



ARM Holdings plc 2010 Analyst & Investor Day

19 May 2010

London



Cautionary Statement Concerning Forward-Looking Statements

- This presentation contains forward-looking statements as defined in section 102 of the Private Securities Litigation Reform Act of 1995. These statements are subject to risk factors associated with the semiconductor and intellectual property businesses. When used in this document, the words “anticipates”, “may”, “can”, “believes”, “expects”, “projects”, “intends”, “likely”, similar expressions and any other statements that are not historical facts, in each case as they relate to ARM, its management or its businesses and financial performance and condition are intended to identify those assertions as forward-looking statements. It is believed that the expectations reflected in these statements are reasonable, but they may be affected by a variety of variables, many of which are beyond our control. These variables could cause actual results or trends to differ materially and include, but are not limited to: failure to realize the benefits of our recent acquisitions, unforeseen liabilities arising from our recent acquisitions, price fluctuations, actual demand, the availability of software and operating systems compatible with our intellectual property, the continued demand for products including ARM’s intellectual property, delays in the design process or delays in a customer’s project that uses ARM’s technology, the success of our semiconductor partners, loss of market and industry competition, exchange and currency fluctuations, any future strategic investments or acquisitions, rapid technological change, regulatory developments, ARM’s ability to negotiate, structure, monitor and enforce agreements for the determination and payment of royalties, actual or potential litigation, changes in tax laws, interest rates and access to capital markets, political, economic and financial market conditions in various countries and regions, including the commercial credit environment and uncertainties arising out of the financial market and liquidity crises, and capital expenditure requirements. ARM does not intend or assume any obligation to update or revise these forward-looking statements in light of developments which differ from those anticipated.
- More information about potential factors that could affect ARM’s business and financial results is included in ARM’s Annual Report on Form 20-F for the fiscal year ended December 31, 2009 including (without limitation) under the captions, “Risk Factors” and “Operating and Financial Review and Prospects,” which is on file with the Securities and Exchange Commission (the “SEC”) and available at the SEC’s website at www.sec.gov.

Introduction to ARM

Warren East
CEO



ARM Overview

ARM is the world's leading semiconductor IP company



- Licensing and royalty business model delivers operational leverage and robust cash generation
- Gaining share in long-term secular growth markets
- Strong competitive position for long-term sustainable growth

Key Growth Drivers

- Growth in mobile applications
 - Increasing value of ARM technology per device
 - More chips and higher priced chips
- Growth beyond mobile
 - Increasing ARM penetration into broader range of digital products
- Growth into new technology outsourcing
 - Physical IP, graphics IP and video IP increase ARM's value per device and penetration

Increasing the
ARM value
per transaction

Growth in
non-mobile
applications

Extending IP
Outsourcing



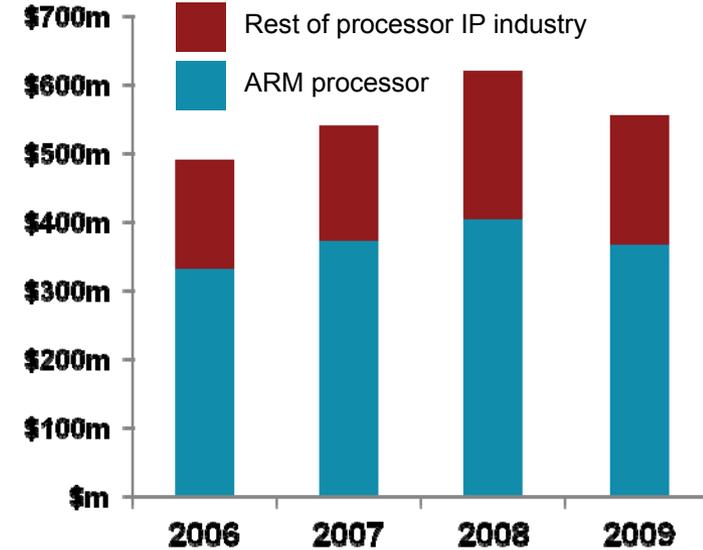
ARM Introduction

- Global leader in the development of semiconductor IP
 - R&D outsourcing for semiconductor companies
- Innovative business model yields high margins
 - Upfront license fee – flexible licensing models
 - Ongoing royalties – typically based on a percentage of chip price
 - Technology reused across multiple applications
- Long-term, secular growth markets



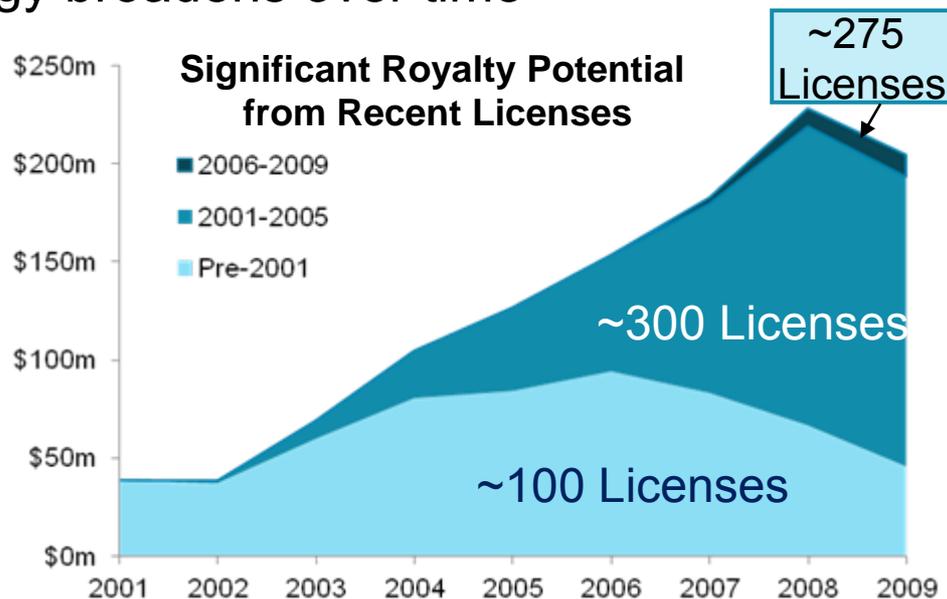
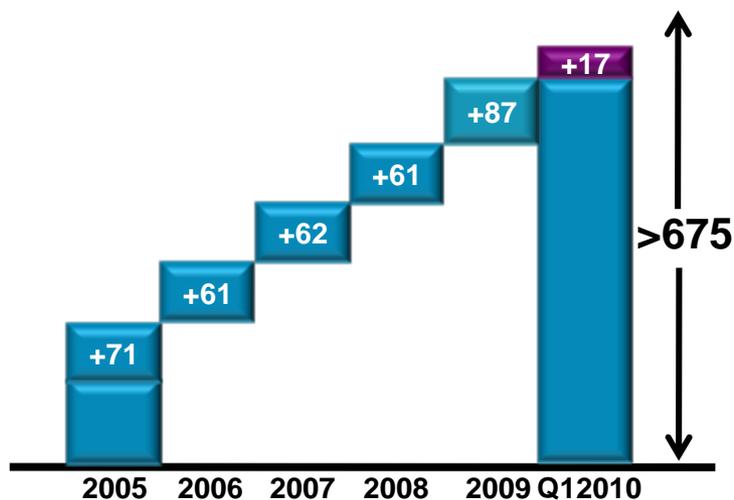
Economics of IP Outsourcing

- ARM is the world's #1 semiconductor IP company
 - ARM enables significant reduction in customers R&D
 - Large semiconductor companies would need to spend \$100m to \$150m p.a.
 - ARM technology turns large fixed cost into smaller variable cost
- As partners utilize ARM technology across more product lines their savings increase
 - Increased productivity through IP reuse and growing expertise
- OEMs can also benefit from reduced R&D costs
 - Multiple suppliers reduces risk of 'lock-in'
 - Increased productivity through software reuse and growing expertise



Cumulative Licensing Drives Royalties

- Licensing base typically grows by 60-80 licenses every year
 - Internet-connected consumer electronics from smartphones to DTV
 - Embedded applications such as microcontrollers and hard disk drives
- Growing base yields royalty revenues over long period
 - Leading semiconductor companies have made long-term, strategic commitments to ARM technology
 - Applicability of ARM technology broadens over time



Increasing Value and Penetration

Mobile Phones

ARM processors can be found in more than 95% of mobile phones

Average of 2.4 ARM-based chips per mobile phone, with smartphones containing between 2 and 5 ARM-based chips

Typical smartphone drives six times more royalty than typical "dumb-phone"

- ARM processors used in:
- 2G/3G baseband connection
 - Applications processor
 - GPS, WiFi, Bluetooth
 - Touchscreen, camera



Mobile Computers

Smartphones are evolving into mobile computers

- 30m unit market in 2009
- Forecast 500m units in 2014

ARM in applications processor used to run:

- User interface, operating system, browser and plug-ins, email, gaming
- ARM processors also used in:
 - Hard disk drive controller
 - WiFi, Bluetooth, WiMAX
 - 2G/3G baseband connection



Digital TV & STB

ARM market share ~30% in brands such as Samsung, Sony Bravia and Vizio

Digital TV becoming more internet connected, requiring web-browsers, plug-ins and PC-class OS. Driving need for smarter processor such as ARM

ST is market leader and recently announced they are moving to ARM



PC & Peripherals

ARM technology can be found in many products in the home office

- Disk drives (65% share)
- Printers (60%)
- Networking (20%) such as broadband router, WiFi, BT and femto cell

As these products become more capable and more efficient, they create more opportunity for ARM



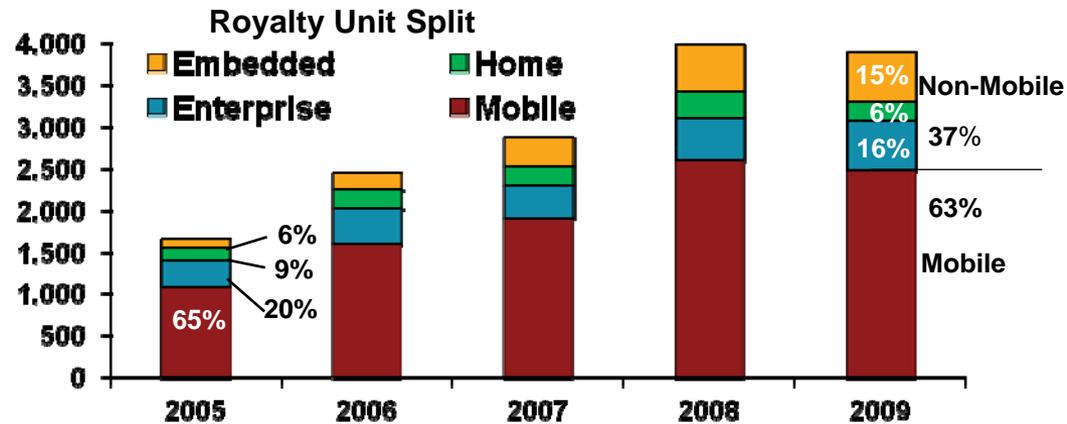
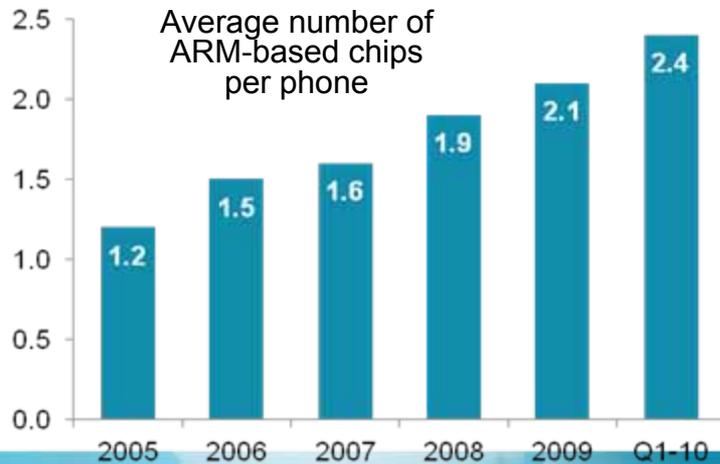
Microcontrollers

Microcontroller market is very large with mainly low-cost chips

ARM's market share ~6% but growing rapidly

ARM processors used in:

- Electric motor controllers
- Monitors and sensors
- Medical applications
- Industrial robotics
- Toys



Evolution of Target Markets

- **Consumerisation of the Internet**
 - Internet connectivity required in increasing range of products
 - Always connected to our data and social/business networks
 - 3 billion Internet connected screens by 2014
- **Reliable efficient embedded computing**
 - Embedded processors in disk drives, 3G modems and engine management systems need to be robust, dependable and efficient
 - 10 billion embedded devices forecast for 2014
- **Smart low-cost microcontrollers**
 - Smarter chips for smarter washing machine motors, toys, cars and hundreds more applications making life safer and simpler
 - 16 billion microcontrollers forecast by 2014

Agenda

Timing	Topic
10:00 – 10:20	Introduction to ARM Warren East, CEO
10:20 – 10:40	Ongoing Innovation Drives Royalty Growth Mike Inglis, EVP & GM Processor Division
10:40 – 11:00	Growth in Mobile and Mobile Computing Tom Lantzsch, EVP Corporate Development
11:00 – 11:20	Break
11:20 – 11:40	Gaining Share in Target Markets Ian Drew, EVP Marketing
11:40 – 12:00	Financial Impact of Increasing Market Share Tim Score, CFO
12:00 – 12:30	Q&A
12:30 – 13:30	Lunch

