

SYNOPSIS INC  
Form DEF 14A  
February 17, 2012

**UNITED STATES**  
**SECURITIES AND EXCHANGE COMMISSION**

**Washington, D.C. 20549**

**SCHEDULE 14A**

**Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934 (Amendment No.        )**

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

**Confidential, for Use of the Commission Only (as permitted by Rule 14a-6(e)(2))**

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to §240.14a-12

**Synopsis, Inc.**

**(Name of Registrant as Specified In Its Charter)**

**(Name of Person(s) Filing Proxy Statement, if other than the Registrant)**

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**NOTICE OF 2012 ANNUAL MEETING OF STOCKHOLDERS**

**April 3, 2012**

Dear Stockholder,

You are cordially invited to attend the 2012 Annual Meeting of Stockholders of Synopsys, Inc., a Delaware corporation, which will be held on April 3, 2012, at 8:00 a.m. Pacific Time at our office located at 1030 West Maude Avenue, Sunnyvale, California 94085. We are holding the meeting for the following purposes, which are more fully described in the attached Proxy Statement:

1. To elect nine directors nominated by our Board of Directors to hold office until the next annual meeting of stockholders or until their successors have been elected.
2. To approve an amendment of our 2006 Employee Equity Incentive Plan to, among other items, increase the number of shares available for issuance under that plan by 5,000,000 shares.
3. To approve an amendment of our Employee Stock Purchase Plan to increase the number of shares available for issuance under that plan by 5,000,000 shares.
4. To hold an advisory vote on executive compensation.
5. To ratify the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending October 31, 2012.
6. To consider any other matters that may properly come before the meeting.

All of our stockholders of record at the close of business on February 8, 2012 are entitled to attend and vote at the annual meeting. A list of registered stockholders entitled to vote at the meeting will be available at our office located at 700 East Middlefield Road, Mountain View, California 94043, for ten days prior to the meeting and at the meeting location during the meeting.

Whether or not you plan to attend the annual meeting, we urge you to cast your vote. For most items being put to a vote, if you do not provide voting instructions via the Internet, by telephone, or by returning the proxy card or voting instruction card, your shares will not be voted. Please vote as promptly as possible. Every stockholder vote is important.

Sincerely yours,

Brian E. Cabrera

*Vice President, General Counsel and*

*Corporate Secretary*

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Mountain View, California

February 17, 2012

**Important Notice Regarding the Internet Availability of Proxy Materials  
for the Annual Meeting to Be Held on April 3, 2012**

The Proxy Statement and our 2011 Annual Report on Form 10-K will be available at

*<http://materials.proxyvote.com/871607> on or about February 21, 2012.*

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**PROXY STATEMENT**

**FOR THE 2012 ANNUAL MEETING OF STOCKHOLDERS**

**TO BE HELD ON APRIL 3, 2012**

We are providing these proxy materials to you in connection with Synopsys' 2012 Annual Meeting of Stockholders to be held on Tuesday, April 3, 2012 at 8:00 a.m. Pacific Time at our office located at 1030 West Maude Avenue, Sunnyvale, California 94085 (referred to in this Proxy Statement as the Annual Meeting).

This Proxy Statement contains important information for you to consider when deciding how to vote on the matters brought before the Annual Meeting. Please read it carefully.

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**ABOUT THE ANNUAL MEETING**

**Q: Why did I receive a notice about Synopsys, Inc.'s proxy materials?**

A: If you owned common stock of Synopsys, Inc. at the close of business on February 8, 2012, the Record Date, you are considered a stockholder. Our Board of Directors is soliciting proxies for the Annual Meeting. Accordingly, we are providing you with access to our proxy materials in order to solicit your vote at the Annual Meeting.

The Notice of Internet Availability of Proxy Materials, this Proxy Statement, the accompanying proxy card or voting instruction form and our 2011 Annual Report on Form 10-K were distributed and made available on or about February 21, 2012.

**Q: Why did I receive a two-page notice instead of the proxy materials themselves and how can I get the materials?**

A: We are pleased to continue to take advantage of the U.S. Securities and Exchange Commission rule that allows companies to furnish proxy materials to their stockholders over the Internet. As a result, we are mailing to most of our stockholders a two-page Notice of Availability of Proxy Materials instead of a printed copy of all of the proxy materials. The Notice of Availability of Proxy Materials you received provides instructions on how to access and review our proxy materials and submit your vote on the Internet and also instructs you on how to request a printed copy of our proxy materials. We believe this process of sending a two-page notice reduces the environmental impact of printing and distributing hard copy materials and lowers the costs of such printing and distribution.

