Corporate Backgrounder

Winter 2012

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Synopsys Overview & History

Celebrating 25 Years of Innvoation

December 18, 2011 marked Synopsys' 25th anniversary. During its 25 years of innovation, Synopsys, Inc. (Nasdaq:SNPS) has established itself as a recognized world leader in electronic design automation (EDA), supplying the global electronics market with the software, intellectual property (IP) and services used in the semiconductor design, verification and manufacturing of the chips that are at the heart of electronics. Synopsys' comprehensive, integrated portfolio of system-level, IP, implementation, verification, manufacturing, optical and field-programmable gate array (FPGA) solutions helps address the key challenges designers and manufacturers face today, such as power and yield management, system-to-silicon verification and time-to-results. These technology-leading solutions help give Synopsys customers a competitive edge in quickly bringing the best products to market while reducing costs and schedule risk. Synopsys is headquartered in Mountain View, California, and has approximately 70 offices worldwide.

Since its inception in 1986, Synopsys has grown from a one-product start-up to a diverse company that is a technology leader offering a complete integrated circuit (IC) design solution from concept to silicon. The company was founded in 1986 by Dr. Aart de Geus and a team of engineers from General Electric's Microelectronics Center in Research Triangle Park, North Carolina. First established as "Optimal Solutions", Synopsys was chartered to develop and market the synthesis technology developed by the team at General Electric.

Synopsys pioneered the commercial application of logic synthesis that has since been adopted by every major electronics company in the world. The synthesis technology developed by Synopsys provided a quantum leap in IC design productivity, by raising the level of abstraction that engineers can work. Without this technology, the complex designs of today would not be possible.

Over the last 25 years, Synopsys has established strategic partner relationships with the majority of the electronics industry's most respected companies and today, of the top 50 semiconductor companies, 49 are Synopsys customers.

Company Founded:	1986
Revenue for FY 2011:	$ 1.54 billion*
Employees for FY 2011:	Approximately 6,800**
Headquarters:	700 East Middlefield Rd. Mountain View, California 94043-4033 U.S.A.
Locations:	Approximately 70 sales, support and R&D offices worldwide in North America, Europe, Japan, the Pacific Rim, India and Israel
Contact:	(650)584-5000 www.synopsys.com

*** Fiscal Year 2011 (ended October 31, 2011)**
**** Total employees worldwide as reported for Q4 FY 2011**

Financial Information

Synopsys stock has traded on the Nasdaq Stock Exchange under the symbol "SNPS" since the company's initial public offering in 1992. Results for Fiscal 2011, which ended on October 31, 2011, were as follows:

- Revenue: $1.54 billion – 11% growth over 2010
- Non-GAAP Earnings per Share: $1.80 – 13% growth over 2010

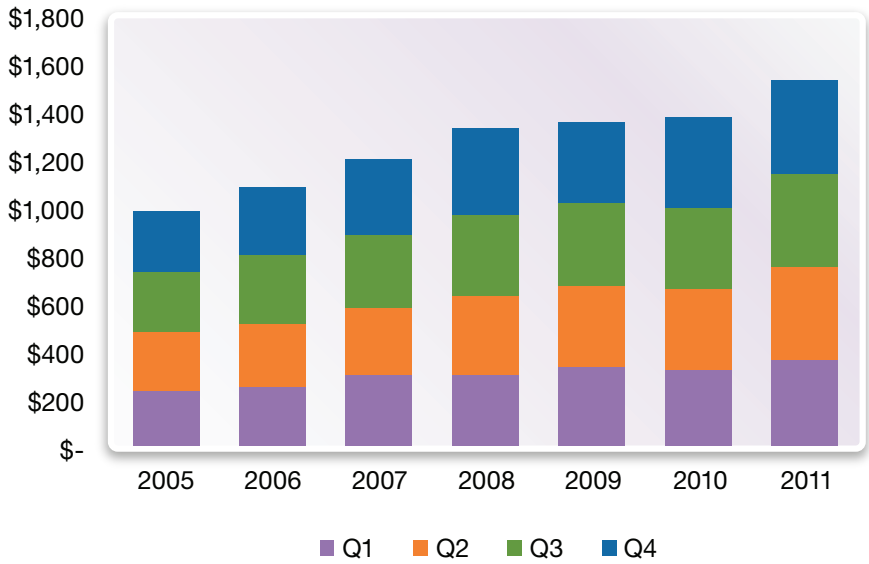


Figure 1: Synopsys Yearly Revenue, 2005-2011

Management Team

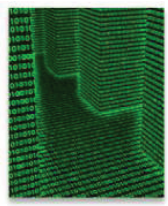
The company's executive management team is comprised of leaders with diverse global backgrounds and many decades of combined semiconductor industry experience. The tremendous "know how" they bring to Synopsys has helped the company become its industry leader.

Market Overview

We are entering the age of the "Internet of things" where everything from your home to your car to your phone is sharing information. This interconnectedness drives today's most vibrant technology markets: Mobile Multimedia, Cloud, and 'Smart Everything.' Synopsys is at the center these markets, providing software, IP and services that enable customers to innovate and differentiate their products.