Ongoing Innovation Drives Royalty Growth

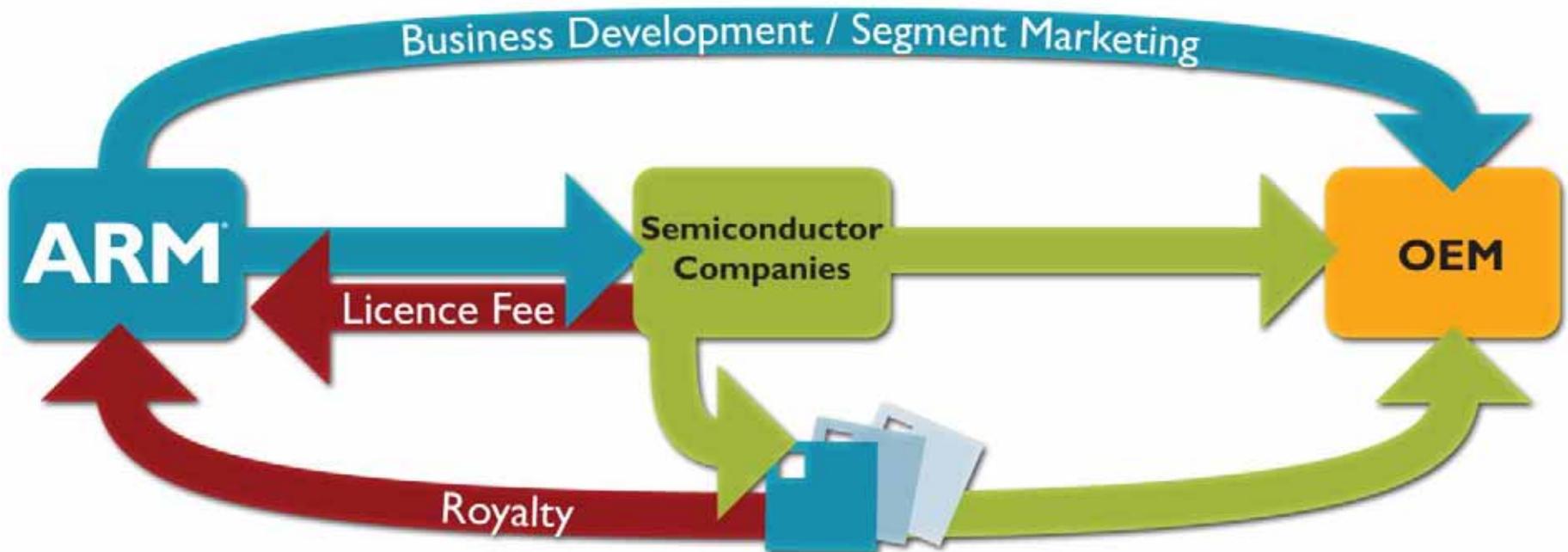
Mike Inglis

EVP & GM Processor Division



21st Century Business Model

- Macro effects
 - Energy efficiency
 - Consumerisation of internet
- Network Effects
- Shared success
- No Manufacturing Cost
- People and IP based
- Cash Generative



ARM's Product Roadmap

Processors Currently Available

ARM1136J(F)
ARM1156T2(F)
ARM1176JZ(F)
ARM11 MPCore

ARM11™
Family

ARM9™
Family

ARM7™
Family

ARM7TDMI
ARM7EJ
SC100

ARM922T
ARM926EJ
ARM946E
ARM968E

ARMv7

Cortex-A
Family

ARMv6

Cortex-R
Family

ARMv5

Cortex-M
Family

ARMv4

Applications Processors

- “Eagle”
- Cortex-A9
- Cortex-A8
- Cortex-A5

3bn
units in 2014

- Mali-VE
- Mali-400
- Mali-200
- Mali-55

Mali
Graphics
Video

Real-Time Embedded

- “Heron”
- Cortex-R4

10bn
units in 2014

Microcontrollers

- Cortex-M4
- Cortex-M3
- Cortex-M1
- Cortex-M0
- SC300
- SC000

16bn
units in 2014

Physical IP

- For all processors
- For all foundries
- From 250nm to 28nm
- 22 & 20nm in R&D
- Silicon on Insulator

Optimised Physical IP

Product Development Drivers

- Roadmaps created by divisions from innovation, market and industry input and working closely with customers



Central R&D

ARM's R&D teams develop new technologies through internal innovation and collaboration with the ARM partnership and academia

The diagram shows a central blue oval labeled 'ARM R&D' surrounded by five purple ovals: 'Ecosystem', 'Other Research', 'Universities', 'Lead OEMs', and 'Customers'.

Multiple projects allow for risks, project failure and “ideas ahead of their time”
Can take more than 10 years from idea to first royalties

Product Development Drivers

- Roadmaps created by divisions from innovation, market and industry input and working closely with customers



Segment Marketing

ARM's Segment Marketing team works with customers, OEMs, operators, software vendors and the ecosystem to identify market trends.



EMBEDDED SOLUTIONS **ENTERPRISE SOLUTIONS** **HOME SOLUTIONS** **MOBILE SOLUTIONS**

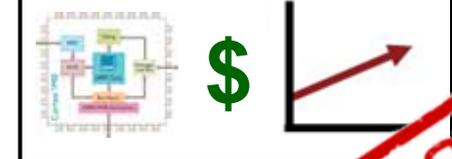
Works with divisions and R&D to bring ARM technology and solutions to end market products

Product Development Drivers

- Roadmaps created by divisions from innovation, market and industry input and working closely with customers



Product Definition



Changing Market Enables New Product

- Heron is ARM's next generation processor for Embedded automotive, baseband and hard disk drives
- Accelerated development as market evolved rapidly

"Heron" Development Timeline

*Q1 2009
Customer Meetings*

*Q1 2009
Brainstorms*

*Q2 2009 Approval
New Roadmap*

*2009 – 2010
Design*

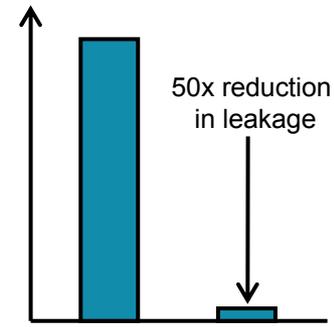
*2010 Q2 Early
Access for Lead
Licensees*



- First lead licensees signed up
- Heron available for general licensing in 2011
- First royalty revenue expected in +4 year

Physical IP Building Better Processors

- ARM has created optimised Physical IP products that customers use to build better processors
- Ultra-Low-Leakage libraries initially developed for advanced processes at 45nm and below
 - Techniques developed during this project also reduced leakage at mature nodes
 - Combined with Cortex-M3 and TSMC 180nm low leakage process reduces leakage by 90%
 - Enabled new generation of smart microcontrollers with very long battery life
 - Now being designed into chips in meters and wireless sensor networks



Wireless sensor networks are used to monitor very large structures such as vibrations in bridges or temperatures in server farms

Application Evolution

Portable devices,
embedded devices and
mobile computing



Portable
devices

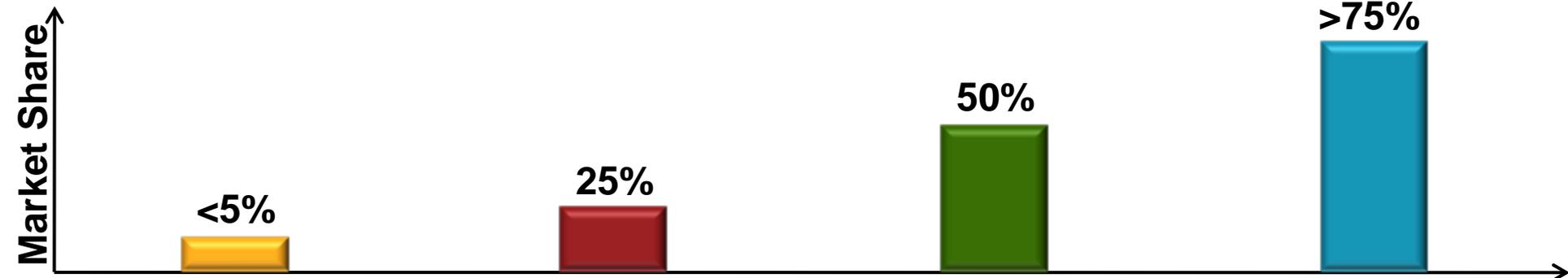


Portable and
embedded devices

Drivers Taking ARM Everywhere

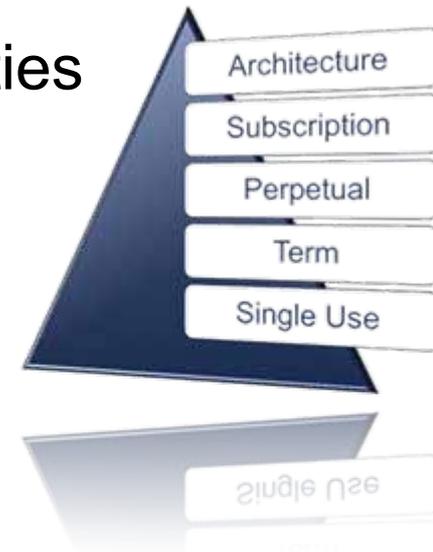


Microcontroller Smartcard	Digital TV Mobile Computer	Enterprise	Mobile Phone
<p>Changing end markets yield new opportunities</p> <p>Partners leverage common instruction set</p> <p>New technology and an ecosystem for developers</p>	<p>Customers reduce costs by platform commonality</p> <p>ARM coordinates ecosystem with key partners like Adobe</p> <p>Energy efficiency critical</p>	<p>OEMs reduce costs by consistent software from multiple suppliers</p> <p>Reuse software, tools and engineers across projects</p>	<p>Shared common platform, reduces costs for entire ecosystem</p> <p>Enables innovation and encourages diversity</p> <p>Energy efficiency critical</p>



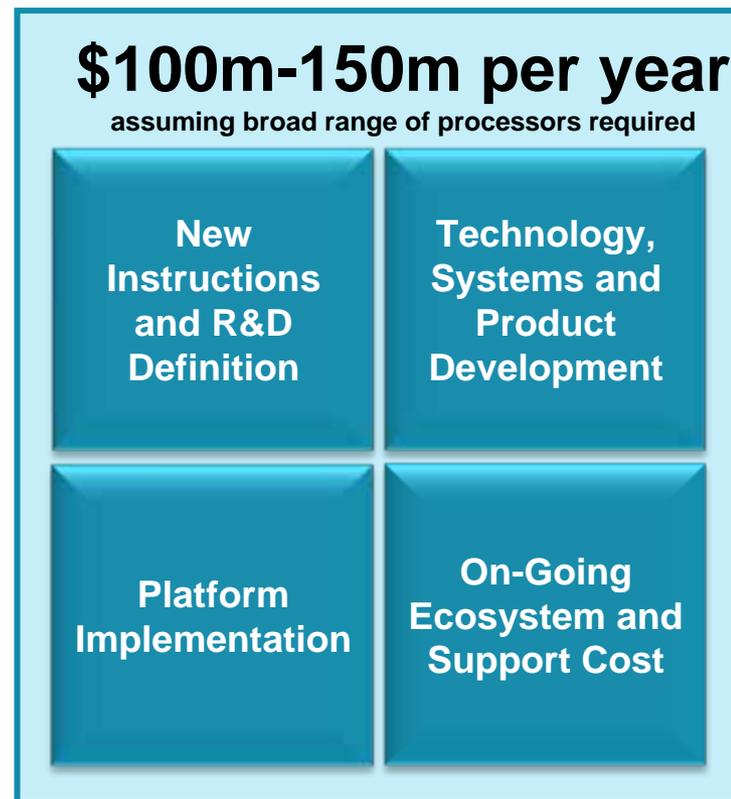
Business Model Enables Penetration

- Business model flexible to access all opportunities
 - Licensing rights can be matched to create win-win
 - Flexibility of license rights enables a wide range of partners, end-markets and products
 - Subscription model - appropriate for a limited number of companies
 - Architecture license even more limited
- Licensing resilient in 2009
 - Major partners increased commitment to ARM technology
 - Perpetual license value increased in 2009
 - Many smaller deals enabled with reduced license rights
 - Average booking per deal lower but expected to increase in 2010



Increasing Customer Adoption of ARM

- Large semiconductor companies often have multiple divisions creating a broad range of end-products
 - ROI is increased as more divisions adopt ARM technology
- Economics of outsourcing
 - Maintaining an architecture is expensive
 - Allows investment in differentiating systems features
- Economics of increased productivity
 - Scale effects
 - Centralised IP management
 - Reuse of tools and people
- Economics of increased revenue
 - Customer pull for ARM technology
 - Market access

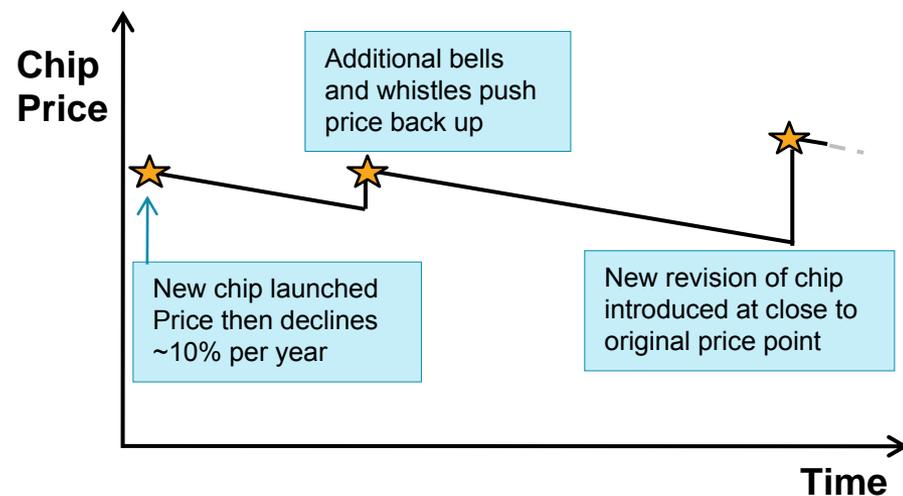
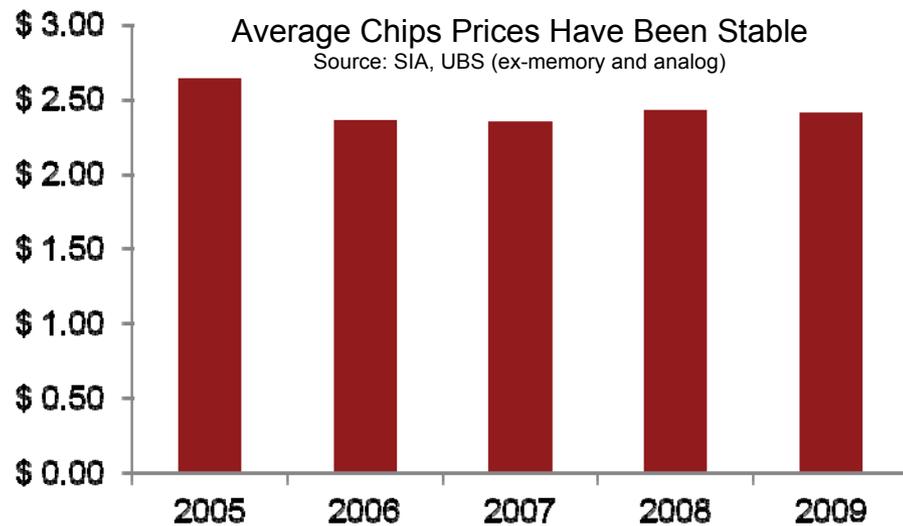


