EDA INDUSTRY REPORTS REVENUES FOR Q2 2002

SAN JOSE, California, September 26, 2002(The EDA Consortium's Market Statistics Service (MSS) today announced the Electronic Design Automation (EDA) industry revenues for the second quarter of 2002 were down 10% when compared to the second quarter 2001. $876 million in revenue was reported in Q2 of 2002, compared to $973 million in Q2 2001.

Revenue grew in IC Physical Design & Verification, Design for Test and IC Analysis, but was not enough to overcome decreases of over 40% in Services revenue (and modest decreases in Computer-Aided Engineering and PCB Layout), leading to an overall revenue decline in Q2. Through the first half of 2002, revenue as reported by the MSS totaled $1,837 million, 6% less than the first half total of $1,960 million in 2001.

"Consulting services had a very difficult quarter. Geographically, so did Japan. And both those large declines impacted the overall picture. But there are definite bright spots, such as Pacific Rim showing strong growth for the second straight quarter," said Walden C. Rhines, EDA Consortium chairman, and chairman and CEO of Mentor Graphics Corporation. "The prolonged downturn in the semiconductor industry has forced customers to be very conservative about investing in new purchases at this time. But the EDA industry has continued to develop new solutions, and should be well positioned as the upturn brings a resurgence of investment in tools to enable the new product designs that are waiting in the wings."

The MSS report is the EDA industry's timeliest barometer of revenue and employment data. The report for the first half of 2002 shows that EDA Product and Maintenance revenue (excluding the EDA industry's revenues from semiconductor intellectual property, consulting and other services) totaled $1,631 million, compared with $1,636 million through the first half of 2001. Product and Maintenance revenue comprised 89% of the industry's total revenue for both the second quarter and the first half of 2002.

MSS Second-Quarter 2002 Highlights

Industry Employment Update
In Q2 2002 reporting EDA companies employed 18,800 - an increase from 18,500 during the same period last year. Employment in Q2 was down slightly from the Q1 peak of 19,300.

Revenue by Tool Category
IC Physical Design & Verification grew for the seventh consecutive quarter. IC Physical Design & Verification revenue grew 4% in the second quarter of 2002 to $269 million, a new Q2 revenue record for the category. Through the first half of 2002, IC Physical Design & Verification increased 11% (over the first half of 2001) to reach $560 million in new licenses and maintenance revenue.

EDA's largest tool category, Computer-Aided Engineering (CAE), generated revenues totaling $437 million in Q2 2002, 7% less than Q2 last year. But Design for Test/Test Automation (up 16% from Q2 2001) and Analysis Tools (up 11% from Q2 2001) each posted double-digit growth in the quarter, and Synthesis revenue also continued to increase (up 7%). For the first half of 2002, CAE revenue totaled $911 million, with Analysis Tools leading all CAE applications for revenue growth (up 27% vs. the first half of 2001), and Design for Test/Test Automation also posting double-digit growth (up 11% vs. the first half of 2001).

Revenue for Printed Circuit Board (PCB) and Multi-Chip Module (MCM) Layout totaled $73 million in Q2 2002, 19% less than the same period last year.

The EDA industry's Semiconductor Intellectual Property (SIP) posted positive revenue growth for the second consecutive quarter in Q2 2002, totaling $26 million, 3% more than in Q2 2001.

EDA Services revenue was $71 million in Q2 2002, 45% less than in Q2 2001.

Revenue by Computing Platform
Revenue for software that runs on UNIX platforms totaled $695 million in Q2 2002, up from $689 million in Q2 2001. UNIX revenue comprised 89% of EDA software revenue during the second quarter. Revenue for software that runs on Windows-based platforms was $84 million in Q2, 36% less than Q2 2001. Windows-based EDA software accounted for 11% of EDA software revenue in the second quarter.

Revenue by Consuming Region
The North America Region, EDA's largest customer base, purchased $499 million of EDA products and services in Q2, dipping below a half billion dollars for the first time in nine quarters. Revenue from North America was 10% less than in Q2 2001, and constituted 57% of the worldwide total in Q2 2002. Revenue in Western Europe was $190 million in Q2, up from $169 million in Q1, but 9% less than in Q2 2001. Western Europe comprised 22% of the global total in Q2. Revenue from Japan declined to $114 million in Q2, dropping to only 13% of the worldwide revenue total. For the second straight quarter, Rest-of-World (ROW) was the only region to show positive growth for total EDA revenues, with strong double-digit growth of 18% (vs. Q2 2001). Revenues from ROW were $73 million in Q2 2002 (a new Q2 record for the

region), which was 8% of global EDA revenue consumption in the second quarter.

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.

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