**Q: Why did I receive a full set of proxy materials in the mail instead of a two-page notice?**

A: If you previously requested printed copies of the proxy materials, we have provided you with printed copies of the proxy materials instead of a two-page Notice of Availability of Proxy Materials. If you would like to reduce the environmental impact and the costs incurred by us in mailing proxy materials, you may elect to receive all future proxy materials electronically via email or the Internet.

To sign up for electronic delivery, please follow the instructions to vote using the Internet provided with your proxy materials and on your proxy card or voting instruction form, and, when prompted, indicate that you agree to receive or access stockholder communications electronically in the future.



**Q: What proposals will be presented at the Annual Meeting and what are the voting recommendations of the Board of Directors?**

A: The proposals that will be presented at the Annual Meeting and our Board's voting recommendations are set forth in the table below:

Proposal	Board's Voting Recommendation
1. To elect nine directors nominated by our Board of Directors to hold office until the next annual meeting of stockholders or until their successors have been elected	For all nominees
2. To approve an amendment of our 2006 Employee Equity Incentive Plan to, among other items, increase the number of shares available for issuance under that plan by 5,000,000 shares	For
3. To approve an amendment of our Employee Stock Purchase Plan to increase the number of shares available for issuance under that plan by 5,000,000 shares	For
4. Advisory vote on executive compensation	For
5. To ratify the selection of KPMG LLP as our independent registered public accounting firm for the fiscal year ending October 31, 2012	For

We will also consider any other business that properly comes before the Annual Meeting. As of the Record Date, we are not aware of any other matters to be submitted for consideration at the Annual Meeting. If any other matters are properly brought before the meeting, the persons named in the enclosed proxy card or voting instruction form will vote the shares they represent using their best judgment.

**Q: When and where will the Annual Meeting be held?**

A: The Annual Meeting will be held on April 3, 2012, at 8:00 a.m. Pacific Time at our office located at 1030 West Maude Avenue, Sunnyvale, California 94085. A map and directions are set forth on the back of this Proxy Statement.

**Q: How can I attend the Annual Meeting?**

A: You will be admitted to the Annual Meeting if you were a Synopsys stockholder or joint holder as of the close of business on February 8, 2012, or you have authority to vote under a valid proxy for the Annual Meeting. You should be prepared to present photo identification for admittance. In addition, if you are a stockholder of record, your name will be verified against the list of stockholders of record prior to admittance to the Annual Meeting. If you are a beneficial owner, you should provide proof of beneficial ownership on the Record Date, such as your most recent account statement prior to February 8, 2012, a copy of the voting instruction form provided by your broker, trustee, or nominee, or other similar evidence of ownership. If you are a stockholder who is a natural person and not an entity, you and your immediate family members will be admitted to the Annual Meeting, provided you and they comply with the above procedures.

**Q: Who can vote?**

A: If you are a stockholder of record or a beneficial owner who owned our common stock at the close of business on the Record Date of February 8, 2012, you are entitled to attend and vote at the Annual Meeting. As of the Record Date, 144,051,762 shares of our common stock were outstanding and entitled to vote. You are entitled to one vote for each share of common stock you held on the Record Date. The names of stockholders of record entitled to vote at the Annual Meeting will be available to stockholders entitled to vote for ten days prior to the Annual Meeting for any purpose relevant to the Annual Meeting. This list can be viewed between the hours of 9:00 a.m. and 5:00 p.m. at our principal executive offices at 700 East Middlefield Road, Mountain View, California 94043.

Whether or not you plan to attend the Annual Meeting, we urge you to submit your proxy.

**Q: What is the difference between a stockholder of record and a beneficial owner?**

**A:** *Stockholder of Record:* If on the Record Date your shares were registered directly in your name with our transfer agent, Computershare Investor Services, then you are a stockholder of record.

*Beneficial Owner:* If on the Record Date your shares were held through a broker, bank, or other agent and not in your name, then you are the beneficial owner of our common stock. If you are a beneficial owner, your shares are held in street name, as is the case for most of our stockholders.

**Q: How can I vote if I am a stockholder of record?**

**A:** There are four ways to vote:

*In person.* If you are a stockholder of record, you may vote in person at the Annual Meeting. We will provide a ballot to you when you arrive.

*Via the Internet.* You may vote by proxy via the Internet by following the instructions provided in the proxy card or Notice of Availability of Proxy Materials.

*By Telephone.* If you received printed copies of the proxy materials, you may vote by proxy by calling the toll free number found on the proxy card. If you only received a Notice of Availability of Proxy Materials and wish to vote by proxy over the telephone, you may do so by first requesting printed copies of the proxy materials by mail and then calling the toll free number found on the proxy card.

