



NOTICE OF SPECIAL MEETING OF STOCKHOLDERS
January 11, 2002

To the Stockholders of Synopsys, Inc.:

NOTICE IS HEREBY GIVEN that a Special Meeting of Stockholders of Synopsys, Inc., a Delaware corporation (the "Company"), will be held on Friday, January 11, 2002, at 4:00 p.m., local time, at the Company's principal executive offices at 700 East Middlefield Road, Mountain View, California 94043, for the following purposes:

1. To approve an amendment to the 1992 Stock Option Plan to extend the term of the Plan from January 13, 2002 to January 13, 2007, without requesting approval to issue additional shares under such plan.
2. To transact such other business as may properly come before the meeting or any adjournment or adjournments thereof.

The foregoing items of business are more fully described in the Proxy Statement accompanying this Notice.

Only stockholders of record at the close of business on December 7, 2001 are entitled to notice of and to vote at the meeting. All stockholders are cordially invited to attend the meeting in person. However, to assure your representation at the meeting, you are urged to sign and return the enclosed proxy (the "Proxy") as promptly as possible in the envelope enclosed. Any stockholder attending the meeting may vote in person even if he or she has previously returned a Proxy.

Sincerely,

/s/ Aart J. de Geus

Aart J. de Geus
*Chief Executive Officer &
Chairman of the Board*

Mountain View, California
December 10, 2001

YOUR VOTE IS VERY IMPORTANT, REGARDLESS OF THE NUMBER OF SHARES YOU OWN. PLEASE READ THE ATTACHED PROXY STATEMENT CAREFULLY, AND COMPLETE, SIGN AND DATE THE ENCLOSED PROXY CARD AS PROMPTLY AS POSSIBLE AND RETURN IT IN THE ENCLOSED ENVELOPE.

SYNOPSYS®
700 East Middlefield Road
Mountain View, California 94043

**PROXY STATEMENT
FOR THE SPECIAL MEETING OF STOCKHOLDERS
To Be Held on January 11, 2002**

GENERAL INFORMATION

The enclosed proxy (the "Proxy") is solicited on behalf of the Board of Directors of Synopsys, Inc., a Delaware corporation ("Synopsys" or the "Company"), for use at the Special Meeting of Stockholders (the "Special Meeting") to be held on Friday, January 11, 2002, at 4:00 p.m., local time, at the Company's principal executive offices, 700 East Middlefield Road, Mountain View, California 94043.

These proxy solicitation materials were mailed on or about December 10, 2001 to all stockholders entitled to vote at the Special Meeting.

Solicitation

The cost of soliciting Proxies will be borne by the Company. The Company has retained the services of Georgeson Shareholder Communications Inc. to assist in the solicitation of Proxies, for which it will receive a fee from the Company of approximately \$4,500 plus out-of-pocket expenses. In addition, the Company may reimburse brokerage houses and other persons representing beneficial owners of shares for their expenses in forwarding solicitation material to such beneficial owners. The Company will furnish copies of solicitation material to such brokerage houses and other representatives. Proxies may also be solicited by certain of the Company's directors, officers and employees, without additional compensation, personally or by telephone, facsimile or electronic mail.

Revocability of Proxies

Any person giving a Proxy has the power to revoke it at any time before its use by delivering to the Company's principal executive offices a written notice of revocation or a duly executed Proxy bearing a later date. The Proxy may also be revoked by attending the Special Meeting and voting in person.

Record Date, Voting and Share Ownership

Stockholders of record on December 7, 2001 are entitled to notice of and to vote at the Special Meeting. As of the record date, 59,979,315 shares of the Company's common stock, \$.01 par value ("Common Stock"), were issued and outstanding. No shares of the Company's preferred stock were outstanding.

