



ARM Holdings plc Q3 2008 Results

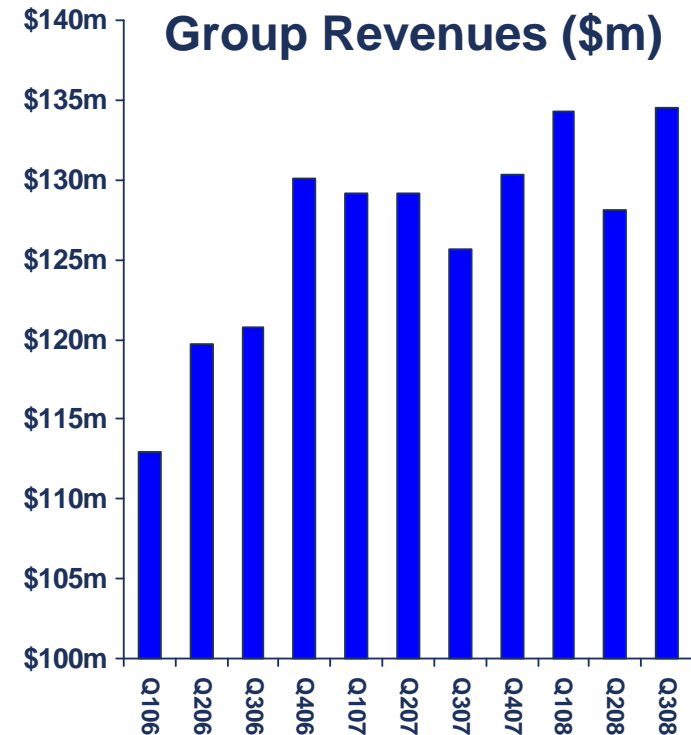
**28 October 2008
London**

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 and capital expenditure requirements.
- 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, 2007 including (without limitation) under the captions, “Risk Factors” and “Management’s Discussion and Analysis of Financial Condition and Results of Operations,” which is on file with the Securities and Exchange Commission (the “SEC”) and available at the SEC’s website at www.sec.gov.

Q3 2008 Highlights

- Highest ever quarterly revenues at \$134.4m, up 7%
- 1 billion ARM processor shipments
- Processor Division license revenue up 18% sequentially
- Long term strategic Physical IP deals
 - STMicroelectronics buys 40nm platform license
 - 32nm and 28nm collaboration with the Common Platform partnership
- Continuing cost discipline
 - Normalised EPS at 1.38p up 23%
- Strong cash generation continues
 - £22.5m cash generated in the quarter
 - £8.6m share buyback in Q3



Outlook

- Business fundamentals sound going into Q4
 - Robust license opportunity pipeline
 - Strong licensing backlog
 - Good royalty momentum
 - Well-placed to benefit from stronger dollar
- Expect Q4 2008 dollar revenues to be at least in line with expectations
 - Despite global macroeconomic conditions making the near-term trading environment uncertain
- Costs continue to be carefully managed
 - End Q3 headcount marginally down on start of year
 - Stronger dollar increases sterling value of US \$ denominated costs

Q3 2008 – Revenue Summary (\$)

	Q3 2008 \$m	Q3 2007 \$m	
PD			
Licensing	35.5	42.4	-16%
Royalties	55.2	42.6	30%
PD Total	90.7	85.0	7%
PIPD			
Licensing	10.4	12.7	-18%
Royalties*	11.0	8.0	38%
PIPD Total	21.4	20.7	4%
Development Systems	14.6	12.3	18%
Services	7.7	7.6	1%
Total Revenue	134.4	125.6	7%

* Includes catch-up royalties in Q3 2008 of \$1.7m and in Q3 2007 of \$0.3m

Q3 2008 – Revenue Summary (£)

	Q3 2008 £m	Q3 2007 £m	
PD			
Licensing	19.2	21.5	-10%
Royalties	29.2	21.1	38%
PD Total	48.4	42.6	14%
PIPD			
Licensing	5.6	6.2	-10%
Royalties*	5.9	4.0	49%
PIPD Total	11.5	10.2	13%
Development Systems	7.8	6.1	27%
Services	4.0	3.9	3%
Total Revenue **	71.7	62.8	14%

* Includes catch-up royalties in Q3 2008 of £0.9m and in Q3 2007 of £0.1m

** US \$/£ effective rate of \$1.88 in Q3 2008 and \$2.00 in Q3 2007

YTD 2008 – Revenue Summary (\$)

	YTD 2008 \$m	YTD 2007 \$m	
PD			
Licensing	102.1	125.1	-18%
Royalties	161.0	127.7	26%
PD Total	263.1	252.8	4%
PIPD			
Licensing	34.8	43.6	-20%
Royalties*	29.7	23.6	26%
PIPD Total	64.5	67.2	-4%
Development Systems	44.9	40.0	12%
Services	24.3	24.0	1%
Total Revenue	396.8	384.0	3%

* Includes catch-up royalties in YTD 2008 of \$3.6m and in YTD 2007 of \$2.4m

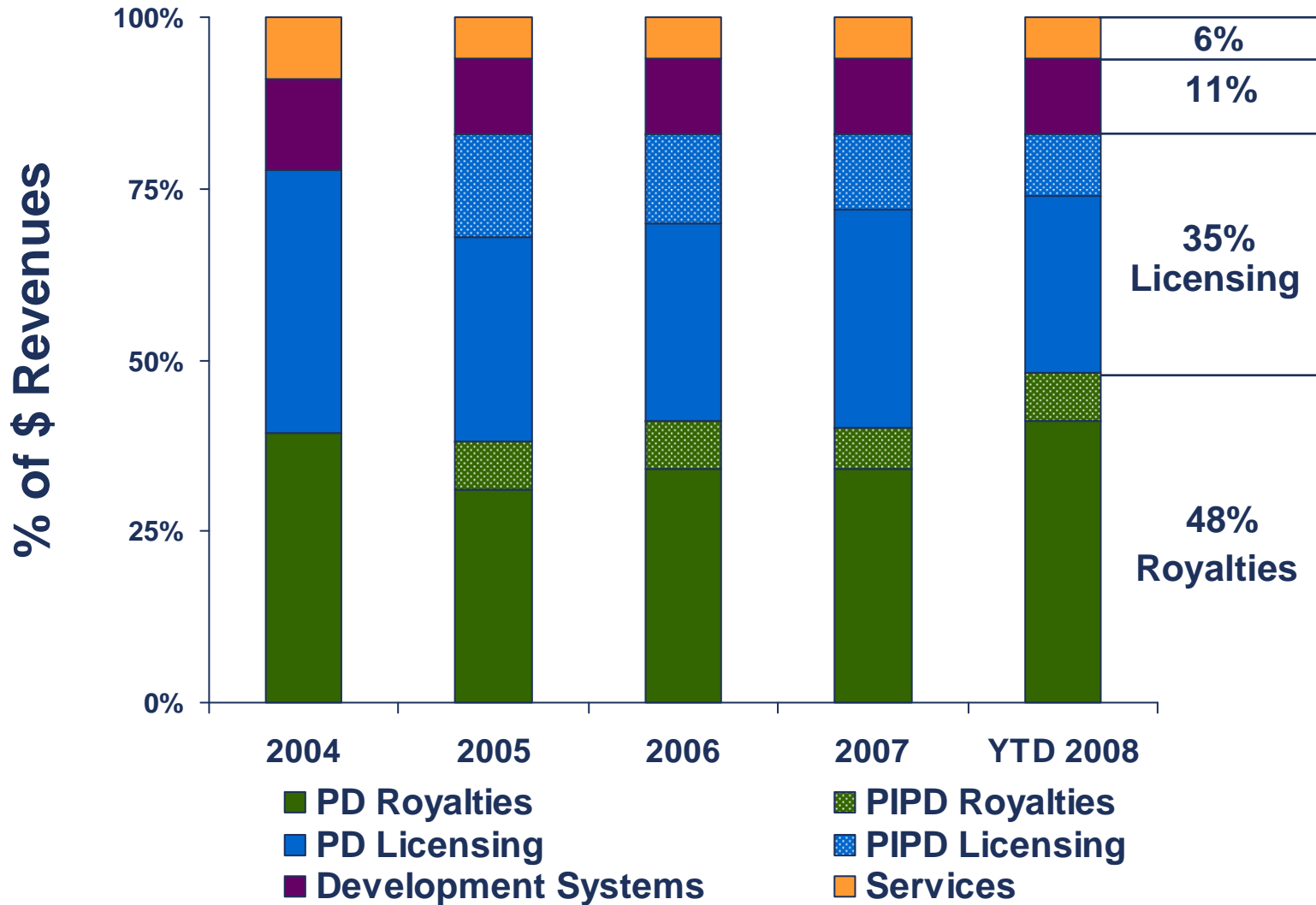
YTD 2008 – Revenue Summary (£)

