

Edgar Filing: SYNOPSIS INC - Form 10-K/A

SYNOPSIS INC  
Form 10-K/A  
February 28, 2003

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UNITED STATES

SECURITIES AND EXCHANGE COMMISSION  
Washington, D.C. 20549

AMENDMENT NO. 2 TO

FORM 10-K

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

For the year ended October 31, 2002

Or

TRANSITION REPORT PURSUANT TO SECTION 13 Or 15(d) OF THE  
SECURITIES EXCHANGE ACT OF 1934

Commission file number: 0-45138

SYNOPSIS, INC.

(Exact name of registrant as specified in its charter)

Delaware  
(State or other jurisdiction  
of or organization)

56-1546236  
(I.R.S. Employer incorporation  
Identification No.)

700 East Middlefield Road, Mountain View, California 94043  
(Address of Principal Executive Offices)

(650) 584-5000

Registrant's telephone number, including area code

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:  
Common Stock, \$0.01 par value

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Preferred Share Purchase Rights

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 (the "Act") during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes  No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Act).

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[ ] Yes [X] No

State the aggregate market value of the voting and non-voting common equity held by non-affiliates computed by reference to the price at which the common equity was last sold, or the average bid and asked price of such common equity, as of the last business day of the registrant's most recently completed second fiscal quarter: \$1,699,717,300.

The aggregate market value of voting stock held by non-affiliates of the registrant as of February 6, 2003, was approximately \$2,792,883,845.

On February 21, 2003, approximately 74,393,514 shares of the registrant's Common Stock, \$0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

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EXPLANATORY NOTE

This Amendment No. 2 to the Registrant's Annual Report on Form 10-K for the fiscal year ended October 31, 2002 is being filed in order to submit the information required to be included in Part III thereof within the period required by General Instruction G(3) to Form 10-K. The Registrant will also include this information in its proxy statement for its 2003 Annual Meeting of Stockholders.

PART III

Item 10. Directors and Executive Officers of the Registrant

Set forth below is information regarding the directors, including information furnished by them as to principal occupations, certain other directorships held by them, any arrangements pursuant to which they were selected as directors and their ages as of January 31, 2003.

Name	Age	Year First Elected Director
Aart J. de Geus.....	48	1986

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Andy D. Bryant.....	52	1999
Chi-Foon Chan.....	53	1998
Bruce R. Chizen.....	47	2001
Deborah A. Coleman.....	50	1995
A. Richard Newton.....	51	1987; 1995
Sasson Somekh.....	56	1999
Roy Vallee.....	50	2003
Steven C. Walske.....	50	1991

Background of Directors

Dr. Aart J. de Geus co-founded Synopsys and currently serves as Chief Executive Officer and Chairman of the Board of Directors. Since the inception of Synopsys in December 1986, he has held a variety of positions, including Senior Vice President of Engineering and Senior Vice President of Marketing. From 1986 to 1992, Dr. de Geus served as Chairman of the Board. He served as President from 1992 to 1998. Dr. de Geus has served as Chief Executive Officer since January 1994 and has held the additional title of Chairman of the Board since February 1998. He has served as a Director since 1986. From 1982 to 1986 Dr. de Geus was employed by General Electric Corporation, where he was the Manager of the Advanced Computer-Aided Engineering Group. Dr. de Geus holds an M.S.E.E. from the Swiss Federal Institute of Technology in Lausanne, Switzerland and a Ph.D. in electrical engineering from Southern Methodist University.

Andy D. Bryant has been a Director of Synopsys since January 1999 and currently serves as Executive Vice President and Chief Financial and Enterprise Services Officer of Intel Corporation, with responsibility for financial operations, human resources, information technology and e-business functions and activities worldwide. Mr. Bryant joined Intel in 1981 as Controller for the Commercial Memory Systems Operation and in 1983 became Systems Group Controller. In 1987 he was promoted to Director of Finance for the corporation and was appointed Vice President and Director of Finance of the Intel Products Group in 1990. Mr. Bryant became CFO in February of 1994 and was promoted to Senior Vice President in January 1999. Mr. Bryant expanded his role to Chief Financial and Enterprise Services Officer in December 1999. He was promoted to Executive Vice President in January 2001. Prior to joining Intel, he held positions in finance at Ford Motor Company and Chrysler Corporation. Mr. Bryant holds a B.A. in economics from the University of Missouri and an M.B.A. in finance from the University of Kansas.