Each stockholder is entitled to one vote for each share of Common Stock held by such stockholder of record as of the close of business on December 7, 2001. The holders of a majority of the shares issued and outstanding, represented in person or by Proxy, shall constitute a quorum. All valid Proxies received before the meeting will be exercised. All shares represented by a Proxy will be voted, and where a stockholder specifies by means of his or her Proxy a choice with respect to the matter to be acted upon, the shares will be voted in accordance with the specification so made. If no choice is indicated on the Proxy, the shares will be voted in favor of the proposal. A stockholder who abstains from voting on the proposal will be deemed present at the meeting for purposes of determining whether a quorum is present and the total number of votes cast with respect to the proposal, but will be deemed not to have voted in favor of the proposal. In the event a nominee (such as a brokerage firm) that is holding shares for a beneficial owner does not receive instructions from such beneficial owner as to how to vote those shares on the proposal and does not have discretionary authority to vote on such proposal, then the shares held by the nominee will be deemed present at the meeting for quorum purposes but will not be deemed to have voted on the proposal.

MATTER TO BE CONSIDERED AT THE SPECIAL MEETING

AMENDMENT OF THE 1992 STOCK OPTION PLAN TO EXTEND THE TERM

At the Special Meeting, the Company's stockholders will be asked to approve an amendment to the Company's 1992 Stock Option Plan (the "1992 Plan") to extend the term of the 1992 Plan from January 13, 2002 until January 13, 2007. Stockholders will not be asked to approve an increase in the number of shares authorized to be issued pursuant to the 1992 Plan.

Explanation

The Company's success depends in large part on its ability to attract, retain, and motivate its executive officers. A key tool used by the Company to retain such persons is the granting of stock options, which constitute a significant element of compensation for such persons, as they do for executives in the software industry generally. Options also benefit the Company in a number of ways, including by tying compensation to the Company's performance, conserving cash and reducing fixed costs. In addition, the exercise of options increases the Company's capital and, in the case of the exercise of non-statutory options or the disqualifying disposition of incentive stock options, entitles the Company to a tax deduction.

Synopsys has two employee stock option plans: the 1992 Plan and the 1998 Non-statutory Stock Option Plan (the "1998 Plan"). The Company has traditionally used the 1992 Plan to grant options to its executive officers, since options granted under this plan have certain tax advantages for the Company. For example, optionholders' gains resulting from the exercise of 1992 Plan stock options are deductible by the Company without limit. By contrast, gains upon exercise of options granted under the 1998 Plan are deductible by the Company only to the extent that they, when combined with salary and bonus earned during the year of exercise, do not exceed \$1 million.

The 1992 Plan was adopted on February 24, 1992 and will expire as to future grants on January 13, 2002. The Company proposed a five-year extension of the term of the 1992 Plan in April 2001; however, stockholders did not approve the proposal at that time. In May 2001, the Company amended the 1992 Plan to prohibit repricing of stock options granted under the 1992 Plan without stockholder consent. Synopsys is now re-soliciting stockholder consent to a five-year extension of the 1992 Plan in order to prevent the expiration of the 1992 Plan on January 13, 2002 and to permit the grant of the 1,917,421 options remaining available for grant under the 1992 Plan over a more extended period of time. At current rates of issuance, the Company believes that this amount would be sufficient to cover executive option issuances for approximately five years.

If the stockholders do not approve the extension to the 1992 Plan, the Company will not be able to make further grants to executives under the 1992 Plan after January 13, 2002 and the remaining options available for grant will be canceled. The failure to include stock options in the Company's executive compensation packages would adversely affect the Company's ability to retain such officers and such officers may leave the Company. The loss of one or more key executive officers would have a material adverse effect on the Company's business. The Company's ability to attract talented executive officers to replace such individuals would also be materially harmed if it cannot issue options to them.

If the Company is unable to issue the remaining options out of the 1992 Plan, it will have to consider issuing executive options out of the 1998 Plan. Options issued out of the 1998 Plan do not carry the same tax benefits for the Company as options issued out of the 1992 Plan, however, and the issuance of such options would be significantly more costly to the Company. The Company has estimated that if it issued 1,917,421 options out of the 1998 Plan instead of issuing the 1,917,421 options remaining for issuance under the 1992 Plan, the Company would be required to pay an aggregate of approximately \$21.4 million in additional income taxes over approximately a two-year period, which would decrease earnings per share by approximately \$0.36 over such period.¹

¹ This calculation assumes: (1) the remaining 1,917,421 options are granted in eight equal installments over a two-year period, (2) a current share price of \$55.00, (3) the price of Synopsys Common Stock increases at a rate of 10% per year, (4) all options granted vest over four years, (5) all options are exercised in full upon vesting, (6) executive compensation levels increase at a rate of 5% per year, (7) the Company's income taxes payable over such period on an annual basis are equal to the Company's United States income taxes payable for fiscal 2001 and (8) the number of outstanding shares remains the same as on December 7, 2001. These assumptions are made solely for purposes of making the foregoing calculations and do not constitute a prediction of actual results or events.