Increasing Value and Royalty Revenues

- ARM royalty revenues grow with volumes shipments
- Majority of current royalty revenues come from licenses signed between 5-15 years ago
- Rapid increase in ARM-based chips in low-cost markets such as microcontrollers and Bluetooth
- As ARM's value per chip increases, ARM's royalty revenue per chip increases
 - Higher royalties for advanced processors such as Cortex
 - Integration of multiple ARM processors per chip
 - Additional royalties from new technology such as Mali and physical IP

Impact of Average Chip Prices

- Chip pricing is largely based on chip functionality, order volume and competition
 - Over time average chip prices have been largely stable
 - Growth in higher-value, highly functional chips has balanced out chip declines
- Semiconductor companies increase chip pricing through integration of additional functionality
- Next generation chip introduced at higher price point

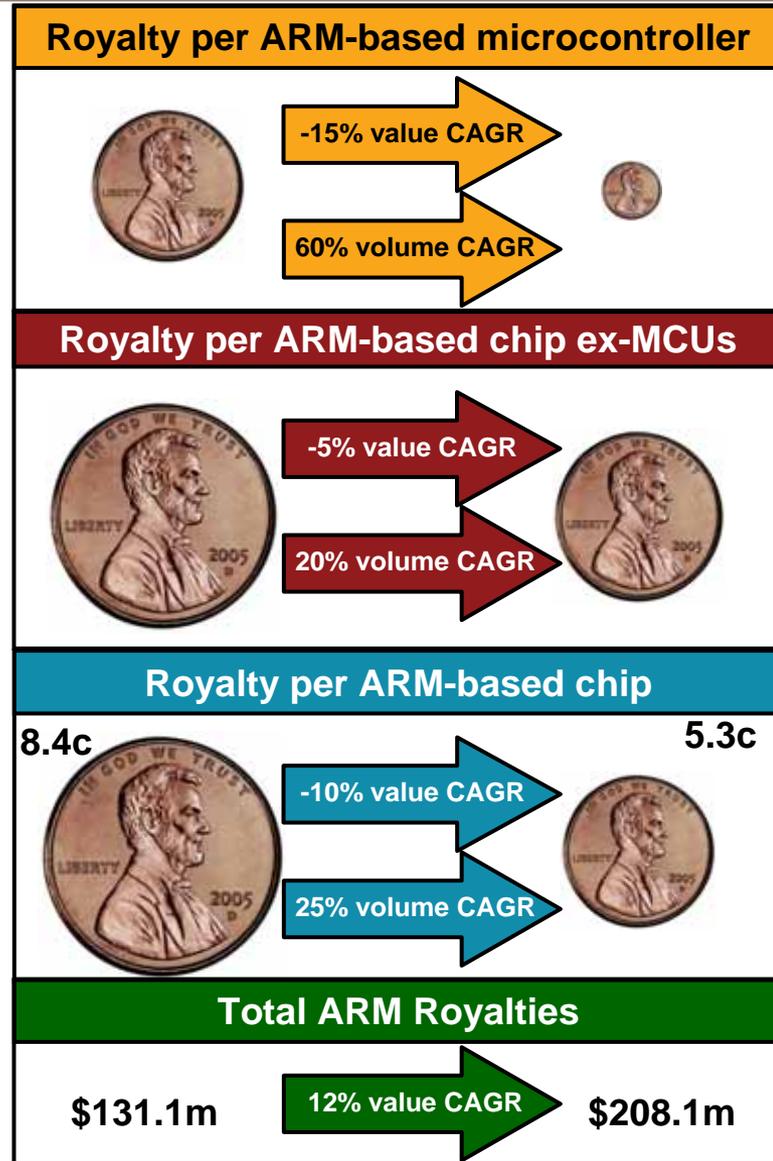
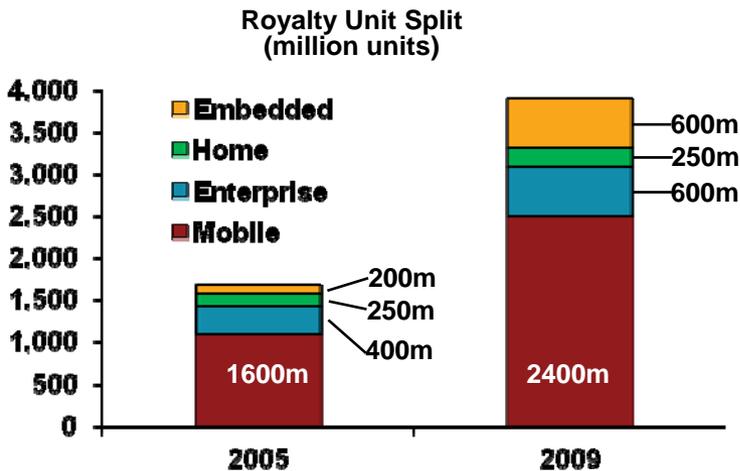


ARM's Opportunity at all Price Points



Impact of Microcontroller Growth

- Embedded products such as microcontrollers have been ARM's fastest growing market
 - Low-cost MCUs typically in \$1-2 range
- As ARM gains share in the lower cost microcontroller market, so ARM's average royalty per chip declines



Impact of Cortex Shipping In Volume

- ARM Cortex processors are our most sophisticated products
 - Cortex delivers more value: more functionality, greater efficiency
 - Over 100 Cortex licenses signed since 2004
 - Approximately 1% of ARM unit shipments in 2009
 - Increased to 5% in Q1 2010

Applications

- Cortex processors are taking ARM into broadening range of end markets



Pricing

- ARM is exposed to a greater range of chip prices
- Low cost microcontrollers likely to be at high volumes



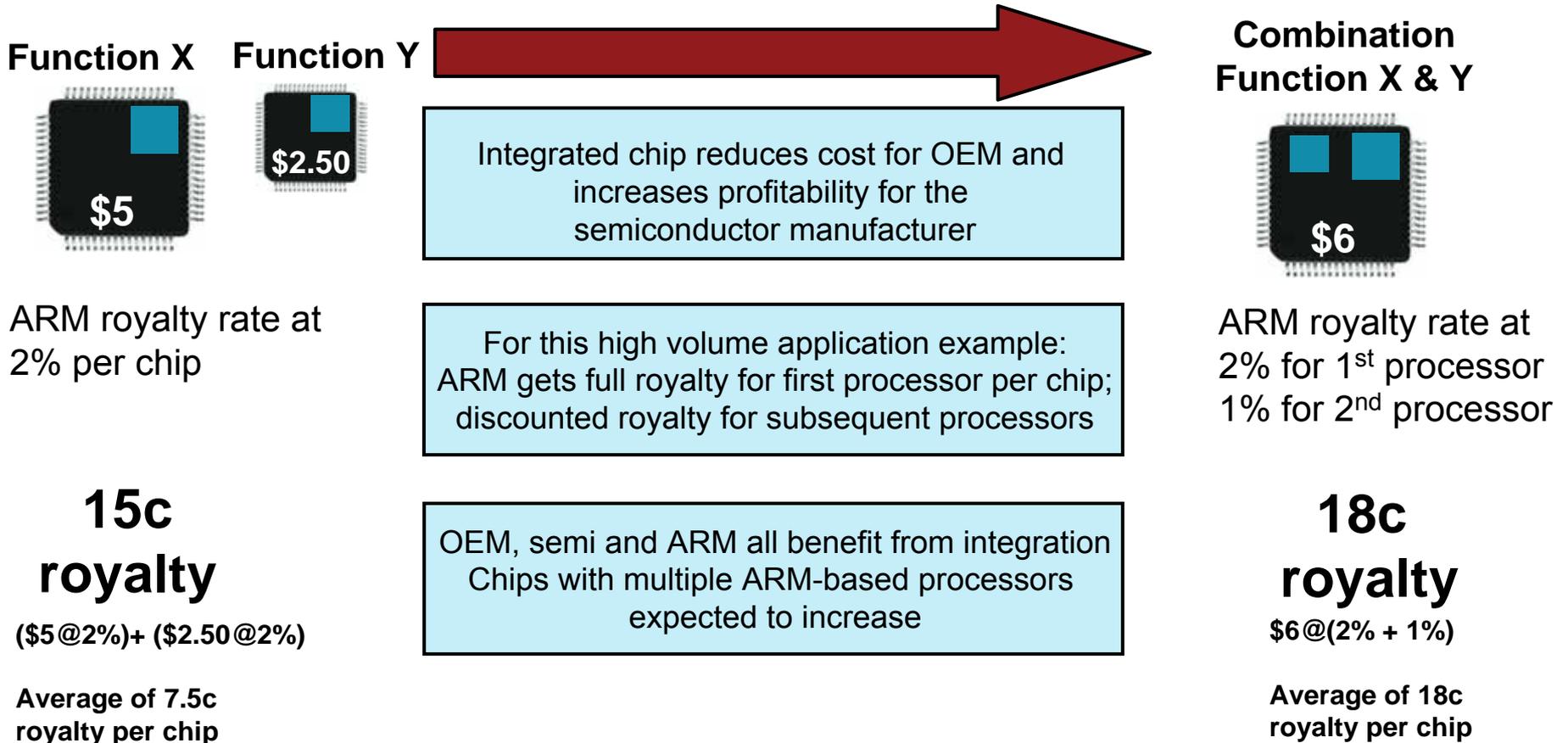
- Cortex per chip royalties typically higher than historic royalty rates

Volumes

- Cortex proportion of ARM total shipments to grow over next five years
- Most growth initially expected in applications processors in mobile and consumer electronics and microcontrollers

Impact of Functional Integration

- Integration of multiple functions into a single chip has limited overall impact on ARM total royalty revenue
 - Chips containing multiple ARM processors yield higher royalties

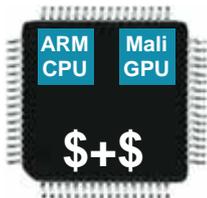


Impact of New ARM Technologies

- ARM is introducing new technologies that generate additional royalties per chip – often alongside an ARM processor

Mali Graphics and Video

- Mali technology has been licensed 27 times by 20 companies
- Generates a similar per chip royalty as an ARM processor
- Mali typically found in higher priced chips such as applications processors

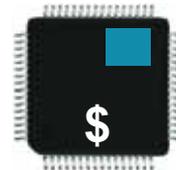


Both CPU and GPU generate a full royalty per chip - no discounts

- 3 billion consumer electronics devices in 2014 will have screen – all are an opportunity for Mali

Physical IP

- Physical IP has been licensed to all the major foundries
- Royalty is paid by the foundry on a per wafer basis



Wafer royalties and chip royalties are paid by different entities in the value chain



- All chips need physical IP. ARM's opportunity grows as companies increasingly outsource to reduce cost

Increasing Royalty Revenue per Chip

- Average royalty per chip being driven primarily by mix-shift as ARM increases penetration into lower cost markets such as microcontrollers
 - Total royalty revenue continues to grow with volume

Royalty Revenue Drivers	Impact on average royalty per chip	Impact on royalty revenue
Total market chip ASP	↔	↔
Increasing penetration into multiple markets	↔	↑
Increasing penetration into low cost markets	↓	↑
High end Cortex royalty rates	↑	↑
Integration of multiple chips into one chip	↔	↔
Addition of Mali processor royalty	↑	↑
Addition of Physical IP royalty	↑	↑

Conclusion

- ARM is investing in R&D, product development and ecosystem enablement
- ARM is creating and delivering
 - Advanced technology platform for partner differentiation
 - Common software model
 - Reduced cost of innovation for partners and OEMs
- Business model enables ARM technology to go everywhere
- Increasing adoption and latest technology drives royalty revenues

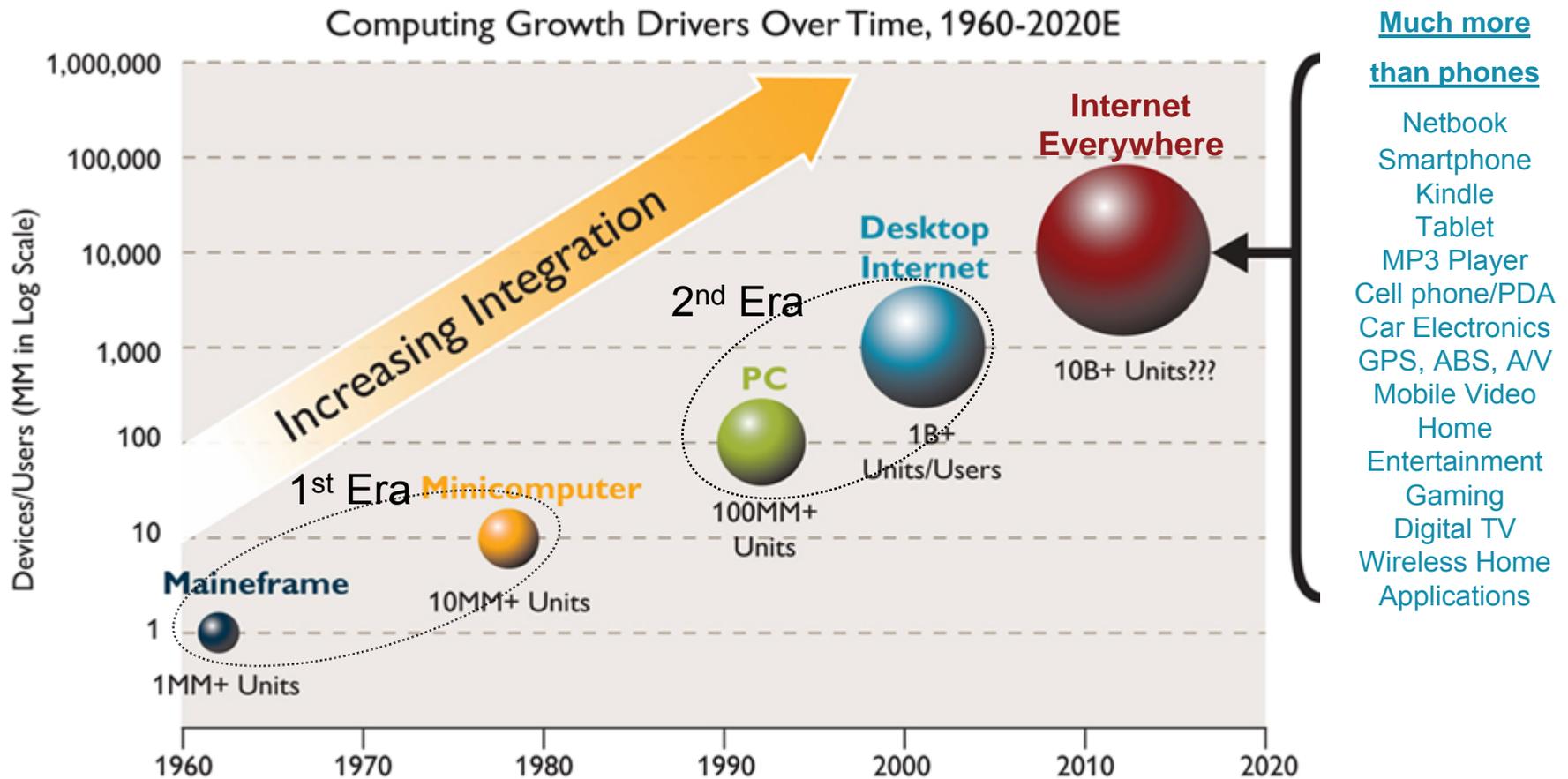
Growth in Mobile and Mobile Computing



Tom Lantzsch
EVP Corporate Development



3rd Era of Computing – Consumerisation



Note: PC installed base reached 100MM in 1993, cellphone/internet users reached 1B in 2002/2005 respectively.
Source: ITU, Mark Lipacis, Morgan Stanley Research