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Dr. Chi-Foon Chan joined Synopsys as Vice President of Application Engineering & Services in May 1990. Since April 1997 he has served as Chief Operating Officer and since February 1998 he has held the additional title of President. Dr. Chan also became a Director of Synopsys in February 1998. From September 1996 to February 1998 he served as Executive Vice President, Office of the President. From February 1994 until April 1997 he served as Senior Vice President, Design Tools Group and from October 1996 until April 1997 as Acting Senior Vice President, Design Re-Use Group. Additionally, he has held the titles of Vice President, Engineering and General Manager, DesignWare Operations and Senior Vice President, Worldwide Field Organization. From March 1987 to May 1990, Dr. Chan was employed by NEC Electronics, where his last position was General Manager, Microprocessor Division. From 1977 to 1987, Dr. Chan held a number of senior engineering positions at Intel Corporation. Dr. Chan holds an M.S. and Ph.D. in computer engineering from Case Western Reserve University.

Bruce R. Chizen has been a Director of Synopsys since April 2001. Mr. Chizen has served as President of Adobe Systems Incorporated, a provider of graphic design, publishing, and imaging software for Web and print production,

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since April 2000 and as Chief Executive Officer since December 2000. He joined Adobe Systems in August 1994 as Vice President and General Manager, Consumer Products Division and in December 1997 became Senior Vice President and General Manager, Graphics Products Division. In August 1998 Mr. Chizen was promoted to Executive Vice President, Products and Marketing. From November 1992 to February 1994 he was Vice President and General Manager, Claris Clear Choice for Claris Corp., a wholly-owned subsidiary of Apple Computer. He is a Director of Adobe Systems Incorporated.

Deborah A. Coleman has been a Director of Synopsys since November 1995. Ms. Coleman is co-founder and currently General Partner of SmartForest Ventures in Portland, Oregon. Ms. Coleman was Chairman of the Board of Merix Corporation, a manufacturer of printed circuit boards, from May 1994, when it was spun off from Tektronix, Inc., until September 2001. She also served as Chief Executive Officer of Merix from May 1994 to September 1999 and as President from March 1997 to September 1999. Ms. Coleman joined Merix from Tektronix, a diversified electronics corporation, where she served as Vice President of Materials Operations, responsible for worldwide procurement, distribution, component engineering and component manufacturing operations. Prior to joining Tektronix in November 1992, Ms. Coleman was with Apple Computer, Inc. for eleven years, where she held several executive positions, including Chief Financial Officer, Chief Information Officer and Vice President of Operations. She is a Director of Applied Materials, Inc., a manufacturer of semiconductor fabrication equipment, Chairman of the Board of Teseda Corporation, a semiconductor test equipment company, and a director of Finatus, Inc., a web-based compliance service provider.

Dr. A. Richard Newton has been a Director of Synopsys since January 1995. Previously, Dr. Newton was a Director of Synopsys from January 1987 to June 1991. Dr. Newton has been a Professor of Electrical Engineering and Computer Sciences at the University of California at Berkeley since 1979 and is currently Dean of the College of Engineering. From July 1999 to June 2000, Dr. Newton was Chair of the Electrical Engineering and Computer Sciences Department. Since 1988 Dr. Newton has acted as a Venture Partner with Mayfield Fund, a venture capital partnership, and has contributed to the evaluation and development of over two dozen new companies. From November 1994 to July 1995 he was acting President and Chief Executive Officer of Silicon Light Machines, a private company which has developed display systems based on the application of micromachined silicon light-valves.

Dr. Sasson Somekh has been a Director of Synopsys since January 1999. He is Executive Vice President of Applied Materials, Inc., a manufacturer of semiconductor fabrication equipment. From December 1993 to November 2000, Dr. Somekh served as Senior Vice President. Dr. Somekh served as Group Vice President from 1990 to 1993. Prior to that, he was a divisional Vice President. Dr. Somekh joined Applied Materials in 1980 as a Project Manager.