Stockholders should note that the Company is not requesting approval for the issuance of additional options beyond those that have already been authorized. The issuance of the 1,917,421 options remaining available for grant has already been approved by the Company's stockholders. Instead, as mentioned above, the Company is requesting an extension of this time period within which these authorized options may be issued in order for the Company to derive the maximum tax benefits from the exercise of such options. Any amendment to the 1992 Plan to authorize additional options under the Plan will require a separate stockholder vote.

Approval of the amendment to the 1992 Plan requires the affirmative vote of a majority of the votes cast at the Special Meeting.

Recommendation

The Board of Directors believes that the amendment to the 1992 Plan is in the best interests of the Company, its stockholders and its employees. **Accordingly, the Board of Directors recommends a vote FOR approval of the amendment to the 1992 Plan.**

DESCRIPTION OF 1992 PLAN

The following is a summary of the terms of the 1992 Plan, as proposed to be amended. This summary is qualified by the complete text of the 1992 Plan, as proposed to be amended, which is filed with the Securities and Exchange Commission as an appendix to this proxy statement.

Number and Type of Options Issuable Under the 1992 Plan

The total number of shares of Common Stock issuable over the term of the 1992 Plan may not exceed 17,591,624 shares, of which, as of November 26, 2001, 6,524,582 options were outstanding and 1,917,421 options were available for grant. If an option expires or becomes unexercisable without having been exercised in full, the unpurchased shares which were subject thereto shall become available for future grant or sale under the 1992 Plan. Options granted under the 1992 Plan may be either "incentive stock options," as defined in Section 422 of the Internal Revenue Code of 1986, as amended (the "Code"), or nonstatutory stock options. The 1992 Plan also permits the grant of stock appreciation rights.

Administration

The 1992 Plan may generally be administered by the Board or a Committee appointed by the Board (as applicable, the "Administrator"). The Plan is currently administered by the Compensation Committee of the Board and, with respect to certain executive officers of the Company, the Grant Subcommittee of the Compensation Committee. The Administrator may make any determinations deemed necessary or advisable for the 1992 Plan, provided, however that the Administrator may not exchange outstanding options for options with a lower exercise price (commonly known as a "repricing") without stockholder approval.

Eligibility

Nonstatutory stock options may be granted under the 1992 Plan to officers, key employees, consultants and other independent advisors of the Company or any parent or subsidiary of the Company. Incentive stock options may be granted only to employees. Non-employee directors are not eligible to receive options under the 1992 Plan. The Administrator, in its discretion, selects the persons to whom options may be granted, the time or times at which such options and stock purchase rights shall be granted, and the number of shares subject to each such grant.

Limitations

Section 162(m) of the Code places limits on the deductibility for federal income tax purposes of compensation paid to certain executive officers of the Company. In order to preserve the Company's ability to deduct the compensation income associated with options granted to such persons, the 1992 Plan provides that no individual may be granted, in any fiscal year of the Company, options and/or stock appreciation rights to purchase more than 750,000 shares of Common Stock, except in the case of an individual's initial employment with the Company, in which case the individual may be granted options and/or stock appreciation rights to purchase an additional 250,000 shares.

Terms and Conditions

Each option is evidenced by a stock option agreement between the Company and the optionee, and is subject to the following additional terms and conditions:

(a) *Exercise Price.* The Administrator determines the exercise price of options at the time the options are granted. The exercise price of an incentive stock option may not be less than 100% of the fair market value of the Common Stock on the date such option is granted. The fair market value of the Common Stock is generally the closing sale price for the Common Stock on the date of grant.

(b) *Vesting and Exercise of Options; Form of Consideration.* The Administrator determines when options become exercisable, provided, however, that at least 75% of the options granted under the 1992 Plan must vest ratably over a four-year period. The 1992 Plan permits payment of the exercise price of options to be made by cash, check, other shares of Common Stock of the Company (with some restrictions), cashless exercise, or any combination thereof.

