

Deutsche Bank Securities Inc.

EDAC East Coast Meeting Panel

EDA & IP Funding and Valuations in Today's Market
Tim Fox - 4/7/05



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DISCLOSURES AND ANALYST CERTIFICATIONS ARE LOCATED IN APPENDIX 1

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Deutsche Bank



Technical Software: Deutsche Bank Research Team

Analyst Profile: Tim Fox, Vice President, Equity Research

- Four years' experience as a sell-side research analyst. Joined Deutsche Bank in June 2004, previously at SG Cowen Securities, LLC.
- Recognized in April 2004 as the #1 stock picker for the software sector in the annual "Forbes/StarMine Top Analysts in 2003 Survey".
- Prior to joining SG Cowen, was a Sr. Consultant with Adventis, a strategy consulting firm focused on the communications and computing sectors. Also held engineering and financial roles at Nstar, a natural gas and electric energy company.
- Received M.B.A. from the Bryant University and Bachelor of Science in Civil Engineering from the University of New Hampshire

Coverage



Counter Cyclical Trade Disappeared In A Bubble

■ Historically counter cyclical

- Lagged by two to three quarters
- A nice defensive play on semis

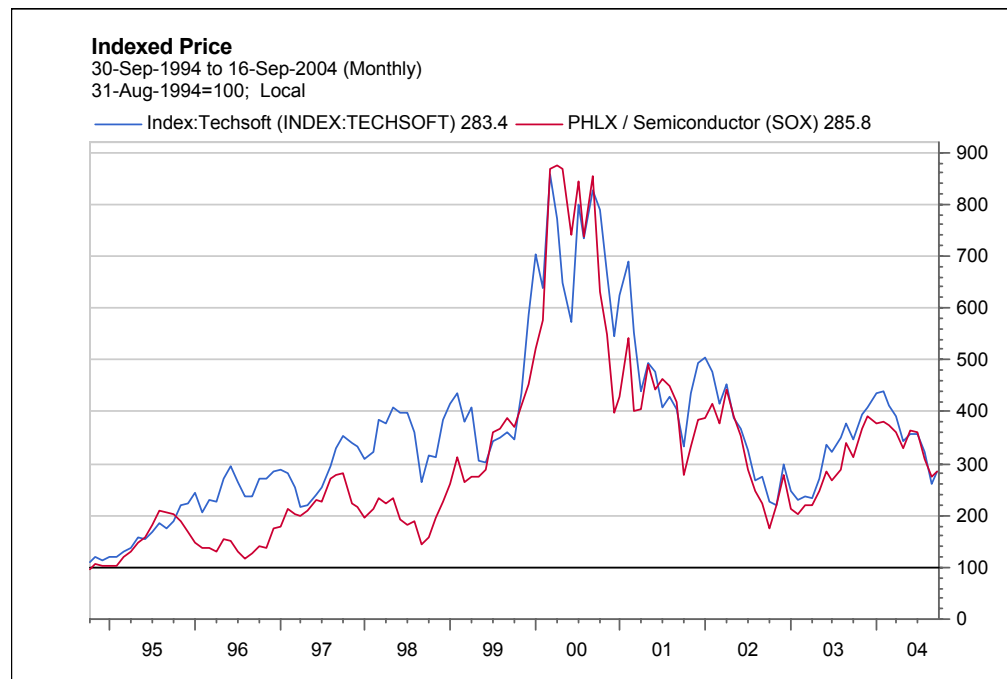
■ In lock step since downturn

- No catalysts for spending
- Fear that growth days are over

Will we get separation again?

What's it going to take?

Just meeting expectations....



Source: Factset, First Call and Deutsche Bank Securities, Inc. estimates

So here is our call...fundamental outlook getting brighter – overweight the group

- The challenge...investor perception:
 - Historical industry drivers are broken
 - Structural changes limit growth opportunities
 - License models keep changing
 - Price discounting/bundling limits margin expansion
 - Too litigious

- DB view:
 - Moore's law is not dead...maybe wounded..but SI is a key enabler
 - The migration to 130nm and 90nm is well underway (driving a re-tooling cycle)
 - R&D budgets look promising
 - License model shifts are over
 - Opportunities in adjacent markets (i.e. IP, DFM, ESL, etc.)
 - Renewed commitment to pricing discipline
 - Agree on litigation issues
 - The group is inexpensive on most metrics (EV/revs, P/E, EV/FCF)
 - ***Counter cyclical investment opportunity once again!***