Roy Vallee has been a Director of Synopsys since February 2003. Mr. Vallee is Chief Executive Officer and Chairman of the Board of Avnet, Inc., a global semiconductor products and electronics distributor, positions he has held since June 1998. Previously, he was Vice Chairman of the Board since November 1992, and also President and Chief Operating Officer since March 1992. Mr. Vallee currently serves on the board of directors of Teradyne, Inc., an automated testing company for the electronics, communications and software industries. He is also a member of the executive committee of the Global Technology Distribution Council.

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Steven C. Walske has been a Director of Synopsys since December 1991. Mr. Walske has been Chief Business Strategist of Parametric Technology

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Corporation, a supplier of software products for mechanical computer aided engineering since June 2000. Previously, Mr. Walske served as Chairman, Chief Executive Officer and a Director from August 1994 until June 2000 and as President and Chief Executive Officer of that company from December 1986 to August 1994.

There are no family relationships among any executive officers, directors or persons chosen or nominated to become executive officers or directors of Synopsys.

### Directors' Compensation

Each member of the Board receives a retainer of \$25,000 per year for attendance at Board meetings. In addition, each member of the Audit Committee receives \$2,000 per Audit Committee meeting attended, other than the Chairperson, who receives \$4,000 per Audit Committee meeting attended.

In addition, non-employee members of the board of directors receive automatic option grants under the 1994 Non-Employee Directors Stock Option Plan, which in this document we refer to as the "Directors Plan." As of the date of this Annual Report, all seven non-employee members of the Synopsys board of directors were eligible to participate in the Directors Plan. Under the Directors Plan, new directors receive an option for 20,000 shares, vesting in equal installments over four years. In addition, each continuing director who is elected at an annual meeting of stockholders receives an option for 10,000 shares and an additional option for 5,000 shares for each Board committee membership. The annual option grants vest in full on the date immediately prior to the date of the annual meeting following their grant. In the case of directors appointed to the board between annual meetings, the annual and any committee grants are prorated based upon the amount of time since the last annual meeting.

During fiscal 2002, 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 Synopsys common shares at an exercise price of \$49.83 per share for Synopsys board of directors service during the year. In addition, during fiscal 2002, each of such directors received options to purchase 10,000 Synopsys common shares for service on Synopsys board of directors committees at an exercise price of \$49.83. Mr. Vallee, who was added to the Board in February 2003, received an option for 20,000 shares at an exercise price of \$40.92 for his initial service, a pro rated annual grant of 3,333 shares at an exercise price of \$40.92 per share and a pro rated committee grant of 3,333 shares at an exercise price of \$40.46 per share.

During fiscal 2002, Dr. Newton provided consulting services to Synopsys, for which he was paid \$180,000. Under Synopsys' agreement with Dr. Newton, at Synopsys' request, Dr. Newton provides advice concerning long-term technology strategy and industry development issues, as well as assistance in identifying opportunities for partnerships with academia.

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### Section 16(a) Beneficial Ownership Reporting Compliance

Section 16(a) of the Exchange Act requires Synopsys' directors, officers and greater than ten percent beneficial owners of its shares to file reports of ownership and changes in ownership with the SEC. Directors, officers and greater than ten percent stockholders are required by SEC regulations to furnish Synopsys with copies of all Section 16(a) forms they file.

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Based solely upon its review of the copies of the Forms 3, 4 and 5 received by Synopsys and/or written representations from certain reporting persons, Synopsys believes that each of its directors, officers, and greater than ten percent beneficial owners of its shares during the fiscal year ended October 31, 2002 has complied with all filing requirements applicable to such persons during such fiscal year.

Executive Officers

Information regarding executive officers who are not directors is included in Part I of the Annual Report.

Item 11. Executive Compensation

Executive Compensation And Other Matters

The following table sets forth the compensation earned by (1) Synopsys' Chief Executive Officer and (2) each of the other four most highly compensated executive officers whose compensation for fiscal 2002 exceeded \$100,000, which in this document we collectively refer to as the "named executive officers," for services rendered in all capacities to Synopsys during the last three fiscal years.