(c) *Term of Option.* The term of an option may be no more than ten (10) years from the date of grant. No option may be exercised after the expiration of its term.

(d) *Termination of Employment.* If an optionee's employment or consulting relationship terminates for any reason (including death or disability), then all options held by the optionee under the 1992 Plan expire on the earlier of (i) the date set forth in his or her notice of grant or (ii) the expiration date of such option. The 1992 Plan and the option agreement may provide for a longer period of time for the option to be exercised after the optionee's death or disability than for other terminations. Should an optionee be terminated for misconduct including, but not limited to, any act of dishonesty, willful misconduct, fraud or embezzlement or an optionee makes an unauthorized use or disclosure of confidential information or trade secrets of the Company, then in any such event all outstanding options held by such optionee shall terminate immediately and cease to be exercisable.

(e) *Non-transferability of Options.* Unless otherwise determined by the Administrator, options granted under the 1992 Plan are not transferable other than by will or the laws of descent and distribution, and may be exercised during the optionee's lifetime only by the optionee.

Adjustments Upon Changes in Capitalization

In the event that the Common Stock changes by reason of any stock split, reverse stock split, stock dividend, combination, reclassification or other similar change in the capital structure of the Company effected without the receipt of consideration, appropriate adjustments shall be made in the number and class of shares of Common Stock subject to the 1992 Plan, the number and class of shares of stock subject to any option outstanding under the 1992 Plan, and the exercise price of any such outstanding option.

Under the 1992 Plan, in the event of certain changes in the ownership or control of the Company involving a "Corporate Transaction," which includes an acquisition of the Company by merger or asset sale, all outstanding options under the 1992 Plan will automatically become exercisable, unless the option is assumed by the successor corporation (or parent thereof) or replaced by a comparable option to purchase shares of the capital stock of the successor corporation (or parent thereof).

In addition, in the event of a successful hostile tender offer for more than 50% of the outstanding Common Stock or a change in the majority of the board of directors (the "Board") as a result of one or more contested elections for membership on the Board, the Administrator has the authority to provide for the acceleration of vesting of outstanding options under the 1992 Plan.

Stock Appreciation Rights

The Administrator may in its discretion implement a stock appreciation rights program by which one or more optionees may be granted the right to surrender their options to the Company in exchange for a payment in cash, stock or both, for the difference between the fair market value of the vested shares under such option at the time of surrender less the aggregate exercise price for such shares. The Company currently has no outstanding stock appreciation rights.

Amendment and Term of the Plan

The Board may amend the 1992 Plan or any part thereof in its discretion. However, the Company must obtain stockholder approval for any amendment to the Plan that would materially increase the maximum number of shares under the 1992 Plan or materially modify the eligibility requirements for participation in the 1992 Plan. The Board has amended the 1992 Plan in order to extend the term of the 1992 Plan until January 13, 2007. However, unless the proposed amendment to the 1992 Plan is approved by stockholders, the 1992 Plan shall terminate on January 13, 2002 with respect to future grants.

Federal Income Tax Consequences

Incentive Stock Options

An optionee who is granted an incentive stock option does not recognize taxable income at the time the option is granted or upon its exercise, although the exercise is an adjustment item for alternative minimum tax purposes and may subject the optionee to the alternative minimum tax. Upon a disposition of the shares more than two years after grant of the option and one year after exercise of the option, any gain or loss is treated as long-term capital gain or loss. Net capital gains on shares held more than 12 months may be taxed at a maximum federal rate of 20%. Capital losses are allowed in full against capital gains and up to \$3,000 against other income. If these holding periods are not satisfied, the optionee recognizes ordinary income at the time of disposition equal to the difference between the exercise price and the lower of (i) the fair market value of the shares at the date of the option exercise or (ii) the sale price of the shares. Any gain or loss recognized on such a premature disposition of the shares in excess of the amount treated as ordinary income is treated as long-term or short-term capital gain or loss, depending on the holding period. A different rule for measuring ordinary income upon such a premature disposition may apply if the optionee is also an officer, director, or 10% stockholder of the Company. Unless limited by Section 162(m) of the Code, the Company is entitled to a deduction in the same amount as the ordinary income recognized by the optionee.

