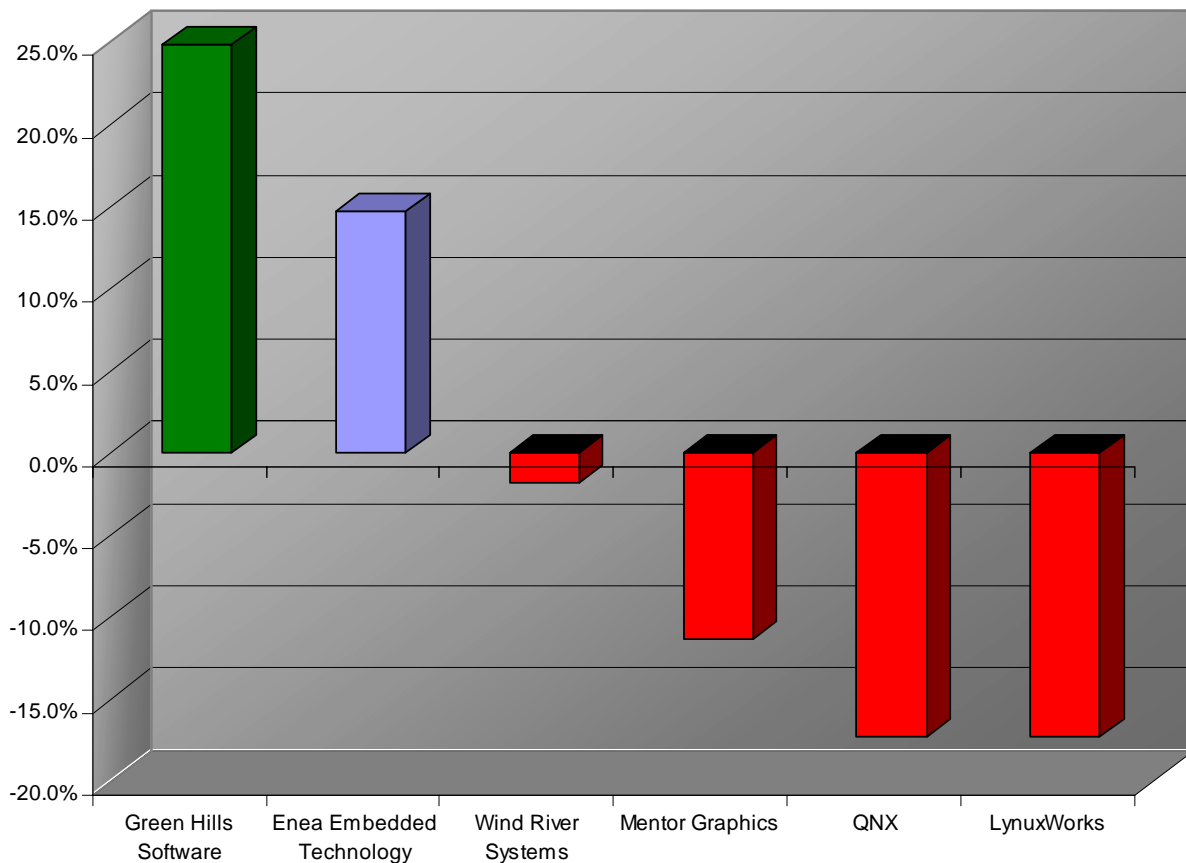




Green Hills Software's Industry-Leading Growth Significantly Outpaces Wind River and Leading Embedded Linux Suppliers

Green Hills Software had the highest market share growth of any RTOS supplier in 2004, according to Venture Development Corporation's (VDC) study, *The Embedded Software Strategic Market Intelligence Program 2005, Volume I: Embedded and Real-Time Operating Systems*¹. VDC reported Green Hills Software's 2004 market share growth at 25% in the category "Embedded Operating Systems, Bundled Products, and Related Services." This is nearly twice the growth reported for any other RTOS supplier. (See press release at http://www.ghs.com/news/20050912_vdc.html.)