Summary Compensation Table

Name and Position -----	Year ----	Annual Compensation (\$)		Lo Comp Sec A Und Opt -----
		Salary -----	Bonus -----	
Aart J. de Geus.....	2002	446,154	575,000	10
Chief Executive Officer and Chairman of the Board	2001	400,000	575,000	8
	2000	430,769	600,000	73
Chi-Foon Chan.....	2002	400,000	575,000	9
President and Chief Operating Officer	2001	400,000	575,000	7
	2000	430,769	600,000	62
Vicki L. Andrews.....	2002	300,000	448,385 (2)	7
Senior Vice President World Wide Sales	2001	289,423	611,396 (3)	6
	2000	287,500	568,256 (4)	17
Robert B. Henske.....	2002 (5)	375,000	350,000	7
Senior Vice President and Chief Financial Officer	2001	364,423	350,000	6
	2000 (6)	175,000	232,000	34
Steven K. Shevick (7).....	2002	250,000	220,000	2
Senior Vice President and Chief Financial Officer	2001	241,538	175,000	1
	2000	236,154	160,984	10

- (1) 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. Dr. Chan's 2002 amounts include special travel allowance.
- (2) Ms. Andrews' 2002 bonus consists of commissions of \$102,125 and variable bonus of \$346,260.
- (3) Ms. Andrews' 2001 bonus consists of commissions of \$150,000, a variable bonus of \$296,260, a relocation bonus of \$160,000 and a special bonus of \$5,136.

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- (4) Ms. Andrews' 2000 bonus consists of commissions of \$318,096 and a variable bonus of \$250,160.
- (5) Mr. Henske resigned from his position effective January 3, 2003.
- (6) Mr. Henske commenced employment with Synopsys on May 10, 2000.
- (7) Mr. Shevick was appointed Chief Financial Officer of Synopsys on January 2, 2003. Prior to that, he served as Vice President, Investor Relations and Legal and General Counsel.

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### Stock Option Grants, Option Exercises and Year-End Values

Information regarding stock option grants, option exercises and year-end values for the named executive officers during fiscal 2002 is included in Item 7 of this Annual Report.

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

Under Synopsys' 1992 Stock Option Plan ("1992 Plan"), in the event of certain changes in the ownership or control of Synopsys involving a "Corporate Transaction," which includes an acquisition of Synopsys by merger or asset sales, 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 Synopsys common shares or a change in the majority of the Synopsys board of directors as a result of one or more contested elections for membership on the Synopsys board of directors, the administrator of the 1992 Plan has the authority to accelerate vesting of outstanding options or shares purchased under the 1992 Plan.

The Directors Plan provides that in the event of a change of control or corporate transaction, as such terms are defined in the Directors Plan, all Directors Plan options held by such director shall become fully vested and exercisable as of the date of such change of control or corporate transaction.

Synopsys has entered into Employment Agreements, effective October 1, 1997, with its Chief Executive Officer and its President. 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 the target cash incentive for such year, plus the cash value of the executive's health benefits for 12 months. The terms "involuntary termination," "cause" and "change of control" are defined in the Employment Agreements, each of which is filed with the SEC.

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### Item 12. Security Ownership of Certain Beneficial Owners and Management

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The following table sets forth certain information with respect to the beneficial ownership of Synopsys common shares by (1) each person known by Synopsys to own beneficially more than five percent of the outstanding Synopsys common shares on that date, and, (2) as of February 6, 2003 (A) each Synopsys director, (B) each of the named executive officers and (C) all Synopsys directors and current executive officers as a group.