	YTD 2008 £m	YTD 2007 £m	
PD			
Licensing	52.8	64.1	-18%
Royalty	83.1	64.3	29%
PD Total	135.9	128.4	6%
PIPD			
Licensing	17.9	21.9	-19%
Royalty*	15.4	11.9	30%
PIPD Total	33.3	33.8	-1%
Development Systems	23.1	20.2	14%
Services	12.3	12.4	-1%
Total Revenue **	204.6	194.8	5%

* Includes catch-up royalties in YTD 2008 of £1.9m and in YTD 2007 of £1.2m

** US \$/£ effective rate of \$1.94 in YTD 2008 and \$1.97 in YTD 2007

Revenue Split Analysis



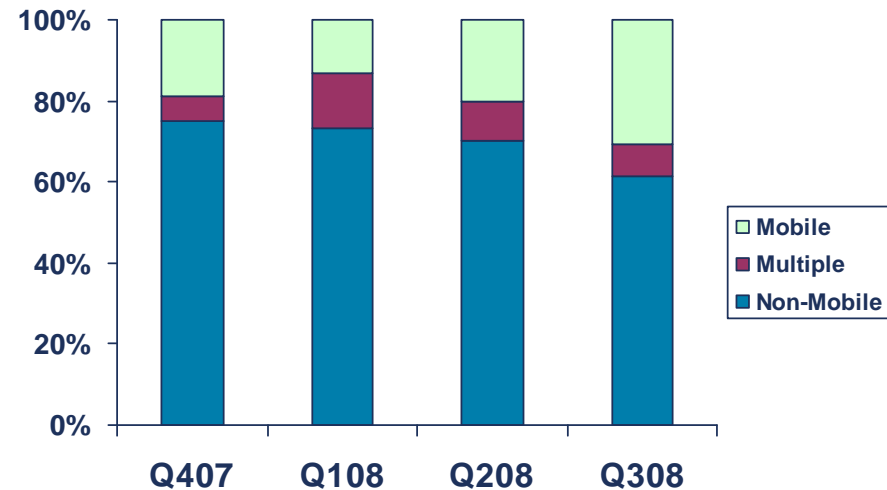
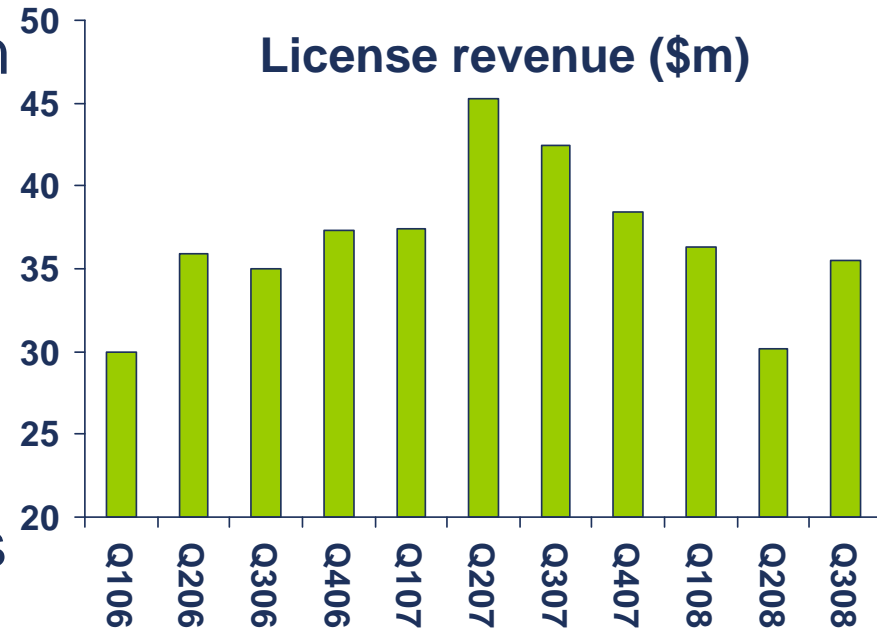
Quarterly Results Summary

	Q407	Q108	Q208	Q308
	(£m)	(£m)	(£M)	(£M)
Total revenues	64.3	67.9	65.0	71.7
US\$ revenues	130.3	134.3	128.1	134.4
Effective fx rate	2.02	1.98	1.97	1.88
Normalised operating profit	20.3	20.8	20.5	23.7
Operating margin (%)	31.5%	30.6%	31.5%	33.0%
Normalised income before tax	21.3	21.3	21.1	24.9
Normalised EPS (pence)	1.25	1.17	1.17	1.38
Net cash	51.3	55.2	50.6	66.0

Numbers before acquisition-related, share-based compensation and restructuring charges and profit on disposal of available-for-sale securities.

