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Contact: Kathy Welch
EDA Consortium
Phone: 408/579-2464
kathy@edac.org

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EDA INDUSTRY REPORTS RECORD Q1 REVENUES OF \$987 MILLION

Industry Grew 14 Percent in Q1; Best Q1 Ever Follows Record Q4

Double-digit Growth Rate Continues Despite Semiconductor Slowdown

SAN JOSE, California, August 22, 2001—The EDA Consortium's Market Statistics Service (MSS) today announced the electronic design automation (EDA) industry revenues for the first quarter of 2001 were \$987 million, a 14 percent increase over Q1 2000. This marks the fourth consecutive quarter of double-digit revenue growth, and brings the industry to a new Q1 revenue record.

"Double-digit growth for four straight quarters is a welcome result in virtually any industry, at almost any time," said Ray Bingham, EDA Consortium chairman, and president and CEO of Cadence Design Systems, Inc. "Despite the economic downturn, our customers understand the value of investing in design automation solutions today in anticipation of tomorrow's design challenges. And as they grapple with leading-edge physics and mind-boggling complexity, they have come to recognize that EDA truly is *Where Electronics Begins*."

The MSS report, the EDA industry's timeliest barometer of revenue and employment data, indicates that EDA industry revenue exceeded \$800 million for the eleventh consecutive quarter. Furthermore, EDA revenues have exceeded \$900 million for four consecutive quarters – an industry first that establishes a new benchmark for achievement.

New Look for a New Millennium

The MSS report has been updated for 2001. Several categories have been revised to provide more detail, and all four quarters' results from year 2000 have been re-stated to reflect this greater level of detail, so that year-over-year growth comparisons continue to be available.

Additionally, product license revenue and product maintenance revenue have been combined, both historically and for the current quarter, to reflect the evolving nature of vendor licensing practices. "After surveying our subscriber base intensively in Q4 and early Q1, and incorporating feedback from our member companies and Wall Street analysts, the MSS committee approved our new format. We are confident that these changes will improve the effectiveness of the report going forward, while the restatement of year 2000 data will ensure consistency and comparability with historical results," commented Pamela Parrish, the Consortium's executive director and chair of the MSS committee.

MSS First-Quarter 2001 Highlights

Employment Data Now Available

As a further enhancement to the report, the MSS has begun tracking industry employment along with quarterly revenues. In Q1 2001 reporting EDA companies employed 15,500. "With revenues totaling nearly one billion dollars, annualized industry revenue per employee now exceeds \$250,000," EDA Consortium chairman Bingham noted.

Revenue by Tool Category

IC Layout fueled revenue growth for the industry for the second consecutive quarter. IC Layout revenue grew 42 percent in Q1 2001 to reach \$246 million, a new record for the first quarter.

Revenue for Printed Circuit Board (PCB) and Multi-Chip Module (MCM) Layout totaled \$102 million in Q1 – the first time that revenues exceeded \$100 million in the first quarter. Revenue growth for PCB and MCM Layout was twelve percent in Q1 2001 (vs. Q1 2000), the tenth consecutive quarter of double-digit growth in the category.

EDA's largest tool category, Computer-Aided Engineering (CAE), generated revenues totaling \$469 million in Q1 2001, eight percent higher than Q1 last year. CAE growth was led by Formal & Functional Verification, which increased 35 percent in Q1 to more than \$35 million. Schematic Entry Tools and Analog & Mixed-signal Simulators also posted double-digit growth in the quarter.

Semiconductor Intellectual Property (SIP) revenue totaled \$26 million in Q1 2001, a 27 percent decline from Q1 2000.

Consulting Services revenue growth accelerated to 26 percent in Q1 2001 to reach \$133 million, a new record for the first quarter. Consulting Services continued its unbroken string of 17 consecutive quarters of revenue

increases – a perfect streak that dates back to 1996 when the MSS began tracking the category.

Revenue by Consuming Region

The EDA industry's largest revenue-generating region, North America, grew fifteen percent (vs. Q1 2000) to reach \$560 million in total revenues, a new Q1 record. This marks the third consecutive quarter of double-digit growth, and the fourth quarter in a row that the region has generated over a half billion dollars. Revenues from North America comprised 57% of the worldwide total in Q1, matching the region's share from year 2000. Japan surpassed Western Europe in EDA consumption in Q1, on the strength of seventeen percent revenue growth (vs. Q1 2000). EDA revenues in Japan reached \$189 million in Q1, 19% of the worldwide total. Western Europe comprised 18% of the worldwide total, generating \$174 million on four-percent growth. EDA's smallest region, Rest-of-World (ROW), led all regions in growth this quarter, increasing 20 percent in Q1 to \$63 million in revenue (6% of the global total). This marks the tenth consecutive quarter of double-digit growth for the ROW region.

Revenue by Computing Platform

Revenue for software that runs on UNIX platforms totaled \$689 million in Q1 2001, fifteen percent more than Q1 2000. UNIX revenue comprised 84% of all EDA software revenue in the quarter. Revenue for software that runs on Windows-based platforms increased 26 percent to reach \$127 million, or 16% of the EDA software revenue total.

About the MSS Report

The EDA Consortium's Market Statistics Service reports EDA industry revenue data quarterly and is available by annual subscription. Each quarterly report is published approximately three months after quarter close. MSS report data is segmented as follows: revenue type (product and maintenance revenue, consulting and design services revenue, and other service revenue), application (CAE, PCB/MCM Layout, IC Layout, SIP), operating system (UNIX vs. Windows) and region (North America, Western Europe, Japan and Rest of World), with many sub-categories of detail provided. The report also tracks total employment of reporting companies.

About EDA Consortium

Where Electronics Begins™ best describes the Electronics Design Automation (EDA) Industry. The EDA Consortium represents this vital industry on a worldwide scale. It is the international association of companies developing design tools and services that enable engineers to create the world's electronic products. EDA provides the critical technology to design electronics that enable the Information Age, including: communications, computers, space technology, medical and industrial equipment and consumer electronics. As stated recently by the Nobel Prize Committee, "The integrated circuit is the basis for all modern technology."

For more information about EDA Consortium, or to subscribe to the Market Statistics Service, contact EDA Consortium, 111 West Saint John Street, Suite 220, San Jose, Calif. 95113, USA, office 408-287-3322, fax 408-283-5283, or visit www.edac.org.

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