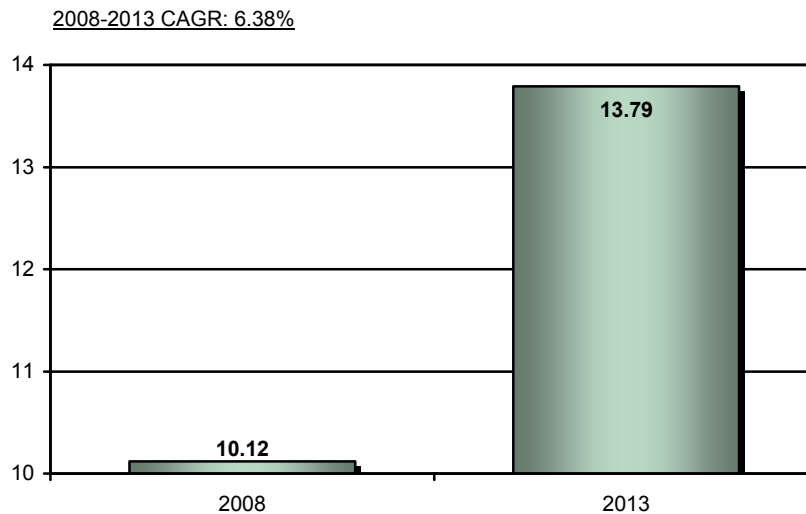


FOR IMMEDIATE RELEASE

Embedded Processors Top 10 Billion Units in 2008

Natick, Massachusetts – February 19, 2009 – Embedded processor unit shipments were over 10 billion in the year ended 2008, according to recently released research from VDC's Embedded Systems Practice. Embedded processor categories included in this market forecast included embedded CPUs, DSPs, FPGAs, and MCUs.

Total Market, Processors in Embedded Applications,
Modeled Unit Shipments, 2008-2013
(Units in Billions)



The vast majority of this embedded processor market remains microcontrollers, which are low-cost autonomous embedded processing units used in embedded applications that have lower-end processing requirements. Embedded CPUs, DSPs, and FPGAs all typically provide higher levels of processing performance than MCUs and command much higher average selling prices (ASPs), but exist in far smaller unit quantities, making MCUs also the largest dollar volume segment of the four embedded processing technologies.

The embedded processors market has been one of very high growth in recent years. Embedded processing functionality has created intelligent and smart products and equipment throughout many industries, causing growth rates that have been well into the double digits as embedded computing has proliferated.

Off-the-shelf processor architectures in the form of CPUs, DSPs, FPGAs, and MCUs have especially benefited from a number of powerful trends, beginning with the following:

- Rapid penetration of processors into new product applications;
- Custom ASIC replacement with standard, merchant-sourced embedded processor platforms; and
- Acute pressures to reduce TCD, TCO and time-to-market further upstream.

The current global recession is creating an extremely challenging environment for the entire semiconductor industry and the embedded processor segment will not be immune to negative effects from the current downturn, but it offers elements that are somewhat shielded compared to other semiconductor segments:

- Certain embedded markets are far enough removed from consumers to gain some protection from the tapped out consumer market;
- These markets are also highly diversified – by application, account type and technical solution – many markets are comprised of mission-critical applications; and
- The embedded processors market is driven by ROI regardless of macroeconomic conditions.

As a result of the downturn, both dollar volume and unit volume growth rates will be impacted, however dollar volume growth will be more adversely affected than will unit volume growth as a result of falling ASPs due to pricing pressure from embedded OEMs competing in a challenging economic environment.

ABOUT VDC RESEARCH GROUP

VDC Research Group (VDC) is a technology market research and strategy consulting firm that advises clients in a number of technology markets including: Automatic Identification and Data Collection, Embedded Hardware and Systems, Embedded Software and Tools, Industrial Automation and Control, Mobile and Wireless, and Power Conversion and Control. Using rigorous primary research and analysis techniques, the firm helps its clients identify, plan for, and capitalize on current and emerging market opportunities. We strive to deliver exceptional value to our clients by leveraging the considerable technical, operational, educational and professional experience of our research and consulting staff. During our nearly four decades of ongoing operation, we have had the pleasure of serving most of the world's leading technology companies, many high-profile start-ups, and numerous blue-chip early and later stage investors. Our products and services consist of research reports, annual research programs, and custom research and consulting services. Founded in 1971, the firm is located in the Boston area. Please visit our Web site at www.vdcresearch.com to learn more.

For more information about *Embedded Processors: Global Market Demand Analysis*, please contact:

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