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EDA INDUSTRY REPORTS THREE PERCENT DECLINE IN Q3

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SAN JOSE, California, December 22, 2004—The Electronic Design Automation (EDA) Consortium's Market Statistics Service (MSS) today announced that third quarter (Q3) 2004 EDA License and Maintenance revenue, the largest EDA revenue category, declined three percent over Q3 2003. Total Q3 revenue, which included Semiconductor Intellectual Property (SIP), was \$953 million, a two percent decrease from Q3 2003.

"Despite a weak third quarter, the EDA market has shown a positive three percent growth rate on a year-to-date basis," said Walden C. Rhines, chairman of the EDA Consortium and chairman and CEO of Mentor Graphics Corporation. "The weakness in third quarter was focused in North America, where all major categories were down versus third quarter 2003. On a product-line basis the recent third quarter weakness was driven primarily by the IC/ASIC Physical Design categories, while a number of other key categories that have usually shown growth remained relatively flat versus a year ago."

Revenue by Category

EDA's largest tool category, Computer-Aided Engineering (CAE), generated revenue of \$453 million in Q3 2004, no change from the same period in 2003. IC Physical Design & Verification revenue at \$272 million was down nine percent from \$298 million in the same period last year. Revenue for Printed Circuit Board (PCB) and Multi-Chip Module (MCM) Layout totaled \$81 million in Q3 2004, one percent less than in Q3 2003. Services revenue at \$66 million showed a five percent increase over the same quarter last year.

Semiconductor Intellectual Property revenue rose eight percent to \$81 million over third quarter of last year. This rise was in part due to growing SIP participation in MSS reporting with CAST and Tensilica initiating participation in the second quarter.

Revenue by Region

North America revenues declined by nine percent to \$472 million while Europe revenues of \$192 million showed a four percent rise, and Japan at \$183 million was also up four percent. Double-digit growth continued in the rest of the world, which showed total revenues of \$107 million, up 11 percent from Q3 2003.

Employment Data

Reporting companies employed almost 20,500 professionals in Q3 2004, four percent more than Q3 2003. This was the third consecutive quarter of new highs in employment reported by the MSS since it began tracking employment data in Q1 2000.

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 licenses and maintenance, services, and SIP), application (CAE, PCB/MCM Layout, and IC Physical Design and Verification), operating system (UNIX vs. Windows) and region (North America, Western Europe, Japan, and Rest of World), with many subcategories of detail provided. The report also tracks total employment of the reporting companies.

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.

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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