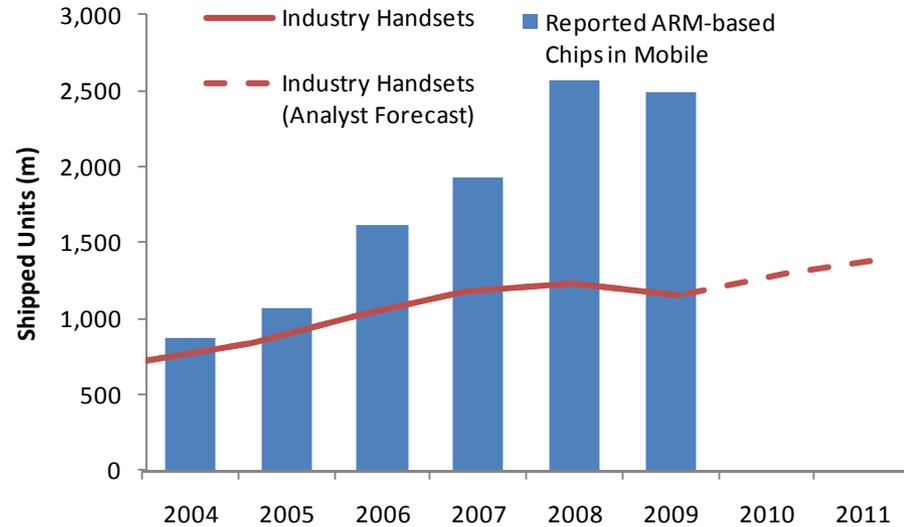
The Lantzsch Family

- What about the rest of the smart chips?

Applications Processor (one per device)			Device	Additional ARM-based Chip Potential
Intel	ARM	Other		
2	-	-	MacBook Laptop	~ 6
2	-	-	Other Laptop	~ 6
1	-	-	Gaming PC	~ 2
-	1	-	Amazon Kindle	~ 3
-	4	-	Phones	~ 12
-	2	-	Samsung LED TV's	~ 2
-	2	-	Samsung BluRay™	~ 2
-	2	-	Portable Media Player	~ 2
-	-	1	Microsoft Xbox 360	~ 1
-	-	1	Nintendo Wii	~ 1
-	-	1	Sony PlayStation	~ 1
-	-	1	Vudu Box	~ 2
5	11	4	Total	35-45

ARM Powers the Mobile World

- Over 95% of all mobile phones contain an ARM-based chip
- Average phone has >2 ARM-based chips
- >12 Billion ARM-based chips in mobile devices
- Scalable performance from ultra low cost to netbook
- Strong smartphone growth forecast by analysts



All Phones are Getting Smarter

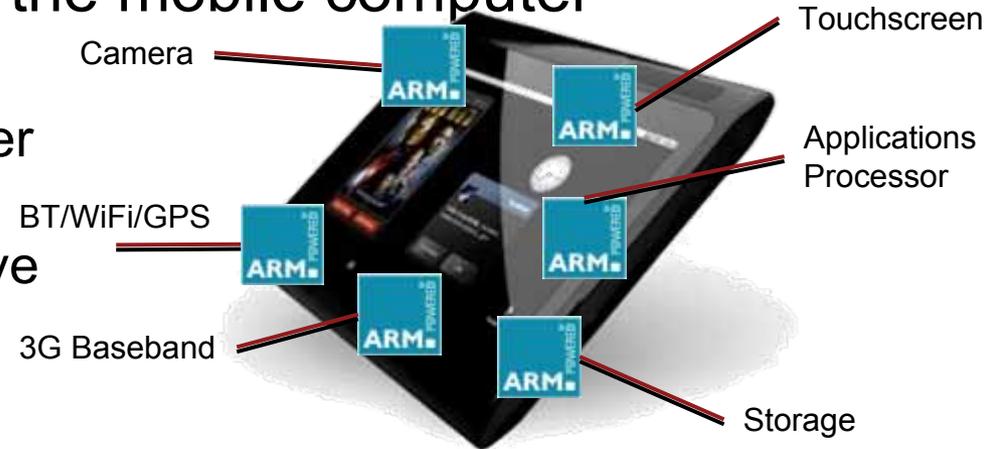
- Entry-level phones contain more technology
 - Camera and Bluetooth are becoming standard
 - Email capability in many low-end phones
- Low-cost smartphones replacing feature phones
 - Open-OS and web/email capable
 - Increasing ARM content and value per phone
 - Applications processor, 3G baseband, connectivity, touchscreen and camera
- Smartphones are becoming more capable
 - Personal computing platform
 - Pocket size mobile computers



Always On, Connected and With You

- Smartphone is evolving into the mobile computer

- Increasing performance and capability of ARM at low-power combined with larger screen size and easier data input have enabled new products
- Every mobile computer is an opportunity for multiple advanced ARM-based chips



- Data throughput is driving increased connectivity

- Mobile broadband for enterprise, apps download and content transfer

- Software is driving the mobile user experience

- Internet browsing, Email, HD video, navigation with augmented reality, gaming, apps and content

Mobile Operating Systems Start with ARM

- All operating systems for the mobile internet are ARM-based

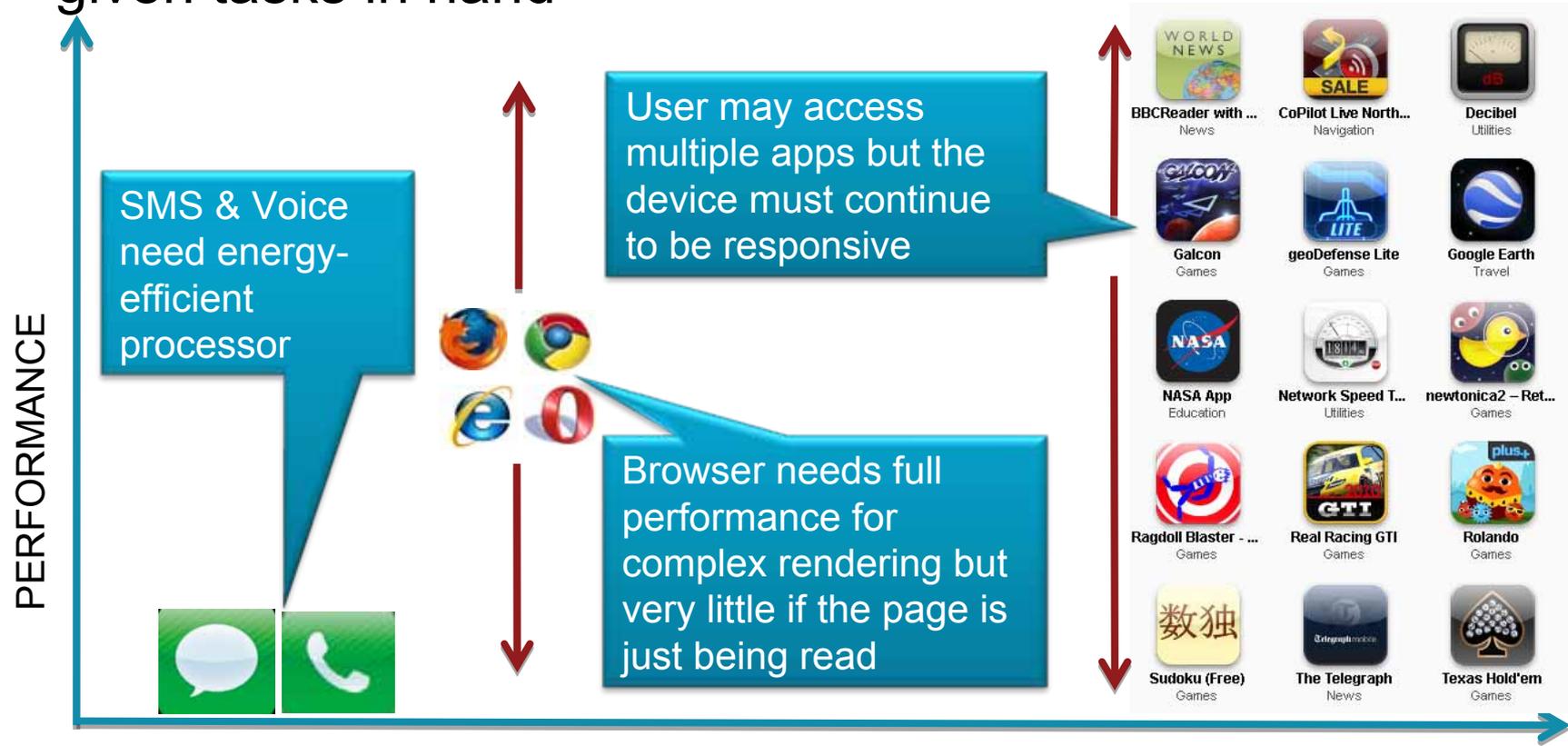


- Tens of Thousands of applications available for ARM-based mobile computers for working, browsing, gaming, social networking and exploring
 - Platform needs to be flexible to cope with performance requirements of current and future apps
 - Operating systems enabling users to run simultaneous apps



Elastic Performance to Fit User Activity

- Mobile computing performance needs are highly elastic
- Need to deliver the optimum performance and power for given tasks in hand



Mobile Computing Today

eBooks/Others



amazonkindle



SONY
Reader



nook
by Barnes & Noble



Plastic Logic QUE proReader



Skiff™
Reader



enTourage
eDGe™



alex™ by Spring Design

Smartbooks/Tablets



NOKIA
n900



DELL
Mini 5



ARCHOS
5 internet tablet

lenovo



Skylight(tm)



IdeaPad U1 Hybrid



compaq airlife 100



mobinnova
Beam™



SHARP

IS 01

Cortex-A9 Class Chips Today



NVIDIA



- Leading semiconductor companies Cortex-A9 class applications processors for mobile computing
- These chips are being designed into OEM products for release later this year
 - Scalable performance up to dual-core Cortex-A9 processors running over 1.5GHz in 40nm process technology
 - Multiple streams of HD video encode and decode at 1080p
 - Advanced 3D graphics capability, including ARM's Mali graphics processor
 - Full internet support including OS's, plug-ins Adobe Flash 10.1, apps

Mobile Computing Tomorrow

eBooks/Others

~10

Unannounced Products
in Development
for Launch in 2010 & 2011*

Smartbooks/Tablets

~40

Unannounced Products
in Development
for Launch in 2010 & 2011*

*Based on OEMs' current product plans

Mobile Computing Drives Licensing

- Cortex-A class processors combine high-performance and low-power with scalability and advanced capability
 - Cortex-A9 going into next generation mobile computers
 - Cortex-A5 being licensed for lower-cost smartphones
 - Eagle soars to even higher-performance whilst retaining efficiency
- Cortex-R class processors being licensed for use in 3G and 4G baseband modems
- Cortex-M class processors being licensed for connectivity and control functions
 - Bluetooth, touchscreens, SIM, flash controllers and power ICs are low-cost chips needing small, smart processors

Opportunity for ARM

Low Cost Phones



350m

devices in 2014

Baseband Modem - \$

1 x \$

Lower Cost Smartphone



450m

devices in 2014

Apps Processor
and baseband - \$\$\$
WiFi / BT / GPS - \$
Touchscreen/Camera - \$

5 x \$

Smartphone



800m

devices in 2014

Apps Processor - \$\$\$
3G BB - \$\$\$
WiFi / BT / GPS - \$
Touchscreen/Camera - \$

8 x \$

Mobile Computer



500m

devices in 2014

Apps Processor - \$\$\$
3G BB - \$\$\$
WiFi / BT / GPS - \$
Touchscreen - \$
Camera - \$
Storage - \$

10 x \$

\$ = Unit of Royalty

Summary

- Software and connectivity is driving increased use of ARM technology within mobile devices
- Complete ecosystem of software is available for OEMs building ARM-based mobile computers
- All mobile devices are getting smarter
 - Creating opportunities for new ARM technology licensing
 - Increasing ARM technology per device
 - Higher per chip royalties with Cortex family