PD Licensing

- 13 processor licenses signed in Q3
 - All processor families licensed
 - STMicroelectronics licenses Mali 3D graphics core
- 2 new semiconductor licensees
- Non-mobile continues as main driver for licensing
 - Applications included: Digital TV, gaming, robotics and PON



PD Licensing

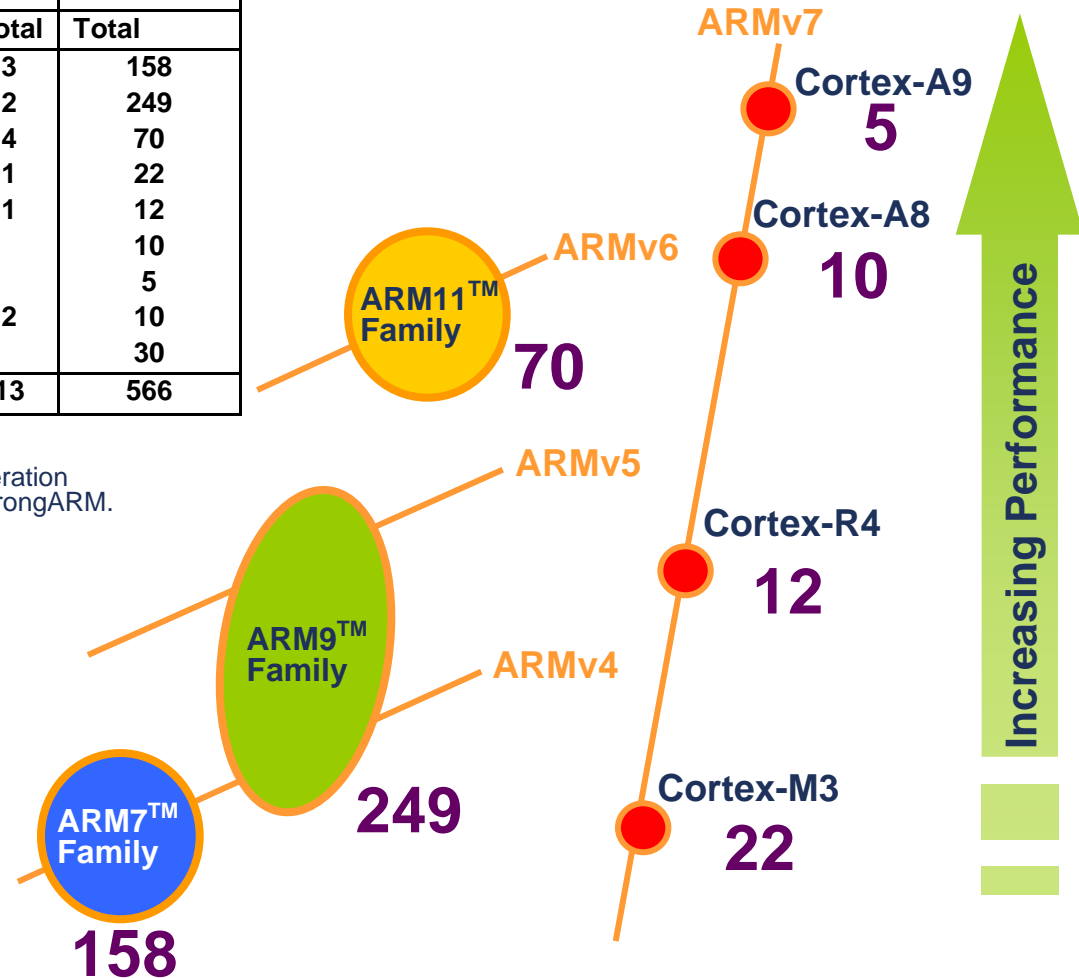
Q3 2008 License Analysis

	Multi-use			Term			Per-use			Total	Cumulative
	U	D	N	U	D	N	U	D	N		Total
ARM7	1	1							1	3	158
ARM9			1	1						2	249
ARM11	1		1	1			1			4	70
Cortex-M3	1									1	22
Cortex-R4					1					1	12
Cortex-A8											10
Cortex-A9											5
Mali	1	1								2	10
Other											30
Total										13	566

U: Upgrade D: Derivative N: NEW

Note: Other includes 30 licenses that have been signed for Next Generation Cortex, ARM10™ and SecurCore™ family processors, and Xscale/StrongARM.

