

ARM Holdings plc

1H 2001 Investor Update

Robin Saxby - Chairman & CEO

Warren East - COO

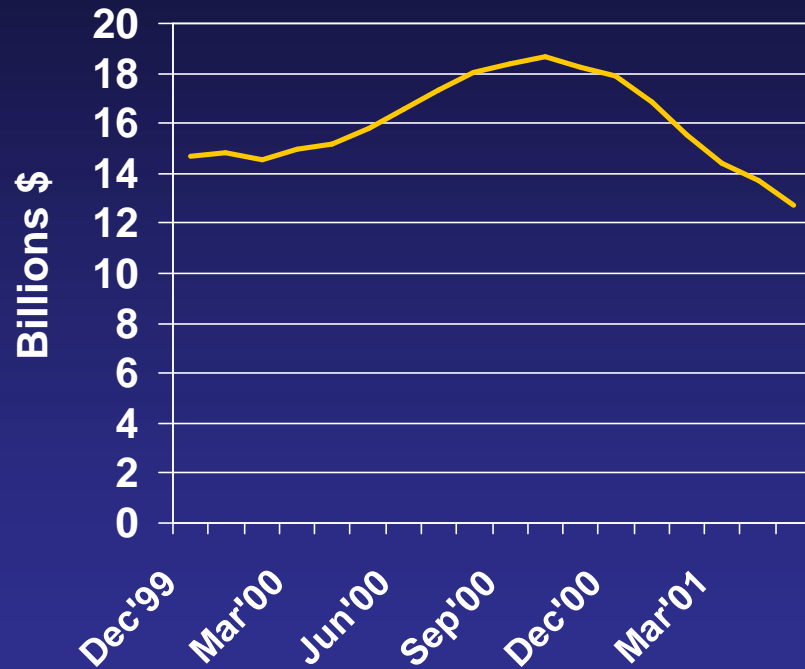
Jonathan Brooks - CFO

ARM

THE ARCHITECTURE FOR THE DIGITAL WORLD™

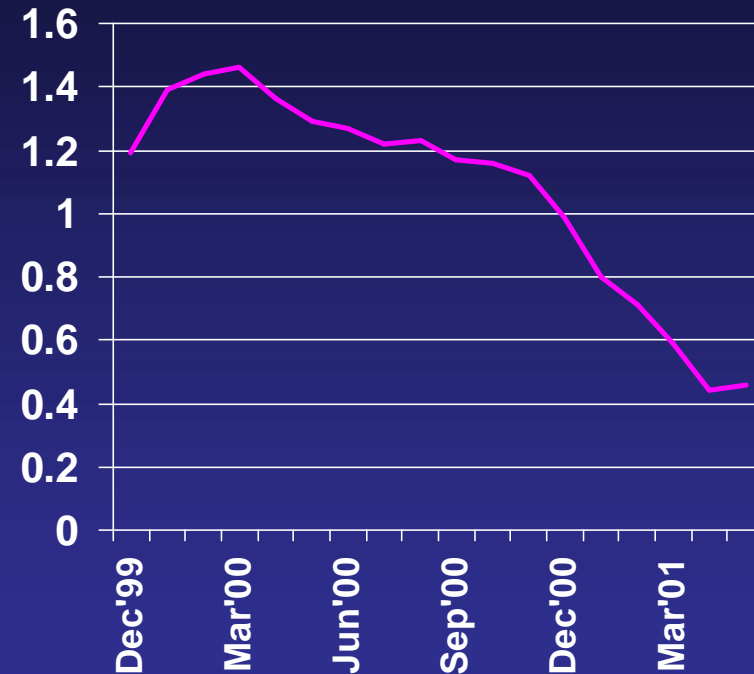
Semiconductor Trends

Global Monthly Semiconductor Sales



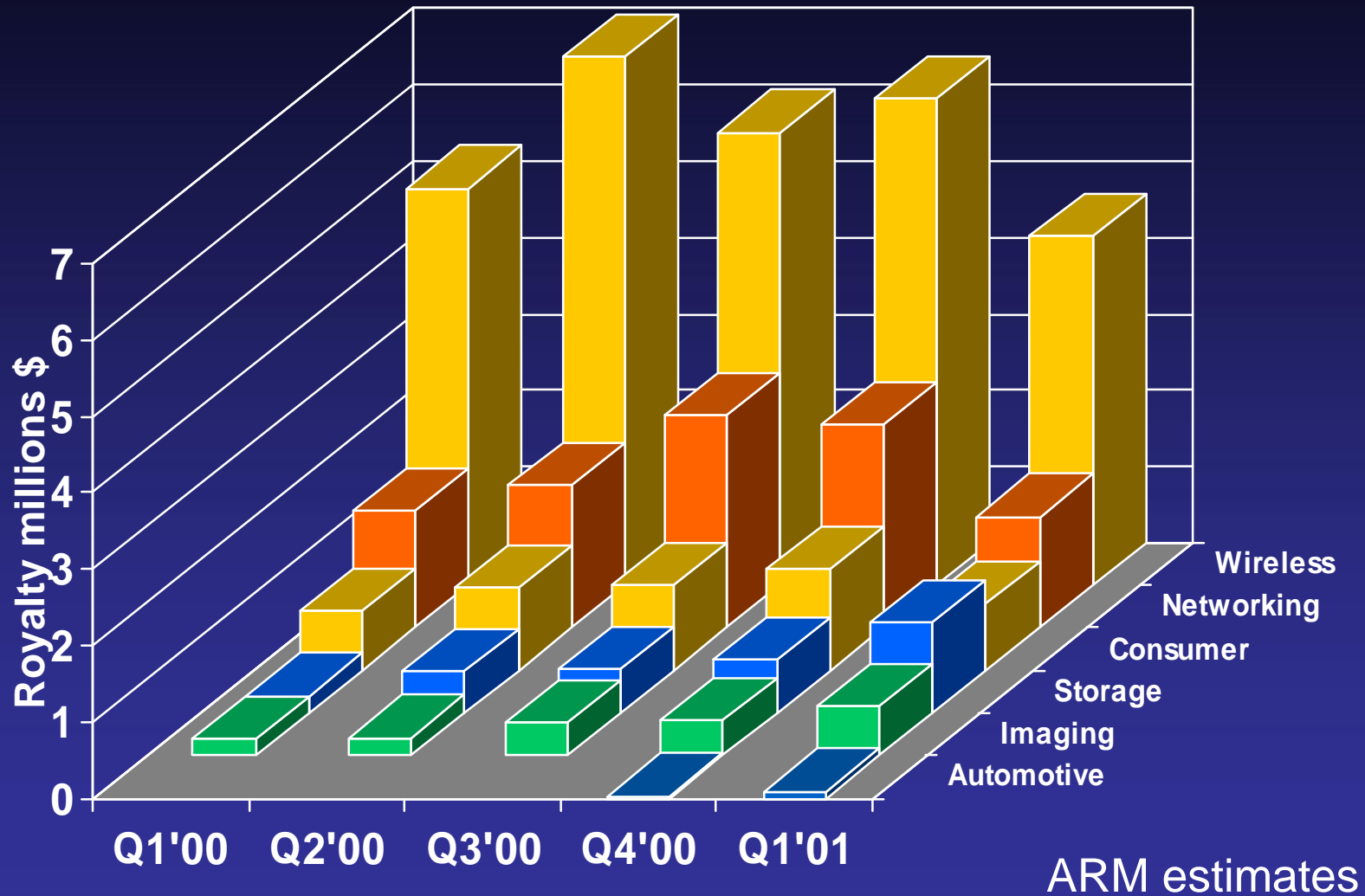
Source: Semiconductor Industry Association (SIA)