Gaining Share in Target Markets

Ian Drew

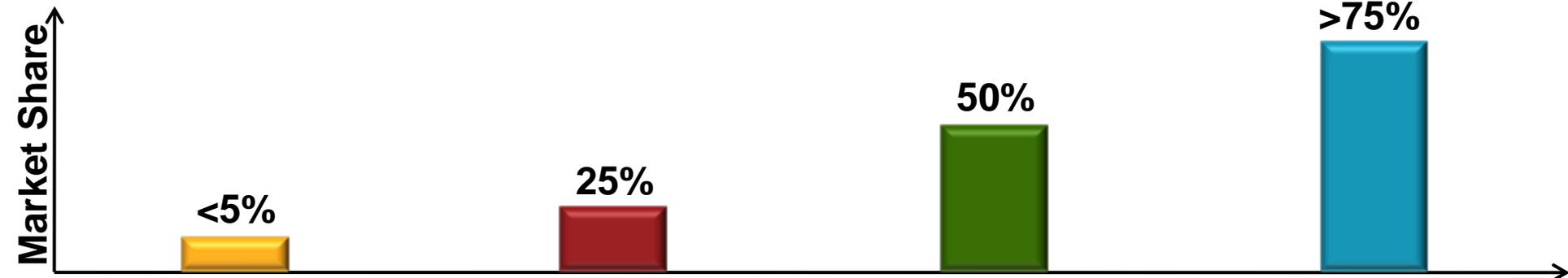
EVP Marketing



Drivers Taking ARM Everywhere

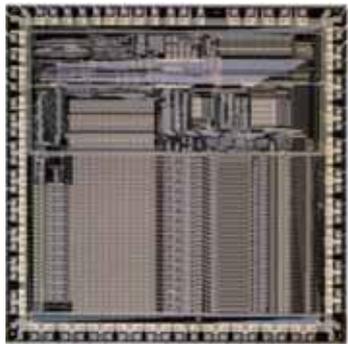


Microcontroller Smartcard	Digital TV Mobile Computer	Enterprise	Mobile Phone
<p>Changing end markets yield new opportunities</p> <p>Partners leverage common instruction set</p> <p>New technology and an ecosystem for developers</p>	<p>Customers reduce costs by platform commonality</p> <p>ARM coordinates ecosystem with key partners like Adobe</p> <p>Energy efficiency critical</p>	<p>OEMs reduce costs by consistent software from multiple suppliers</p> <p>Reuse software, tools and engineers across projects</p>	<p>Shared common platform, reduces costs for entire ecosystem</p> <p>Enables innovation and encourages diversity</p> <p>Energy efficiency critical</p>

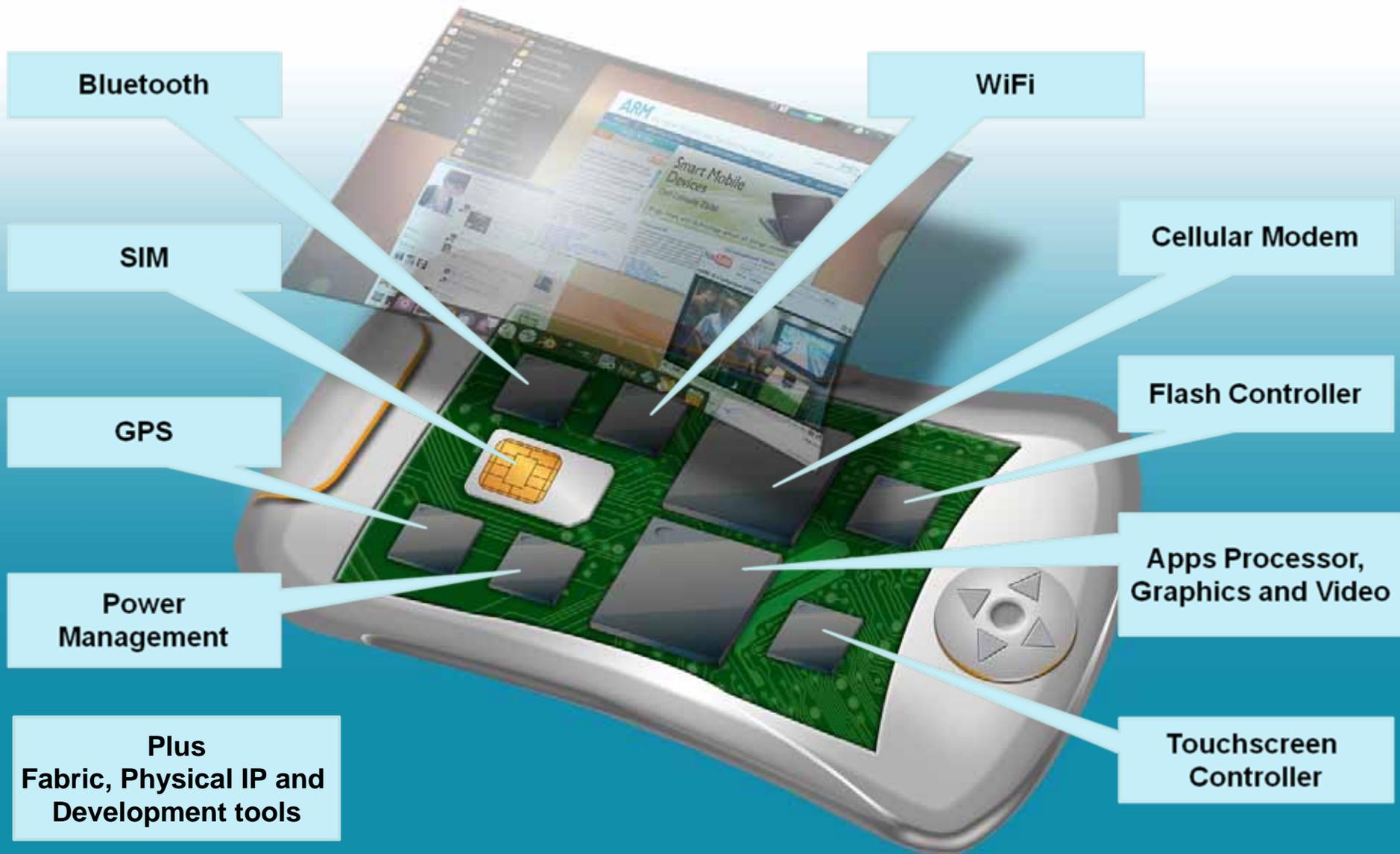


ARM's Steps to Success in Mobile

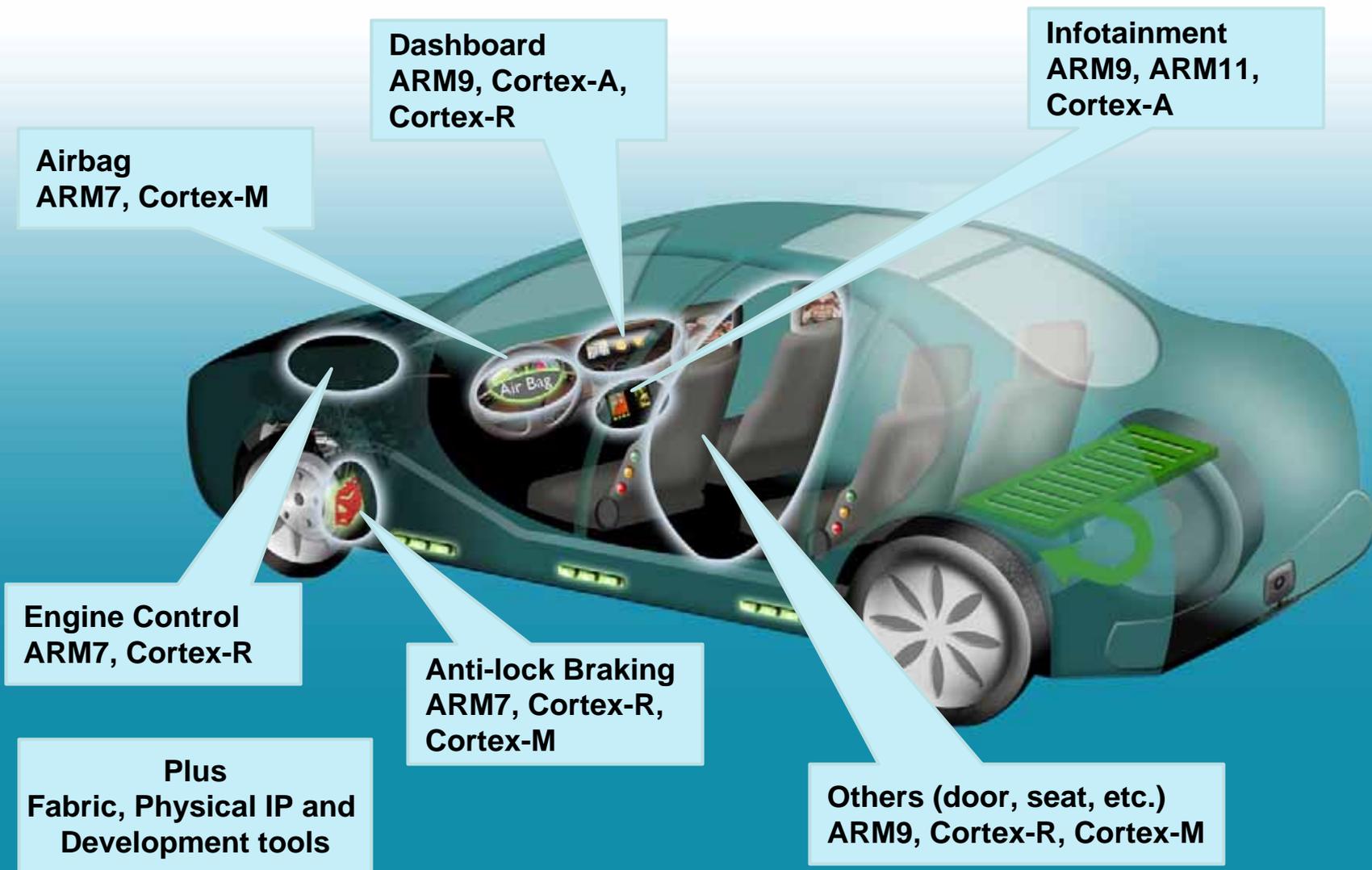
- Right products, right time, right business model
- Smart, energy-efficient processors required by the market
- Major chip vendors chose ARM
 - Initially to reduce cost
 - Then to gain access to software base
 - Now for the unrivalled ecosystem
- These steps being repeated beyond mobile



Opportunities in Mobile Expanding



Opportunities in Multiple Markets Expanding



Billions of Internet-Connected Screens

- With choice of suppliers, OEMs are innovating with new types of products
 - ARM technology used for applications processing, connectivity and storage
 - Standard software available today enabling all form factors to connect to the internet, display web pages, play videos, network with friends..

Form Factor	TAM(m) 2014
Mobile	1,600
Home	350
Mobile Computers	500
Media players	200
Automotive Multimedia	100
Other*	250
Total	3 billion

*Includes PND, photo-frames, etc

ABI Research, IDC, Gartner and ARM forecasts



Home Adopting Mobile Ecosystem

- Consumer electronics in the home are now needing the same software and connectivity found in mobile computers
 - Internet content over-the-top of TV programs, web-browsing and Email on the TV and video-on-demand over IP networks
 - Requires browsers, OS, plug-ins and apps for large screens



- Leading semiconductor companies are adopting ARM and Mali processor technology for use in digital TV and set-top-box applications
- ARM technology is in 30% of DTV/STB in 2009 and gaining share

ARM Market Penetration

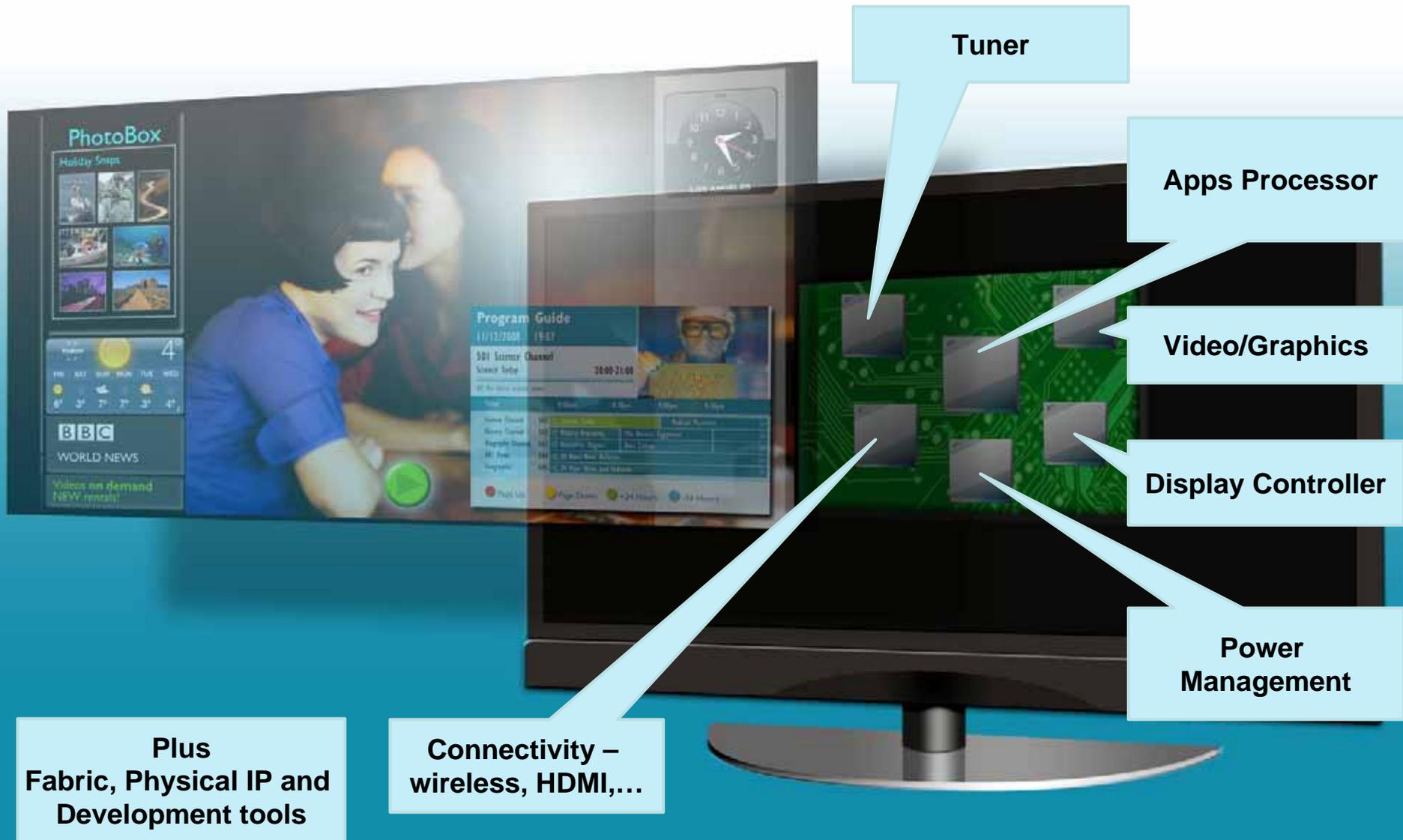
~30%

STM Market Share

>30%



Opportunities in Digital Connected TV



Billions of Devices Require Real-Time Processing

- Consumer products becoming increasingly connected
 - Mobile baseband, WiFi, Bluetooth & GPS
- Local storage increasing for when we are not connected
- ARM provides efficient, reliable processors for real-time communication and control