Cumulative licenses



Q3 Processor Royalties

- Revenue up 30% to \$55m Q3 on Q3

Record 1 billion units up ~45%

Mobile devices up ~40%

Driven by increasing sophistication per device

Enterprise up ~60%

Driven by WiFi, storage and networking

Home up ~50%

Driven by consumer entertainment devices such as DTV, STB and DVD

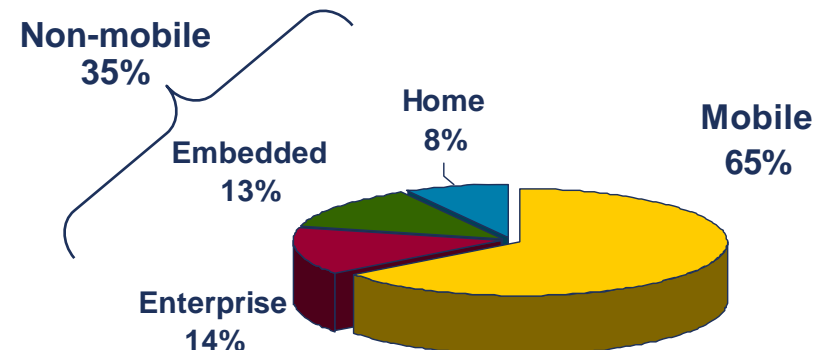
Embedded up ~50%

Driven by microcontrollers and increasing sophistication in automotive



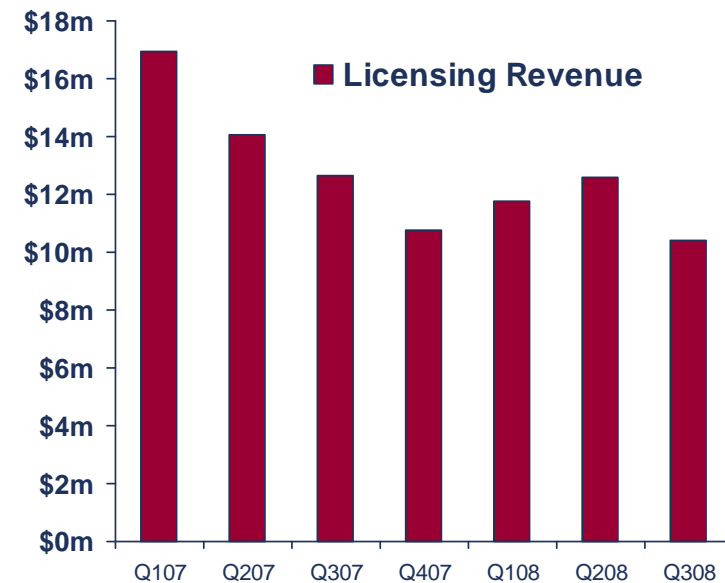
* Excludes \$2.0m of catch up royalties

Q3 2008 Royalty Unit Split

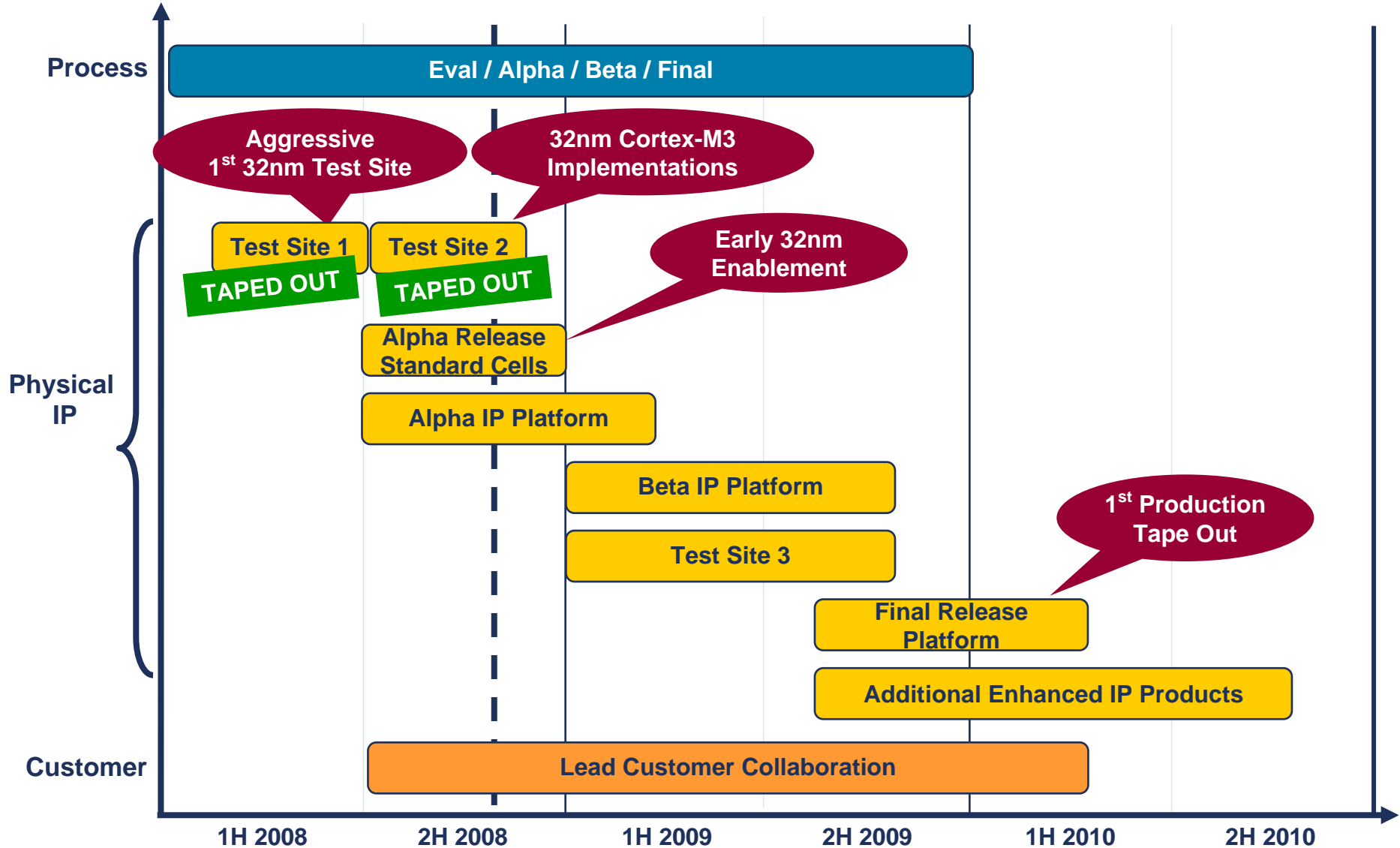


PIPD Licensing

- 32nm/28nm licenses with Common Platform technology partnership
 - Technology acceleration activity yielding strategic deals
- Tier 1 licensing momentum building
 - STMicroelectronics licenses 40nm physical IP platform
 - Tier 1 IDM takes 4th license in successive quarters
 - Another tier 1 takes first physical IP license for use with ARM processor
 - Four semiconductor companies licensed synergistic PD and PIPD technology
- Extending technology leadership
 - 32nm Cortex-M3 test chip in manufacture



32/28nm Physical IP in Development

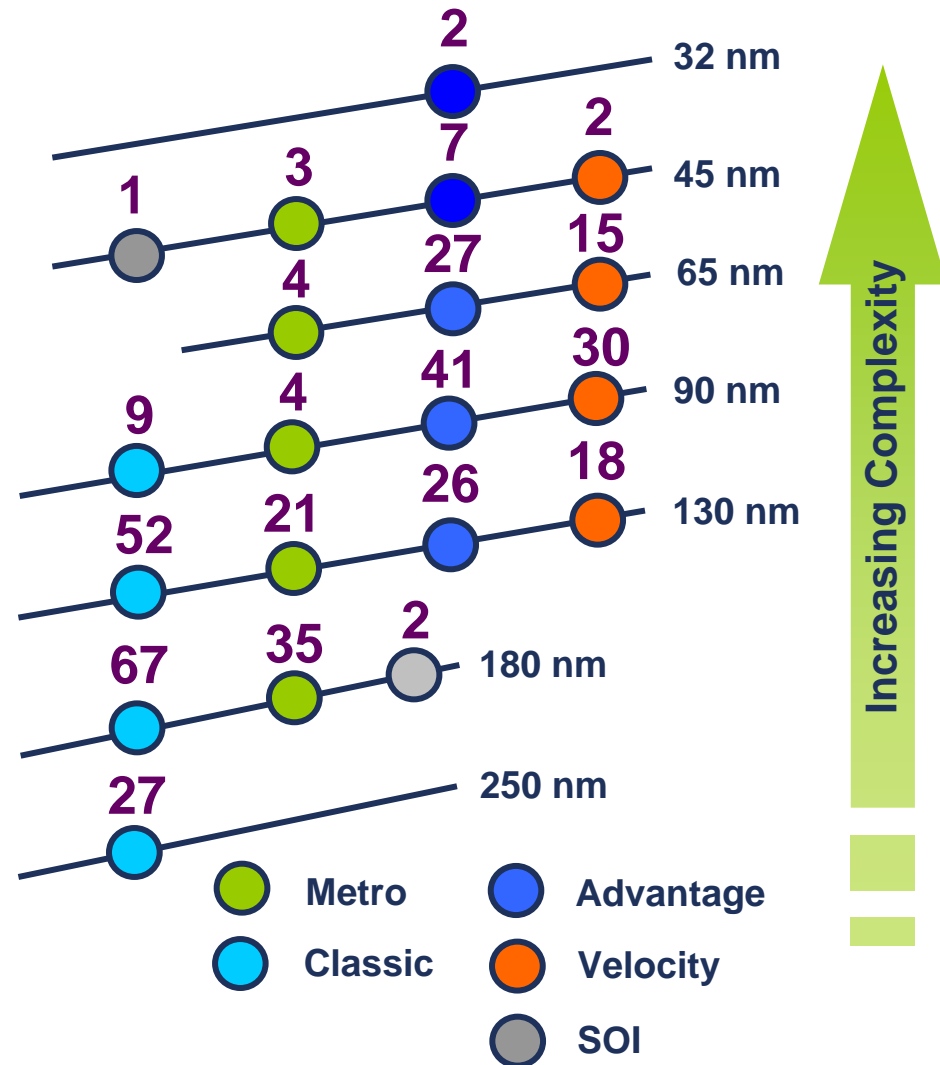


PIPD Licensing

Q3 2008 License Analysis

	Process Node (nm)	Total
Platform Licenses		
Advantage	32/28	2
Advantage	45	1
Standard Cell Libraries		
Advantage	65	2
Metro	180/130	1
Memory Compilers		
Metro	180/65	2
Classic	180/130	2
Velocity PHYs	90/65	4
Quarter Total		14
Cumulative Total		393

