

EDA Consortium Forecast Panel

Walden C. Rhines
CHAIRMAN & CEO

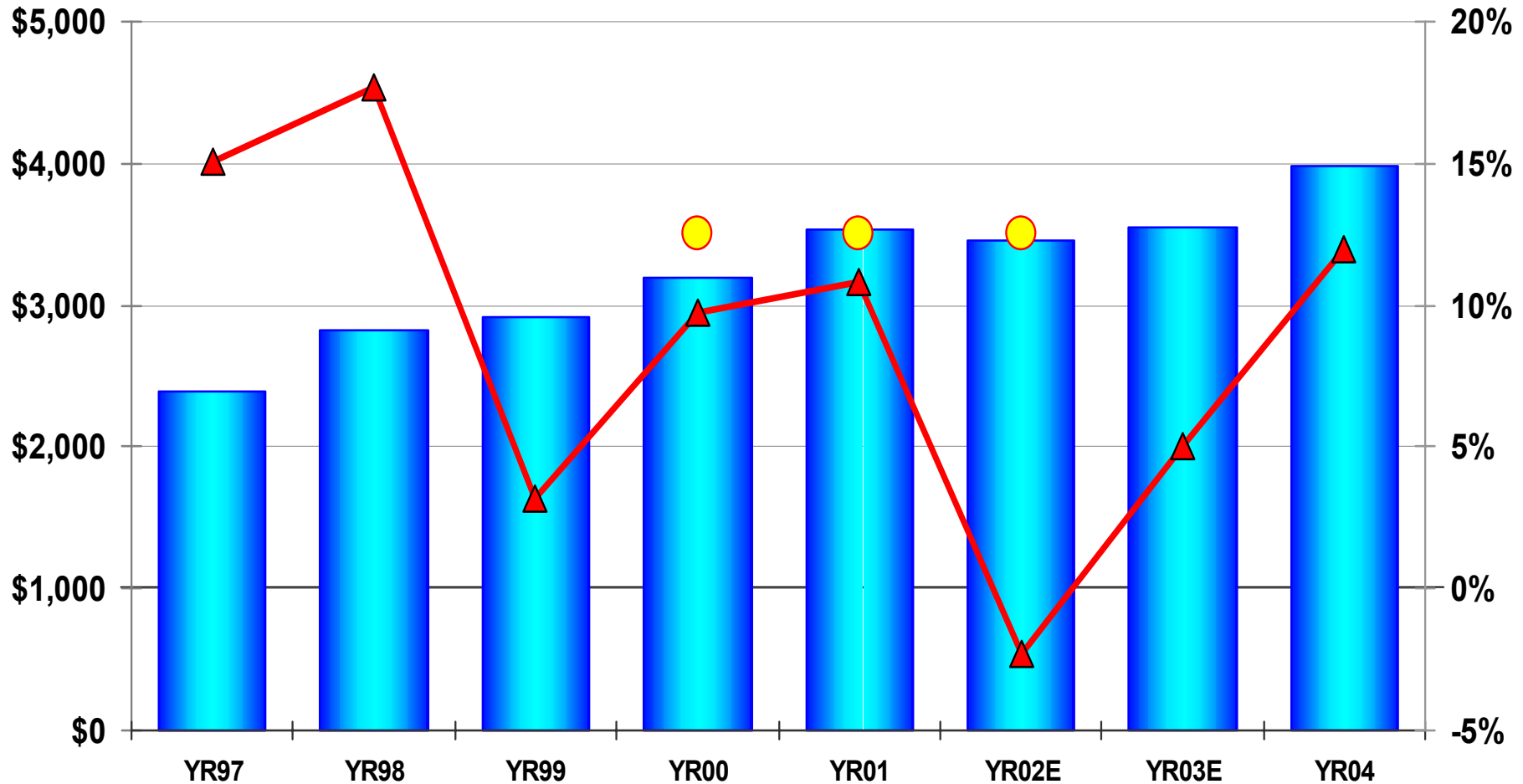
**Mentor
Graphics®**

EDA Forecast - Product & Maintenance

Product & Maintenance

Original Forecast

Product & Maintenance Growth

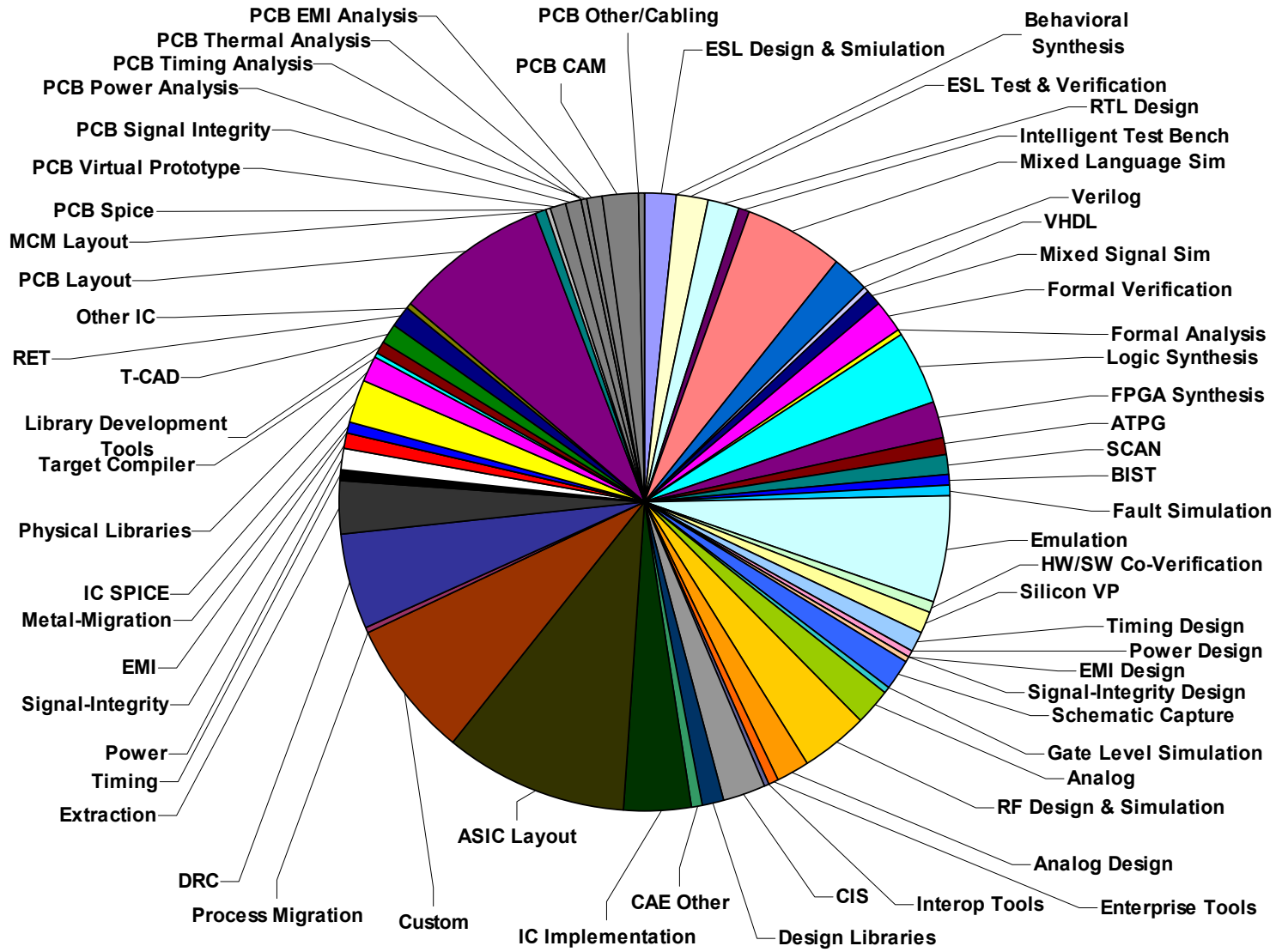


Source: EDAC Market Statistics

How Will Mentor Graphics Do In 2003?

- **2003 Guidance (12/03/02)**
 - Bookings growth = 20%
 - Revenue growth = 10%
- **Why?**
 - Strong demand for “system design” software
 - “Younger” product line
 - Growing number of #1 market positions
- **Outlook**
 - Already raised Q103 and 2003 guidance due to strong Q402 and early Q103 demand