Device	TAM(m) 2014
Mobile baseband	1,600
Other mobile connectivity	3,000
Home & Computing	950
Networking & Printers	1,100
Disk drives	1,100
Other*	2,000
Total	10 billion

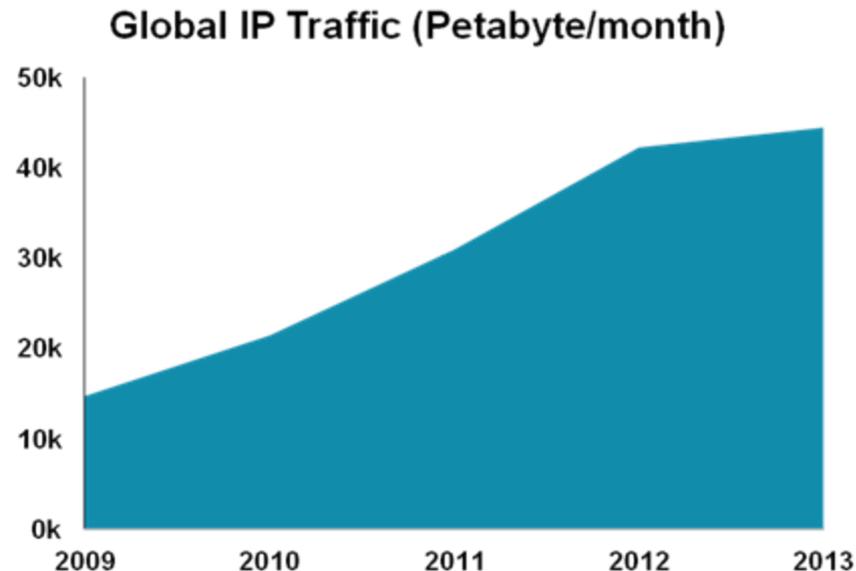
*Includes industrial, media players, etc

ABI Research, IDC, Gartner and ARM forecasts



Reducing Risk and Saving Cost

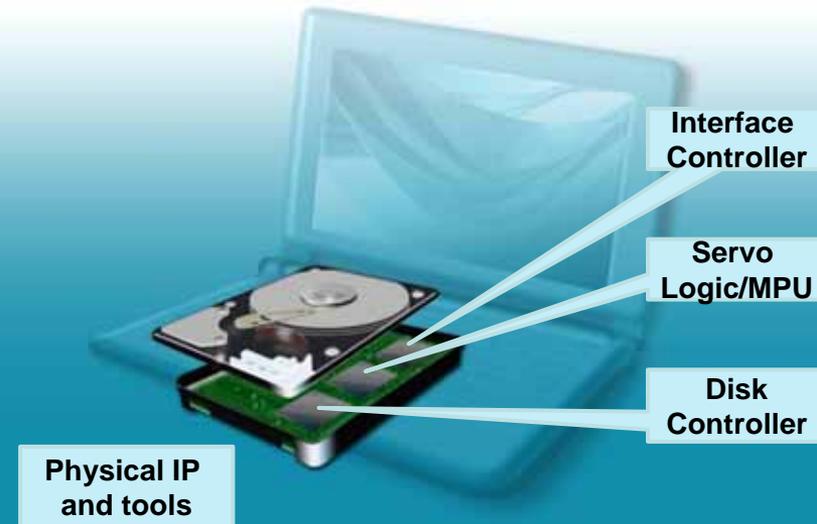
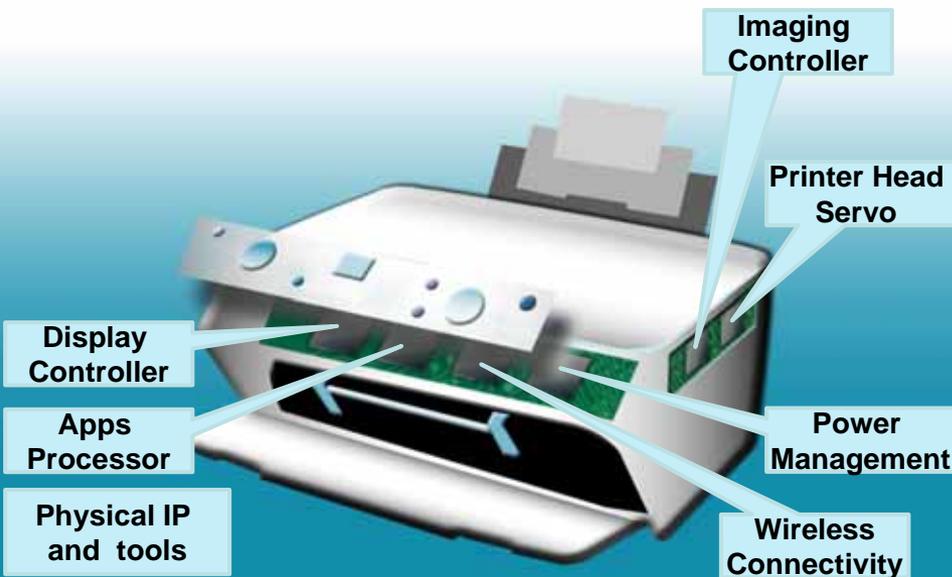
- Real-time processing is challenging
 - Efficient, reliable processors need to operate within exacting timescales
 - ARM technology proven in baseband modems can be reused in hard disk drives, wireless and wired networking, automotives and other areas
 - ARM-based chips in 65% of HDD, 60% of printers and 20% of network devices
- As Internet use grows, increasing data exchange will drive demand for storage and networking equipment
- Energy costs in enterprise are creating opportunity for low-power, high-performance processors in devices like switches, routers, servers



Source: Cisco VNI Forecast, June 2009

Opportunities in Enterprise Applications

- Enterprise applications are an opportunity for multiple ARM-based chips
 - Real-time processors in hard disk controllers
 - Applications processor with Mali for printers with a 3D graphical user interface
 - Connectivity and authentication for secure networks



Billions of Microcontrollers

- Microcontrollers make the world smarter
 - Motor control, smart metering, security, air bags, toys, heating and air-conditioning
- Innovation driving system cost of 32-bit ARM microcontrollers toward levels of traditional 8-bit solutions
- ARM software ecosystem reduces development costs and improves time to market

End-Market	TAM(m) 2014
Automotive	2,000
Smartcards	5,000
Microcontrollers	9,000
Total	16 billion

ABI Research, IDC, Gartner and ARM forecasts



Tele-parking



Intelligent toys



Utility Meters



IR Fire Detector



Exercise Machines



Energy Efficient Appliances



Intelligent Vending

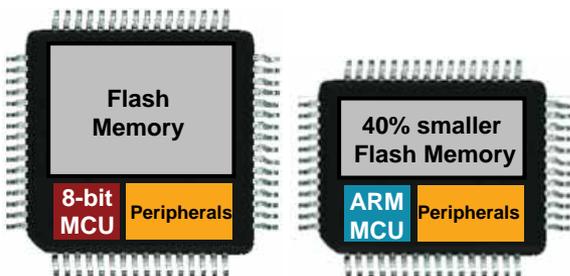
**Equipment Adopting
32-bit ARM Microcontrollers**

Microcontroller Market Drivers

- OEMs want low-cost, energy-efficient, easy to program microcontrollers available from multiple suppliers
 - MCUs typically manufactured on fully depreciated fabs to reduce cost. Processor and code size are key contributors to chip cost
 - Microcontrollers need to be smarter to cope with increasing algorithm complexity, integration of subsystems and connectivity

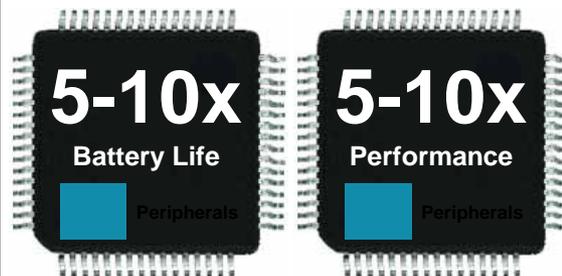
Low-Cost

ARM Cortex-M microcontrollers are a similar size to 8-bit MCUs, reducing on-chip memory requirements, chip size and cost



Energy-Efficient

ARM Cortex-M microcontrollers are 5-10x more efficient than 8-bit enabling new types of energy efficient products



Ease of Coding

ARM Cortex-M microcontroller software is written in C-code making it easier to create and maintain programs

ARM's Keil microcontroller tools ensure leading software support for all ARM-based microcontrollers



ARM Gathering Momentum

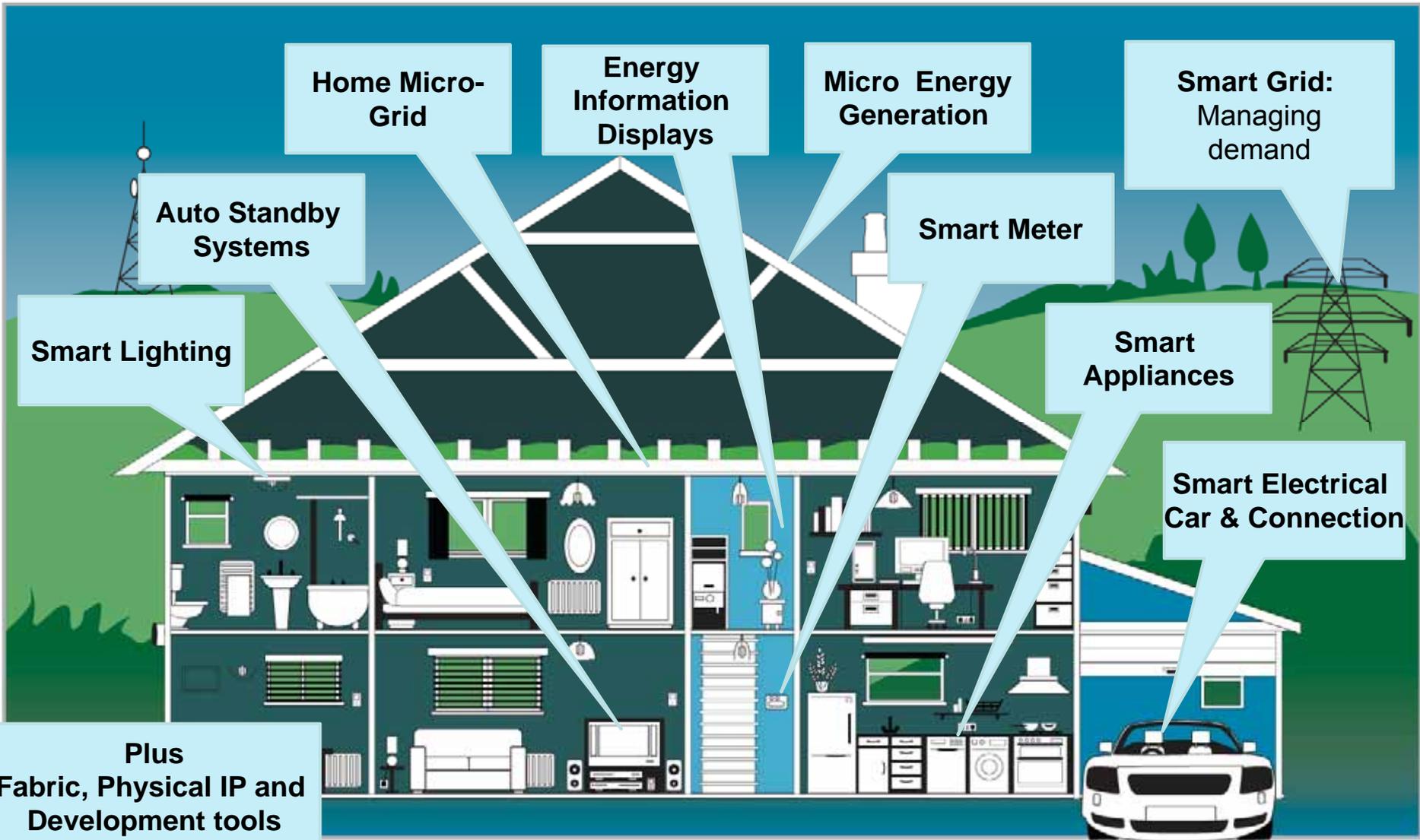
Analyst Day 2010



Companies with announced ARM MCU product lines

- Cortex-M is ARM's fastest ever licensing family of processors
 - 60 licensees as of March 2010
 - 70M+ Cortex-M3 units shipped in CY09
 - First Cortex-M0 royalties received nine months after product launch
- Four companies selling devices \leq \$1
- Broad set of devices on market
 - NXP: Over 115 devices
 - ST: Over 135 devices
 - TI: Over 170 devices
- ARM technology being broadly designed into smart-grid and smart-meters

Multiple Opportunities in Every Room



ARM Gaining Share in Target Markets

- ARM has best technology and business model for providing IP to the semiconductor industry
 - Reduces cost, risk and complexity as markets evolve
 - Provides common software platform for OEMs and software developers
- ARM technology is broadly applicable
 - Technology proven in mobile devices is equally valuable in consumer electronics, embedded processing and microcontrollers
- Multiple end markets driving need for even smarter processors that are low-cost and energy-efficient
 - Internet connectivity, data storing and sharing, and microcontrollers

Financial Impact of Increasing Market Share

Tim Score, CFO

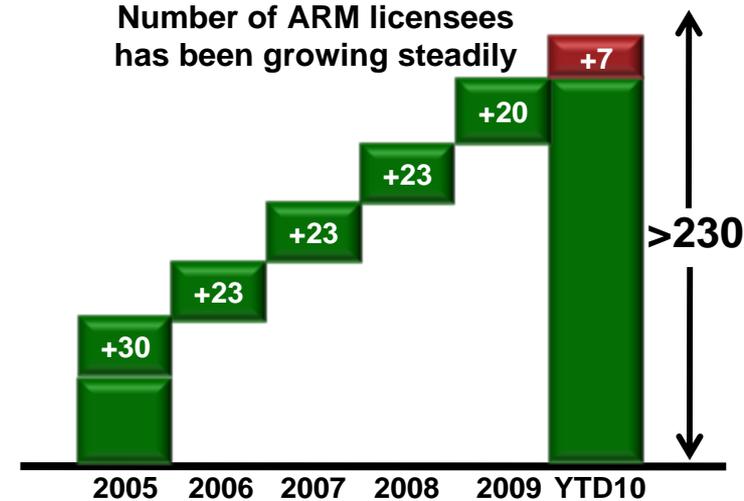


Introduction

- ARM is the global leader in semiconductor IP and is gaining share in structural growth markets
 - ARM has outperformed the industry at all stages in the cycle
 - Installed license base will generate royalties for decades to come
 - Licensing revenues cover cost to develop each technology generation
 - Royalty revenues expected to be fastest growth driver
- ARM's costs expected to grow at about half rate of revenues
 - Operating leverage will drive NOM beyond 40% in medium term
- Reliable and growing cash generation
 - Progressive dividend policy
 - Appropriate capital structure