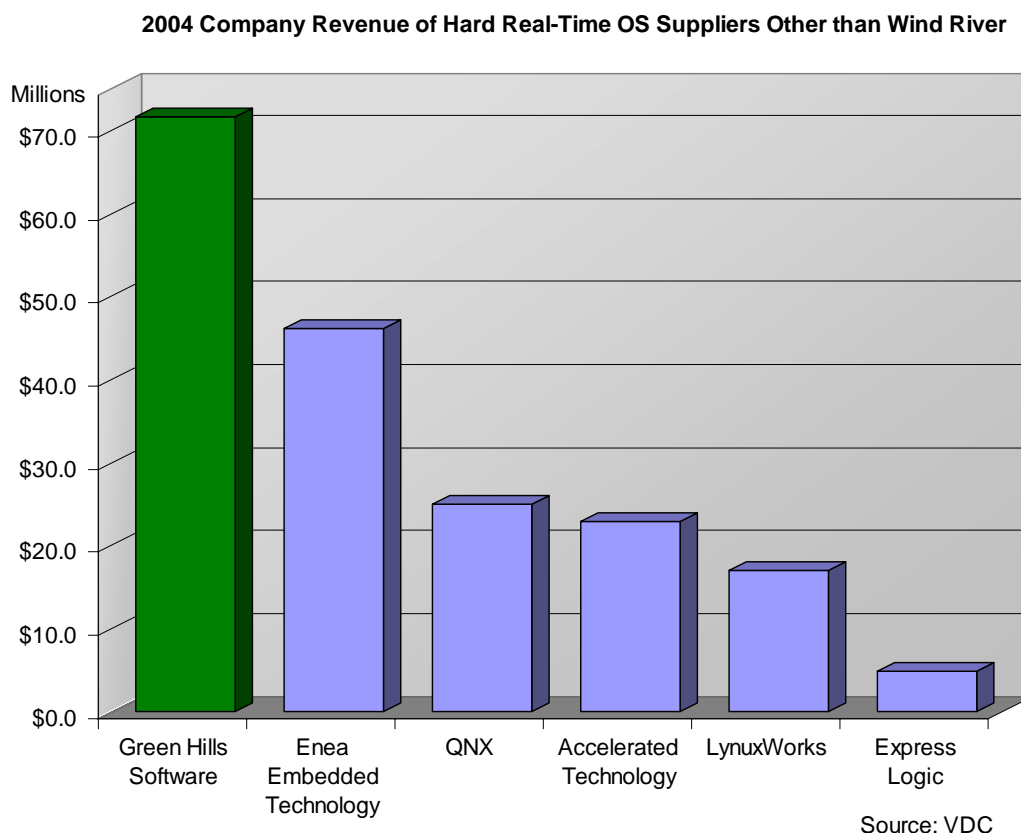
2003-2004 Market Share Growth as Reported by VDC



¹ <http://www.vdc-corp.com/embedded/reports/05/br05-24.html>

Please Note: While VDC data forms the basis of this document, all opinions and conclusions expressed in this background report are the sole responsibility of Green Hills Software.

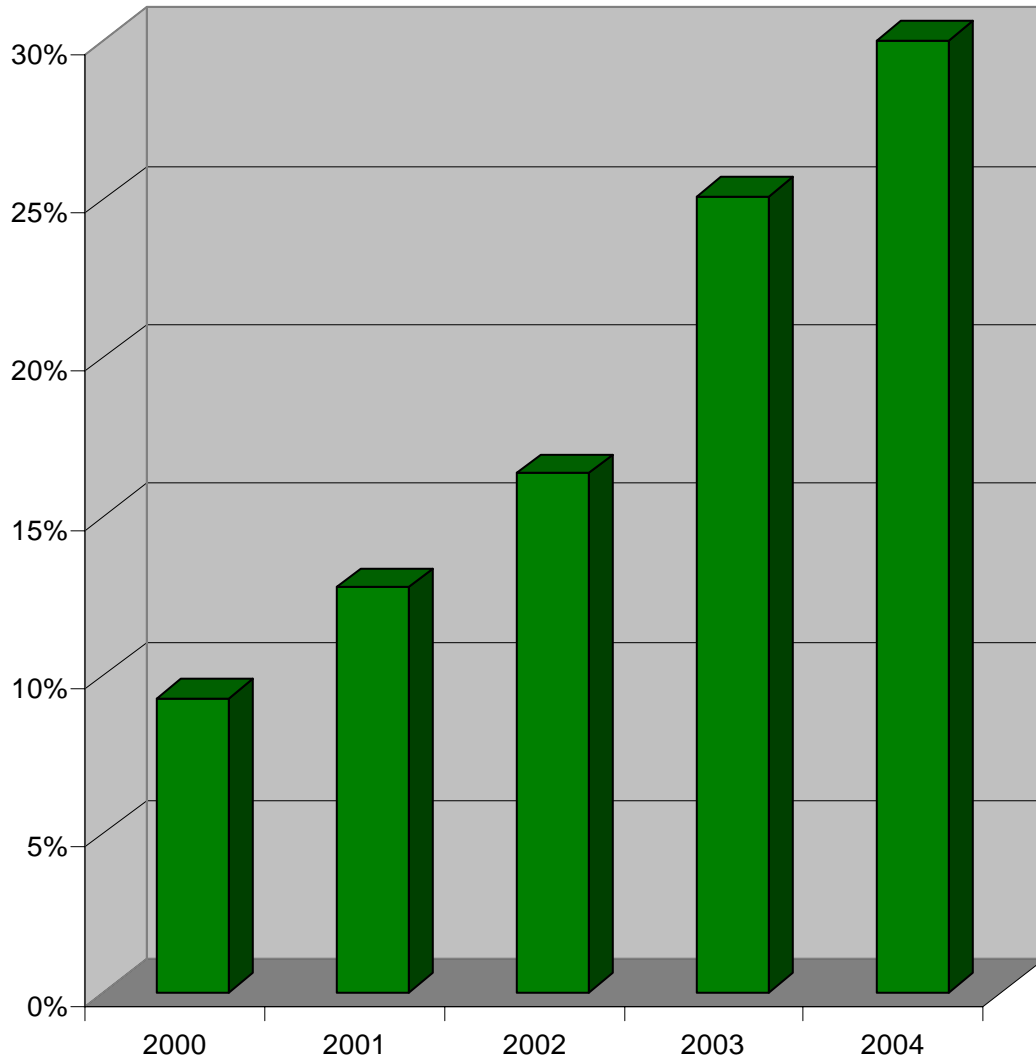
Green Hills Software has now led RTOS suppliers in market share growth for four straight years. As a result, Green Hills Software has become the second largest supplier of “hard real-time” operating systems², second only to Wind River Systems, and Green Hills Software has pulled away from the pack of small RTOS suppliers.



