

BOARD OF DIRECTORS

CHAIRMAN:

Walden C. Rhines, PhD
Mentor Graphics Corporation

VICE-CHAIRMEN:

Jacques Benkoski, PhD
Monterey Design Systems

Ray Bingham
Cadence Design Systems, Inc

DIRECTORS:

Bernard Aronson
Synplicity, Inc.

Aart de Geus, PhD
Synopsys, Inc

Penny Herscher
Simplex Solutions

Moshe Gavrielov
Verisity Design

Alan P. Naumann
CoWare

Mike M. Y. Tsai, PhD
Axis Systems

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

EDA INDUSTRY REPORTS REVENUES OF \$962 MILLION IN Q1 2002

Revenue Growth in EDA Products & Maintenance, Semiconductor Intellectual Property Offset by Declines in Consulting and Other Services

SAN JOSE, California, July 8, 2002—The EDA Consortium's Market Statistics Service (MSS) today announced the electronic design automation (EDA) industry revenues for the first quarter of 2002 were \$962 million, compared to \$989 million in Q1 2001. The EDA industry has generated over \$900 million in revenue for eight consecutive reporting quarters. Revenue growth in EDA Products and Maintenance and Semiconductor Intellectual Property was not enough to overcome decreases of over 40% in Services revenue, leading to an overall revenue decline in Q1. Total revenue as reported by the MSS decreased 3% in Q1 2002 (compared with Q1 2001).

"Investment in EDA products and maintenance increased yet again in Q1 2002, even in the context of a continuing downturn in both the communications and semiconductor industries," said Walden C. Rhines, EDA Consortium chairman, and chairman and CEO of Mentor Graphics Corporation. "As our customers grapple with fundamental shifts in semiconductor technology, the need to invest in leading-edge design automation has never been greater. The very high growth rates in specific EDA application areas – such as IC/ASIC Design Planning & Floorplanning Tools (80% growth vs. Q1 2001), Analysis Tools for IC/ASICs (58% growth), and Other IC Layout Tools and Reticle Enhancement Technology (RET, 34% growth) – indicate the need to immediately accommodate rapidly shrinking silicon geometries. EDA plays a crucial role in helping our customers leverage new chip technologies to create value, differentiate their product offerings, and bring innovation to fruition by accelerating time to market," Rhines continued.

The MSS report is the EDA industry's timeliest barometer of revenue and employment data. The report for the first quarter of 2002 shows that EDA Product and Maintenance revenue (excluding the EDA industry's revenues from semiconductor intellectual property, consulting and other services) increased 4% in Q1 2002 (compared with Q1 2001) to \$852 million, comprising 89% of the industry's total revenue in the quarter.

MSS First-Quarter 2002 Highlights

Industry Employment Update

In Q1 2002 reporting EDA companies employed 19,300, 7% more than during the same period last year. The EDA industry has continued to grow its employment base in each quarter since employment data tracking began in Q1 2001.

Revenue by Tool Category

IC Layout set the pace for revenue growth in the industry for the sixth consecutive quarter. IC Layout revenue grew 22% in the first quarter of 2002 to \$290 million, a new Q1 revenue record for the category. IC Layout revenue has increased by more than 20% in each quarter since the MSS revised its reporting categories in Q1 2001.

EDA's largest tool category, Computer-Aided Engineering (CAE), generated revenues totaling \$473 million in Q1 2002, 1% less than Q1 last year. Analysis Tools led CAE application growth, increasing by 29% (versus the prior year's results) to \$72 million (a new Q1 record). Other CAE applications that demonstrated positive revenue growth and set new Q1 records included Event Driven Simulators (growing 8% to \$91 million), Analog and Mixed Signal Simulators (growing 7% to \$52 million), Synthesis (growing 3% to \$77 million), and Formal & Functional Verification (growing 2% to \$36 million). Design for Test/Test Automation grew 6% to \$23 million, but failed to set a new Q1 record for the application. Other CAE applications posted revenue declines in the quarter.

Revenue for Printed Circuit Board (PCB) and Multi-Chip Module (MCM) Layout totaled \$88 million in Q1 2002, 13% less than the same period last year.

The EDA industry's Semiconductor Intellectual Property (SIP) returned to positive revenue growth in Q1 2002, totaling \$28 million, 7% more than in Q1 2001.

EDA Services revenue was \$82 million in Q1 2002, 43% less than in Q1 2001.

Revenue by Computing Platform

Revenue for software that runs on UNIX platforms totaled \$748 million in Q1 2002, 8% more than Q1 2001. UNIX revenue comprised 88% of EDA software revenue during Q1. Revenue for software that runs on

Windows-based platforms was \$104 million in Q1, 19% less than Q1 2001. Windows-based EDA software accounted for 12% of EDA software revenue in Q1.

Revenue by Consuming Region

The North America Region purchased \$556 million in EDA products and services during the first quarter of 2002, down less than 1% from \$561 million in Q1 2001. This marks the eighth consecutive quarter that North America has generated over a half billion dollars. Revenues from North America constituted 58% of the worldwide total in Q1 2002. Revenue from Japan increased sequentially in Q1, allowing Japan to regain its place as the second largest EDA consuming region. Revenues from Japan were \$172 million in Q1 2002, up from \$157 million in Q4 2001, but 10% less than Q1 2001. Revenue in Western Europe was \$169 million in Q1, 3% less than in Q1 2001. Both Japan and Western Europe comprised 18% of the global EDA revenue total in Q1 2002. Rest-of-World (ROW) was the only region to show positive growth for total EDA revenues, increasing 1% (vs. Q1 2001) to \$65 million in Q1 2002, a new Q1 record for the region. ROW now accounts for 7% of global EDA revenue consumption.

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 408-317-3322, or visit www.edac.org.

###

The information supplied by the EDA Consortium is believed to be accurate and reliable, and the Consortium assumes no responsibility for any errors that may appear in this document. All trademarks and registered trademarks are the property of their respective owners.