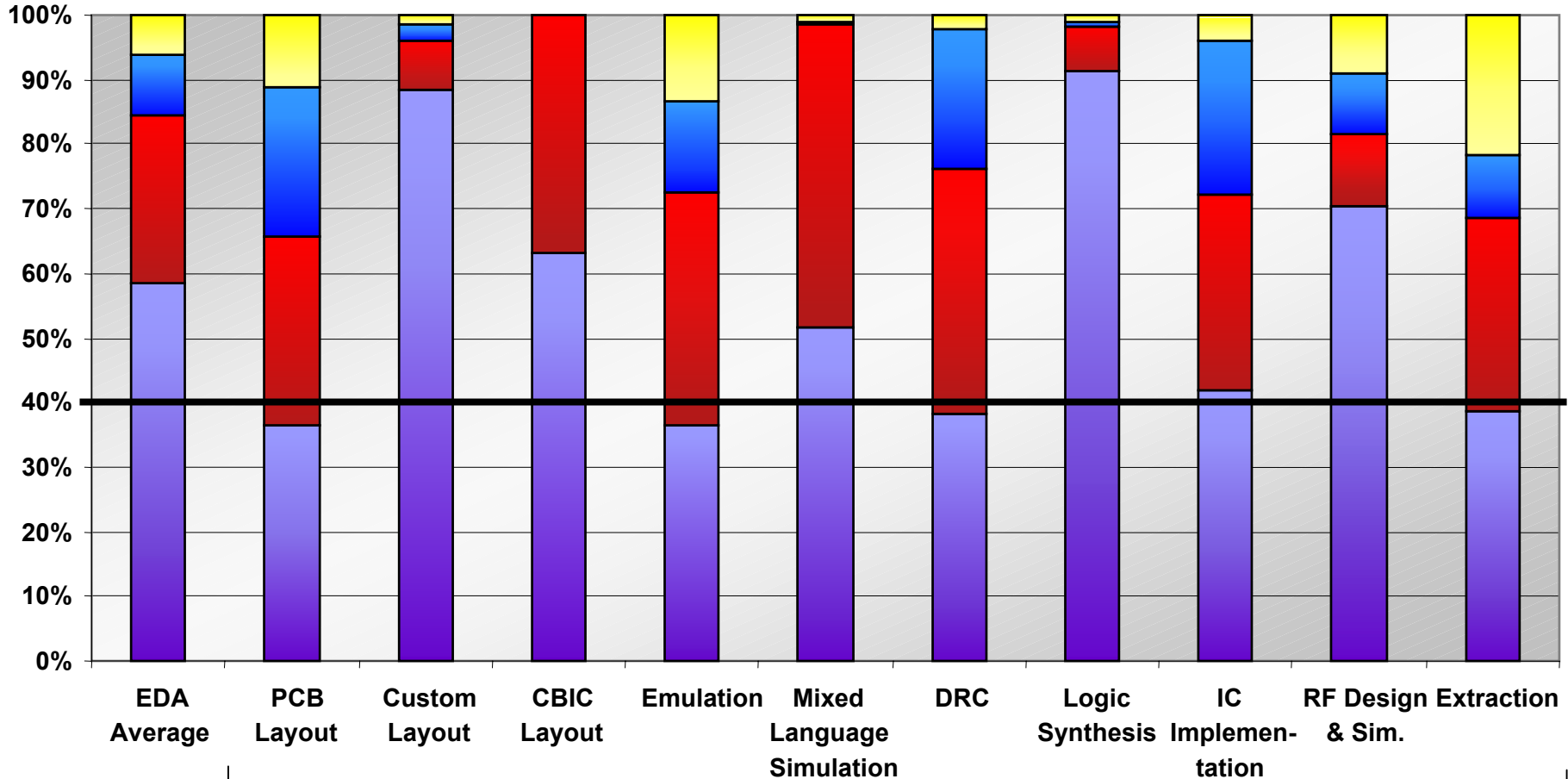
The EDA Market is Niche Oriented



Over 60
EDA
Niches
tracked by
Dataquest

Niche Market - 40% Rule

■ #1 Vendor ■ #2 Vendor ■ #3 Vendor ■ All Others



← Ten Largest Niches →

Mentor's #1 Product Positions

1993

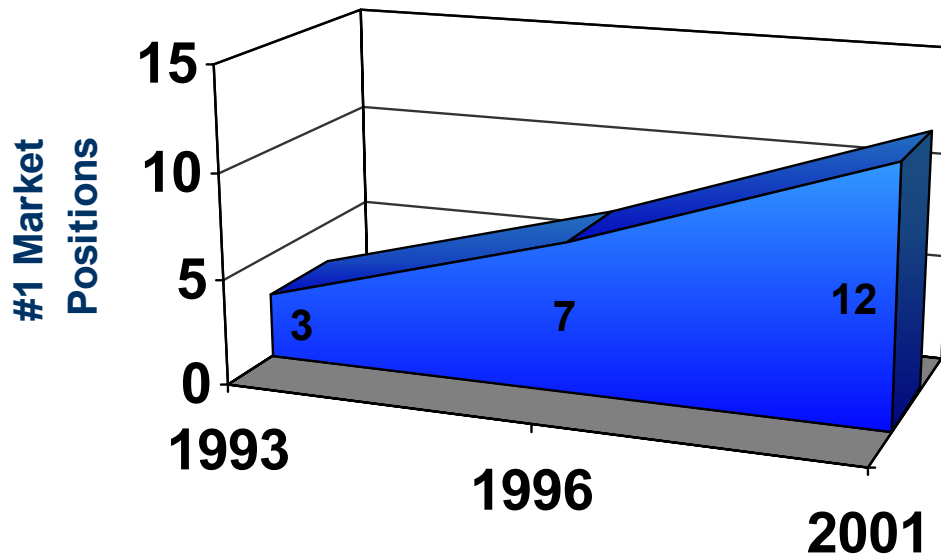
**Schematic Capture
Gate Simulation
Frameworks**

