Synopsys: The Metamorphosis of a Company

Aart de Geus
Chairman and CEO
Some Lessons Learned...

- People
- Market
- Product
- Execution
- Customers
- Investors
- Company Lifecycle
- Leadership/Management
High Tech ↔ Semiconductors ↔ EDA

**SNPS Profile**
- FY06 revenue: $1.1B
- 3 YR ratable backlog: $2B
- FY07 revenue in hand: >80%
- 9 straight quarters of revenue growth

**Market Size**
- Market size: > $4B
- Supports a trillion dollar electronics industry
- Generally grows with semi R&D spend
Synopsys: Phases 0, 1, 2 and 3
Synopsys: Phases 0 and 1

01

- Big Idea
  - People
  - Values

- Execute the Business
  - Products
  - Customers
  - Financial Results

Set Expectations

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Towards IPO:
Synopsys: Phases 0, 1 and 2

0 1 2

- Big Idea
- People
- Values

- Products
- Customers
- Financial Results

Set Expectations
Execute the Business
Scale the Business

IPO

$0 $50,000 $100,000 $150,000 $200,000 $250,000 $300,000 $350,000 $400,000 $450,000 $500,000

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<table>
<thead>
<tr>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>Walgreens Communications (Dallas, TX)</td>
<td>100</td>
<td>Develops, sells &amp; installs telecommunications products.</td>
<td>58,637 %</td>
<td>585,110</td>
<td>120</td>
</tr>
<tr>
<td>2.</td>
<td>PeopleSoft (Redwood Shores, CA)</td>
<td>100</td>
<td>Designs &amp; sells human-resource software.</td>
<td>18,825 %</td>
<td>31,555</td>
<td>176</td>
</tr>
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<td>3.</td>
<td>Matrix (Norwood, MA)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>14,527 %</td>
<td>21,294</td>
<td>191</td>
</tr>
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<td>4.</td>
<td>PayCor (Baltimore, MD)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>3,280 %</td>
<td>35,814</td>
<td>1,453</td>
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<td>5.</td>
<td>Marathon Pharmaceuticals (Cherry Hill, NJ)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>8,136 %</td>
<td>16,014</td>
<td>100</td>
</tr>
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<td>6.</td>
<td>Charter One (Chicago, IL)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>7,117 %</td>
<td>16,281</td>
<td>1,250</td>
</tr>
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<td>7.</td>
<td>Stone &amp; Board (Cherry Hill, NJ)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>1,406 %</td>
<td>58,623</td>
<td>781</td>
</tr>
<tr>
<td>8.</td>
<td>Cellular One (San Diego, CA)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>4,533 %</td>
<td>4,006</td>
<td>212</td>
</tr>
<tr>
<td>9.</td>
<td>Synopsys (Mountain View, CA)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>7,215 %</td>
<td>12,200</td>
<td>971</td>
</tr>
<tr>
<td>10.</td>
<td>Royal Communications (Sacramento, CA)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>4,218 %</td>
<td>4,114</td>
<td>1,900</td>
</tr>
<tr>
<td>11.</td>
<td>Clear Systems (Morristown, NJ)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>6,132 %</td>
<td>5,450</td>
<td>1,100</td>
</tr>
<tr>
<td>12.</td>
<td>Premier Healthcare (St. Louis, MO)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>2,220 %</td>
<td>50,629</td>
<td>125</td>
</tr>
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<td>13.</td>
<td>Plains Healthcare (Cheyenne, WY)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>5,019 %</td>
<td>67,187</td>
<td>3,119</td>
</tr>
<tr>
<td>14.</td>
<td>Goldman Sachs (New York, NY)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>4,854 %</td>
<td>100,000</td>
<td>1,000</td>
</tr>
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<td>15.</td>
<td>Mid-Atlantic (Baltimore, MD)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>2,434 %</td>
<td>10,000</td>
<td>511</td>
</tr>
<tr>
<td>16.</td>
<td>Quantum Health Care (Chicago, IL)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>1,715 %</td>
<td>118,150</td>
<td>1,221</td>
</tr>
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<td>17.</td>
<td>US West (San Antonio, TX)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>4,575 %</td>
<td>95,651</td>
<td>1,010</td>
</tr>
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<td>18.</td>
<td>Outback Steakhouse (St. Louis, MO)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>1,410 %</td>
<td>121,800</td>
<td>98</td>
</tr>
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<td>19.</td>
<td>Backspin Information Systems (Boulder, CO)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>4,410 %</td>
<td>47,192</td>
<td>1,001</td>
</tr>
<tr>
<td>20.</td>
<td>Star Echocardi (Columbia, SC)</td>
<td>100</td>
<td>Designs, sells &amp; maintains network products.</td>
<td>4,352 %</td>
<td>23,154</td>
<td>74</td>
</tr>
</tbody>
</table>

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Synopsys: Predictable Success
Synopsys: Phases 0, 1 and 2

- Big Idea
- People
- Values
- Products
- Customers
- Financial Results
- Tornado
- Adjacencies
- M&A
- Set Expectations
- Execute the Business
- Scale the Business

© 2007 Synopsys, Inc. (10)
Synopsys Family Tree
Synopsys: Phases 0, 1 and 2

0

- Big Idea
- People
- Values

1

- Products
- Customers
- Financial Results

2

- Tornado
- Adjacencies
- M&A
- Dealing with adversity

Set Expectations

Execute the Business

Scale the Business
The Honeymoon Is Over

SMITH BARNES

- Synopsys reports in line 1Q Earnings
- Primary goals for the next quarter: manage Logic Modelling manager on time

- Analyst's Opinion: 3 Neutral H High Risk

Synopsys Inc. (SNPS—65¼) 7/19/95 Laura Conigliaro

Time to downgrade—results are good but valuation can't rise sharply from here.

09:01am EDT 19-Jul-95 Prudential Securities (L. CONIGLIARO (212) 778-1475) SNPS
SNPS REPORTS SOLID Q2, WE ARE LOWERING OUR RATING TO HOLD FROM BUY.
SNPS REPORTS SOLID Q2, WITH NO REASON TO CHANGE OUR FY '96 ESTIMATES. WE ARE
LOWERIGN OUR RATING TO HOLD FROM BUY ON A PRICE BASIS.

RESEARCH NOTE

July 19, 1995

Subject: Synopsys (SNPS—65 1/4) -- OTC CAE

CURRENT: HOLD

PRIOR: BUY

RISK: HIGH

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MORGAN STANLEY

U.S. Investment Research

February 18, 1994

Synopsys (SNPS): The Leader in Design Reuse

- We are cautious on the acceptance of new simulator

Analyst's Opinion:

3 Neutral
H High Risk

HOLD
Synopsys: Phases 0, 1, 2 and 3

- Big Idea
- People
- Values

0 1 2 3

- Products
- Customers
- Financial Results

- Tornado
- Adjacencies
- M&A
- Dealing with adversity
- Business model

- Tech driven to bus. driven
- Subject to global markets

Set Expectations
Execute the Business
Scale the Business
“MBA” the Business

$0
$50,000
$100,000
$150,000
$200,000
$250,000
$300,000
$350,000

$0
$50,000
$100,000
$150,000
$200,000
$250,000
$300,000
$350,000
Global From the Start:
2006, 63 Offices, 24 Countries
Lessons Learned: Everything Matters…

- People
- Market
- Product
- Execution
- Customers
- Investors
- Company Lifecycle
- Leadership/Management