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EDA INDUSTRY REPORTS Q3 REVENUES OF \$987 MILLION

Surge in EDA Investment in Western Europe Fueled 9% Global Revenue Growth

EDA Industry Employment Increased 18% in Four Quarters

SAN JOSE, California, January 2, 2002—The EDA Consortium’s Market Statistics Service (MSS) today announced the electronic design automation (EDA) industry revenues for the third quarter of 2001 were \$987 million, 9% more than Q3 last year. The EDA industry has generated over \$900 million in revenue for six consecutive reporting quarters, and has now established a new record for Q3 revenue.

“Even though the global economy remains weak, our customers around the world continue to increase their investments in electronic design – an acknowledgment of the crucial role EDA plays in today’s electronics industry,” said Ray Bingham, EDA Consortium chairman, and president and CEO of Cadence Design Systems, Inc. “We have seen accelerating demand in recent quarters, particularly for the core technologies that comprise the majority of the industry’s total revenue. In order to keep up with this demand, EDA has expanded its role as an important growth engine for technical innovation. To fuel this growth, EDA continued to increase headcount in 2001, adding nearly 3,000 new jobs over the last four quarters,” Bingham concluded.

The MSS report is the EDA industry’s timeliest barometer of revenue and employment data. The report for the third quarter of 2001 shows that EDA Product and Maintenance revenue (excluding the EDA industry’s revenues from semiconductor intellectual property, consulting and other services) increased 16% in Q3 2001 (compared with Q3 2000), and now comprise 87% of the industry’s total revenue.

**MSS Third-Quarter 2001 Highlights
Industry Employment Update**

As an enhancement to the report, this year the MSS began tracking industry employment along with quarterly revenues. In Q3 2001 reporting EDA companies employed 19,500 – 18% more than during the same period last year.



Revenue by Consuming Region

The EDA industry's largest revenue-generating region, North America, increased to \$534 million in total revenues, a new Q3 record. This marks the sixth quarter in a row that the region has generated over a half billion dollars. Revenues from North America comprised 54% of the worldwide total in Q3 2001. Western Europe consolidated its hold on second place in Q3 2001, on the strength of 46% revenue growth (over Q3 2000). Revenue in Western Europe surged to \$233 million in Q3, or 24% of the worldwide total. This was the second quarter in a row that Western Europe has consumed over \$200 million, and it has once again established a new record for the region. Revenue from Japan declined by 5% since Q3 2000 to \$147 million, or 15% of the global total. EDA's smallest region, Rest-of-World (ROW), increased 18% in Q3 2001 (versus the prior year quarter) to \$74 million in revenue, or 7% of the global total.

Revenue by Tool Category

IC Layout set the pace for revenue growth in the industry for the fourth consecutive quarter. IC Layout revenue grew 47% in Q3 2001 to top \$300 million for the first time: \$306 million marks a new revenue record for the category.

EDA's largest tool category, Computer-Aided Engineering (CAE), generated revenues totaling \$467 million in Q3 2001, 8% more than Q3 last year. CAE growth by application was led by Analysis Tools, Formal & Functional Verification, Design for Test/Test Automation, and Synthesis, which each increased by more than 20% (versus the prior year quarter).

The EDA industry's Semiconductor Intellectual Property (SIP) returned to positive revenue growth, generating revenue of \$30 million in Q3 2001, a 15% increase over Q3 2000.

Revenue for Printed Circuit Board (PCB) and Multi-Chip Module (MCM) Layout totaled \$85 million in Q3 2001, 14% less than in Q3 2000.

Consulting Services revenue was \$82 million in Q3 2001, 29% less than in Q3 2000.

Revenue by Computing Platform

Revenue for software that runs on UNIX platforms totaled \$745 million in Q3 2001, 21% more than Q3 2000. UNIX revenue comprised 87% of all EDA software revenue in the quarter. Revenue for software that runs on Windows-based platforms was \$113 million (8% less than in Q3 2000), or 13% of the EDA software revenue total.

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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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