Non-statutory Stock Options

An optionee does not recognize any taxable income at the time he or she is granted a non-statutory stock option. Upon exercise, the optionee recognizes taxable income generally measured by the excess of the then fair market value of the shares over the exercise price. Any taxable income recognized in connection with an option exercise by an employee of the Company is subject to tax withholding by the Company. Unless limited by Section 162(m) of the Code, the Company is entitled to a deduction in the same amount as the ordinary income recognized by the optionee. Upon a disposition of such shares by the optionee, any difference between the sale price and the optionee's exercise price, to the extent not recognized as taxable income as provided above, is treated as capital gain or loss. Net capital gains on shares held more than 12 months may be taxed at a maximum federal rate of 20%. Capital losses are allowed in full against capital gains and up to \$3,000 against other income.

Plan Benefits Table

The table below shows, as to each of the persons named in “Executive Compensation — Summary Compensation Table” on page 8 and the various indicated groups, the number of options to purchase Common Stock of the Company granted under the 1992 Plan during fiscal 2001 together with the weighted average exercise price payable per share.

Plan Benefits 1992 Stock Option Plan

<u>Name</u>	<u>Number of Options Granted</u>	<u>Weighted Average Exercise Price(\$)</u>
Aart J. de Geus..... Chief Executive Officer and Chairman of the Board	85,500	54.4947
Chi-Foon Chan..... President and Chief Operating Officer	71,000	54.4705
Vicki L. Andrews..... Senior Vice President, World Wide Sales	60,500	54.7774
Robert B. Henske..... Senior Vice President and Chief Financial Officer	60,500	54.7774
Steven K. Shevick..... Vice President, Investor Relations and Legal, General Counsel	17,500	54.5723
All Executive Officers as a group (5 persons).....	295,000	54.6094
Non-employee directors as a group.....	—(1)	—
Non-executive officer employees as a group.....	17,500(2)	54.5723

(1) Non-employee directors are not eligible to participate in the 1992 Stock Option Plan.

(2) Represents all employees other than the executive officers of the Company.

OTHER MATTERS

Directors' Compensation

During fiscal 2001 each non-employee Board member was paid an annual retainer of \$8,000 and \$1,000 for each Board or Board Committee meeting attended, plus expenses.

In addition, non-employee Board members receive automatic option grants under the 1994 Non-Employee Directors Stock Option Plan (the “Directors Plan”). As of the date of this Proxy, all six non-employee Board members were eligible to participate in the Directors Plan.

During fiscal 2001, directors Andy D. Bryant, Bruce R. Chizen, Deborah A. Coleman, A. Richard Newton, Sasson Somekh and Steven C. Walske each received automatic grants of options to purchase 10,000 shares of Common Stock at an exercise price of \$50.69 per share for Board service during the year. In addition, during fiscal 2001, Mr. Chizen received options to purchase 9,166 shares of Common Stock, at an exercise price of \$61.37, and Ms. Coleman and Messrs. Bryant, Newton, Somekh and Walske each received options to purchase 10,000 shares of Common Stock for service on Board Committees at an exercise price of \$50.69. Mr. Chizen also received an automatic grant of options to purchase 20,000 shares of Common Stock at an exercise price of \$50.69 per share for his initial Board service.

During fiscal 2001, Dr. Newton provided consulting services to the Company, for which he was paid \$150,000. Under the Company’s agreement with Dr. Newton, at the Company’s request, Dr. Newton provides advice concerning long-term technology strategy and industry development issues, as well as providing assistance in identifying opportunities for partnerships with academia.

Security Ownership of Certain Beneficial Owners and Management

The following table sets forth certain information with respect to the beneficial ownership of the Company's Common Stock as of November 26, 2001 by (i) each person known by the Company to own beneficially more than five percent of the outstanding shares of Common Stock on that date, (ii) each director, (iii) each of the persons named in "Executive Compensation — Summary Compensation Table" on page 8 and (iv) all directors and current executive officers as a group.