North American Semiconductor Equipment Book-to-Bill Ratio



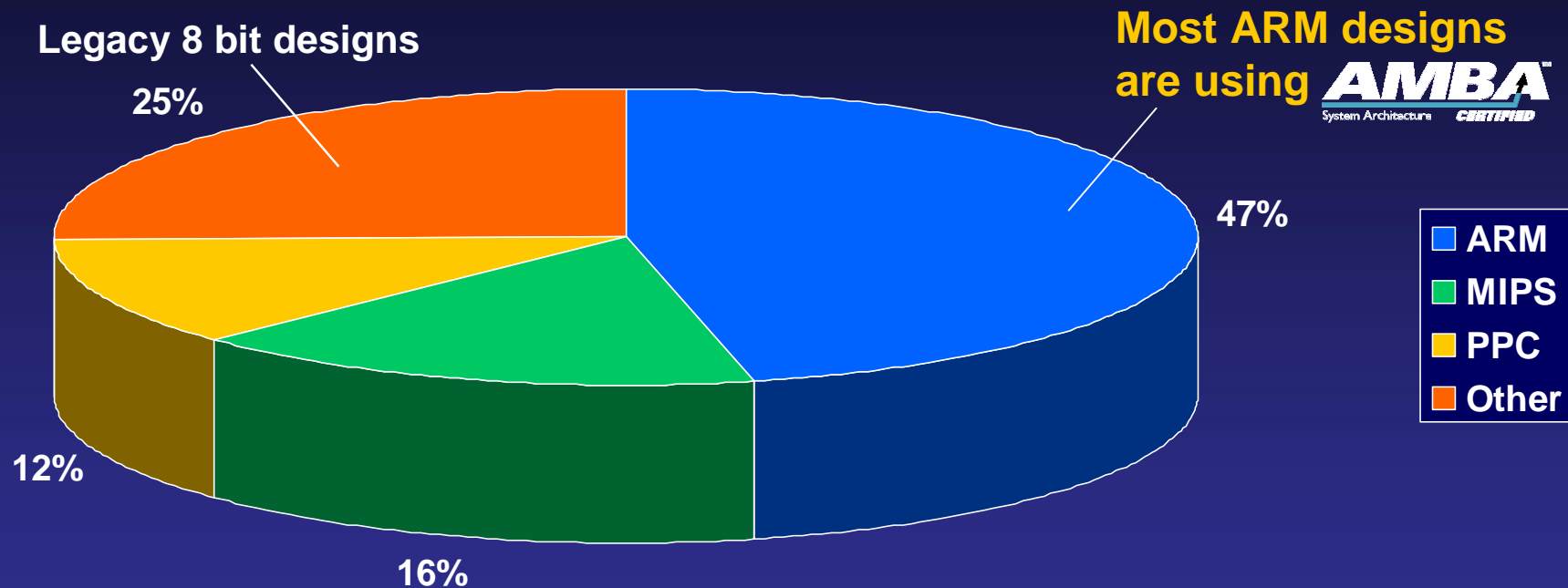
Source: Semiconductor Equipment and Materials International (SEMI)

Royalty Revenue – Segment Trends



ARM Powered Design Activity

10,000 Core Based SoC Designs in 2000



Source: Gartner Group, November 2000

**“ARM is the leading core architecture and expected to remain number one”
Semico, January 2001**

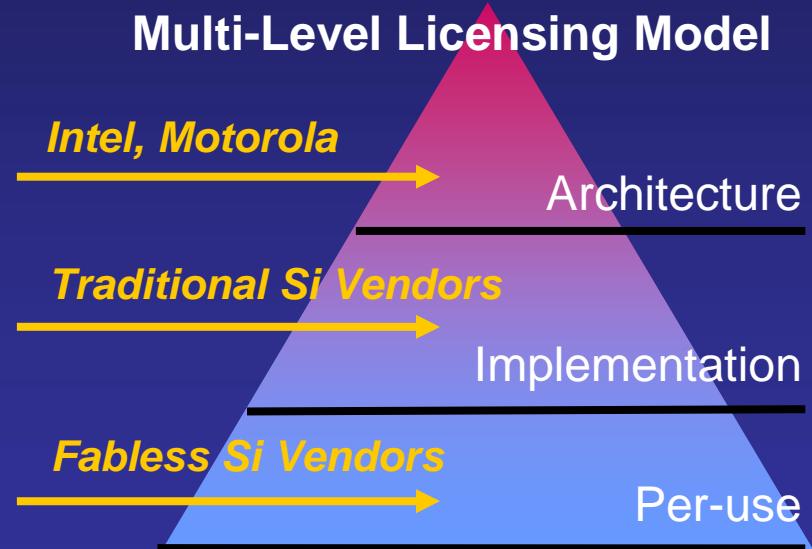
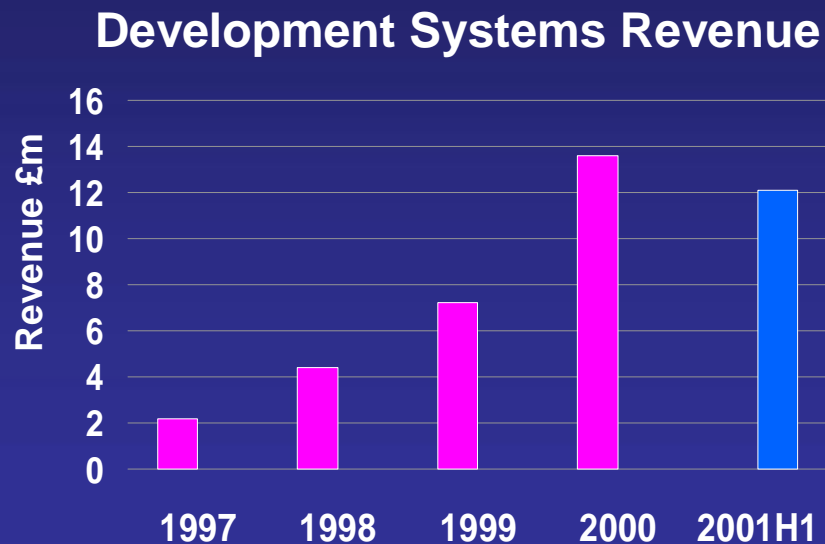
ARM