Name of Beneficial Owner(1)	Shares of Common Stock Beneficially Owned Number	Percentage Ownership
J. & W. Seligman & Co. Incorporated..... 100 Park Avenue, 8th Floor New York, NY 10017	7,776,496 (2)	10.28%
Franklin Resources, Inc..... One Frankling Parkway San Mateo, CA 94403-1906	5,291,927 (3)	7.0%
Blum Capital Partners, L.P..... 909 Montgomery Street, Suite 400 San Francisco, CA 94133-4625	4,906,200 (4)	6.61%
FMR Corp..... 82 Devonshire Street, Boston, Massachusetts 02109	4,785,520 (5)	6.33%
Harris Associates L.P..... Two North LaSalle Street, Suite 500 Chicago, IL 60602-3790	3,805,900 (6)	5.03%
Vicki L. Andrews.....	128,653 (7)	*
Andy D. Bryant.....	93,749 (8)	*
Chi-Foon Chan.....	939,867 (9)	1.25%
Bruce R. Chizen.....	59,166 (10)	*
Deborah A. Coleman.....	60,000 (11)	*
Aart J. de Geus.....	1,708,165 (12)	2.26%
Robert B. Henske.....	0	*
A. Richard Newton.....	95,916 (13)	*
Steven K. Shevick.....	128,663 (14)	*
Sasson Somekh.....	113,333 (15)	*
Roy Vallee.....	0	*
Steven C. Walske.....	116,016 (16)	*
All directors and current executive..... officers as a group (11 persons)	3,443,528 (17)	4.45%

\* Less than 1%

- (1) The persons named in the table above have sole voting and investment power with respect to all Synopsys common shares shown as beneficially owned by them, subject to community property laws where applicable and the information contained in the footnotes of this table.
- (2) Share ownership for J. & W. Seligman & Co. Incorporated was obtained from Amendment No. 11 to the Schedule 13G filed with the Securities and Exchange Commission on February 11, 2003.
- (3) Share ownership for Franklin Resources was obtained from Amendment No. 2 to the Schedule 13D filed with the Securities and Exchange Commission on February 12, 2003. Includes 2,127,450 shares as to which Franklin Advisers, Inc. has sole voting power, 1,921,522 shares as to which Templeton Global Advisers Limited has sole voting power, 448,785 shares as to which Fiduciary Trust Company International has sole voting power, 411,068 shares



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as to which Franklin Templeton Investment Management Limited has sole voting power, 232,110 shares as to which Templeton Investment Counsel, LLC has sole voting power, 147,817 shares as to which Franklin Templeton Investments Corp. has sole voting power and 3,175 shares as to which Templeton/Franklin Investment Services, Inc. has sole voting power.

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- (4) Share ownership for Blum Capital Partners, L.P. was obtained from Schedule 13F-R filed with the Securities and Exchange Commission on February 14, 2003.
- (5) Share ownership for FMR Corp. was obtained from Amendment No. 2 to the Schedule 13D filed with the Securities and Exchange Commission on February 14, 2003.
- (6) Share ownership for Harris Associates L.P. was obtained from Schedule 13G filed with the Securities and Exchange Commission on February 14, 2003. Includes 1,620,900 shares over which Harris Associates L.P. has sole voting power and 2,185,000 shares over which Harris Associates L.P. has shared voting power.
- (7) Includes options to purchase 127,975 Synopsys common shares exercisable by Ms. Andrews within 60 days of February 6, 2003.
- (8) Consists of options to purchase 93,749 Synopsys common shares exercisable by Mr. Bryant within 60 days of February 6, 2003.
- (9) Includes options to purchase 907,633 Synopsys common shares exercisable by Dr. Chan within 60 days of February 6, 2003.
- (10) Consists of options to purchase 59,166 Synopsys common shares exercisable by Mr. Chizen within 60 days February 6, 2003.
- (11) Consists of options to purchase 60,000 Synopsys common shares exercisable by Ms. Coleman within 60 days of February 6, 2003.
- (12) Includes options to purchase 1,396,131 Synopsys common shares exercisable by Dr. de Geus within 60 days of February 6, 2003.
- (13) Consists of options to purchase 95,916 Synopsys common shares exercisable by Dr. Newton within 60 days of February 6, 2003.
- (14) Includes options to purchase 126,352 Synopsys common shares exercisable by Mr. Shevick within 60 days of February 6, 2003.
- (15) Includes options to purchase 100,833 Synopsys common shares exercisable by Dr. Somekh within 60 days of February 6, 2003.
- (16) Includes options to purchase 115,916 Synopsys common shares exercisable by Mr. Walske within 60 days of February 6, 2003.
- (17) Includes options to purchase 3,083,671 Synopsys common shares exercisable by directors and current executive officers within 60 days of February 6, 2003.

