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

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EDA INDUSTRY REPORTS Q2 REVENUES OF \$973 MILLION

Strong Growth in Western Europe Offset Declines in Japan

SAN JOSE, California, October 17, 2001—The EDA Consortium's Market Statistics Service (MSS) today announced the electronic design automation (EDA) industry revenues for the second quarter of 2001 were \$973 million, up \$3 million over Q2 2000. The EDA industry has generated over \$900 million in revenue for five consecutive reporting quarters, and has now established a new record for Q2 revenue. For the first half of 2001, EDA revenue totaled \$1.963 billion, a 7% increase over the first half of year 2000.

"In the face of a very difficult global economic environment, the electronic design industry continued to move forward," said Ray Bingham, EDA Consortium chairman, and president and CEO of Cadence Design Systems, Inc. "These results underscore the fact that customers continue to invest in new technologies and electronic design, regardless of their location or the state of the global economy. Our industry is more than holding its own in these very turbulent times."

The MSS report, the EDA industry's timeliest barometer of revenue and employment data, indicates that EDA industry revenue exceeded \$800 million for the 12th consecutive quarter. The report also shows that EDA Product and Maintenance revenue increased 6% in Q2 2001 (compared with Q2 2000), indicating strong continued demand for the core technologies and services that historically comprise over 80% of the industry's total revenue.

MSS Second-Quarter 2001 Highlights

Revenue by Consuming Region

The EDA industry's largest revenue-generating region, North America, grew 4% (vs. Q2 2000) to reach \$556 million in total revenues, a new Q2 record. This marks the fourth quarter in a row that the region has generated over a half billion dollars. Revenues from North America continued to comprise 57% of the worldwide total in Q2 – the same as in Q1, and matching last year's global share as well. Western Europe has re-captured second place from Japan in Q2, on the strength of 18% revenue growth. Revenue in Western Europe surged to \$208 million in Q2, or 21% of the worldwide total. This was the first time Western Europe has consumed over \$200 million in a quarter, and it established a new record for the region. Revenue from Japan declined by 26% since Q2 2000 to \$148 million, only 15% of the global total, down from 19% in Q1. EDA's smallest region, Rest-of-World (ROW), increased 2% in Q2 (versus the prior year quarter) to \$61 million in revenue, or 5% of the global total.

Revenue by Tool Category

IC Layout fueled revenue growth in the industry for the third consecutive quarter. IC Layout revenue grew 43% in Q2 2001 to reach \$258 million – a new record for the category.

EDA's largest tool category, Computer-Aided Engineering (CAE), generated revenues totaling \$472 million in Q2 2001, 5% less than Q2 last year. CAE growth by application was varied, with Formal & Functional Verification, Hardware/Software Co-Design & Verification, Schematic Entry Tools, and Analysis Tools each posting double-digit growth in the quarter; while Graphical High Level Entry, Synthesis, IC/ASIC Emulators, and Design for Test/Test Automation each posted double-digit decreases (versus the prior year's quarter).

Revenue for Printed Circuit Board (PCB) and Multi-Chip Module (MCM) Layout totaled \$90 million in Q2 2001, 8% less than in Q2 2000. Prior to Q2 2001, PCB and MCM Layout had shown ten consecutive quarters of double-digit revenue increases.

Semiconductor Intellectual Property (SIP) revenue totaled \$25 million in Q2 2001, a 32% decline from Q2 2000.

Consulting Services revenue was \$128 million in Q2 2001, 19% less than in Q2 2000. This was the first revenue decline recorded for Consulting Services since the MSS began tracking revenue for the category in 1996.

Revenue by Computing Platform

Revenue for software that runs on UNIX platforms totaled \$689 million in Q2 2001, 7% more than Q2 2000. UNIX revenue comprised 84% of all EDA software revenue in the quarter. Revenue for software that runs on Windows-based platforms was \$131 million (the same as in Q2 2000), or 16% of the EDA software revenue

total.

Industry Employment Update

As an enhancement to the report, the MSS has begun tracking industry employment along with quarterly revenues. In Q2 2001 reporting EDA companies employed 18,500 – 15% more than during the same period last year.

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 The 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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