THE ARCHITECTURE FOR THE DIGITAL WORLD™

CONFIDENTIAL

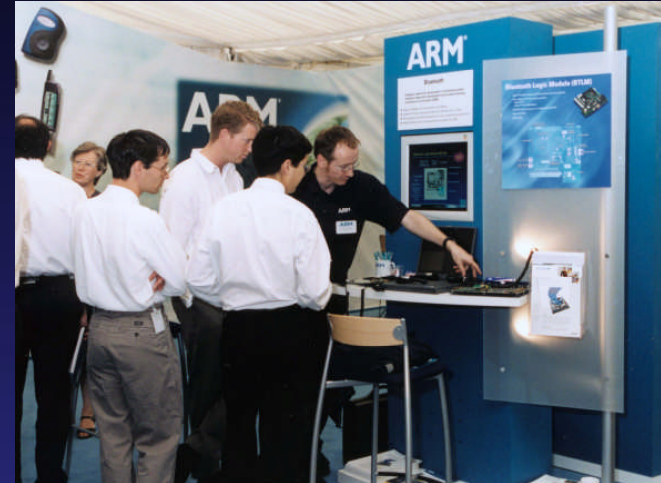
ARM Activity

- 4000+ SoC design starts – 3x nearest competitor
- 123% yr/yr growth in ARM Development Systems
- 120+ Process ports per year for multiple use
- 0.75 Bn units cumulative shipments – end Q1 01



ARM Partnership Meeting

- Brings together ARM partners in an informal environment
- Last year over 220 attendees including
 - Silicon partners
 - OEMs
 - RTOS vendors
 - Tools vendors
- This year we have record attendance



ARM

THE ARCHITECTURE FOR THE DIGITAL WORLD™

CONFIDENTIAL

2Q'01 Highlights – Partner Activity

- Agilent introduces ARM920T based chip for PDAs
- Motorola announces ARM920T based DragonBall MX1
- Microsoft optimizes Windows Media for Xscale
- Qualcomm announces ARM Powered MSM5100 for 3G
- TI introduces ARM Powered OMAP chipset for GPRS
- ST announces ARM7TDMI based chip for Voice over IP
- Agere announces 5 OEM customers for VoIP solution
- Intel launches in-car software platform using Xscale
- TI announces ARM7TDMI based chip for imaging

Warren East – COO

ARM

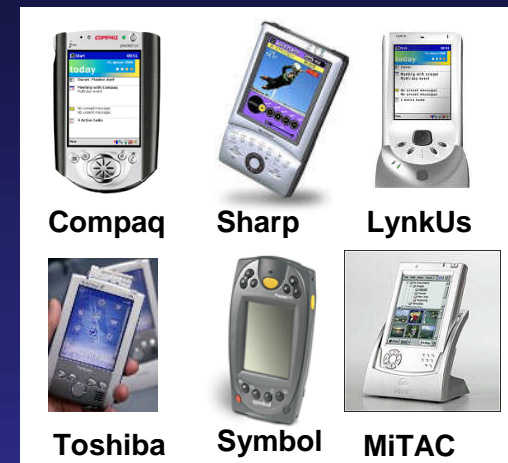
THE ARCHITECTURE FOR THE DIGITAL WORLD™

Architecture Licensees

■ Intel

- Compaq shipped one millionth iPAQ in June
- New StrongARM PDAS from Sharp, Toshiba, Mitac, Symbol, LynkUs
- Xscale program is on track

**‘Intel StrongARM has rapidly built momentum in 2001 and is now the market leader for handheld computing’
Peter Green, GM Handheld & Wireless Computing, Intel**



■ Motorola

- Motorola announced ARM920T based DragonBall MX1 featuring Sony Memory Stick and Bluetooth support



ARM

THE ARCHITECTURE FOR THE DIGITAL WORLD™

CONFIDENTIAL

2Q'01 – Implementation Licensing

- Samsung licenses ARM9 and ARM10 cores
- Agere licenses ARM920 wireless application platform
- Epson licenses ARM720T for mobile applications
- Yamaha licenses ARM7TDMI core for audio products
- Marvell licenses ARM946E-S & ARM966E-S for storage
- Kawasaki Steel licenses ARM7TDMI core for imaging
- Intersil licenses ARM946E for wireless LAN
- ADMTek licenses ARM7TDMI & ARM922T

The ARM – SUN Agreement



- The first major processor vendor to license Java

“ARM’s Jazelle technology provides a highly-optimized implementation of the Java Virtual Machine (JVM), speeding up execution times and providing consumers with an enriched user experience on their mobile devices.”

Richard Green, VP Java Software, Sun Microsystems

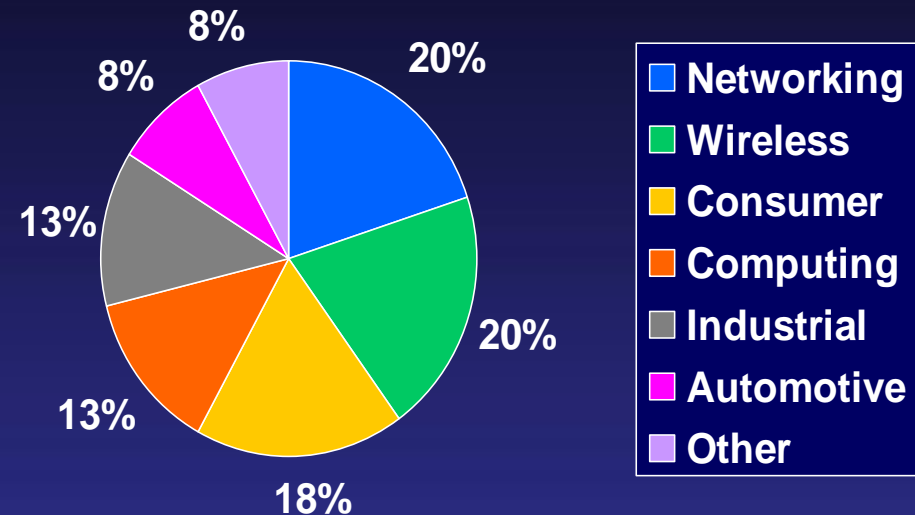
- ARM - Sun collaboration on Java Technologies
 - ARM now offers Sun compliant Java components
 - Joint development of Java for wireless devices
 - Alignment of future Java roadmaps



2Q'01 – ARM Foundry Program

- Foundries:
 - UMC, TSMC, & AMI
 - ARM cores in program: AR7TDMI™, ARM922T™
- Fabless vendors:
 - 15 licensees
 - 1st Chinese: ZTEIC
- Designs driven by growth in new comms markets:
 - Bluetooth
 - Wi-Fi (802.11 LAN)
 - VoIP

Fabless Vendors by Application



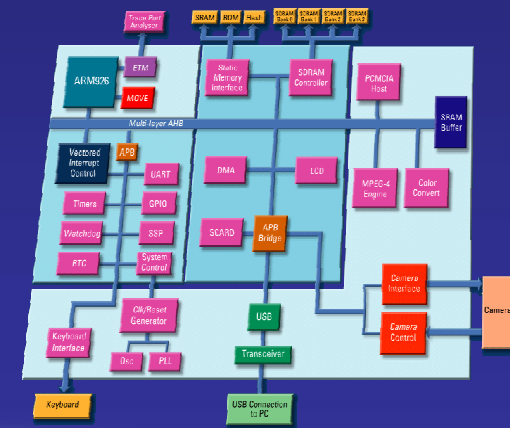
~450 Fabless Vendors Worldwide

Source: Gartner Group, December 2000



ARM Platform Strategy

- Working in partnership, ARM is developing application focused platform solutions
- Openly available system building blocks, bringing together a wide range of ARM systems IP
- An integrated platform solution,
 - SoC Kernel, OS Ports, Device drivers, Integrated development environments, System model tools, Multimedia extensions
- A framework for partners to create differentiated platform solutions
 - Working towards seamless media support across different vendors

