



Semis and EDA in 2009: Hang On

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Nature's Tendency: React, not Assess



Causes & Results – Wide & Narrow

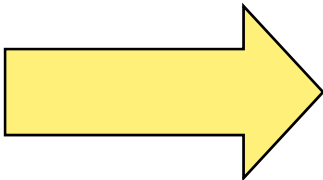
Macro Signs:

- Light regulation of derivatives.
- Increasingly “easy” money.
- Collapse of mortgage-backed securities.

Electronics & Semis:

- “Overproduction” or “overaccumulation.”
- Free cell phones without plans.

Markets will Recover ... but Likely Look Different



PC Market Transitions

Automotive Industry ... New Semi Electric Vehicles



“Electric cars just don’t have to be as complex mechanically as the car you’re probably driving now. Sophisticated electronics and software take the place of the pounds and pounds of machinery required to introduce a spark and ignite the fuel that powers an internal combustion engine.”

- Tesla Motors, Inc.

What to Expect in Semi During 2009?

- **Semi customers will continue to be cautious:** First selective in new designs, then a pickup.
- **No IPOs:** But we'll see interesting mergers.
- **Tough choices for VCs:** Bad investments can't continue – limited partners will oppose drawdowns.
- **Credit will improve:** \$350M from TARP and more coming – the only problem politicians can fix.

In this environment, EDA must be run for profitability.

Don't Put Emphasis on These ...

- **Semiconductor stock performance.**
 - Hearing your customers ...
- **EDA stock performance.**
- **Number of design starts.**

... but Watch for These

- **Lending and credit availability – lower credit card rates!**
- **Total Gates Consumed**
 - Design Complexity (number of gates) x number of designs
- **Rapid reduction of old technologies – can't afford both new and old, e.g.:**
 - Will all of WIMAX, LTE, HSDPA ... survive ?
 - Will Blu-ray survive?
- **Are companies generating cash again?**