Cumulative Licenses

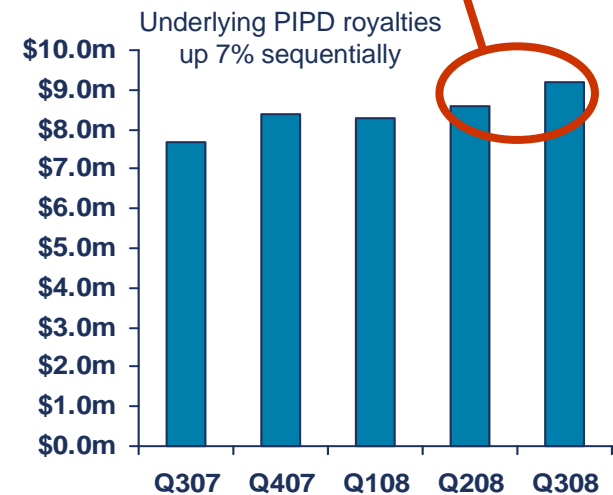
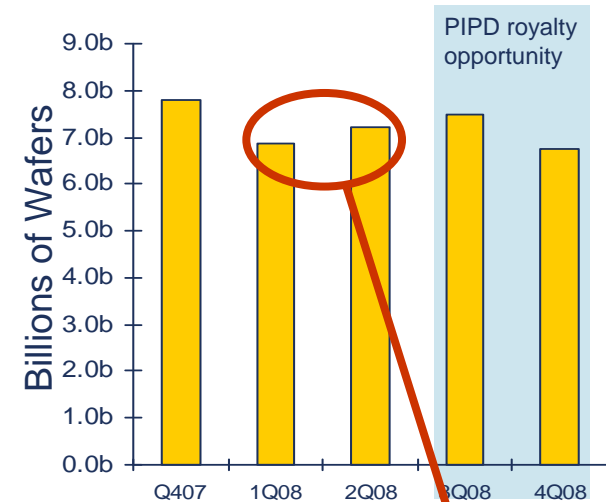


PIPD Royalties

- Q3 royalty revenue up 38% to \$11.0m
 - 21% increase in underlying royalties
- Underlying Q3 royalties up 7% sequentially
 - Industry foundry wafer shipments grew 5% sequentially
- Industry foundry wafer shipments growth slowing from Q3 (Gartner – October 2008)
 - Associated PIPD royalties to be reported in Q4
- More than 25 fabless, foundry and IDMs paying royalties every quarter

