2003 CEO Forecast Panel

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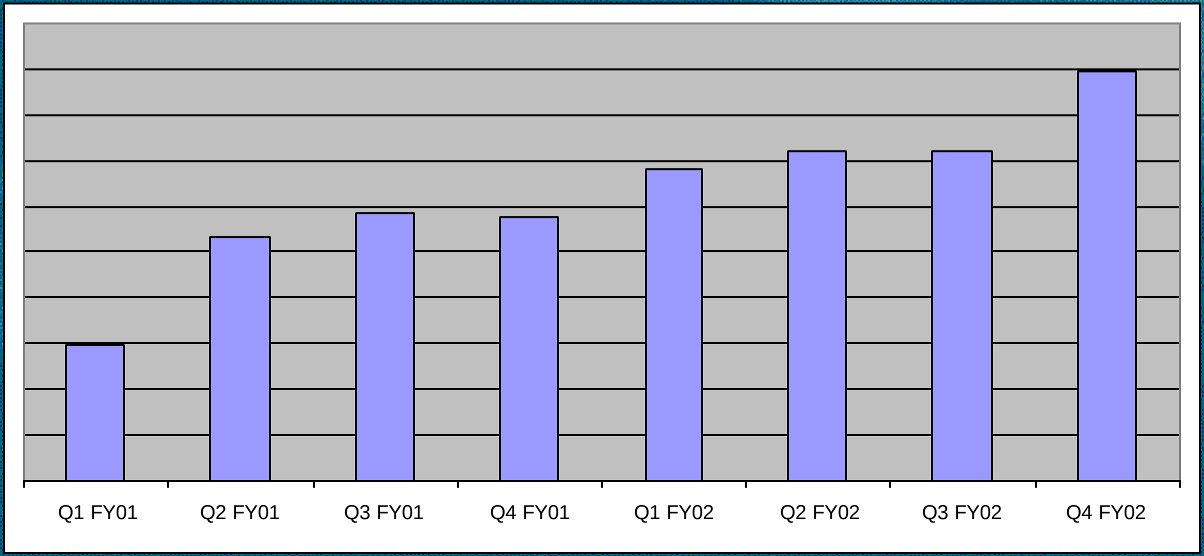
Monterey Recent Performance

- 2002 was a breakthrough year for Monterey
- Customers now include three of top 5 and six of top 10 semiconductor
- FY02 revenue increased by 60% vs. FY01
- Revenue from tapeouts increased 300%



EDA vs. Semiconductors

- **Semiconductor:**
  - Design cost skyrocketing
  - Unprecedented market shrinkage
  - Growing uncertainty from technology and markets
- **EDA:**
  - Hurt by reduction in R&D spending
  - Reduced number of design starts
  - Incompatible business models
  - “10%” tools do not impact the real problem

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“10%” vs. “90%”Design Decisions

Which process should I use?

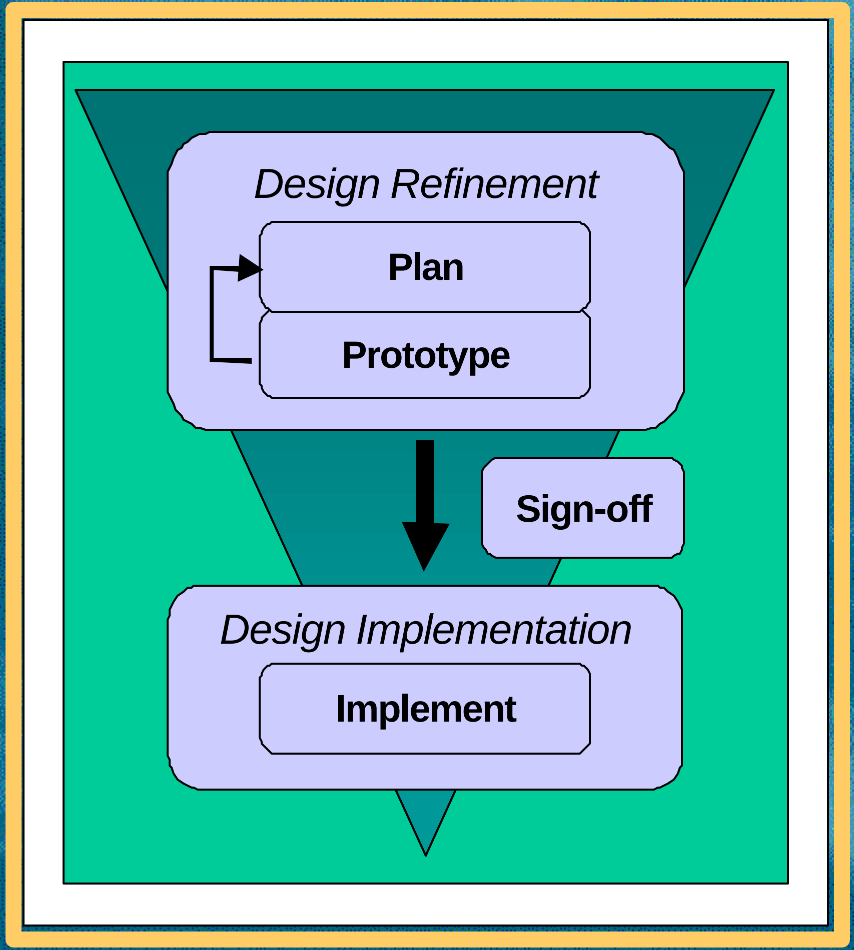
- Choice of process (0.15u vs. 0.13u) changed graphics market
- Plan & Prototype enabled cost cutting 0.15u vs, 0.13u switch fabric chip

Can I limit manufacturing costs ?

- 5 layer routing of DVD chip enabled penetration of low-end China market
- Fundamental design plan decision yielded 34% smaller die size on communications chip
- Plan & Prototype enabled tradeoff of 5% area for 6 vs. 8 layers of metal

How can I really impact power ?

- Power planning & prototyping enabled analysis of 30 power schemes in 2 weeks on a 4 million gate 0.13u SoC



EDA vs. Semiconductor Growth

- Slow growth of Semiconductors in 2003
- Decline of “10% tools” due to cost pressure and business models
- Growth of “90% tools” that really impact the customers
- Continuous growth of customer-driven business models
- Monterey “guidance” is +60%
- EDA overall growth is +10%

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