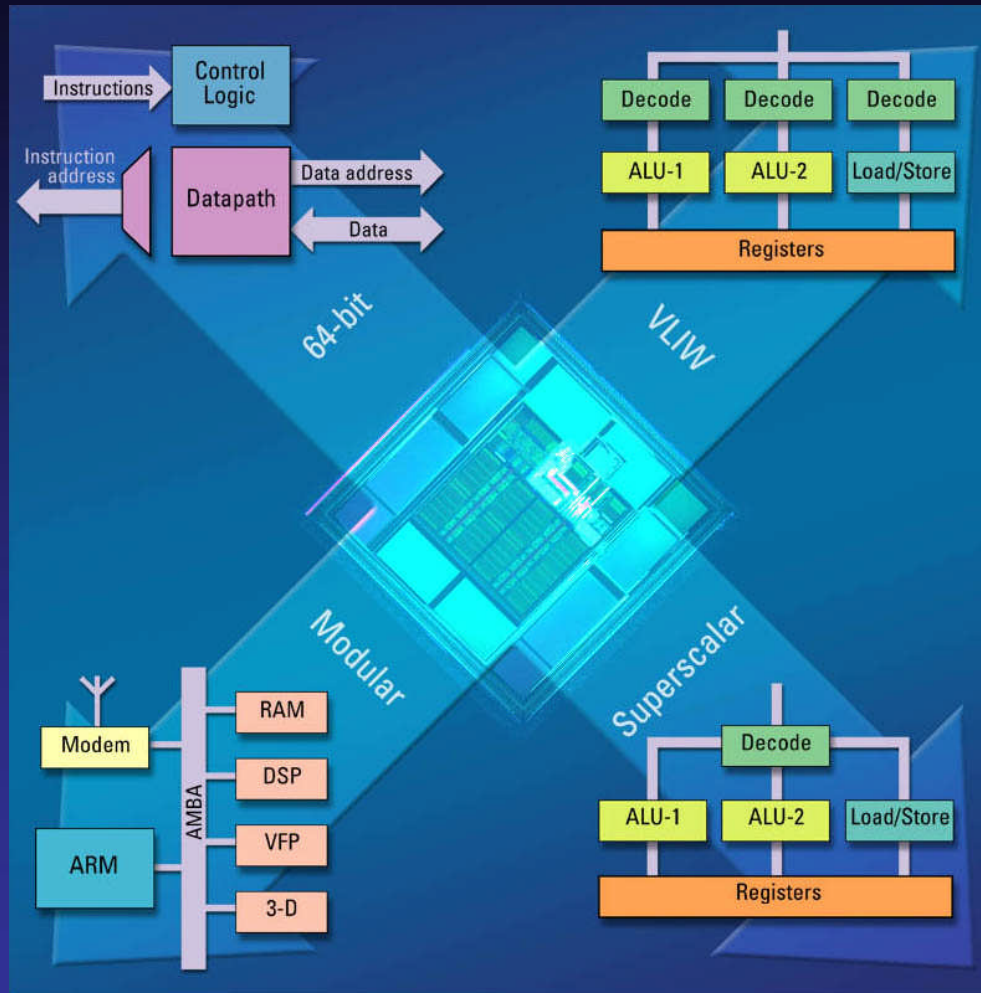


Architectural Directions

64 bit

- 64 bit bandwidth
- 64+ bit datapath
- 64 bit addressing

- AMBA™ bus
- MPEG4 and 3D Accelerators
- Multi-core Debug
- Modular**



VLIW

- Variable length
- Simple decode
- Smart compiler

- Increase throughput
- Minimise complexity
- Maximise power efficiency

Superscalar



ARM Developments

- Next generation CPU - 'Jaguar'
 - Architectural details to be presented at Microprocessor Forum - October 2001
- MOVE™ Co-processor for MPEG4 video
 - Optimal solution for mobile video together with ARM926EJ-S Jazelle CPU core
- Secure Data (SD) Card Interface
 - New secure memory card format set to replace SmartMedia, CompactFlash



ARM Intellectual Property Protection

1998

Timeline

- picoTurbo Inc. market CPU cores claiming compatibility with ARM V4T Architecture
- ARM sends 'cease and desist' letters
- ARM reluctantly decides to file suit in Santa Clara County citing violation of 3 patents
- ARM widens the lawsuit to include 7 patents
- Markman ruling by Judge Claudia Wilken
 - Adopts ARM's construction on the vast majority of claims relating to the 7 patents in the suit
 - ARM encouraged by progress
- Expect case to go to Jury trial in Q1'02

June 2000

June 2001

ARM

THE ARCHITECTURE FOR THE DIGITAL WORLD™

CONFIDENTIAL

17

Jonathan Brooks – CFO

ARM

THE ARCHITECTURE FOR THE DIGITAL WORLD™

Results Q2 and Half Year 2001

	Q201	Q101	6M 01	6M 00	6M/6M
	£'000	£'000	£'000	£'000	%
Total Revenues	36,002	32,504	68,506	44,507	54%
Operating Profit	11,223	10,446	21,669	14,358	51%
Mgn	31.2%	32.1%	31.6%	32.3%	
PBT-US GAAP	12,178	11,387	23,565	16,495	43%
Net -US GAAP	8,250	7,729	15,979	13,389	19%
EPS - US GAAP	0.8	0.8	1.6	1.3	23%
Supplementary EPS			1.6	1.1	45%