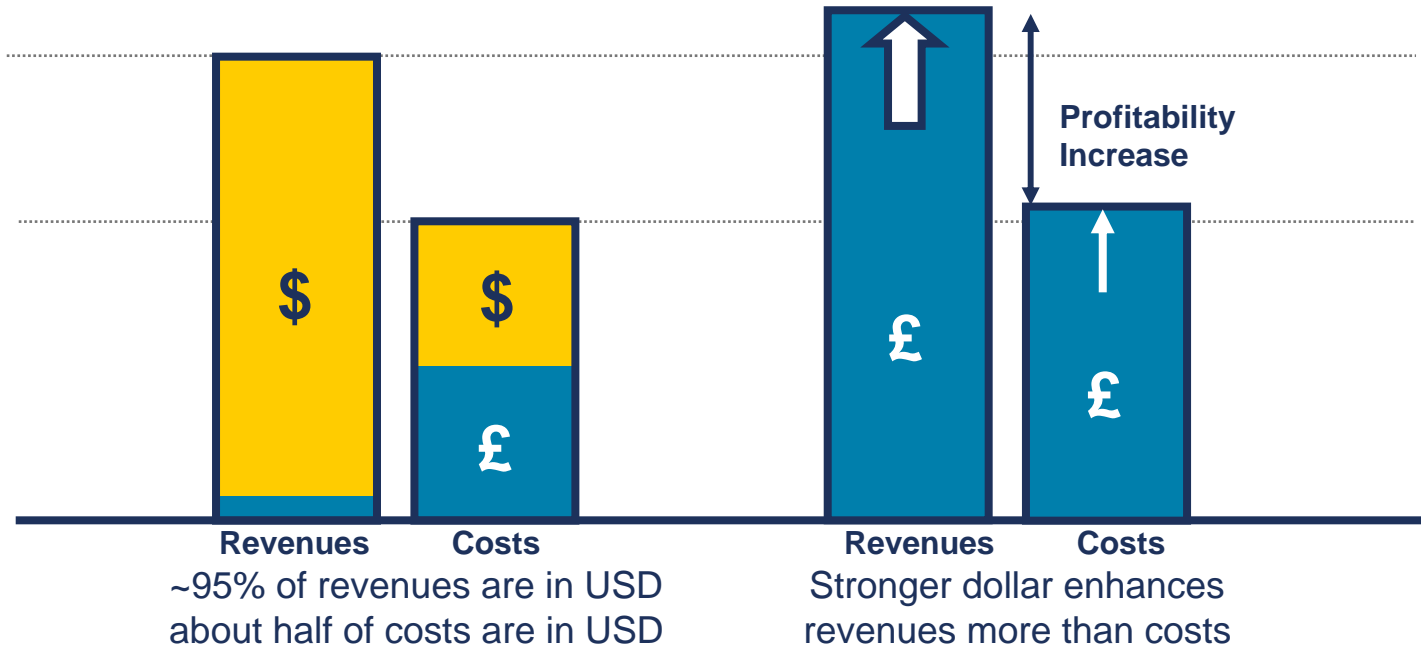
Foundry Wafers Shipments

Gartner October 2008



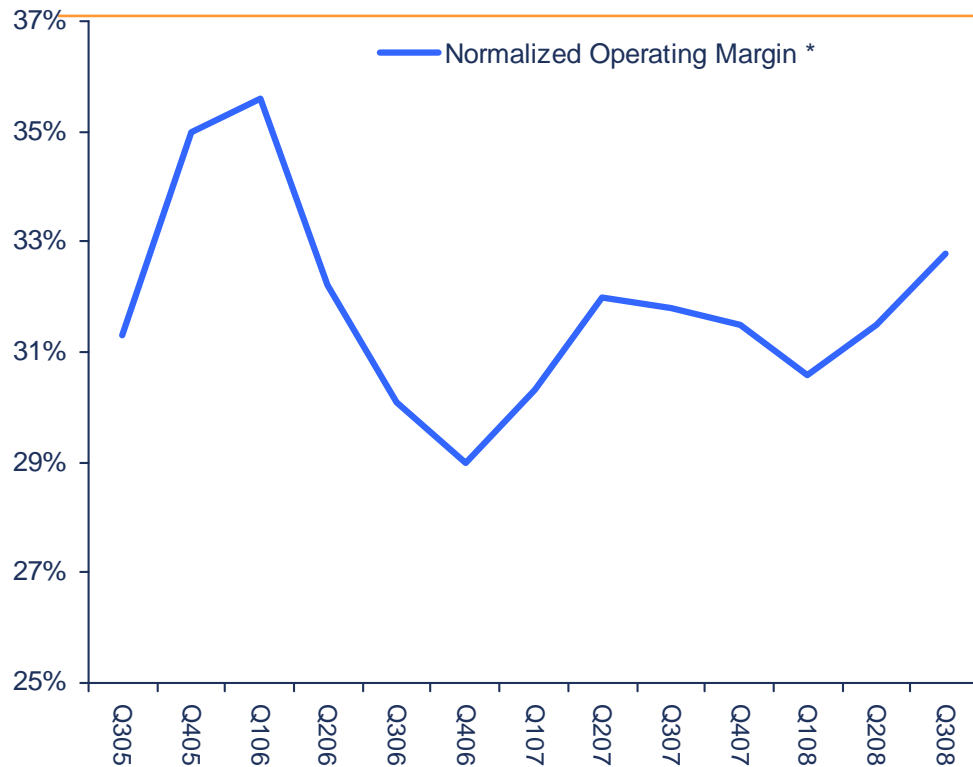
Currency Impact on Profitability

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



	Q3 2007	Q3 2008	% Change
Effective fx Rate (\$/£)	2.00	1.88	-6%
Revenues (\$)	\$125.6m	\$134.4m	+7%
Revenues (£)	£62.8m	£71.7m	+14%
Operating Margin	31.8%	33.0%	
EPS	1.12p	1.38p	+23%

Normalised Operating Margin



	Q407	Q108	Q208	Q308
R&D (£m)*	15.1	16.3	15.3	15.7
R&D (%)*	23%	24%	24%	21.9%
SG&A (£m)*	22.2	23.2	22.2	25.1
SG&A (%)*	34%	34%	34%	35%
Op Mgn (%)*	31.4%	30.6%	31.5%	33.0%

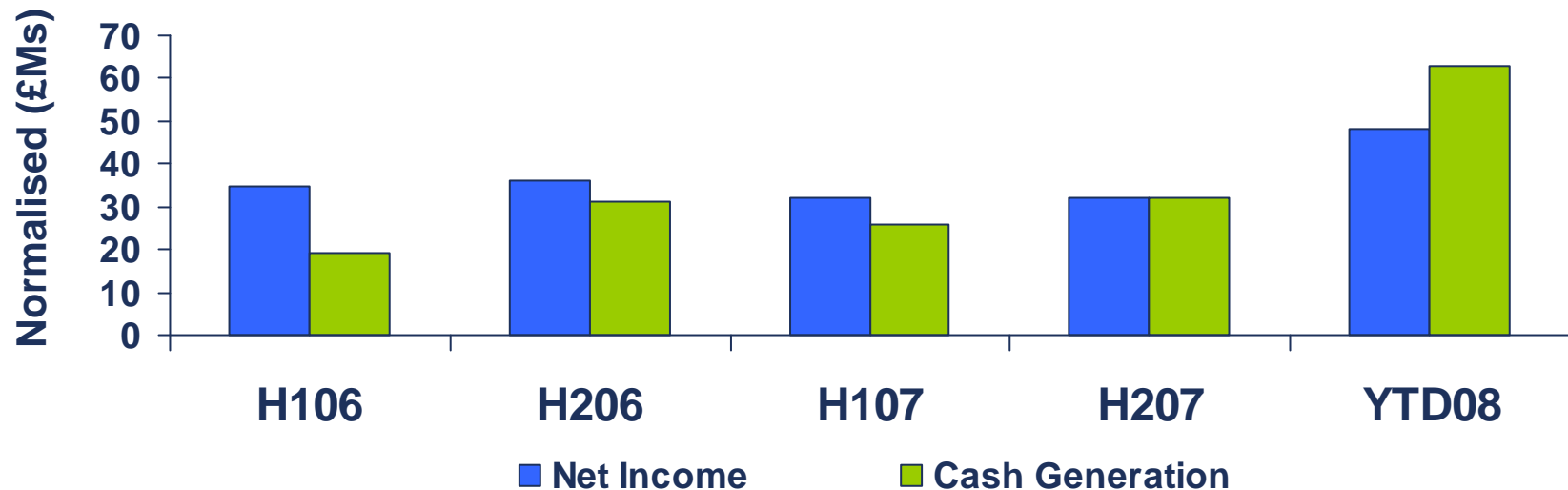
Values as percentage of sales

	2005		2006				2007				2008		
	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3
Effective fx Rate (\$/£)	1.78	1.73	1.75	1.82	1.86	1.92	1.94	1.97	2.00	2.02	1.98	1.97	1.88

* Excludes acquisition-related charges, share-based compensation charges, restructuring charges and profit on disposal of investments

Converting Profit into Cash

(£m)	H106	H206	H107	H207	YTD 08	Total
Normalised Net Income	35	36	32	32	48	183
Normalised Cash Generation	19	31	26	32	63	171
% Cash Conversion	54%	86%	81%	100%	131%	93%

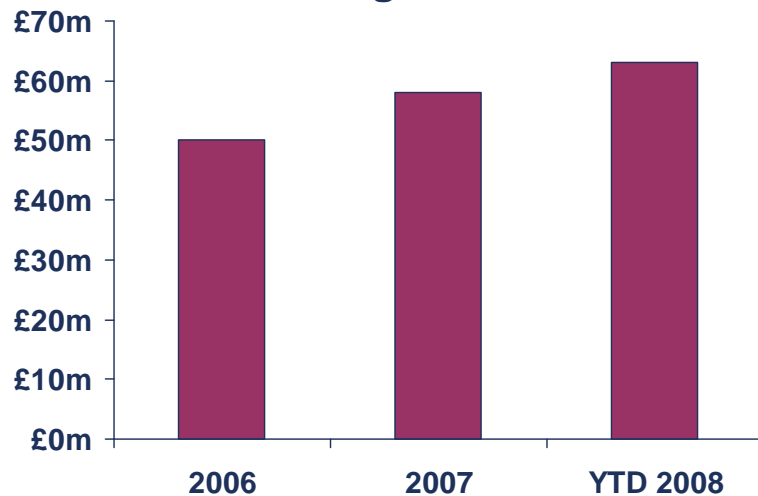


Increasing Cash Returns to Shareholders

- Strong cash returns in quarter
 - Generated £22.5m of cash
 - £8.6m returned to shareholders
- Net cash of £66.0m at end Q3