1996

**Schematic Capture
Gate Simulation
Frameworks
HW/SW Co-verification
DFT
VHDL Simulation
Soft Cores (Independent)**

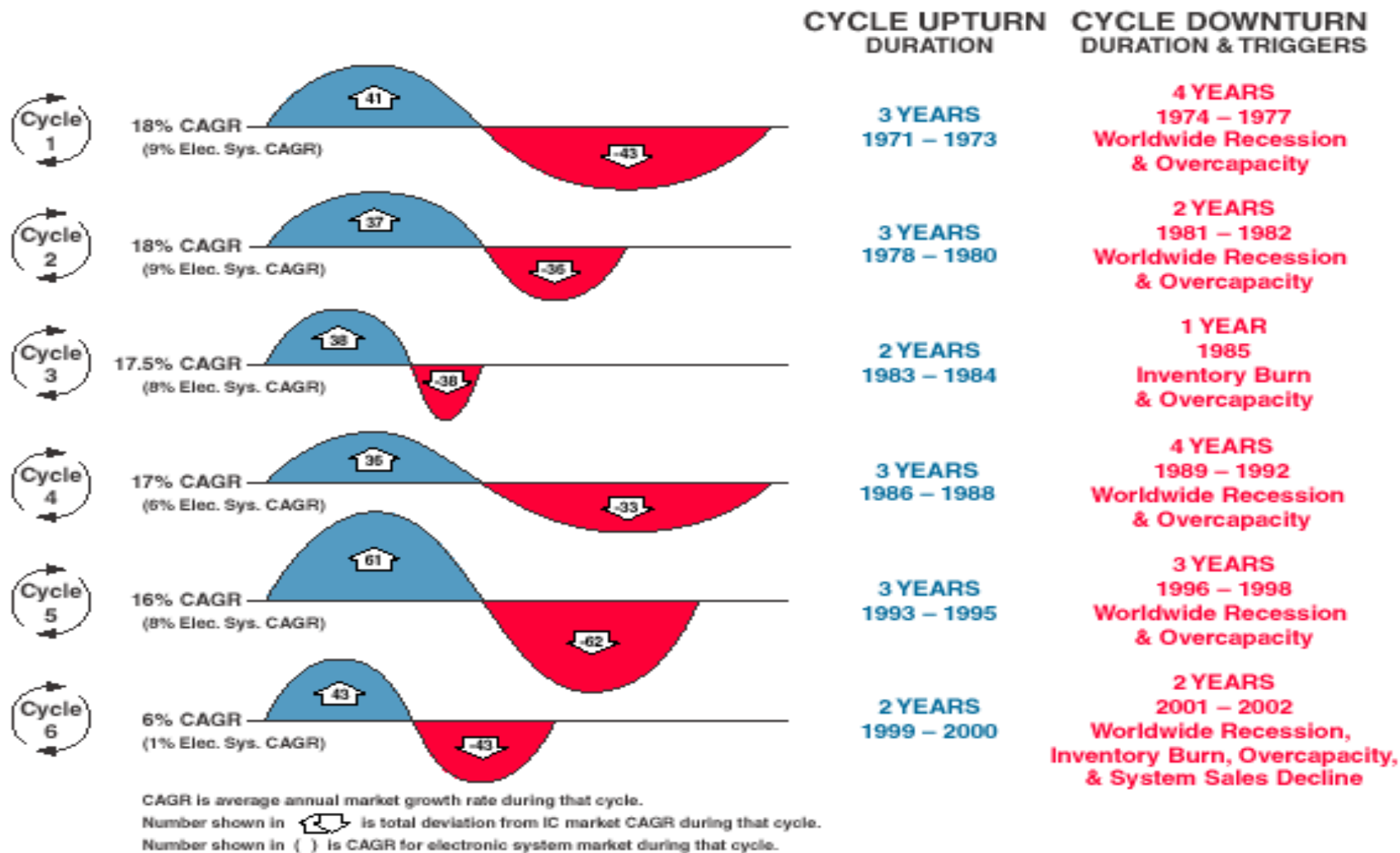
2001

**Schematic Capture
Emulation/Acceleration
HW/SW Co-verification
Design-for-Test -ATPG
Mixed Signal Simulation
Enterprise Tools (RTL Capture)
DRC
RET
PCB Layout
PCB Timing Analysis
PCB Signal Integrity
Cabling**