Exchange rate \$1.4064

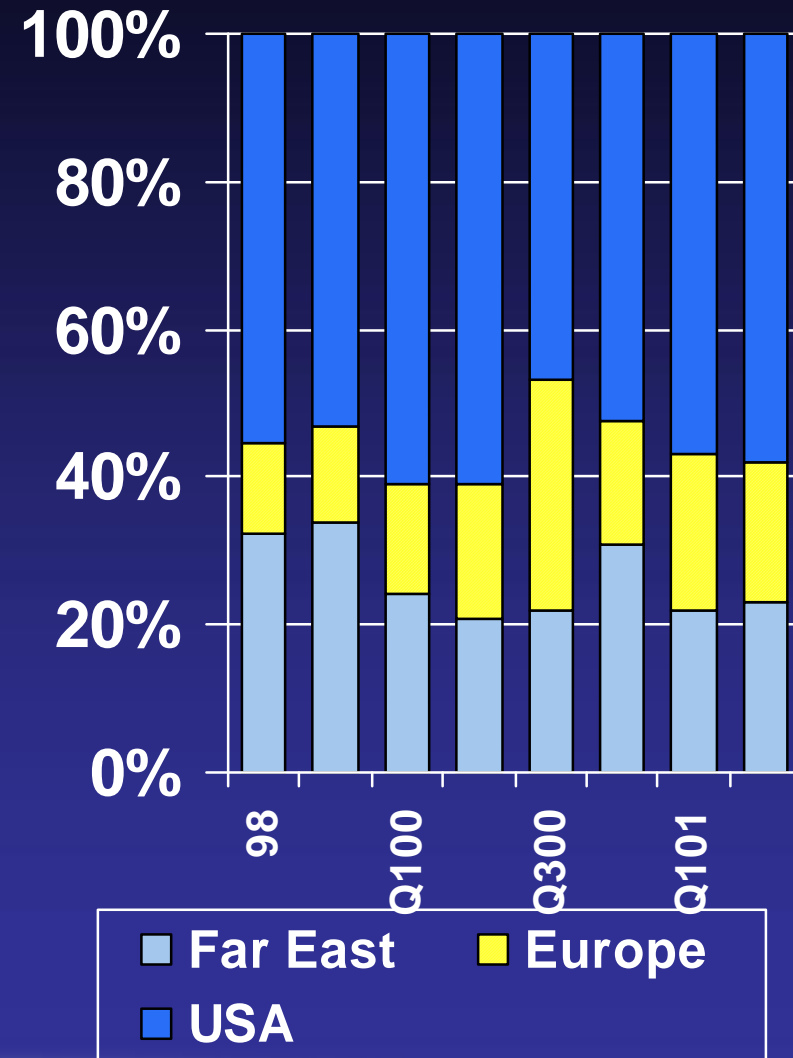
ARM

THE ARCHITECTURE FOR THE DIGITAL WORLD™

CONFIDENTIAL

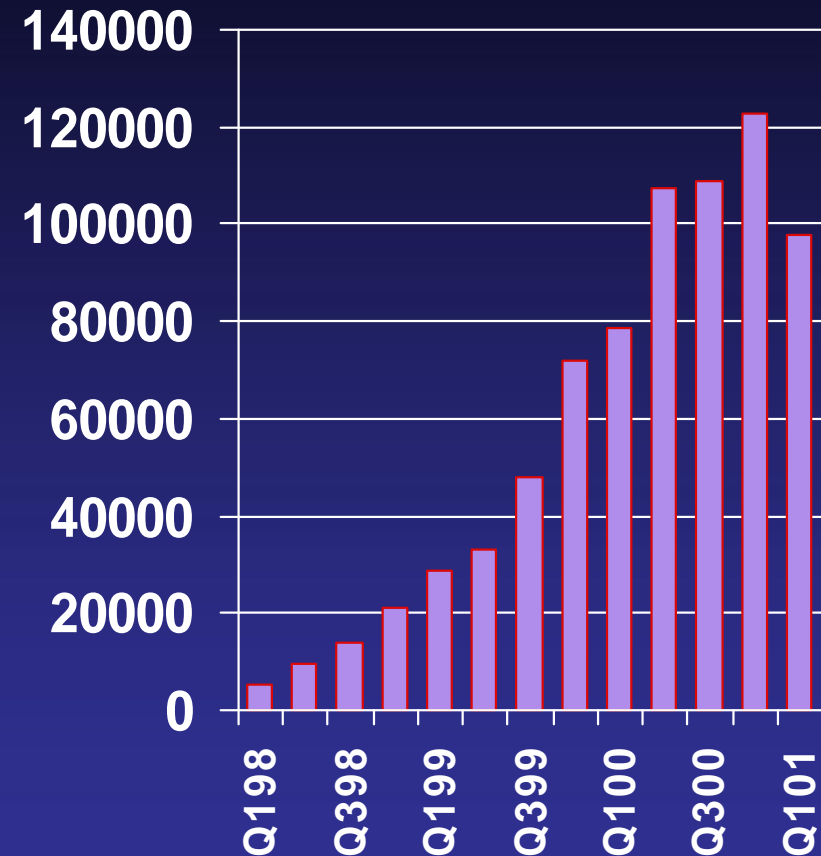
Geographical Analysis

- Revenues Q2 2001
 - 58% USA (61% Q200)
 - 23% Far East (21% Q200)
 - 19% Europe (18% Q200)



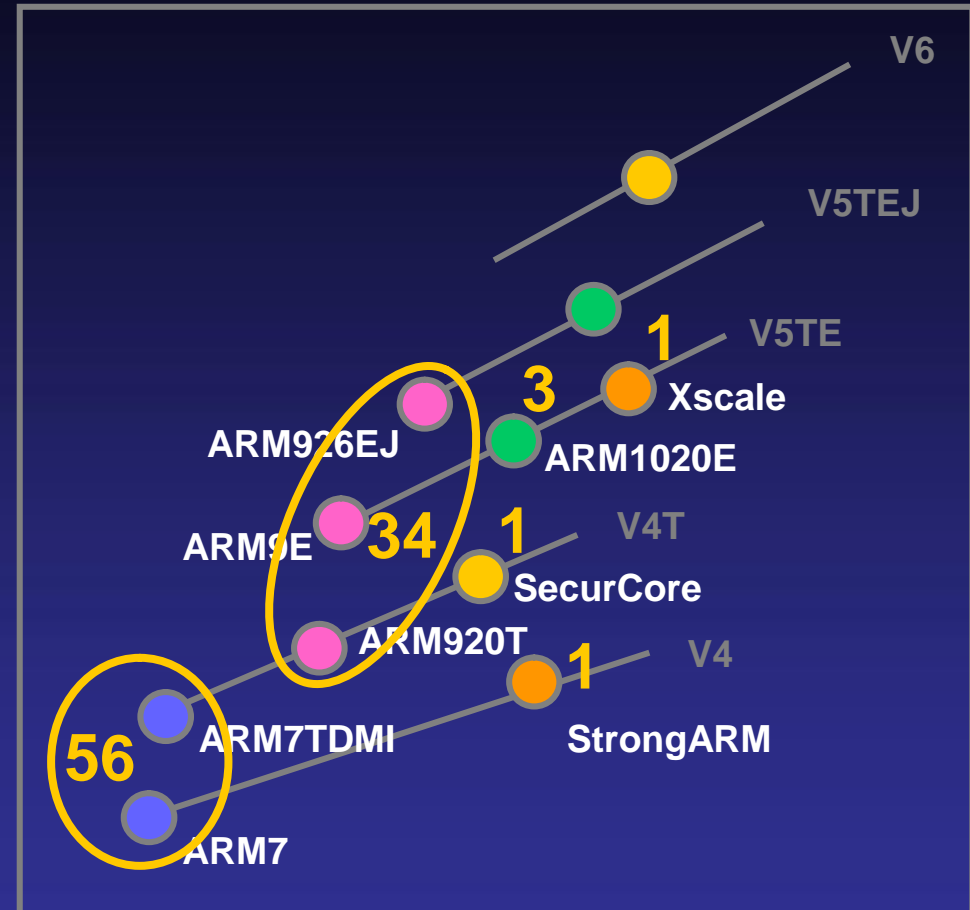
Royalty Revenues 2001 Q2

	Q1 01	Q2 01
Roy.Revs	£8.3M	£6.4M
%	26%	18%
Units	123M	98M
No.shipping	23	26
Wireless	54%	52%
Networking	23%	17%
Other	23%	31%
Total	100%	100%



