branch), TELECOM EQUIPMENT PTE LTD, HEWLETT-PACKARD SINGAPORE (Private) Limited
(11)	Main bank	Bank of America Corporation
(12)	Major shareholders	SAMSUNG ELECTRONICS CO., LTD. 100%
(13)	Relationships between Samsung Asia and Wacom	
	Capital relationships	Not applicable.
	Personal relationships	Not applicable.
	Business transactions	Not applicable.

	Related party status	Not applicable.		
(14)	Selected financial data from the three most recent fiscal years. (All figures are on a consolidated basis in thousand United States dollars unless otherwise indicated.)			
Fiscal year ended December 31	2009	2010	2011	
Shareholders' equity	308,764	313,990	305,902	
Total assets	690,582	713,322	811,561	
Book value per share	5.03USD	5.12USD	4.99USD	
Revenue	3,845,172	1,815,027	1,029,374	
Operating income ( ) indicates operating loss	33,787	11,771	(8,426)	
Ordinary income ( ) indicates ordinary loss	34,028	10,651	(8,332)	
Net income ( ) indicates net loss	31,917	5,226	(8,088)	
Earnings per share ( ) indicates loss per share	0.52USD	0.09USD	(0.13)USD	
Dividends per share	-	-	-	

(For reference, the JPY/USD exchange rate on 29 January 2013 was 90.49 yen per dollar. TTM rate provided by Bank of Tokyo-Mitsubishi UFJ.)

(Note) Wacom has received confirmation from Samsung Asia and has interviewed with Samsung Electronics that neither Samsung Asia, nor any of its executive management and significant investors has any involvement whatsoever with anti-social forces, and has provided a letter to that effect to the Tokyo Stock Exchange.

(2) Reason for selection of purchaser

Refer to section I.1 "Purpose of the capital and business alliance".

(3) Purchaser's intent with regard to the purchased shares

Since the Sale of Wacom's Shares is purported to establish a strategic partnership relationship between Wacom and Samsung Electronics, it is agreed that, in light of such purpose, in principle, the shareholding ratio as of the time immediately after the Closing will be maintained during the Term of the Agreement (March 31, 2016).

Wacom intends to obtain written confirmation from Samsung Asia stating Samsung Asia's agreement that for two years from the payment date, in the event that Samsung Asia sells or otherwise transfers part or all of its holdings of Wacom shares, Samsung Asia will promptly report to Wacom the names of the recipients of the shares and the number of shares received by each, and Wacom will, on the basis of this information, submit a report to the Tokyo Stock Exchange, the contents of which will be publicly viewable.

(4) Confirmation of purchaser's ability to pay the agreed upon amount

On the basis of unaudited financial information (trial balance) for the financial year ended 31 December 2012 belonging to and received from Samsung Asia (the purchaser) and on the basis of audited financial statements for the financial year ended 31 December 2011 belonging to Samsung Electronics Asia Holding, a company that merged with Samsung Asia in July 2012 (Samsung Asia being the surviving entity), Wacom has determined that the purchaser has sufficient assets to pay the agreed upon amount for the purchase of Wacom treasury shares.

7. Changes in major shareholders and their holdings as a result of the sale of treasury shares

Before sale (as of 30 September 2012)		After sale	
The Master Trust Bank of Japan, Ltd. (trust account)	5.89%	The Master Trust Bank of Japan, Ltd. (trust account)	5.60%
JP Morgan Chase Bank 385174 Standing agent: Mizuho Corporate Bank, Ltd.	5.61%	JP Morgan Chase Bank 385174 Standing agent: Mizuho Corporate Bank, Ltd.	5.33%
Japan Trustee Services Bank, Ltd. (trust account)	5.48%	Japan Trustee Services Bank, Ltd. (trust account)	5.21%
Eto Yoji Office, Ltd.	4.27%	Samsung Asia Pte. Ltd.	5.00%
The Chase Manhattan Bank, N.A. London SECS Lending Omnibus Account Standing agent: Mizuho Corporate Bank, Ltd.	3.10%	Eto Yoji Office, Ltd.	4.05%
Eto Yoji	3.09%	The Chase Manhattan Bank, N.A. London SECS Lending Omnibus Account Standing agent: Mizuho Corporate Bank, Ltd.	2.95%
Willnow Co., Ltd.	3.04%	Eto Yoji	2.94%
Yamada Masahiko	2.36%	Willnow Co., Ltd.	2.88%
State Street Bank and Trust Company 505103 Standing agent: The Hong Kong Shanghai Banking Corporation Limited, Tokyo Branch	1.64%	Yamada Masahiko	2.25%
BNYML Non-treaty Account Standing agent: The Bank of Tokyo-Mitsubishi UFJ, Ltd.	1.36%	State Street Bank and Trust Company 505103 Standing agent: The Hong Kong Shanghai Banking Corporation Limited, Tokyo Branch	1.55%

(Notes) 1. The above is based on the register of shareholders as of 30 September 2012.

2. The above percentages do not reflect treasury shares.

3. The above percentages were calculated as the ratio of the number of shares held to the total number of shares outstanding (excluding treasury shares), rounded off to the nearest basis point.