<u>Name of Beneficial Owner(1)</u>	<u>Shares of Common Stock Beneficially Owned</u>	
	<u>Number</u>	<u>Percentage Ownership</u>
J. & W. Seligman & Co. Incorporated 100 Park Avenue, 8th Floor New York, NY 10017	6,148,140(2)	10.28%
Blum Capital Partners, L.P. 909 Montgomery Street, Suite 400 San Francisco, CA 94133-4625	4,020,900(2)	6.72%
Vicki L. Andrews	82,493(3)	*
Andy D. Bryant	73,749(4)	*
Chi-Foon Chan	631,824(5)	1.06%
Bruce R. Chizen	39,166(6)	*
Deborah A. Coleman	113,000(7)	*
Aart J. de Geus.....	1,340,894(8)	2.24%
Robert B. Henske	156,909(9)	*
A. Richard Newton	80,994(10)	*
Steven K. Shevick.....	84,586(11)	*
Sasson Somekh	93,333(12)	*
Steven C. Walske	96,116(13)	*
All directors and current executive officers as a group (11 persons).....	2,793,064(14)	4.67%

* Less than 1%

- (1) The persons named in the table above have sole voting and investment power with respect to all shares of Common Stock shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the footnotes of this table.
- (2) Based upon filings made with the Securities and Exchange Commission.
- (3) Includes options to purchase 82,267 shares of Common Stock exercisable by Ms. Andrews within 60 days of November 26, 2001.
- (4) Comprised of options to purchase 73,749 shares of Common Stock exercisable by Mr. Bryant within 60 days of November 26, 2001.
- (5) Includes options to purchase 600,042 shares of Common Stock exercisable by Dr. Chan within 60 days of November 26, 2001
- (6) Comprised of options to purchase 39,166 shares of Common Stock exercisable by Mr. Chizen within 60 days November 26, 2001.
- (7) Comprised of options to purchase 113,000 shares of Common Stock exercisable by Ms. Coleman within 60 days of November 26, 2001.

- (8) Includes options to purchase 1,027,812 shares of Common Stock exercisable by Dr. de Geus within 60 days of November 26, 2001. Excludes 11,000 shares held by Dr. de Geus' spouse, as to which he disclaims beneficial ownership.
- (9) Includes options to purchase 146,457 shares of Common Stock exercisable by Mr. Henske within 60 days of November 26, 2001.
- (10) Includes options to purchase 75,916 shares of Common Stock exercisable by Dr. Newton within 60 days of November 26, 2001.
- (11) Includes options to purchase 82,727 shares of Common Stock exercisable by Mr. Shevick within 60 days of November 26, 2001.
- (12) Includes options to purchase 80,833 shares of Common Stock exercisable by Dr. Somkeh within 60 days of November 26, 2001.
- (13) Includes options to purchase 95,916 shares of Common Stock exercisable by Mr. Walske within 60 days of November 26, 2001.
- (14) Includes options to purchase 2,417,885 shares of Common Stock exercisable by directors and current executive officers within 60 days of November 26, 2001. Excludes 11,000 shares held by Dr. de Geus' spouse, as to which he disclaims beneficial ownership.

Executive Compensation

Executive Compensation and Other Matters

The following table sets forth the compensation earned by the (i) Company's Chief Executive Officer and (ii) each of the other four most highly compensated executive officers whose compensation for fiscal 2001 exceeded \$100,000 (collectively, the "Named Executive Officers"), for services rendered in all capacities to the Company during the last three fiscal years.

Summary Compensation Table

Name and Position	Year(1)	Annual Compensation(\$)		Long-Term Compensation: Securities Awards Underlying Options(#)	All Other Compensation (\$)(2)
		Salary	Bonus		
Aart J. de Geus	2001	400,000	—(3)	85,500	1,830
Chief Executive Officer and Chairman of the Board	2000	430,769	600,000	731,000	1,855
	1999	375,000	681,690	254,700	1,953
Chi-Foon Chan	2001	400,000	—(3)	71,000	2,588
President and Chief Operating Officer	2000	430,769	600,000	623,000	2,493
	1999	375,000	681,690	199,200	1,653
Vicki L. Andrews.....	2001	289,423	560,374(4)	60,500	9,544
Senior Vice President World Wide Sales	2000	287,500	568,256(5)	179,000	9,826
Robert B. Henske	2001	364,423	—(3)	60,500	1,825
Senior Vice President and Chief Financial Officer	2000(6)	175,000	232,000	340,000	160
Steven K. Shevick.....	2001	241,538	—(3)	17,500	1,871
Vice President, Investor Relations and Legal, General Counsel	2000	236,154	160,984	100,000	1,833

(1) During fiscal 1999, the Company had a fiscal year that ended on the last Saturday of September. In July 1999, the Company changed its fiscal year end to the last Saturday in October. As a result, salary data for fiscal 2000 includes the 13-month period ended October 28, 1999.