Core Licensing

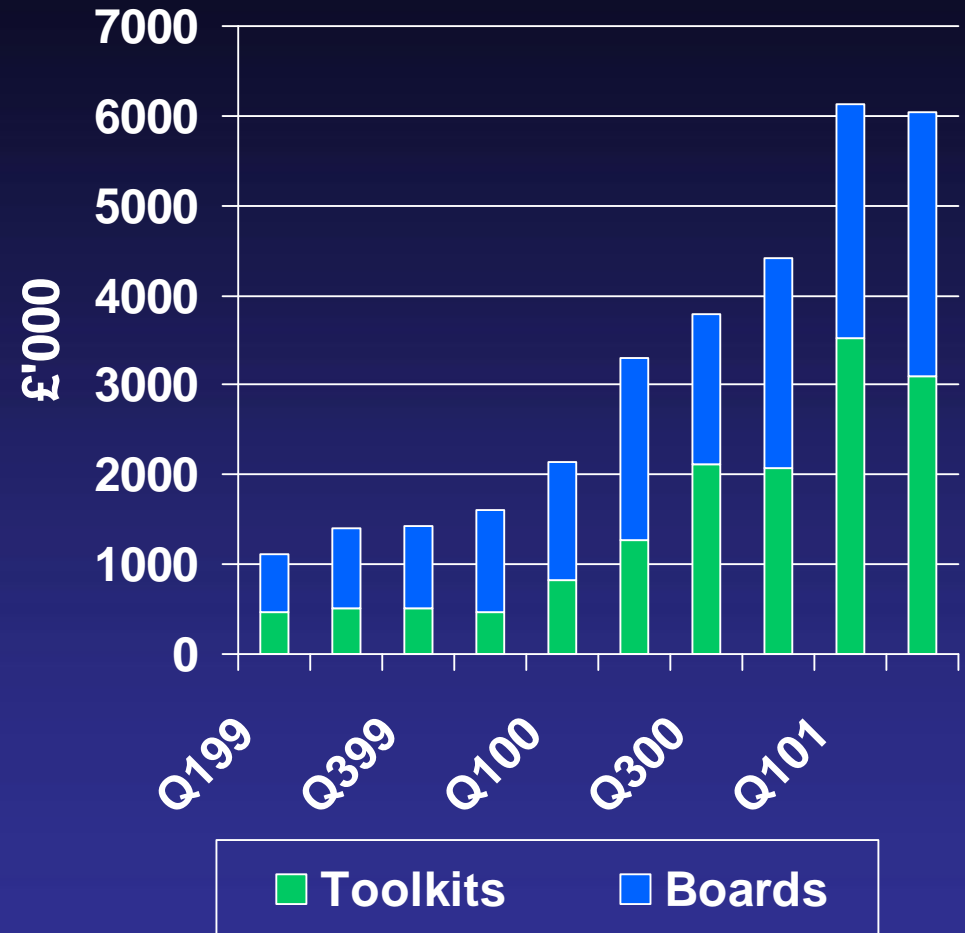
- Q2 01:
 - 7 new partners in Q2 2001
 - incl. Marvell
 - 4 'per use'
 - incl. Faraday
 - 3 upgrades
 - incl. Samsung ARM10
 - 11 "derivatives"
 - 4 Jazelle related
- 63 Partners in total at end Q2
 - of which 15 'per use' and 3 are foundries



Excludes recent ST/Philips "broad" agreements

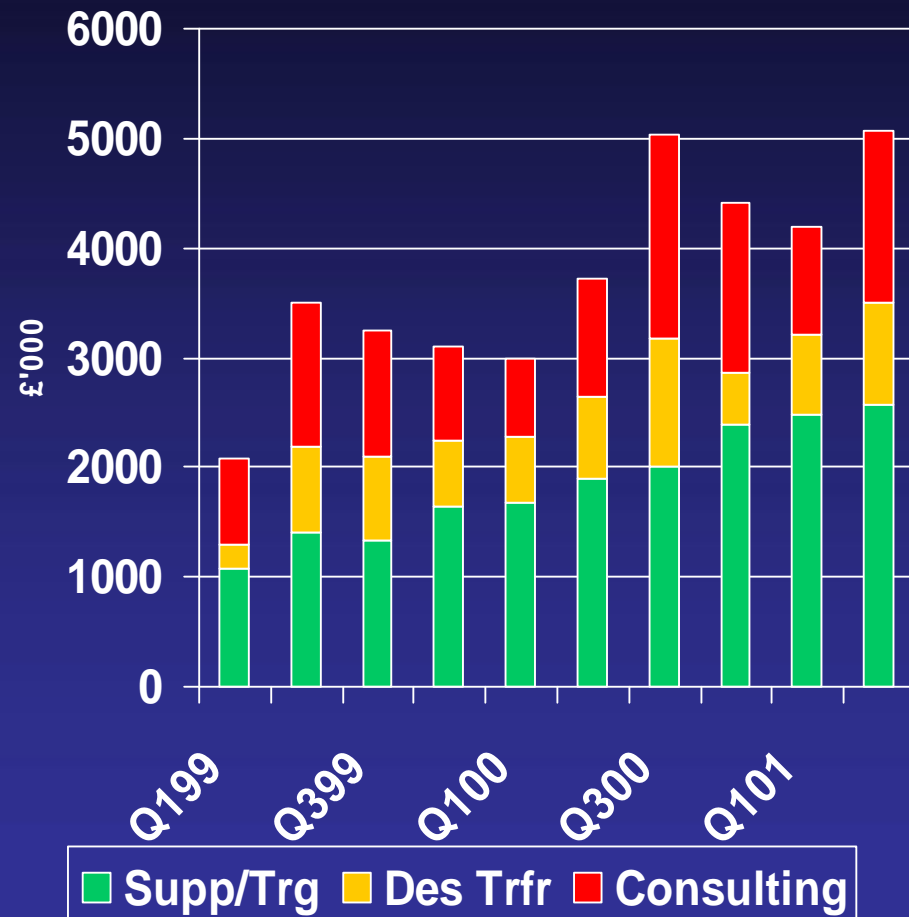
Development Systems

- Highlights in Q2:
 - 30% of sales through distribution vs 25% in Q1
 - MultiTrace launched in Q2
 - DevZone launched
- Dev't systems sales Q2 2001:
 - 38% USA
 - 34% Far East
 - 28% Europe
- 17% of revs Q2 01 19% Q1 01



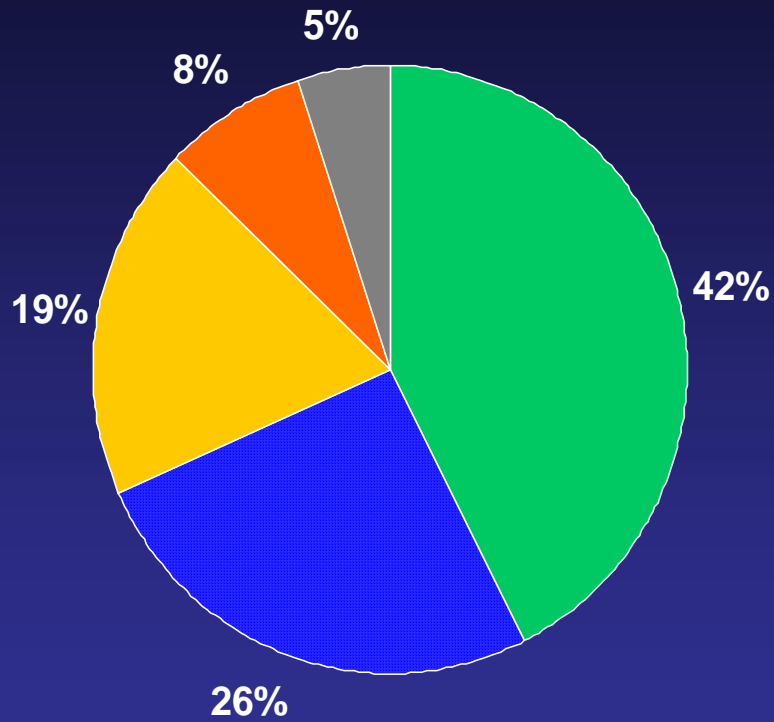
Service Revenues

- Consulting revenues
 - Q201 £1.5m vs £1.0m Q101
 - 14 ATAP partners
- Design transfer - now offering 'hardening' service for soft cores
 - £0.9m Q201 vs £0.7m in Q101
- Support, Maint & Training
 - £2.6m Q201 vs £2.5m Q101