Mobile Multimedia

The mobile multimedia market is seeing tremendous growth that is projected to continue well into the future. This growth translates into a huge opportunity for the semiconductor industry in supplying this growing demand with the chips they need for their mobile devices – including phones, tablets, digital cameras, and portable games, to name a few. The number of smart mobile devices sold will grow eight times greater to more than 1.4 billion units in 2015 and revenues approaching $1 trillion.



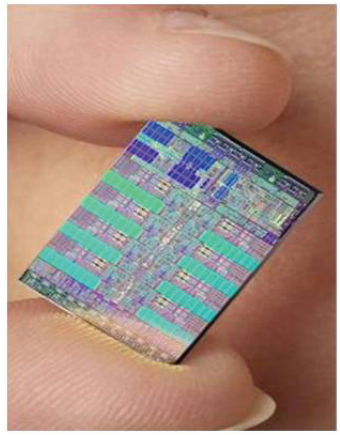
Cloud Infrastructure

The future of computing and connectivity is in the cloud, driving robust server and storage growth. Data is projected to explode by five times in five years, and global mobile traffic will reach nearly 1,000 exabytes by 2015. Because the cloud will enable this increase in traffic, the global cloud computing market is expected to grow from $3.8 billion in 2010 to $121.1 billion in 2015.

Smart Everything

The increase in mobile multimedia and the ability of the cloud to connect everything drives the final trend, 'smart everything'. Smart can refer to software, sensors, microprocessors, storage and communication, among others. These smart devices are driving significant growth in automotive, industrial, medical and consumer markets. In turn, these markets are all seeing significant growth in silicon content through an explosion of embedded 'smart everything' chips.

Integrated Solutions for Semiconductor and System Design



Synopsys' full suite of best-in-class solutions enables designers to create and verify complex integrated circuits (IC) and system-on-chip (SoC) designs from concept to silicon. Synopsys provides a complete front-to-back design and test environment, software-level to silicon-level verification, design reuse technology (IP), field-programmable gate array (FPGA) solutions and professional services to help its customers get their silicon working quickly and accurately. Synopsys leads the way in offering technology that creates a bridge between design and manufacturing to improve yield and increase predictability. Synopsys also develops and supports products for the design and analysis of high-performance, cost-effective optical systems. Synopsys' products help customers improve their designs in virtually every metric, including performance, complexity, silicon area, cost, power consumption and time-to-market.

Synopsys products span the entire design flow, allowing customers to use integrated best-in-class technology from design specification to silicon fabrication. Synopsys develops and supports products in numerous areas in order to provide customers with an integrated solution for advanced semiconductor design, verification and manufacturing: Galaxy™ Design Platform, Discovery™ Verification Platform, and FPGA-Based Prototyping hardware-based verification, design-for-manufacturing, TCAD, DesignWare® Intellectual Property (IP), FPGA implementation solutions and System-level Design solutions. Synopsys also develops and supports products for the design and analysis of high-performance, cost-effective optical systems, with CODE V® for imaging applications, and LightTools® for illumination applications.

Eclypse™ Low Power Solution

End to End Solutions: Solutions aligned on key technical challenges for chip and system development

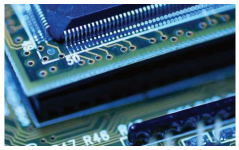
- Eclypse Low Power Solution
- System-to-Silicon (S2S) Verification Solution

Industry Solutions: Tailored solutions for specific industry segments and end-product categories

- Automotive
- Memory
- Military / Aerospace
- Mobile Devices

Technical Platforms: Integrated product platforms for verification, FPGA design and implementation

- Discovery Verification Platform
- FPGA Design Solution
- Galaxy Implementation Platform



Lynx Design System: A highly integrated, production-ready, chip implementation platform that is architected for rapid "out-of-the-box" deployment to one or multiple project sites

A complete list of Synopsys solutions includes:

- System Creation
- System Verification & Analysis
- Design Planning
- Physical Synthesis
- Custom Design
- Test Automation
- Design for Verification
- Design for Manufacturing
- Deep Submicron, Signal & Layout Integrity
- Analog & Mixed-Signal Design & Verification
- Low Power Optimization
- Yield Optimization
- FPGA Implementation Solutions
- Embedded Software Development
- Architecture Design
- Virtual Prototyping
- Intellectual Property & Design Reuse Technology
- Standard & Custom Block Design
- Algorithm Design
- Chip Assembly
- Final Verification
- Fabrication & Packaging
- Technology CAD
- Mask Synthesis & Data Prep
- Manufacturing Yield Management
- Lithography Verification
- ESL Synthesis
- FPGA-Based Prototyping
- Imaging Optics Design and Analysis
- Illumination Optics Design and Analysis
- Optical Engineering Consulting Services

Professional Services

Synopsys' services organization delivers a portfolio of consulting and design services to help chip developers achieve success in their design programs. These services are tightly aligned with our EDA, IP, FPGA and optical products to advance customers' learning curves and help them develop and deploy advanced methodologies that improve their productivity and design results. Our worldwide team of design consultants complements our customers' core competencies to mitigate their project risks and accelerate the implementation of their chips.

