

EDAC Forecast Panel

February, 2005

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CHAIRMAN & CEO

**Mentor
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Three-Year Licenses Change EDA

- 1. Continuous revenue stream with compelling event for renewal**
- 2. Transition back to strong cash flow**
- 3. Predictable growth**

Three-Year Licenses Change EDA

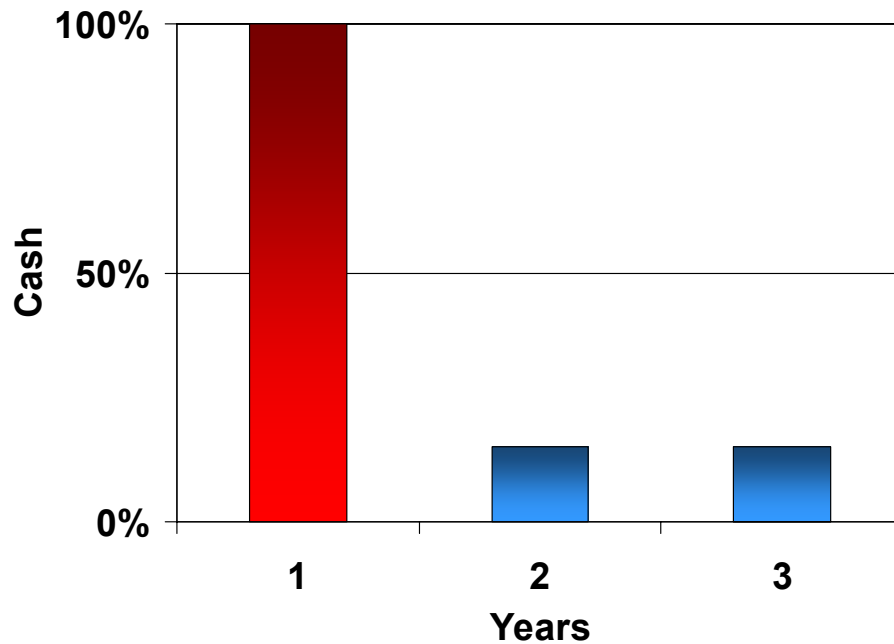
1. Continuous revenue stream with compelling event for renewal

<u>Early 1990's</u>	<u>Today</u>
<ul style="list-style-type: none">• Perpetual licenses and annual maintenance	<ul style="list-style-type: none">• 3-year lease/subscription with maintenance included
<ul style="list-style-type: none">• Increased license purchases as needed	<ul style="list-style-type: none">• Increased usage reflected in renewal commitment
<ul style="list-style-type: none">• Flexible time of purchase	<ul style="list-style-type: none">• Fixed renewal date at end of 3 years