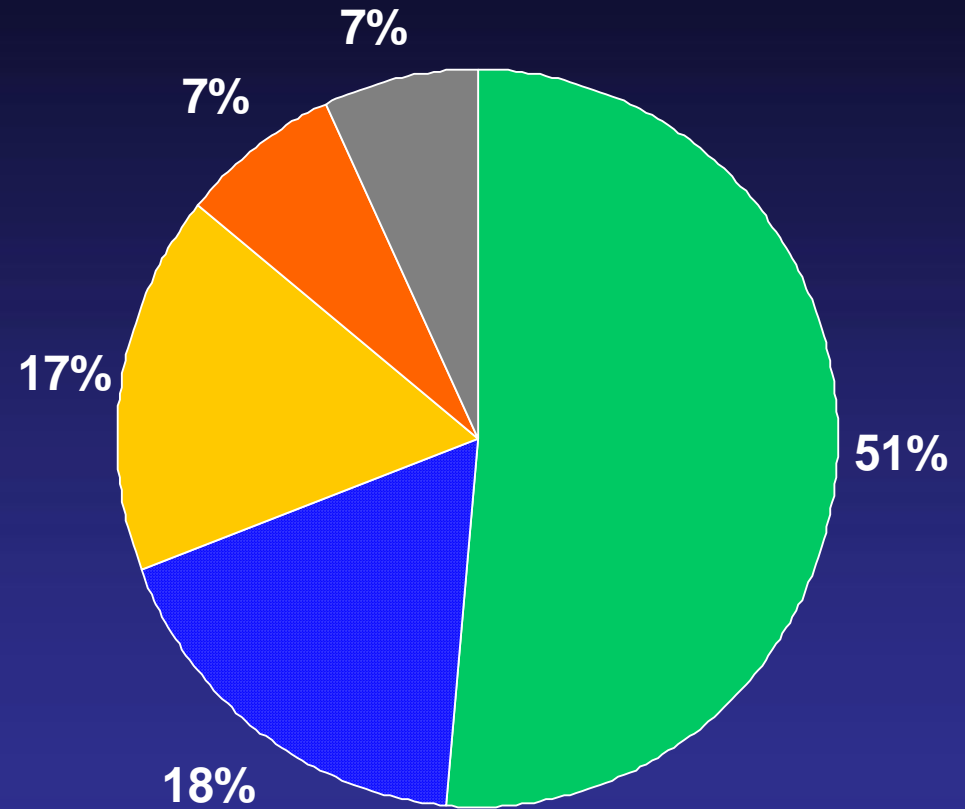


Revenue Breakdown

Q1 2001

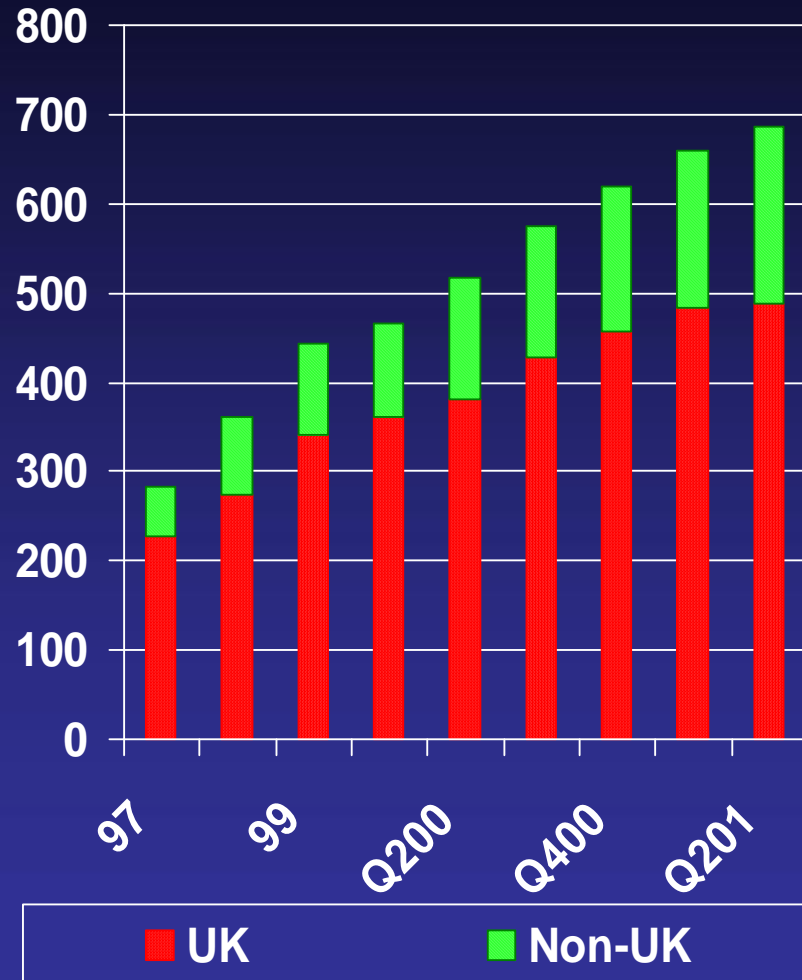


Q2 2001

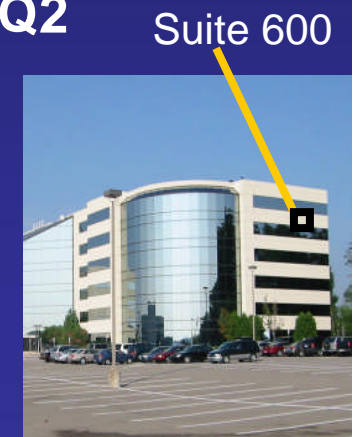


Licensing
Dev Sys
Consulting
Royalties
Support

Headcount

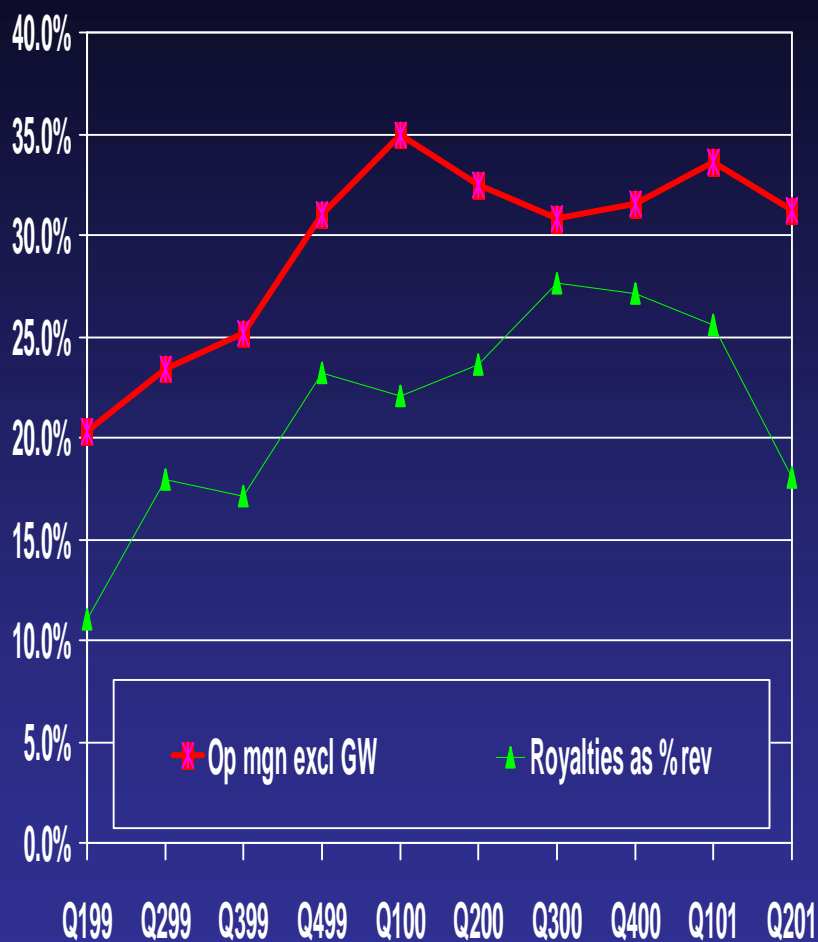


- Headcount end Q2 687 vs 659 at end of Q101
- 29% outside UK; 71% in UK
- R+D 60%; S+M 27%; G+A 13%
- New office in Detroit Q2



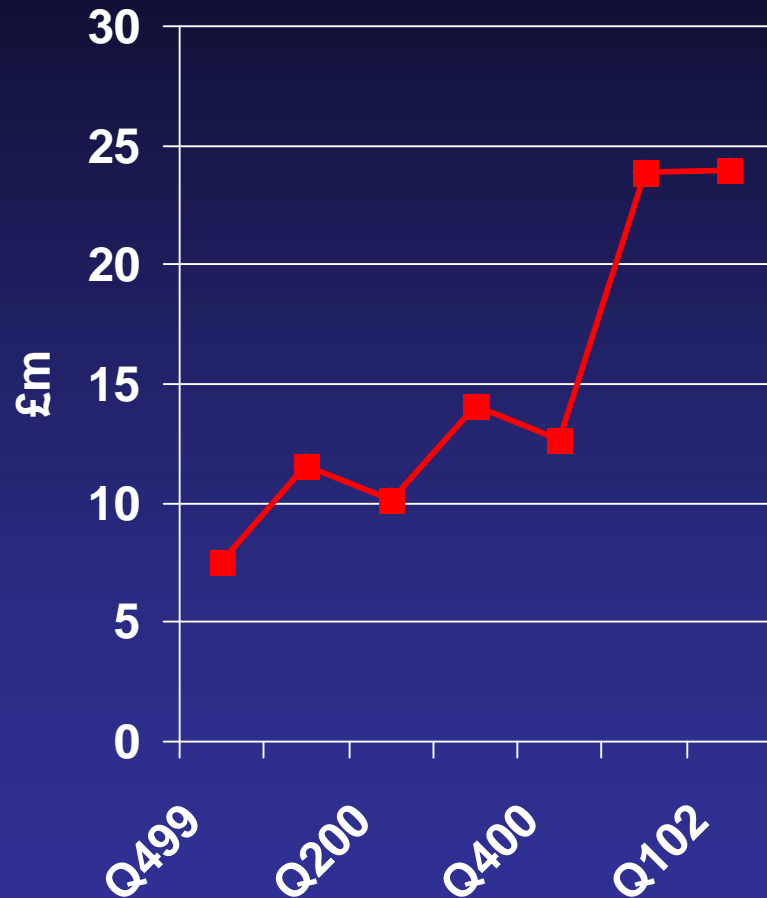
ARM Detroit Office

Operating Margin Trend