Recent Mergers and Acquisitions

Throughout its history, Synopsys has complemented and accelerated its technology leadership through strategic mergers and acquisitions.

On October 7, 2011, Synopsys closed the acquisition of Extreme DA™, a privately held company headquartered in Santa Clara, California that developed software to improve integrated circuit (IC) design performance, power consumption and manufacturing yields. This acquisition extended Synopsys' expertise in static timing analysis and multicore software development by adding technology and engineering talent to accelerate advancements in Synopsys' timing analysis solutions. In addition to having access to technology that can help them address Giga-scale design challenges, customers benefit from a world-class sales support team.

On September 2, 2011, Synopsys closed the acquisition of nSys Design Systems Private Limited (nSys), a leading independent provider of verification IP (VIP). With this acquisition, Synopsys increased its investment in VIP technology to address the growing verification challenges designers face as they create more and more complex systems-on-chips (SoCs) to serve the demand for 'smart' electronics.

Standards and Interoperability

Synopsys is a leader in standards and interoperability. The company demonstrates its leadership by actively participating in industry organizations, partnering with customers and EDA companies, and making its own technology available through open-source licensing or donation to standards groups. Synopsys works with standards bodies and industry organizations to lay the groundwork for tool interoperability throughout the EDA industry. Through its in-Sync program, Synopsys establishes relationships with other EDA vendors to create a smooth, predictable path between Synopsys tools and its in-Sync partners' products. Synopsys has made significant contributions to and has driven the industry adoption of a number of industry-critical standards, including SystemVerilog, Liberty, SystemC, Unified Power Format (UPF), Interoperable PDK Libraries (IPL), Interconnect Technology Format (ITF), UCIS (Unified Coverage Interoperability Standard) and the Verification Methodology Manual (VMM) and Universal Verification Methodology (UVM) class libraries, via direct contributions to the industry or through standards bodies and industry organizations. Synopsys was recognized by the IEEE Standards Association with the 2010 Corporate Award for long term vision, outstanding leadership and volunteer contributions to the IEEE-SA and Corporate Advisory Group, specifically for the development and deployment of EDA standards. For the benefit of our customers, Synopsys is committed to making tool interoperability a reality.

Strategic Alliances and Partnerships

Collaboration is imperative in enabling the companies laying the foundation for SoC design to deliver comprehensive solutions that benefit mutual customers. Synopsys has long-established proven strategic alliances with the leading foundry, FPGA and IP suppliers that are dedicated to jointly solving the challenges of system complexity and nanometer scale for leading-edge SoC design. Key alliance partners include:

- **Foundry Partners**
  - Taiwan Semiconductor Manufacturing Company Ltd. (TSMC)
  - GLOBALFOUNDRIES, IBM Corp. and Samsung (The Common Platform)
- **FPGA Partners**
  - Achronix, Altera, Lattice, Microsemi (formerly Actel), Silicon Blue and Xilinx
- **IP Partner**
  - ARM Ltd.

Synopsys also maintains a broader semiconductor vendor and IP vendor program aimed at enabling our vendor partners to produce the best quality libraries and design flows for mutual customers.

Synopsys User Group (SNUG)

SNUG was established in 1990 to help Synopsys customers share best practices on how to use Synopsys' new technology at the time: logic synthesis. Today, as the electronics industry's largest user conference, SNUG represents a global design community focused on innovation. The 2011 program, comprised of 13 conferences held throughout North America, Europe and Asia, was attended by more than 9,000 users and over 250 customer papers were presented by recognized innovators including AMD, Broadcom, CISCO, IBM, Intel, LSI, Marvell, Qualcomm, Texas Instruments, Wipro and many others.

Synopsys University Program

Synopsys' worldwide university program provides industry-leading tools and resources for teaching and academic research to universities around the globe to train industry-ready graduates with the knowledge and skills required to meet the needs of the global semiconductor industry.

Synopsys first began partnering with universities in 1986 and formally established the Synopsys University Program in 1996. Today, Synopsys software is used at more than 1,375 educational institutions in more than 60 countries.

Synopsys Community Relations

Synopsys' community involvement programs inspire and nurture the next generation of the world's technologists—many of whom will become our future employees, partners and customers.

Synopsys understands the importance of science and math education, and collaborates with business partners, non-profit organizations and universities to share their knowledge with underserved students. By actively partnering with local organizations, encouraging employee leadership and providing financial donations, our global workforce improves the quality of life and economic vitality in our communities. Annually, at least 40 Synopsys offices are involved in their local communities, averaging more than 10,000 volunteer hours.

In 1999, Synopsys established the Synopsys Silicon Valley Science and Technology Outreach Foundation to promote interest in math and science through science fair participation for students in grades K-12. Since its inception, more than 1 million students and teachers have participated in the program.

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