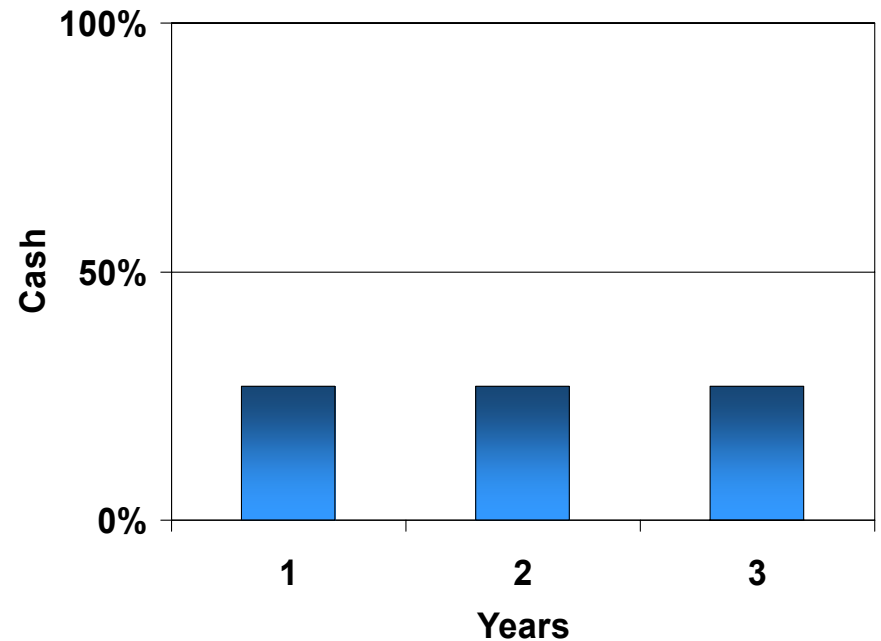
Three-Year Licenses Change EDA

2. Transition back to strong cash flow

Perpetual License Model

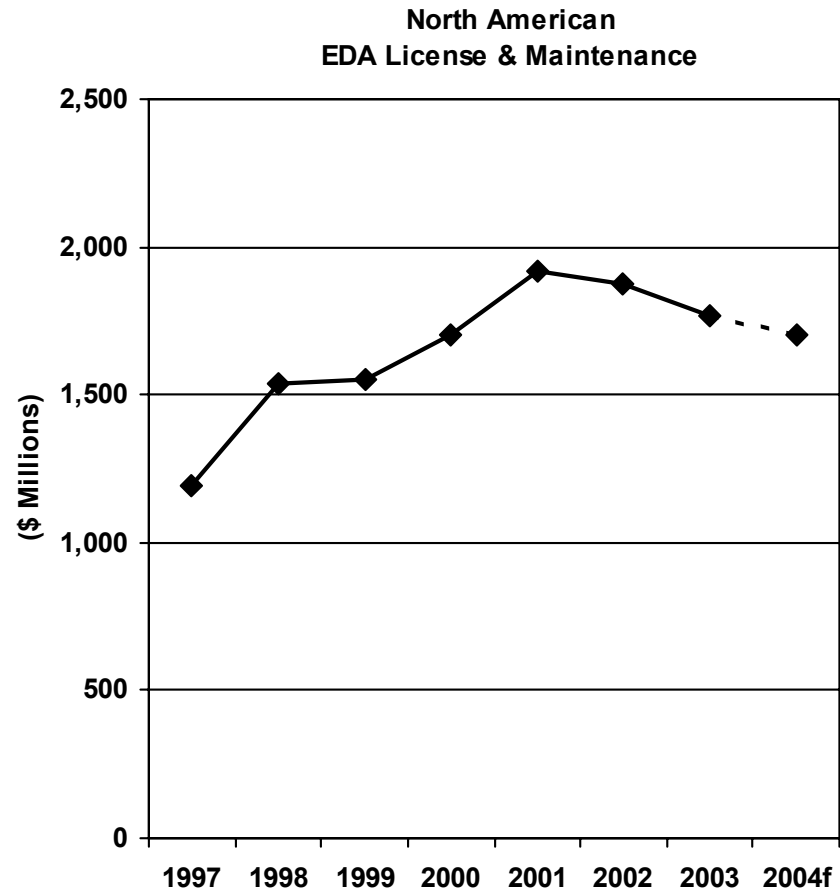
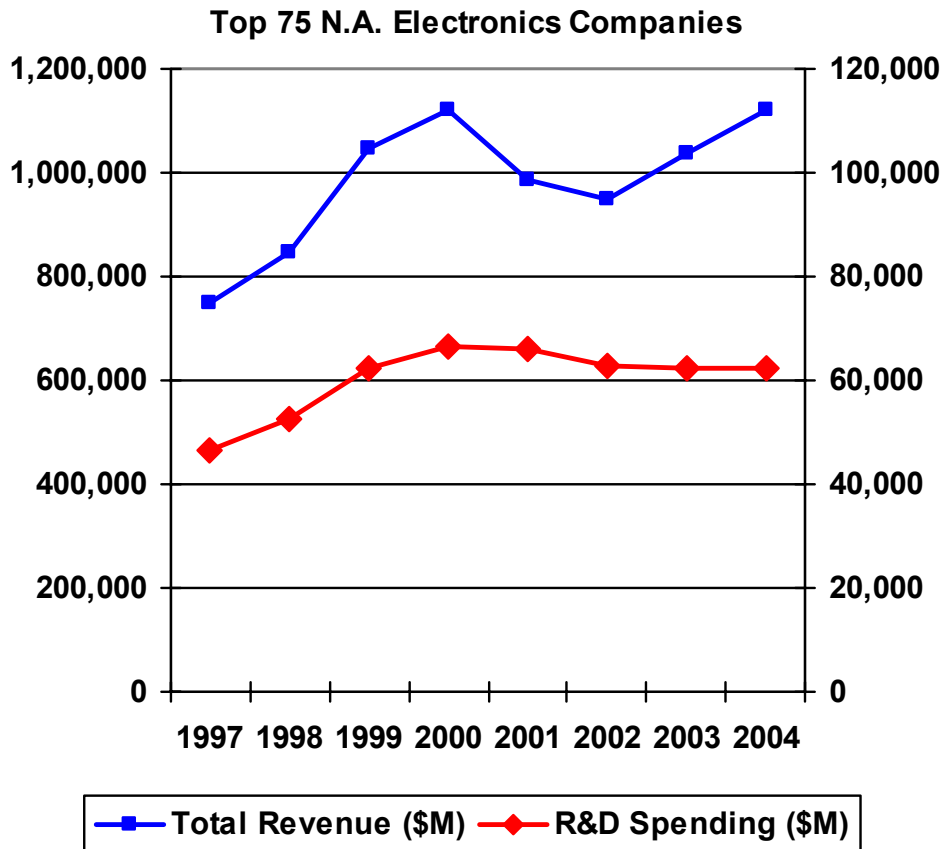