£m	Dividends	Buybacks	Total
2004-2005	19.4	16.2	35.6
2006	12.4	76.5	88.9
2007	18.5	128.6	147.1
YTD 2008	15.3	37.0	52.3
Total	65.6	258.3	323.9

Increasing Cash Generation

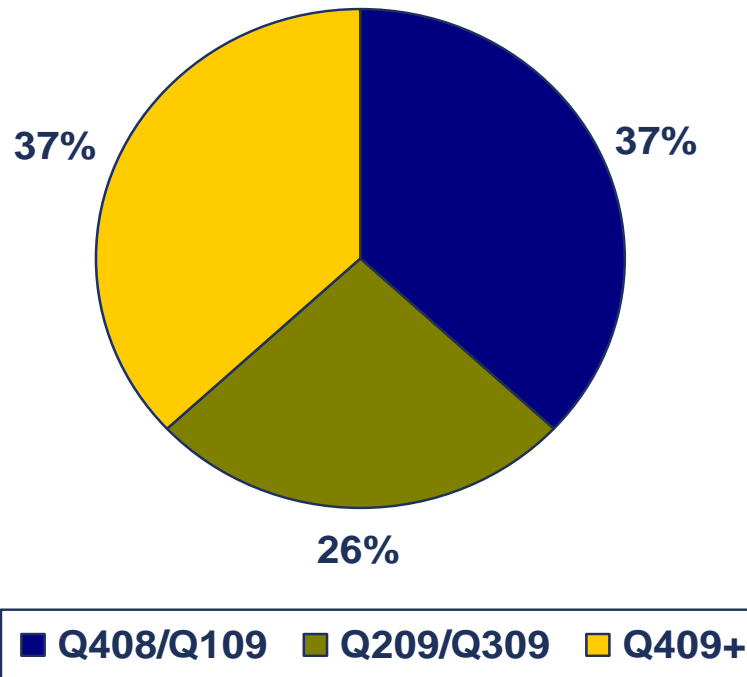


Cumulative Cash Returned to Shareholders

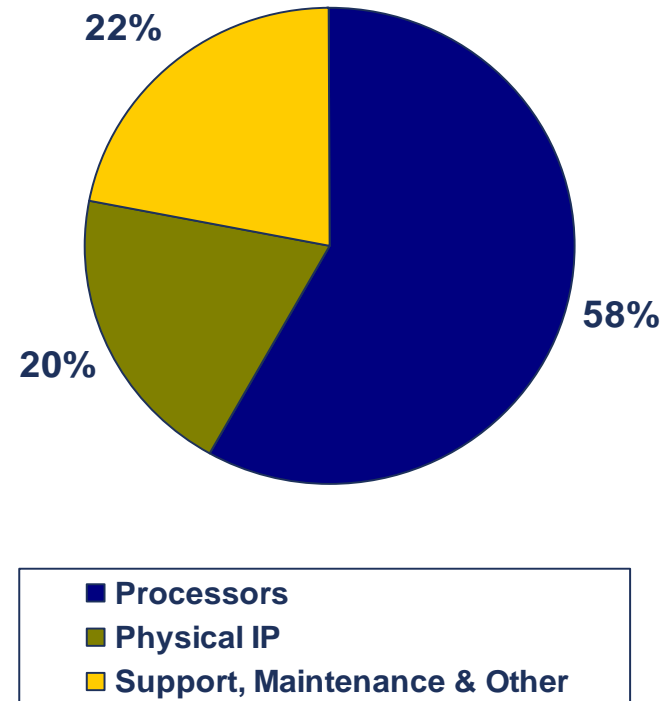


Backlog Analysis – End Q3 2008

Backlog by Maturity Profile



Backlog Composition



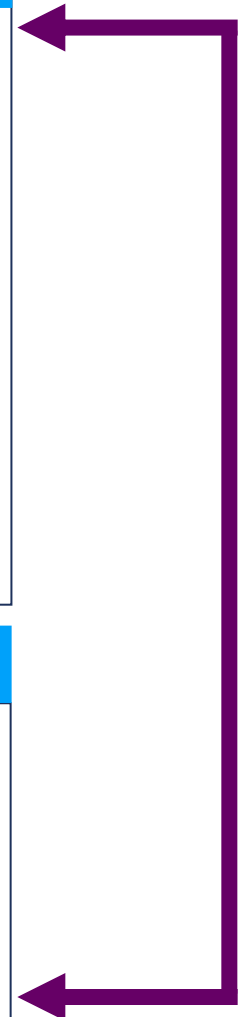
Summary Balance Sheet

US GAAP	30 Sep 08 £MM	30 Jun 08 £MM
Assets		
Cash	66.0	50.6
Accounts receivable (net of AROC)	48.8	42.9
Amounts recoverable on contracts (AROC)	17.4	17.4
Other debtors, inventory and investments	50.9	51.0
Property and equipment	11.0	10.6
Goodwill	382.7	344.7
Other intangibles	28.1	30.6
Total assets	604.9	547.8
Liabilities & shareholders' equity		
Deferred revenue	25.9	29.2
Other creditors	47.9	38.6
Shareholders' equity	531.1	480.0
Total liabilities & shareholders' equity	604.9	547.8

Cash Flow Summary

£MM	Q3 08	H1 08
Operating activities	21.5	45.4
Interest	1.0	1.0
Tax	0.1	(4.5)
Capital expenditure	(1.6)	(2.2)
Acquisitions (net of disposals)	(0.2)	(0.9)
Share options	1.7	3.7
Share buybacks and dividends	(8.6)	(43.7)
Other (forex)	1.5	0.5
Cash flow	15.4	(0.7)
Opening cash	50.6	51.3
Closing cash	66.0	50.6

	Q3 08	H1 08
Income from operations	15.1	23.6
Depreciation and amortisation	6.3	12.6
Share-based compensation	3.5	7.0
Movements in working capital	(3.4)	2.2
Operating activities	21.5	45.4