(2) Amounts in this column reflect premiums paid for group term life insurance, Synopsys 401(k) contributions and, in the case of Ms. Andrews only, car allowances.

- (3) Amount not calculable as of date of this proxy statement.
- (4) Ms. Andrews' 2001 bonus is comprised of commissions of \$395,238, relocation bonus of \$160,000 and a special bonus of \$5,136.
- (5) Ms. Andrews' 2000 bonus is comprised of commissions of \$318,096 and variable bonus of \$250,160.
- (6) Mr. Henske commenced employment with the Company on May 10, 2000.

Stock Option Grants

The following table sets forth further information regarding individual grants of options for Common Stock during fiscal 2001 for each of the Named Executive Officers. All grants for each of the Named Executive Officers were made pursuant to the 1992 Plan. In accordance with the rules of the Securities and Exchange Commission (the "SEC"), the table sets forth the hypothetical gains or "option spreads" that would exist for the options at the end of their respective ten-year terms based on assumed annualized rates of compound stock price appreciation of 5% and 10% from the dates the options were granted to the end of the respective option terms. Actual gains, if any, on option exercises are dependent on the future performance of the Common Stock and overall market conditions. There can be no assurance that the potential realizable values shown in this table will be achieved. No stock appreciation rights were granted to such officers during fiscal 2001.

Option Grants in Last Fiscal Year

<u>Name</u>	<u>Number of Securities Underlying Options Granted(1)</u>	<u>Percent of Total Options Granted to Employees Fiscal 2001(2)</u>	<u>Exercise or Base Price (\$/Share)</u>	<u>Expiration Date</u>	<u>Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for Option Term(\$)</u>	
					<u>5%</u>	<u>10%</u>
					Aart J. de Geus	85,500
Chi-Foon Chan	71,000	1.22	47.44 - 61.37	2/28/11 - 8/28/11	2,432,192	6,163,652
Vicki L. Andrews	60,500	1.04	47.44 - 61.37	2/28/11 - 8/28/11	2,084,176	5,281,710
Robert B. Henske	60,500	1.04	47.44 - 61.37	2/28/11 - 8/28/11	2,084,176	5,281,710
Steven K. Shevick	17,500	.30	47.44 - 61.37	2/28/11 - 8/28/11	600,604	1,522,048

(1) Sum of all option grants made during fiscal year to such person. Options become exercisable ratably in a series of monthly installments over a four-year period from the grant date, assuming continued service to Synopsys, subject to acceleration under certain circumstances involving a change in control of Synopsys. Each option has a maximum term of 10 years, subject to earlier termination upon the optionee's cessation of service.

(2) Based on aggregate options to acquire 5,809,892 shares of Common Stock granted in fiscal 2001.

Option Exercises and Year-End Values

The following table sets forth, for each of the Named Executive Officers, each exercise of stock options during fiscal 2001 and the year-end value of unexercised options.

No stock appreciation rights were exercised during such fiscal year by the Named Executive Officers, and no stock appreciation rights were outstanding at the end of the fiscal year.

Aggregated Option Exercises in Last Fiscal Year and Fiscal Year-End Option Values

<u>Name</u>	<u>Shares Acquired On Exercise</u>	<u>Value Realized (\$)(1)</u>	<u>Number of Unexercised Options at FY-End</u>		<u>Value of In -the-Money Options at FY -End(\$)(2)</u>	
			<u>Exercisable</u>	<u>Unexercisable</u>	<u>Exercisable</u>	<u>Unexercisable</u>
Aart J. de Geus	—	—	967,503	654,697	9,868,495	5,464,579
Chi-Foon Chan	—	—	549,005	547,195	4,430,172	4,427,467
Vicki L. Andrews	11,000	305,335	69,049	174,617	689,694	1,509,669
Robert B. Henske	—	—	124,374	276,126	1,314,625	2,563,045
Steven K. Shevick	—	—	74,665	87,335	730,765	738,265

(1) Market value at exercise less exercise price.

