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## CEVA Inc. Q4 2008 Earnings Call Transcript

### Question-and-Answer Session

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#### Operator

(Operator Instructions)Your first question comes from Matt Robison - Pacific Growth Equities.

#### Matt Robison - Pacific Growth Equities

First of all, what was your headcount?

#### Yaniv Arieli

We have 175 employees worldwide after taking into account, all the activities in the down sizing we talked about.

#### Matt Robison - Pacific Growth Equities

When you look at the royalties and the unit shipped, they were down year-over-year. What was the reason for that? I know that there are paid royalties or those units that have paid royalties were up, but the overall member was down?

#### Yaniv Arieli

I think you answered yourself. The most important aspect is there the 20% gross in our customers that are paying royalties. The ones that are under prepaid or some old arrangement that, whether it's the economy or just failing out of some of this product line, and that number has decreased. So on full paying royalty units we have increased both year-over-year 25% and sequentially 20%.

#### Matthew Robison - Pacific Growth Equities

The handheld product you talked about, it sounds like it gained consoles. Was that the royalty that you saw for the fourth quarter? Was that royalty that filled the supply chain or should we look for that to continue to grow in your perspective, this quarter?

#### Yaniv Arieli

Yes, the initial ramp-up happened in Q3, which we recorded in Q4 and we continue to expect that specific product line to continue to grow quite significantly.

#### Matthew Robison - Pacific Growth Equities

I recognized the challenges of trying to close deals and every company is talking about stretching sales cycle and so forth and that's clear in your commentarial figures, relates the licensing, but you mention your pipeline was still strong. Is it a strong as strong as it was three moths ago the range of licensing opportunities?

**Yaniv Arieli**

Yes Matthew, to you an answer, yes. The pipeline is as stronger as it used to be, the concern that we have is that the decision you pinpointed, the decision process that could be lengthened because people are more concerned.

**Matthew Robison - Pacific Growth Equities**

Now, your royalties even though a lot of companies did see fairly strong activity in the third quarter and all, all that really troubling guidance that we are seeing in the semiconductors business had to do with the March quarter. Even though that we already saw some pretty decent numbers for the third quarter that would lead to your December quarter results in terms of royalty accounting, you still had much stronger percentage growth than I think the industry would imply.

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