### Item 13. Certain Relationships and Related Transactions

See Item 10, "Directors and Executive Officers of the Registrant-Directors' Compensation."

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SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this amendment to be signed on its behalf by the undersigned, thereunto duly authorized, in Mountain View, State of California, on this 28th day of February, 2003.

SYNOPSIS, INC.

By: /s/ Aart J. de Geus  
 Aart J. de Geus  
 Chief Executive Officer and  
 Chairman of the Board of Directors  
 (Principal Executive Officer)

By: /s/ Steven K. Shevick  
 Steven K. Shevick  
 Senior Vice President, Finance  
 and Chief Financial Officer  
 (Principal Financial Officer)

By: /s/ Richard T. Rowley  
 Richard T. Rowley  
 Vice President, Corporate Controller  
 (Principal Accounting Officer)

Pursuant to the requirements of the Securities Exchange Act of 1934, this amendment has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated:

Signature	Title	Date
/s/ AART J. DE GEUS Aart J. de Geus	Chief Executive Officer (Principal Executive Officer) and Chairman of the Board of Directors	February 28, 2003
/s/ CHI-FOON CHAN* Chi-Foon Chan	President, Chief Operating Officer and Director	February 28, 2003
/s/ BRUCE R. CHIZEN* Bruce R. Chizen	Director	February 28, 2003
/s/ ANDY D. BRYANT* Andy D. Bryant	Director	February 28, 2003
/s/ DEBORAH A. COLEMAN* Deborah A. Coleman	Director	February 28, 2003
/s/ A. RICHARD NEWTON* A. Richard Newton	Director	February 28, 2003

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/s/ SASSON SOMEKH\*      Director  
Sasson Somekh

February 28, 2003

/s/ STEVEN C. WALSKE\*      Director  
Steven C. Walske

February 28, 2003

\*/s/ Steven K. Shevick  
By: Steven K. Shevick, Attorney-in-fact

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### CERTIFICATIONS

I, Aart J. de Geus, certify that:

1. I have reviewed this annual report on Form 10-K of Synopsys, Inc.;
2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and
3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;
4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:
  - a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;
  - b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and
  - c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;
5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit committee of registrant's board of directors (or persons performing the equivalent function):

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a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 28, 2003

/s/ Aart J. de Geus  
Aart J. de Geus  
Chief Executive Officer  
(Principal Executive Officer)

I, Steven K. Shevick, certify that:

1. I have reviewed this annual report on Form 10-K of Synopsys, Inc.;

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and

3. Based on my knowledge, the financial statements, and other financial information included in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this annual report;

4. The registrant's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-14 and 15d-14) for the registrant and we have:

a) designed such disclosure controls and procedures to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this annual report is being prepared;

b) evaluated the effectiveness of the registrant's disclosure controls and procedures as of a date within 90 days prior to the filing date of this annual report (the "Evaluation Date"); and

c) presented in this annual report our conclusions about the effectiveness of the disclosure controls and procedures based on our evaluation as of the Evaluation Date;

5. The registrant's other certifying officer and I have disclosed, based on our most recent evaluation, to the registrant's auditors and the audit

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committee of registrant's board of directors (or persons performing the equivalent function):

a) all significant deficiencies in the design or operation of internal controls which could adversely affect the registrant's ability to record, process, summarize and report financial data and have identified for the registrant's auditors any material weaknesses in internal controls; and

b) any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal controls; and

6. The registrant's other certifying officer and I have indicated in this annual report whether or not there were significant changes in internal controls or in other factors that could significantly affect internal controls subsequent to the date of our most recent evaluation, including any corrective actions with regard to significant deficiencies and material weaknesses.

Date: February 28, 2003

/s/ Steven K. Shevick  
Steven K. Shevick  
Chief Financial Officer (Principal Financial Officer)