(2) Market value of underlying securities on November 2, 2001 (\$47.86) minus the exercise price.

Employment Contracts, Termination of Employment Arrangements and Change of Control Agreements

Under the 1992 Plan, in the event of certain changes in the ownership or control of the Company involving a “Corporate Transaction,” which includes an acquisition of the Company by merger or asset sale, all outstanding options under the 1992 Plan will automatically become exercisable, unless the option is assumed by the successor corporation (or parent thereof) or replaced by a comparable option to purchase shares of the capital stock of the successor corporation (or parent thereof).

In addition, in the event of a successful hostile tender offer for more than 50% of the outstanding Common Stock or a change in the majority of the Board as a result of one or more contested elections for membership on the Board, the Administrator has the authority to provide for the acceleration of vesting of the shares of Common Stock subject to outstanding options under the 1992 Plan.

Synopsys has entered into Employment Agreements, effective October 1, 1997, with its Chief Executive Officer and its President and an Employment Agreement with its Chief Financial Officer, effective May 10, 2000. Each Employment Agreement provides that if the executive is terminated involuntarily other than for cause within 24 months of a change of control, (a) the executive will be paid an amount equal to two times the sum of the executive’s annual base pay plus target cash incentive, plus the cash value of the executive’s health benefits for the next 18 months and (b) all stock options held by the executive will immediately vest in full. If the executive is terminated involuntarily other than for cause in any other situation, the executive will receive a cash payment equal to the sum of the executive’s annual base pay for one year plus target cash incentive for such year, plus the cash value of the executive’s health benefits for twelve months. The terms “involuntary termination,” “cause” and “change of control” are defined in each Employment Agreement, each of which is filed with the Securities and Exchange Commission.

ADDITIONAL INFORMATION

Date for Receipt of Stockholder Proposals

The Company knows of no other matters that will be presented for consideration at the Special Meeting. If any other matters properly come before the Special Meeting, it is the intention of the persons named in the enclosed Proxy to vote the shares they represent as the Board may recommend. Discretionary authority with respect to such other matters is granted by the execution of the enclosed Proxy.

Stockholders of the Company that intend to present one or more proposals at the Company’s 2002 Annual Meeting of Stockholders, including nominations to the Board of persons other than those nominated by the Board, must have notified the Company no later than October 29, 2001 in order to have been made timely under the Company’s Bylaws and in order to have been considered for inclusion in the proxy statement and proxy relating to that meeting; provided that, in the event the date of the Company’s 2002 Annual Meeting of Stockholders is changed by more than 30 days, such notice must be delivered to the Company a reasonable time before the solicitation is made. A stockholder’s notice to the Company must include, with respect to each matter the stockholder proposes to bring before the annual meeting: (i) a brief description of the matter and the reasons for conducting such business at the annual meeting, (ii) the name and address of the stockholder, as they appear on the Company’s books, (iii) the number of shares beneficially owned by the stockholder, (iv) any material interest of the stockholder in the proposal, and (v) any other information that is required to be provided by the stockholder pursuant to Regulation 14A under the Securities Exchange Act of 1934 (the “Exchange Act”). Nominations of persons to the Board of Directors must include, with respect to each nomination and the

nominating stockholder, (a) the name, age, business address and residence address of such person, (b) the principal occupation or employment of such person, (c) the class and number of shares of the Company which are beneficially owned by such person, (d) a description of all arrangements or understandings between the stockholder and each nominee and other persons (naming such person or persons) pursuant to which the nominations are to be made by the stockholder, and (e) any other information relating to such person that is required to be disclosed in solicitations of proxies for elections of directors, or is otherwise required under the Exchange Act.

Notwithstanding the foregoing, the stockholder must also provide notice as required by the Exchange Act and the applicable regulations thereunder. The chairman of the annual meeting may determine, if the facts warrant, that a matter has not been properly brought before the meeting and, therefore, may not be considered at the meeting.

THE BOARD OF DIRECTORS

Dated: December 10, 2001