8. Outlook

Through the capital and business alliance, Wacom and Samsung Electronics will endeavour to strengthen their mutually beneficial relationship and maximize their synergies, and Wacom anticipates that this will increase the corporate value of the company. However, at present, it remains unclear what specific impact the alliance may have on consolidated earnings for the fiscal year ending 31 March 2013. Going forward, Wacom intends to announce significant developments in a timely manner as they occur.

Corporate code of conduct related filings

This sale of treasury shares requires neither the opinion of an independent entity nor the shareholder approval specified by rule 432 of the "Securities Listing Regulations" of the Tokyo Stock Exchange because (1) it will result in dilution of less than 25%, and (2) there is no expectation of a change in controlling shareholder (even if all options and subscription rights were exercised).

9. Selected financial data and record of equity financings for the most recent three years

(1) Consolidated earnings for the most recent three years

Fiscal year ended 31 March	2010	2011	2012
Revenue (thousands of yen)	32,044,578	33,030,359	40,705,578
Operating income (thousands of yen)	3,127,822	3,252,086	4,067,475
Ordinary income (thousands of yen)	3,156,164	3,363,304	3,891,701
Net income (thousands of yen)	1,968,406	1,967,083	2,181,341
Earnings per share (yen)	4,899.57	4,895.48	5,463.95
Dividends per share (yen)	3000.00	3000.00	3000.00
Book value per share (yen)	45,467.55	45,916.61	47,350.46

(2) Number of shares outstanding and potentially dilutive securities (as of 30 January 2013)

	Number of shares	Percentage of outstanding shares
Outstanding shares	422,616	100.0%
Number of dilutive shares at conversion price	5,338	1.3%
Number of dilutive shares at minimum conversion price	N/A	N/A
Number of dilutive shares at maximum conversion price	N/A	N/A

(3) Recent share price data

(1) Annual share price data for the most recent three years (in yen)

Fiscal year ended 31 March	2010	2011	2012
Open	106,000	142,400	101,700
High	238,600	156,200	173,500
Low	104,100	85,100	77,200
Close	142,500	101,700	173,300

(2) Monthly share price data for the most recent six months (in yen)

Month	July	August	September	October	November	December
Open	180,000	175,000	175,000	186,100	233,900	235,200
High	180,700	191,900	191,800	234,900	248,900	245,000
Low	159,300	165,200	165,000	176,800	222,000	214,500
Close	175,600	176,100	189,400	231,900	235,000	226,000

(3) Share price on business day prior to board resolution authorizing sale of treasury shares (yen)

Date	29 January 2013
Open	287,800
High	293,300
Low	282,600
Close	283,900



(4) Record of equity financings conducted over the most recent three years

(1) Series six stock options

Issue date	11 August 2010
Amount of capital raised	Y309,634,050 from exercise of stock options
Exercise price	Y103,730 per share
Number of shares outstanding at issuance	421,816 shares
Recipients	6 directors of Wacom, 3 executive officers of Wacom, 70 employees of Wacom, 3 directors of affiliates of Wacom, 63 employees of affiliates of Wacom
Number of potentially dilutive shares at time	940 shares
Number of potentially dilutive shares at present	5,338 shares
Shares issued due to exercise of options to date	1,347 shares
Intended use of proceeds	Not applicable.
Date by which proceeds intended to be used	Not applicable.
Use of proceeds to date	Not applicable.

(2) Series seven stock options

Issue date	11 August 2011
Amount of capital raised	Y97,141,880 from exercise of stock options
Exercise price	Y83,743 per share
Number of shares outstanding at issuance	421,996 shares
Recipients	55 employees of Wacom, 50 employees of affiliates of Wacom
Number of potentially dilutive shares at time	3,590 shares
Number of potentially dilutive shares at present	5,338 shares
Shares issued due to exercise of options to date	—
Intended use of proceeds	Not applicable.
Date by which proceeds intended to be used	Not applicable.
Use of proceeds to date	Not applicable.

(3) Series eight stock options

Issue date	16 August 2012
Amount of capital raised	Y568,571,600 from exercise of stock options
Exercise price	Y192,085 per share

Number of shares outstanding at issuance	422,616 shares
Recipients	5 directors of Wacom, 4 executive officers of Wacom, 89 employees of Wacom, 2 directors of affiliates of Wacom, 82 employees of affiliates of Wacom
Number of potentially dilutive shares at time	2,943 shares
Number of potentially dilutive shares at present	5,338 shares
Shares issued due to exercise of options to date	—
Intended use of proceeds	Not applicable.
Date by which proceeds intended to be used	Not applicable.
Use of proceeds to date	Not applicable.

10. Overview of sale of treasury shares

- |     |  |   |
|-----|--|---|
| (1) | Number of shares                               | 20,996 common shares                        |
| (2) | Price per share                                | Y255,510                                    |
| (3) | Total amount                                   | Y5,364,687,960                              |
| (4) | Method of sale                                 | Sale (allocation) to Samsung Asia Pte. Ltd. |
| (5) | Date of sale                                   | 19 February 2013                            |
| (6) | Number of treasury shares remaining after sale | 2,657 common shares                         |
- (7) The above are conditional upon the effectiveness of the registration statement filed in accordance with the Financial Instruments and Exchange Act.

Concluded