3-Year Lease/Subscription



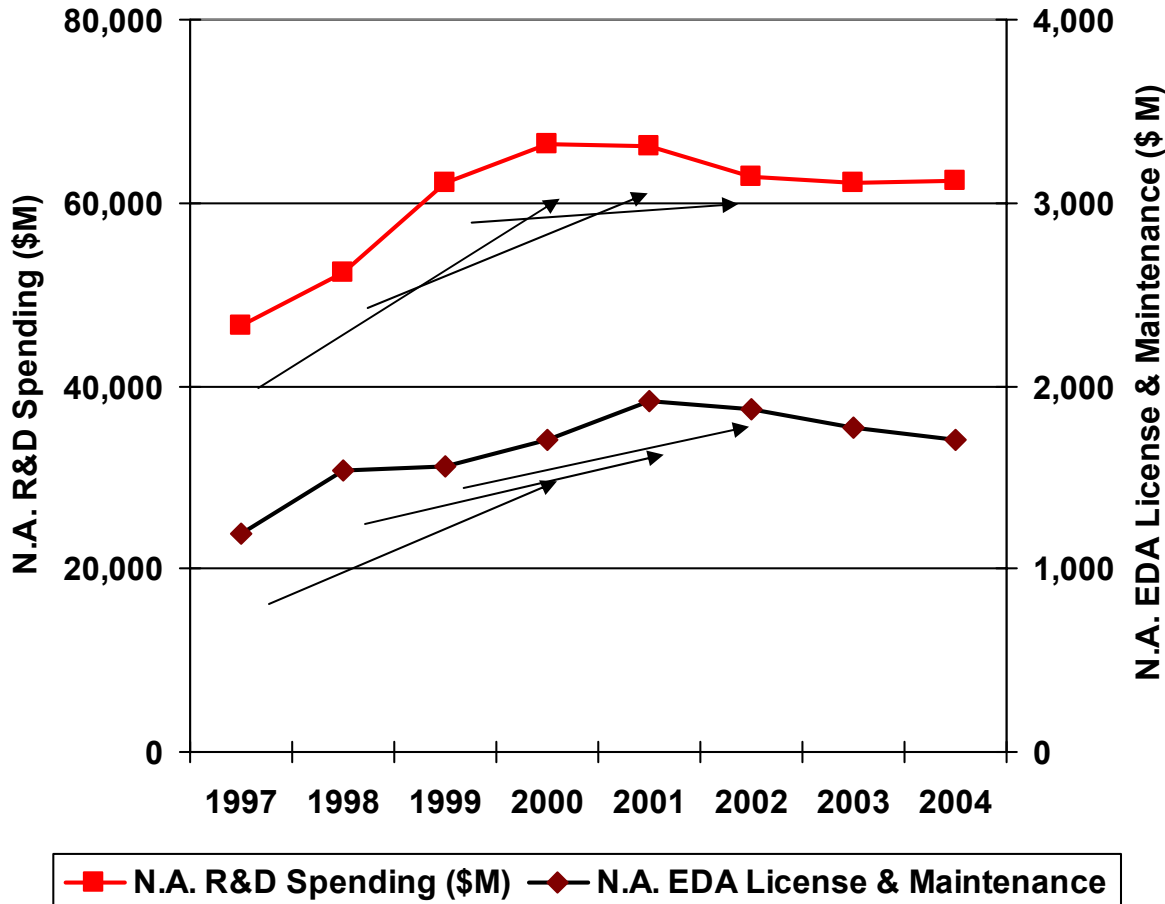
Three-Year Licenses Change EDA

3. Predictable growth



Source: Based on Electronic Business Journal Global 300 List (North America only, Excluding Software and Services Companies)
EDAC Market Statistics Service, 1997 - 2004