In addition, Green Hills Software is gaining quickly on Wind River. Green Hills Software has grown from 9% of Wind River’s calendar year revenue in 2000 to 30% of Wind River’s calendar year revenue in 2004. “At this rate of growth, Green Hills Software will be bigger than Wind River in three to four years,” said Dan O’Dowd, founder and chief executive office of Green Hills Software.

² A “hard real-time” operating system is one with fully deterministic behavior, as opposed to a “soft real-time” operating systems—such as Microsoft Windows CE and some embedded Linux implementations—that provide control over prioritization but not fully deterministic performance.

Green Hills Software Revenue as a % of Wind River's



Source: company financial reports

After losing market share to Green Hills Software for four straight years, Wind River recently made a significant shift in strategy. Wind River chief executive officer Ken Klein declared at his company's user conference³ in May 2005 that, "Selling OSes is not our core business." In

³ http://www.windriver.com/liberate/downloads/ken_speech.pdf

addition, in an interview published August 15 in *SD Times*⁴, he stated that Wind River needs “to be leading the charge in Linux.” Wind River has even announced that it is going to publish a white paper⁵ on “Migrating from VxWorks and Legacy Device Software Applications” to its Linux product. “After losing RTOS market share to Green Hills Software for four straight years, Wind River has apparently thrown in the towel by declaring that the RTOS is a commodity and adopting Linux,” commented Dan O’Dowd, founder and chief executive officer of Green Hills Software.

While Wind River is jumping on the Linux bandwagon, the major embedded Linux suppliers are not faring very well, either. Green Hills Software’s revenue is already higher than the combined revenue of all the embedded Linux vendors listed in the leading vendor exhibit in VDC’s *Embedded and Real-Time Operating Systems* report, and Green Hills Software is growing more quickly. MontaVista Software, the largest pure play embedded Linux supplier, saw only a 2.5% market share increase in 2004 (per VDC data). The other major embedded-focused Linux supplier, LynuxWorks, lost 13.6% market share in 2004.

The INTEGRITY RTOS: Driving Green Hills Software’s Success

Green Hills Software’s success is being driven by the rapidly increasing adoption of the INTEGRITY RTOS. INTEGRITY enables electronic product developers to standardize all development on a single RTOS for everything from the lowest cost MP3 player to the flight and weapons systems for an intercontinental nuclear bomber. “Developers are flocking to our INTEGRITY RTOS because it is the leader in reliability, security, software portability and cost reduction,” continued O’Dowd.

Reliability—Selected to fly the Boeing 787, INTEGRITY was the first commercial, partitioned operating system to be certified to the Federal Aviation Administration’s highest reliability standard for flight-critical systems: RTCA/DO-178B Level A. (See http://www.ghs.com/news/20050706_boeing787.html)

⁴ <http://www.sdtimes.com/article/embedded-20050801-03.html>

⁵ <http://www.windriver.com/cgi-bin/corporate/webmaster/wrtalkb.pl?id=207>

Security—Selected to control nuclear weapon delivery systems, INTEGRITY has entered the National Security Agency’s highest level security evaluation ever undertaken by any operating system, Common Criteria Evaluation Assurance Level 6+. (See http://www.ghs.com/news/20050829_eal6_skpp.html)

Software portability—Able to run any Windows or Linux application unchanged, INTEGRITY is the first operating system to be certified compliant to the latest version of the most important standard for application software portability: IEEE POSIX 1003.1. (See http://www.ghs.com/news/20040802_posix.html)

Cost reduction—INTEGRITY is always royalty-free and can run in less than 35 KB of ROM and 4 KB of RAM. (See <http://www.ghs.com/SlashProductionCost.html>)

“Neither Linux nor Wind River’s legacy RTOSes can match our total reliability, absolute security, transparent software portability, and cost reduction. These advances in technology have proven to be the magic formula that has led us to be the leader in growth and profitability in the RTOS market,” concluded O’Dowd.

About Green Hills Software

Founded in 1982, Green Hills Software, Inc. is the technology leader for real-time operating systems and device software optimization for 32- and 64-bit embedded systems. Our royalty-free INTEGRITY® RTOS, *veIOSity™* microkernel, compilers, MULTI® and AdaMULTI™ integrated development environments and TimeMachine™ debugger offer a complete development solution that addresses both deeply embedded and high-reliability applications. Green Hills Software is headquartered in Santa Barbara, CA, with European headquarters in the United Kingdom. Visit Green Hills Software on the web at www.ghs.com.

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