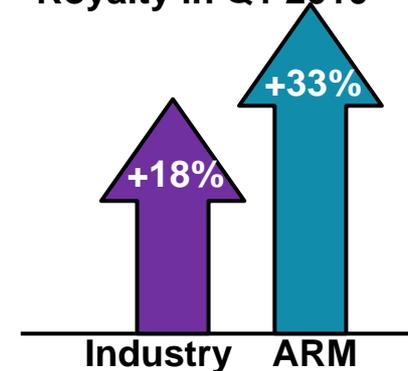
Market Structure Intact After Downturn

- Semiconductor companies continued R&D programs through downturn
 - Recent industry consolidation has not materially reduced licensing opportunity
 - New customers account for ~ 30% of licenses - often established companies that have not previously needed a smart processor



- Most analysts forecasting strong industry year-on-year growth in 2010
 - 10-15% growth for ASIC, ASSP & MCU

Industry & ARM Royalty in Q1 2010

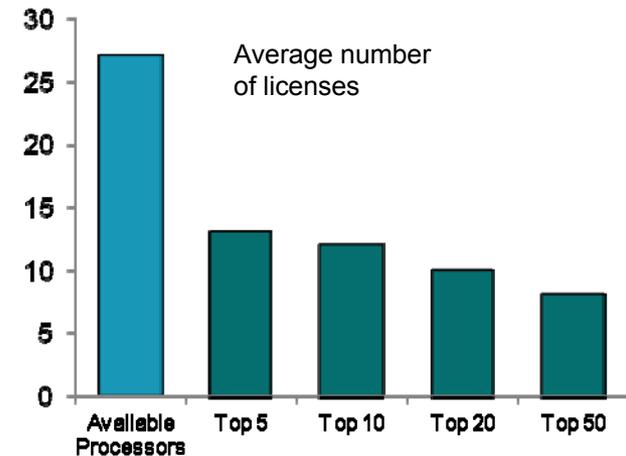


In Q1 2010 ARM's processor royalty revenue grew 33% versus industry growth of 18% over the relevant period

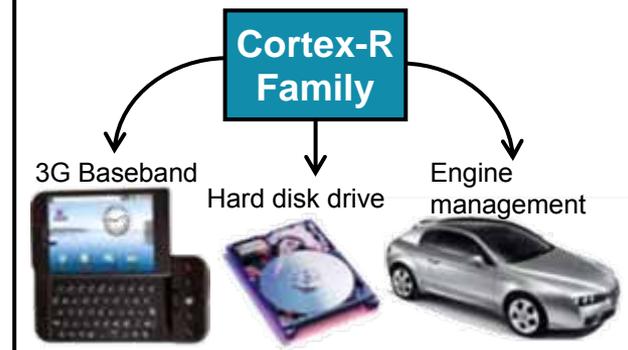
Market Structure Intact After Downturn

- Licensing opportunity for ARM continues to grow
 - Latest processors taking ARM into new markets
 - End applications evolving – requiring smarter chips
 - Leading customers not saturated with ARM technology - ARM introduces 2-3 new processors every year
- Seeing some market concentration
 - Some embedded markets have <10 major chip manufacturers
 - ARM technology broadly applicable with same design covering multiple markets

Top 50 semiconductor companies have 30% of available processors

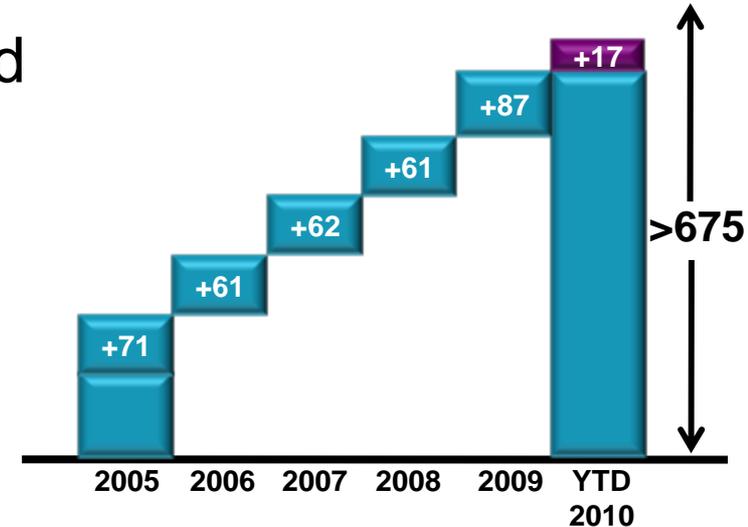


Real-time embedded applications can use same ARM processor



Licensing Revenue Drivers

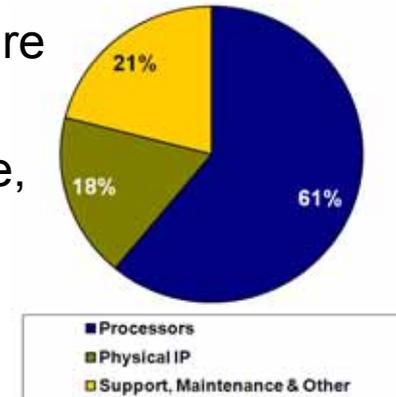
- Consistent number of licenses signed per year
- Value of each license broadening
 - Cortex-A class processors deliver increasing value and generate higher license fees and higher royalties
 - Cortex-M class processors more likely to be licensed on term or per-use basis
- Expect licensing revenue to grow more slowly than royalties
 - Licensing base growing steadily, customers re-equip every 2-3 years
 - New technologies, Mali and physical IP, creating new licensing opportunities



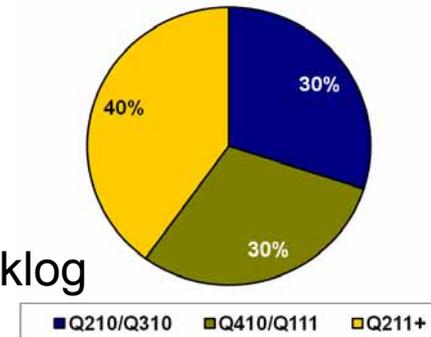
Licensing Revenue from Backlog

- Rev-rec is typically on a percentage-of-completion basis
 - Mature products – majority of revenue recognised on signature
 - Products under development – revenue recognised on engineering milestones – beta delivery, customer acceptance, maturity
- Subscription license revenue recognised over term
 - “Rental” agreements usually covering multiple products
 - Typically 3-5 years in duration – revenue recognised per qtr
 - Five subscription licenses signed since 2001
- Revenue not recognised in the quarter goes into backlog
 - Backlog at record levels at end 2009
 - 40%-60% of licensing revenue in a quarter comes from backlog

Backlog Composition

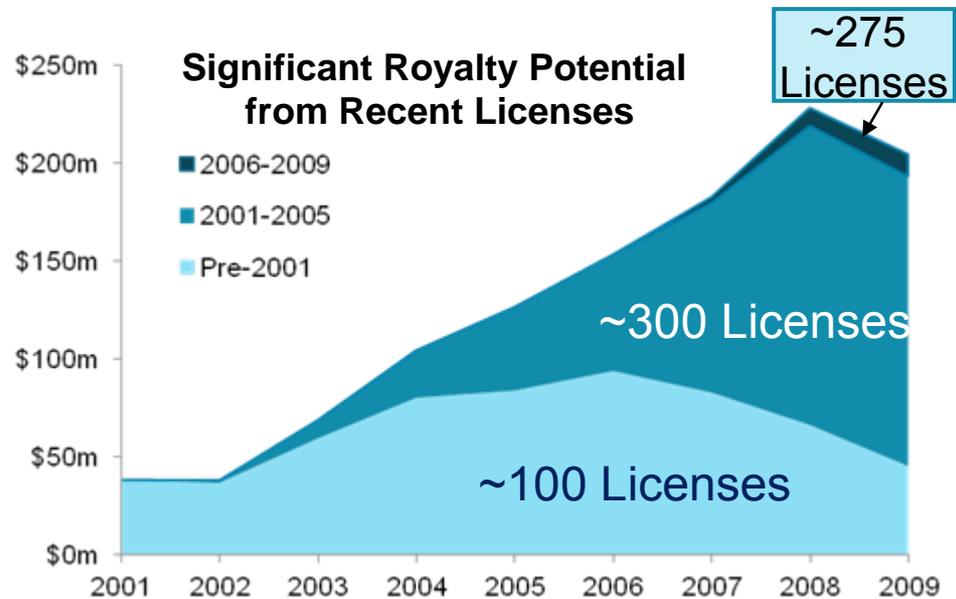
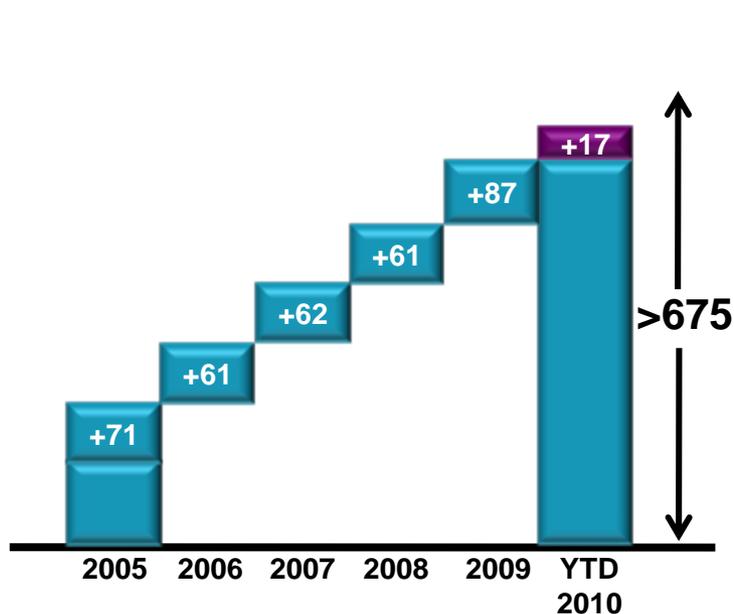


Backlog by Maturity Profile



Royalties Generated Over Long Period

- Base of licenses increasing at a steady rate
 - It takes 3-5 years for licenses to start to generate meaningful royalties
 - Royalty opportunity is related to cumulative number of licenses
 - License base yields royalties over a long period



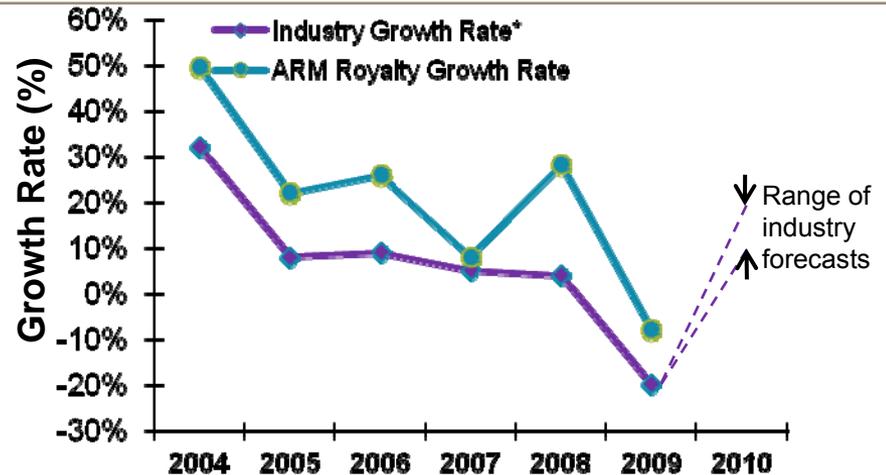
Increasing Royalty Revenues per Chip

- Average royalty rate driven primarily by mix-shift as ARM increases penetration into lower cost markets such as microcontrollers
 - Total royalty revenue continues to grow with volume

Royalty Revenue Drivers	Impact on average royalty per chip	Impact on royalty revenue
Total market chip ASP	↔	↔
Increasing penetration into multiple markets	↔	↑
Increasing penetration into low cost markets*	↓	↑
High end Cortex royalty rates	↑	↑
Integration of multiple chips into one chip	↔	↔
Addition of Mali processor royalty	↑	↑
Addition of Physical IP royalty	↑	↑

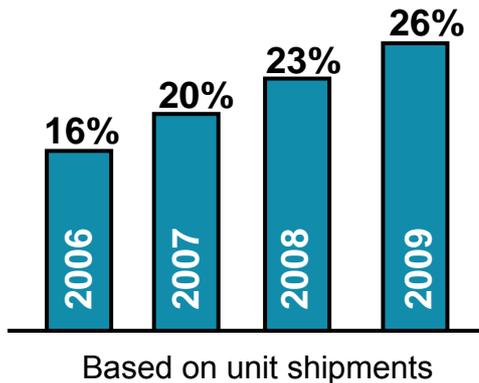
Gaining Share as Market Grows

- ARM's royalty revenue has consistently outperformed the industry
 - Industry in 2010 forecast to grow 10-15%

