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EDA INDUSTRY REPORTS REVENUES FOR Q2 2003

SAN JOSE, California, September 25, 2003--The EDA Consortium's Market Statistics Service (MSS) today announced that the electronic design automation (EDA) industry revenue for the second quarter of 2003 was \$946 million, an 8 percent increase over \$876 million in Q2 2002. This was the second consecutive quarter of sequential revenue growth. Q2 2003 was also the first quarter to show positive revenue growth (compared to the prior year's quarter) since Q4 2001.

"We are very encouraged to report a return to revenue growth for the EDA industry in Q2," said Walden C. Rhines, chairman of the EDA Consortium, and chairman and CEO of Mentor Graphics Corporation. "Second-quarter growth was strong enough to lift year-to-date revenue to \$1,854 million, one percent higher than the \$1,837 reported in the first half of 2002."

The EDA Consortium began its Market Statistics Service in 1996. Its MSS report is acknowledged as the EDA industry's most timely and accurate measure of revenue.

MSS Second-Quarter 2003 Highlights

The report shows that EDA Product and Maintenance revenue (excluding consulting and other services) totaled \$883 million in the second quarter of 2003, 10 percent more than a year ago.

Japan led all regions for revenue growth in Q2 2003, surging ahead 61 percent over Q2 last year to reach \$183 million, versus \$114 million a year ago. Revenue from Japan comprised 19 percent of the worldwide total in Q2 2003.

Revenue by Category

Revenue for Printed Circuit Board (PCB) and Multi-Chip Module (MCM) Layout was \$85 million in Q2 2003, 17 percent higher than \$73 million in the same period last year. IC Physical Design & Verification revenue totaled \$285 million in Q2 2003, up 6 percent from the \$269 million in revenue from Q2 last year. Computer-Aided Engineering (CAE), the largest tool category in EDA, generated revenues totaling \$457 million in Q2 2003, a 4 percent increase over \$437 million in the same period in 2002. Revenue for Semiconductor Intellectual Property (SIP) more than doubled in Q2 2003 to \$57 million compared to \$26 million during the same period in 2002, due in part to the inclusion of new companies in the EDAC numbers.

EDA Services revenue was \$63 million in Q2 2003, 11 percent less than \$71 million in Q2 2002.

Revenue by Region

Although Japan was the stellar performer, the Rest-of-World (ROW) category continued its steady revenue growth, increasing 27 percent from \$73 million in Q2 2002 to \$93 million in Q2 2003 – a new Q2 record and the highest total ever reported for a single quarter in the region. Revenue from ROW constituted 10 percent of global EDA revenue consumption in Q2 2003.

Revenue in Western Europe was \$169 million in Q2 2003, 11 percent less than \$190 million in the same period last year. Western Europe was the only region to show a revenue decline in Q2 2003, and its share of global consumption decreased to 18 percent in the quarter.

The North American region, representing the largest customer base in EDA, purchased \$501 million of EDA products and services in Q2 2003, slightly more than \$499 million in Q2 2002. This represents a welcome return to positive growth in the region after revenue decreases in four of the last five quarters. Revenue from North America constituted 53 percent of the worldwide total in Q2 2003

About the EDA Consortium

The EDA Consortium is the international association of companies that provide tools and services that enable engineers to create the world's electronic products. EDA is the critical technology used to design electronics for the communications, computer, space technology, medical and industrial equipment and consumer electronics markets among others.

The EDA Consortium Market Statistics Service is the EDA industry's timeliest barometer of quarterly revenue and employment data.

For more information about the 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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