Q3 2008 ARM Pro Forma P&L

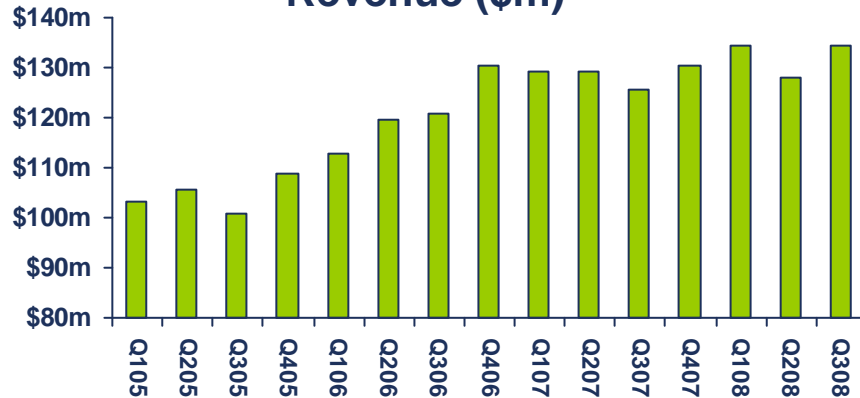
	Normalised £'000	Share-based compensation £'000	Normalised Including share-based compensation £'000	Intangible amortisation £'000	Other acquisition – related charges £'000	Restructuring charges £'000	US GAAP £'000
Revenues							
Product revenues	67,677	-	67,677	-	-	-	67,677
Service revenues	3,987	-	3,987	-	-	-	3,987
Total revenues	71,664	-	71,664	-	-	-	71,664
Cost of revenues							
Product costs	(5,492)	-	(5,492)	-	-	-	(5,492)
Service costs	(1,712)	(249)	(1,961)	-	-	-	(1,961)
Total cost of revenues	(7,204)	(249)	(7,453)	-	-	-	(7,453)
Gross profit	64,460	(249)	64,211	-	-	-	64,211
Research and development	(15,690)	(2,377)	(18,067)	-	(54)	-	(18,121)
Sales and marketing	(11,365)	(461)	(11,826)	-	-	-	(11,826)
General and administrative	(13,747)	(461)	(14,208)	-	(10)	-	(14,218)
Restructuring costs	-	-	-	-	-	(395)	(395)
Amortization of intangibles purchased through business combination	-	-	-	(4,550)	-	-	(4,550)
Total operating expenses	(40,802)	(3,299)	(44,101)	(4,550)	(64)	(395)	(49,110)
Income from operations	23,658	(3,548)	20,110	(4,550)	(64)	(395)	15,101
Interest	1,222	-	1,222	-	-	-	1,222
Income before income tax	24,880	(3,548)	21,332	(4,550)	(64)	(395)	16,323
Provision for income taxes	(7,138)	758	(6,380)	1,722	23	158	(4,477)
Net income	17,742	(2,790)	14,952	(2,827)	(41)	(237)	11,846
Earnings per share (assuming dilution)							
Shares outstanding ('000)	1,285,089						1,285,089
Earnings per share – pence	1.38						0.92
Earnings per ADS (assuming dilution)							
ADSs outstanding ('000)	428,363						428,363
Earnings per ADS – cents	7.38						4.93

YTD 2008 ARM Pro Forma P&L

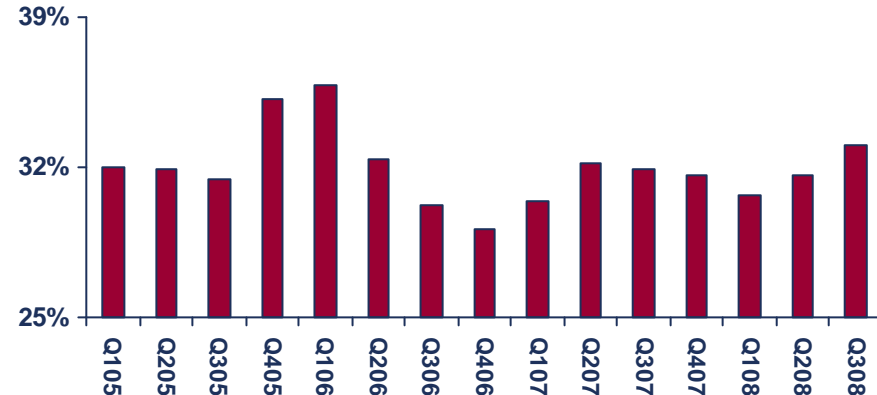
	Normalised £'000	Share-based compensation £'000	Normalised Including share-based compensation £'000	Intangible amortisation £'000	Other acquisition – related charges £'000	Restructuring charges £'000	US GAAP £'000
Revenues							
Product revenues	192,266	-	192,266	-	-	-	192,266
Service revenues	12,301	-	12,301	-	-	-	12,301
Total revenues	204,567	-	204,567	-	-	-	204,567
Cost of revenues							
Product costs	(16,650)	-	(16,650)	-	-	-	(16,650)
Service costs	(5,190)	(764)	(5,954)	-	-	-	(5,954)
Total cost of revenues	(21,840)	(764)	(22,604)	-	-	-	(22,604)
Gross profit	182,727	(764)	181,963	-	-	-	181,963
Research and development	(47,261)	(7,393)	(54,654)	-	(197)	-	(54,851)
Sales and marketing	(33,297)	(1,435)	(34,732)	-	1	-	(34,731)
General and administrative	(37,262)	(1,435)	(38,697)	-	(28)	-	(38,725)
Restructuring costs	-	-	-	-	-	(1,582)	(1,582)
Amortization of intangibles purchased through business combination	-	-	-	(13,384)	-	-	(13,384)
Total operating expenses	(117,820)	(10,263)	(128,083)	(13,384)	(224)	(1,582)	(143,273)
Income from operations	64,907	(11,027)	53,880	(13,384)	(224)	(1,582)	38,690
Interest	2,446	-	2,446	-	-	-	2,446
Income before income tax	67,353	(11,027)	56,326	(13,384)	(224)	(1,582)	41,136
Provision for income taxes	(19,343)	2,396	(16,947)	5,054	77	577	(11,239)
Net income	48,010	(8,631)	39,379	(8,330)	(147)	(1,005)	29,897
Earnings per share (assuming dilution)							
Shares outstanding ('000)	1,292,897						1,292,897
Earnings per share – pence	3.71						2.31
Earnings per ADS (assuming dilution)							
ADSs outstanding ('000)	430,966						430,966
Earnings per ADS – cents	19.86						12.37

ARM Financials

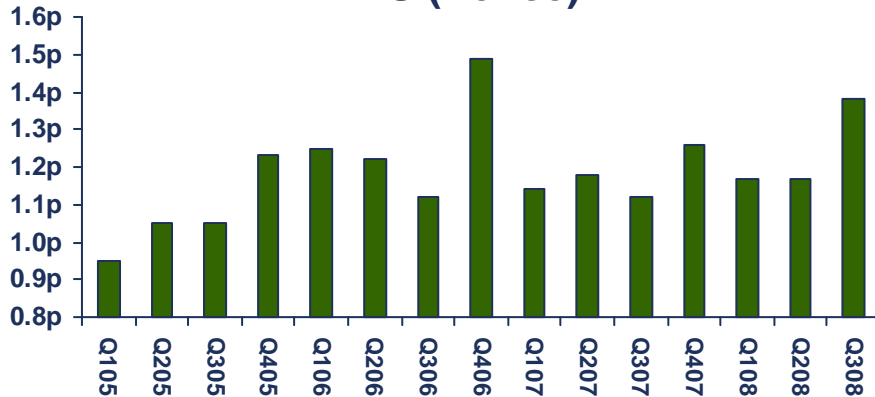
Revenue (\$m)



Normalised Operating Margin



Normalised EPS (Pence)



Cash Returned to Shareholders (£m)