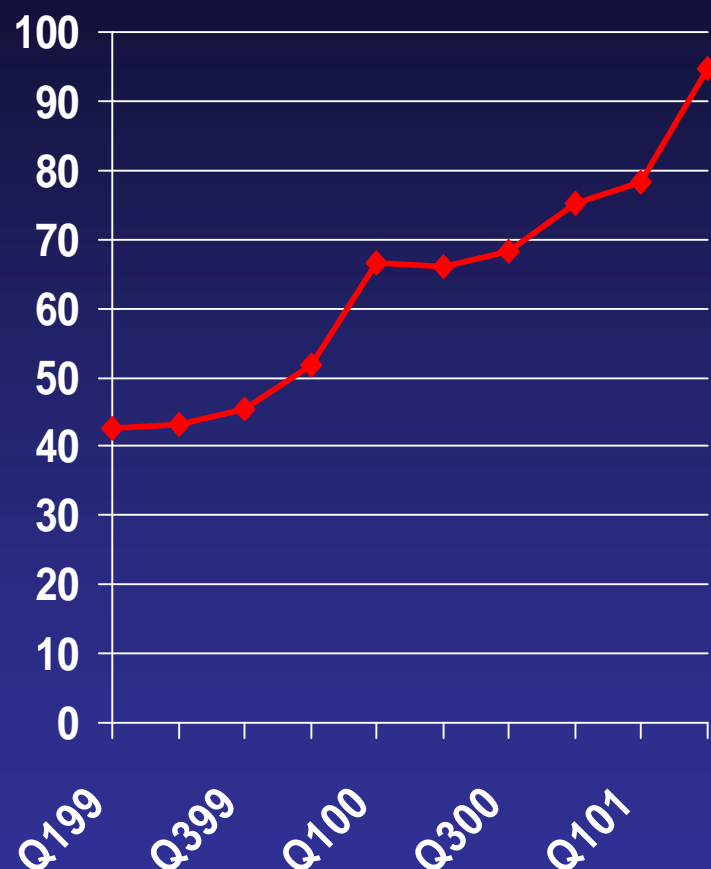
	Q101	Q2 01
G.Mgn	87.6%	88.5%
R+D	26.9%	25.6%
SG+A	27.1%	30.3%
Goodwill	1.5%	1.4%
Op Mgn	32.1%	31.2%

Deferred Revenues



- Deferred revenues: invoiced sales not yet recognized
 - fluctuates from quarter to quarter
- Still v. high at end Q2, with much due to ARM926EJ-S
- Expected to drop by end Q3

Strong Cash Generation Q2



	Q1 01	Q2 01
	£MM	£MM
Cash Gen.	8.1	19.4
Capex	-4.1	-4.6
Invest.		1.0
Acquis'n	-1.4	0
Other	0.5	0.6
Cash 30/06/2001		94.8
Accruals	5.8	7.0