North American Electronics R&D vs N.A. EDA License & Maintenance

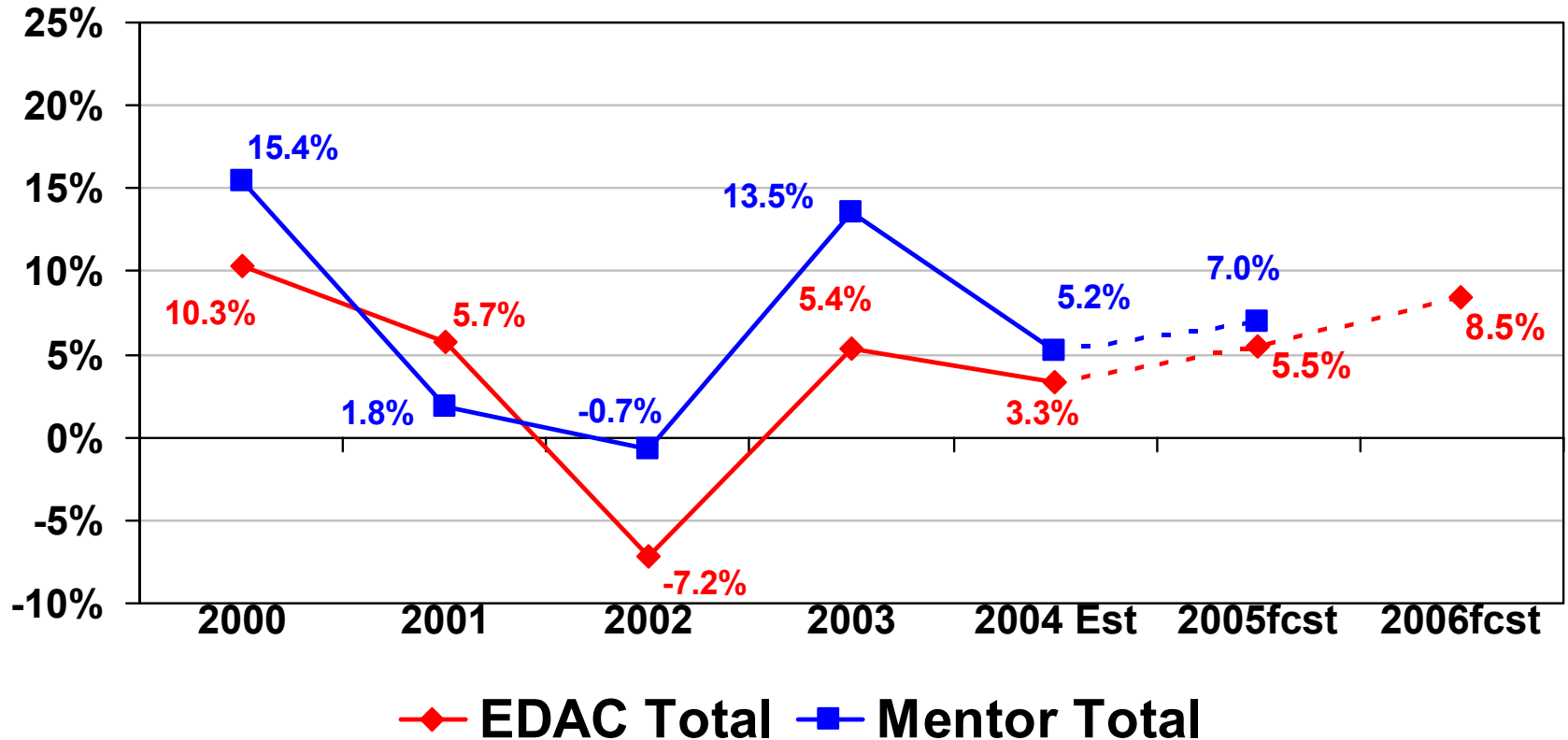


3 YR Growth	R&D	EDA
'97 - '00	42%	43%
'98 - '01	26%	25%
'99 - '02	1%	21%
'00 - '03	-6%	4%
'01 - '04	-6%	-11%
'02 - '05	++	+

Source: Based on Electronic Business Journal Global 300 List (North America only, Excluding Software and Services Companies)
EDAC Market Statistics Service, 1997 - 2004

Worldwide EDA Forecast

Annual Growth (EDA Total & Mentor Graphics)



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