

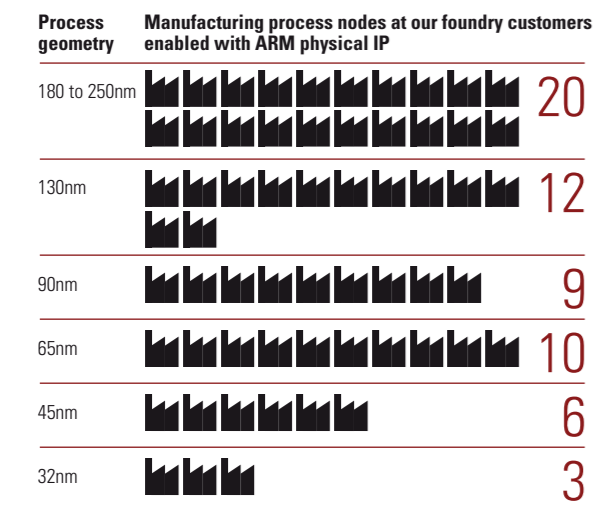
Physical IP: Extending the business model

Physical IP is a library of components that is used to translate the chip design into a highly detailed blueprint that tells the manufacturer exactly how to build the chip

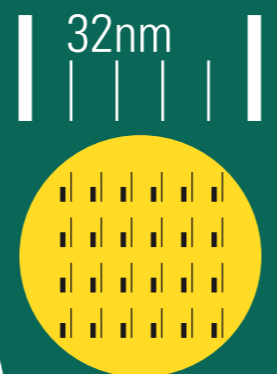
Process geometry refers to the size of the transistors, which are the basic building blocks in a chip. The smaller the transistor, the more functionality that can be built into each chip. Transistors are measured in nanometres (nm) equal to one billionth of a metre

1 Where are chips manufactured?

All the principal foundries have licensed ARM physical IP to enable chips to be manufactured



As costs increase leading semiconductor companies are outsourcing physical IP to ARM. In 2008, six of the top 20 semiconductor companies licensed ARM physical IP



In 2008

- 7,000 new chip designs entered manufacture
- 1,000 (15%) of these new chip designs used ARM's physical IP
- First chip to use 45nm technology started manufacture

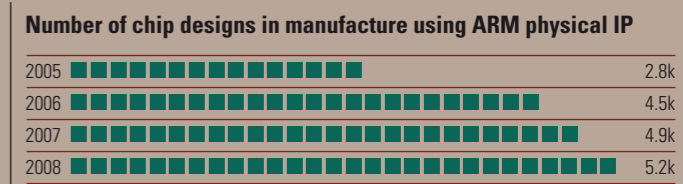
ARM's opportunity in 2008: \$80 billion worth of chips were shipped

- 10% used ARM physical IP
- 12 of the top 20 semiconductor companies are shipping chips built with ARM physical IP
- First 65nm chips started yielding royalty



2

How many chips are manufactured each year?



Combined R&D teams enable ARM to develop better physical IP and better processors

Building better processors

3