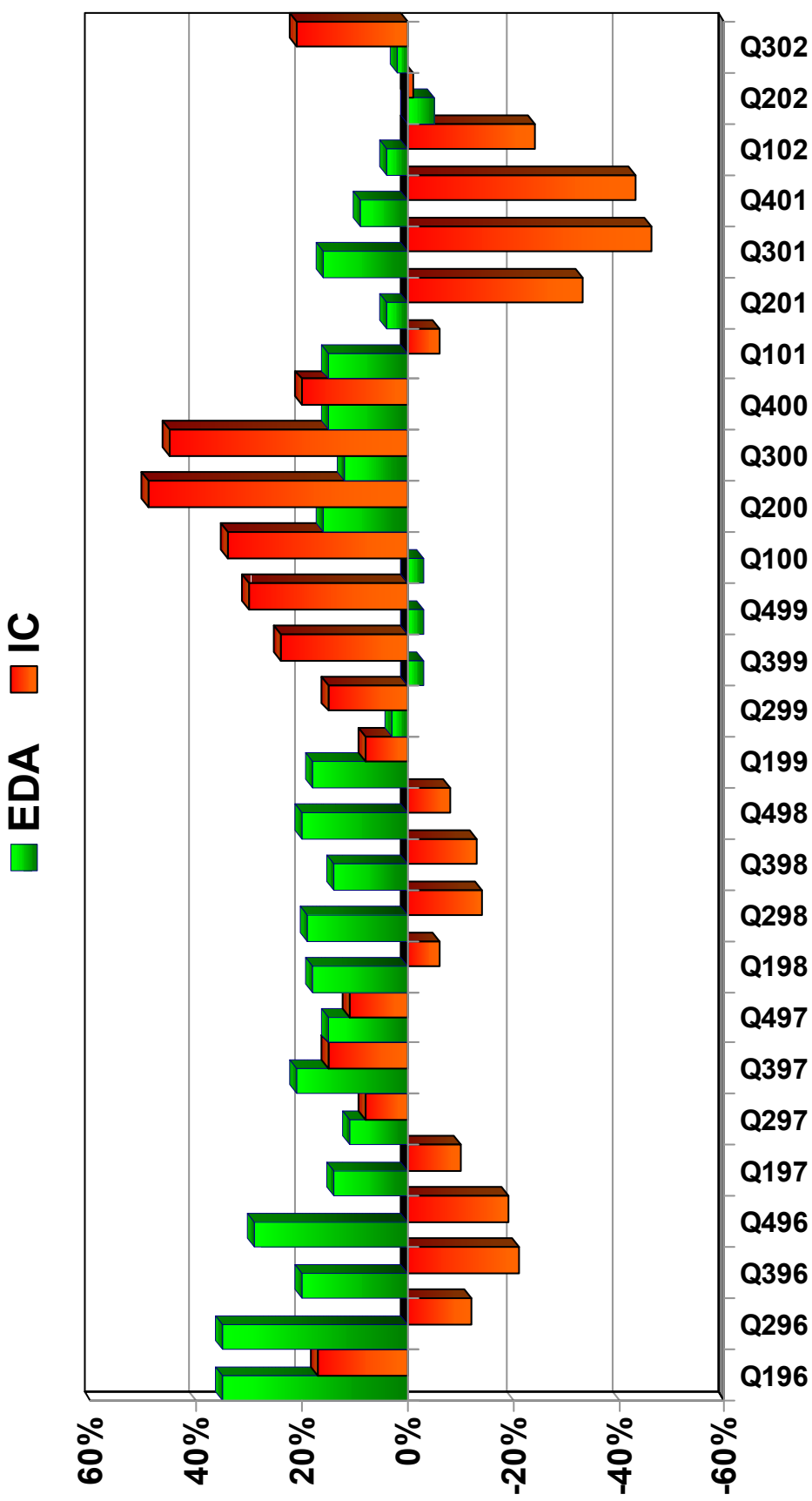
Source: Dataquest Market Trends, October 2002

Comparison with Past Industry Cycles



Source: IC Insights

EDA Remains Stable in an Unstable Market



*Source: SIA & EDAC

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