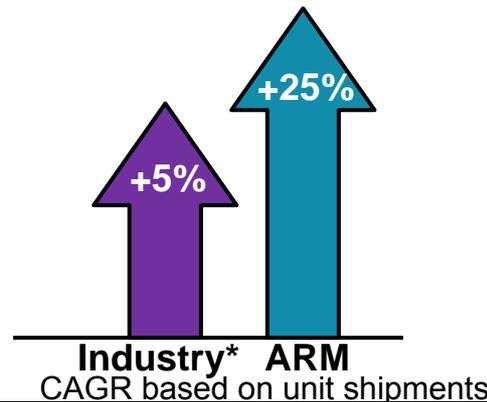


ARM has outperformed the industry due to market share gains

ARM's market share of total industry microprocessor shipments is growing



Since 2004 ARM-based chips shipments have grown faster than the industry



*SIA data, ex-memory and analog

ARM's opportunity is forecast to nearly double over the next 5 years

15 billion
units in 2009

29 billion
units in 2014

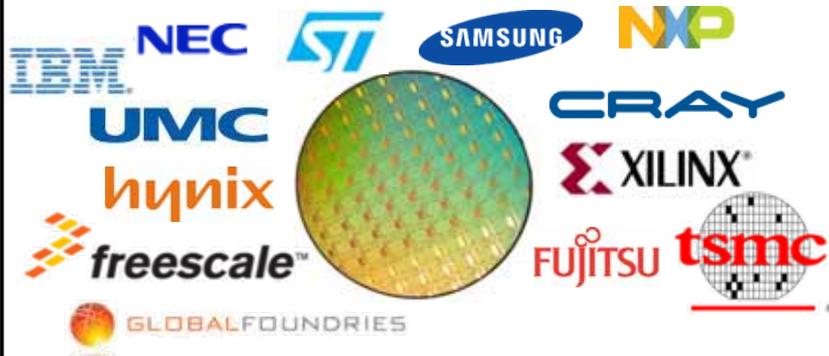
ARM share gains expected to continue during this period

New Technology Opportunities

- ARM is investing in new technology that will generate additional license revenue and increase royalty per chip

Physical IP

- Building blocks used in every chip design
- Market opportunity consists of the foundries and their customers
 - ARM has licensed physical IP to all the major foundries
 - Now developing and licensing 28nm



- Investing in productivity and quality
- Contribution to Group profitability expected to increase

Mali

- Graphics and video processor technology for mobile, consumer, infotainment
- Every digital device with a screen - 3bn unit opportunity in 2014
- Similar royalty as ARM processor
- 27 licenses, including Broadcom, CISCO, Mediatek, Samsung and ST



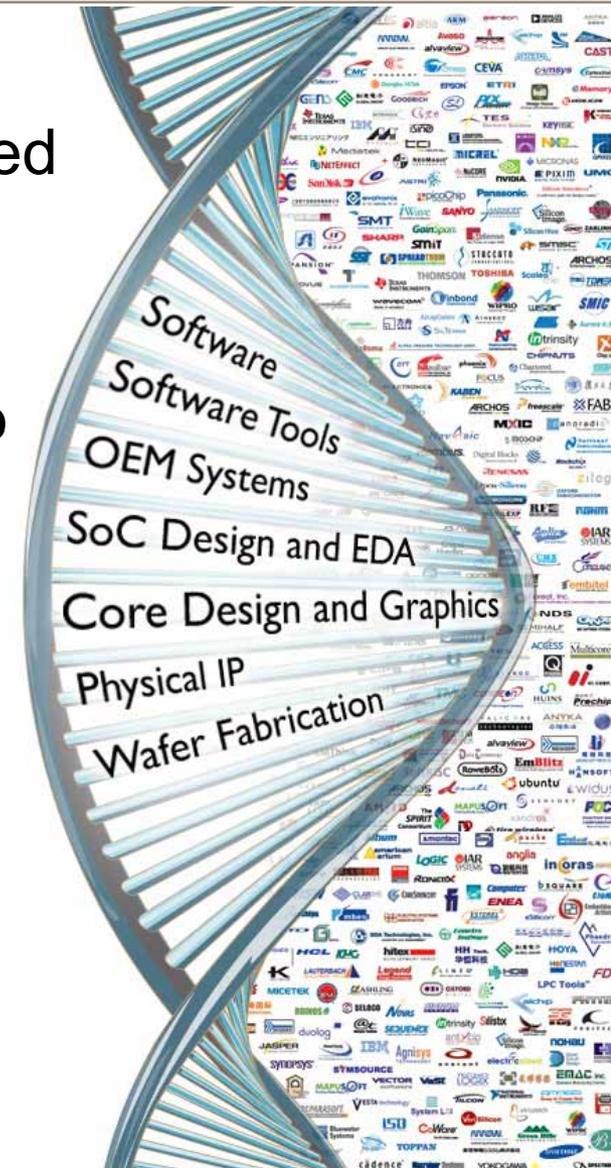
- Investing in advanced processor techniques and system performance
- Early Mali licenses generating royalties

ARM Investing in R&D

- Continuing to invest in advanced technology
 - Technology portfolio constantly developing
 - Now working on underpinning architecture for processors that will be delivered to licensees in 2012 and beyond
 - Increasing efficiency and capability
- Continuing to invest in productivity and efficiency in PIPD
 - Investment in development process has reduced time to validate a new platform library by 90%
- Objective is for licensing revenues to (at least) cover R&D costs

ARM Investing in the Ecosystem

- Semiconductor and OEM companies use many suppliers to develop their ARM-based products
- ARM works closely with these suppliers to ensure that their latest technology works well with our latest technology
 - Exchange roadmaps, technical information and support
 - Efficient ecosystem reduces costs for our customers
- Connected community now about 700 companies up from about 400 in 2007



Costs and Margins

- Royalty revenue growth drives operating leverage

Gross Margins

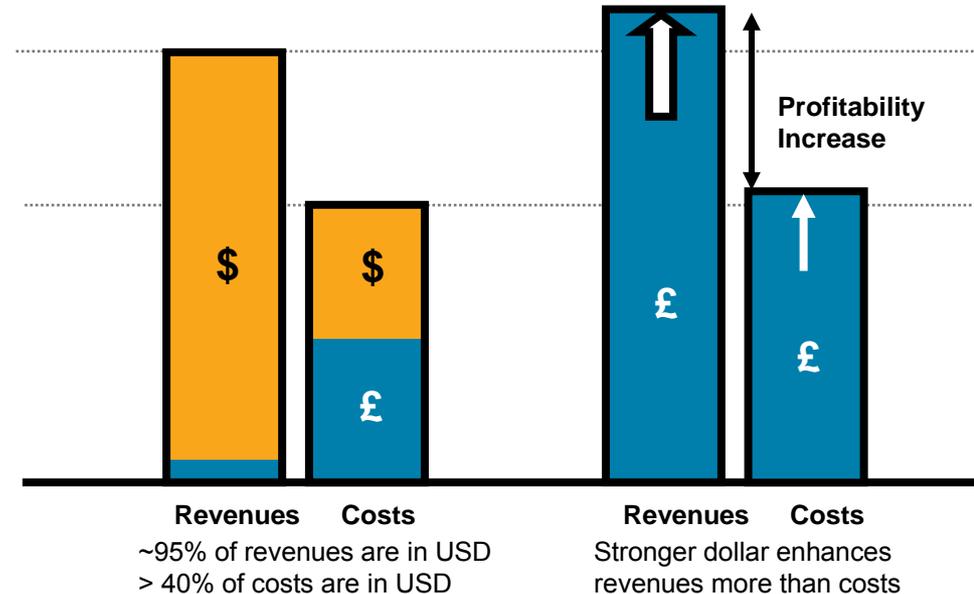
- Underlying COGS expected to be broadly flat over medium term



- COGS varies mainly with mix of
- DevSys revenues
 - PIPD customisation of platforms
 - Services' customer support

Normalised Operating Margins

- NOM expected to go beyond 40% in the medium term

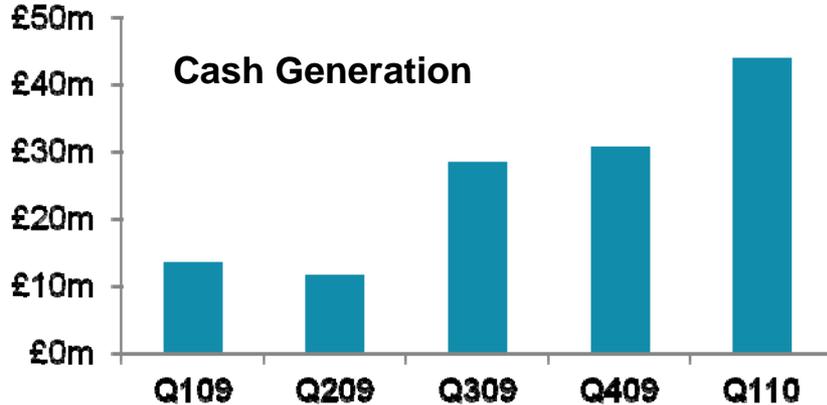


- 10% strengthening of the USD adds ~15% to EPS

Robust Capital Structure

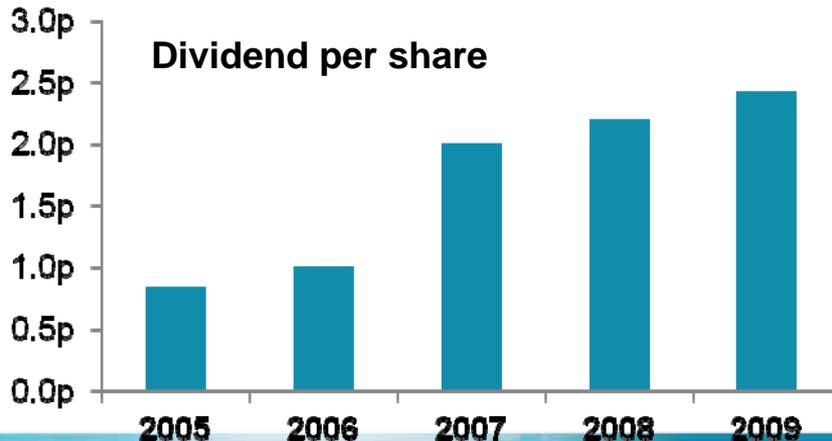
Strong Cash Generation

- Royalty revenues convert to cash rapidly



Progressive Dividend Policy

- Dividend trajectory related to future earnings growth



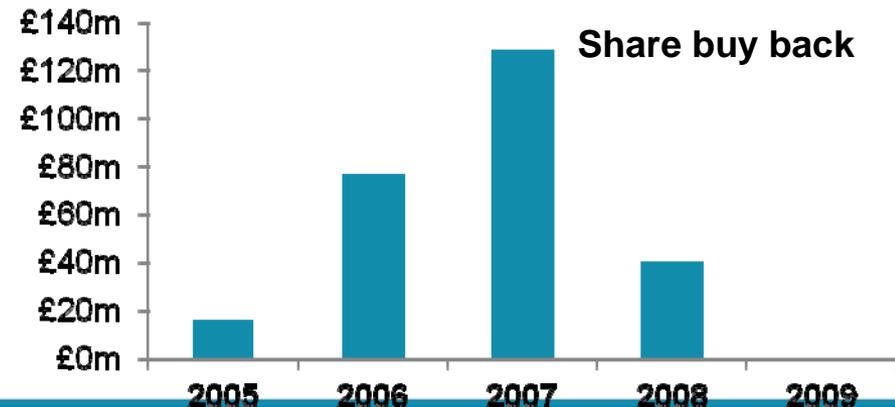
Capital Structure

- Net cash modest compared to market capitalisation
- M&A to accelerate adoption and secure ecosystem

Artisan	Physical IP – Major new IP play Additional technology to generate licenses from new customers and new royalty streams
Falanx	Graphics IP – Complementary technology New product to sell to existing customers to generate new royalty streams per chip
Keil	Microcontroller tools – secure ecosystem Ensure adoption by market leader in MCU tools

Share Buyback

- Buyback program remains in place



Summary

- ARM is gaining share in structural growth markets
- Royalty potential grows from ever-increasing installed license base
 - Each license can start multiple royalty streams
 - Each stream can last for many years
- ARM is investing in new technologies and ecosystem
 - Maintain licensing growth and accelerate royalty growth
- Costs to grow about half rate of revenues
- Cash generation underpins investment in innovation, provides stability and supports progressive dividend policy

Summary

Warren East, CEO



If you only remember three things ...

- ARM has the best business model, technology and ecosystem for this time
- ARM is increasingly being adopted by the industry and is gaining share in markets that are growing over the long term
- ARM is growing revenues faster than costs leading to growth in profits and cash generation



Contact Information

- If you have any further questions please contact
 - Ian Thornton, VP of Investor Relations
 - ian.thornton@arm.com
 - +44 1223 400796

- To manage Email alerts
 - www.arm.com/ir

Segments for ARM in 2009

	Devices Shipped (Million of Units)	2009 Devices	Chips/ Device	TAM 2009 Chips	2009 ARM	2009 Share
Mobile	Smart Phone	230	2-5	1,000	850	85%
	Feature Phone	600	1-3	1,200	1,000	85%
	Low End Voice Phone	300	1	300	280	95%
	Portable Media Players	180	1-3	250	180	75%
	Computing (CPU-only*)	30	30	1	30	<1
Non-Mobile	Digital Camera	100	1-2	150	90	60%
	Digital TV & Set-Top-Box	300	1-2	370	100	30%
	Networking	570	1	570	100	20%
	Printers	120	1	120	70	60%
	Hard Disk Drives & SSD	550	1	550	350	65%
	Automotive	1,200	1	1,200	120	10%
	Smart Card	3,400	1	3,400	200	6%
	Microcontrollers	4,500	1	4,500	270	6%
	Others***	1,300	1	1,300	350	25%
Totals		13,500		15,000	3,900	26%

Source: ABI, Gartner, Semico, Instat, IDC, and ARM estimates

* Applications processor only ** Includes other applications not listed such as headsets, DVD, game consoles, etc

Segments for ARM in 2014

	Devices Shipped (Million of Units)	TAM 2009 Chips	'09 ARM Share	TAM 2014 Devices	Chips /unit	TAM 2014 Chips	Key Growth Areas for ARM
Mobile	Smart Phone	1,000	85%	800	3-5	3,200	←
	Feature Phone	1,200	85%	450	1-3	900	
	Low End Voice Phone	300	95%	350	1	350	
	Portable Media Players	250	75%	200	1-2	300	
	Computing (CPU-only*)	30	1%	500	1	500	
Non-Mobile	Digital Camera	150	60%	120	1-2	200	
	Digital TV & Set-Top-Box	370	30%	450	1-4	800	←
	Networking	570	20%	800	1-2	900	
	Printers	120	60%	200	1	200	←
	Hard Disk Drives & SSD	550	65%	1,100	1	1,100	
	Automotive	1,200	10%	2,000	1	2,000	
	Smart Card	3,400	6%	5,500	1	5,500	←
	Microcontrollers	4,500	6%	9,000	1	9,000	
Others***	1,300	25%	3,600	1	3,600		
Totals		15,000	26%	25,000		29,000	

Source: ABI, Gartner, Semico, Instat, IDC, and ARM estimates

* Applications processor only ** Includes other applications not listed such as headsets, DVD, game consoles, etc