*By Mail.* If you received printed copies of the proxy materials, you may vote by proxy by filling out the proxy card and sending it back in the envelope provided. If you only received a Notice of Availability of Proxy Materials and wish to vote by proxy via mail, you may do so by first requesting printed copies of the proxy materials by mail and then filling out the proxy card and sending it back in the envelope provided.

Whether or not you plan to attend the meeting, we urge you to vote by proxy.

**Q: How can I vote if I am the beneficial owner?**

**A:** There are four ways to vote:

*In person.* If you are a beneficial owner and you wish to vote in person at the Annual Meeting, you must obtain a legal proxy from the organization that holds your shares. Please contact that organization for instructions regarding obtaining a legal proxy.

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*Via the Internet.* You may vote by proxy via the Internet by following the instructions provided in the voting instruction form or Notice of Availability of Proxy Materials.

*By Telephone.* If you received printed copies of the proxy materials, you may vote by proxy by calling the toll free number found on the voting instruction form. If you only received a Notice of Availability of Proxy Materials and wish to vote by proxy over the telephone, you may do so by first requesting printed copies of the proxy materials by mail and then calling the toll free number found on the voting instruction form.

*By Mail.* If you received printed copies of the proxy materials, you may vote by proxy by filling out the voting instruction form and sending it back in the envelope provided. If you only received a Notice of Availability of Proxy Materials and wish to vote by proxy via mail, you may do so by first requesting printed copies of the proxy materials by mail and then filling out the voting instruction form and sending it back in the envelope provided.

As a beneficial owner, you are also invited to attend the Annual Meeting. However, since you are not a stockholder of record, you may not vote your shares in person at the Annual Meeting unless you request and obtain a legal proxy from the organization that holds your shares.

**Q: What votes can I cast for the proposals?**

A: With respect to Proposal 1, you may either vote For all the nominees to our Board of Directors or you may Withhold your vote for any nominee you specify. With respect to Proposals 2, 3, 4 and 5, you may vote For or Against , or Abstain from voting. An abstention vote will have the same effect as an Against vote with respect to Proposal 2, Proposal 3 and Proposal 5. An abstention vote will not be counted as either a vote cast For or Against with respect to Proposal 4.

**Q: What if I don't give specific voting instructions?**

A: If you indicate a choice on your proxy on a particular matter to be acted upon, the shares will be voted as indicated. If you are a stockholder of record and you return a signed proxy card but do not indicate how you wish to vote, the proxy holders will vote your shares in the manner recommended by our Board of Directors on all matters presented in this proxy statement and as the proxy holders may determine in their discretion with respect to any other matters properly presented for a vote at the Annual Meeting. If you do not return the proxy card, your shares will not be voted and will not be deemed present for the purpose of determining whether a quorum exists.

If you are a beneficial owner and the organization holding your account does not receive instructions from you as to how to vote those shares, under the rules of various national and regional securities exchanges, that organization may exercise discretionary authority to vote on routine proposals but may not vote on non-routine proposals. As a beneficial owner, you will not be deemed to have voted on such non-routine proposals. The shares that cannot be voted by brokers on non-routine matters are called broker non-votes. Broker non-votes will be deemed present at the Annual Meeting for purposes of determining whether a quorum exists for the Annual Meeting. Broker non-votes will make a quorum more readily obtainable but will not otherwise affect the outcome of the vote of any proposal.

**Q: Which proposals in this Proxy Statement are considered routine or non-routine ?**

A: The ratification of the appointment of KPMG LLP as our independent registered public accounting firm for fiscal 2012 (Proposal 5) is a matter considered routine under applicable rules. A broker or other nominee may generally vote on routine matters, and therefore no broker non-votes are expected to exist in connection with Proposal 5.

The election of directors (Proposal 1), the proposal to amend our 2006 Employee Equity Incentive Plan (Proposal 2), the proposal to amend our Employee Stock Purchase Plan (Proposal 3) and the advisory vote on executive compensation (Proposal 4) are matters considered non-routine under applicable rules. A broker or other nominee cannot vote without instructions on non-routine matters, and therefore there may be broker non-votes on Proposals 1, 2, 3 and 4.

**Q: What if I change my mind and want to revoke my proxy?**

A: If you are a stockholder of record, you may revoke your proxy at any time before the Annual Meeting by delivering a written notice of revocation or a duly executed proxy card bearing a later date to our principal executive offices at 700 East Middlefield Road, Mountain View, California 94043, attention Corporate Secretary. Such notice or later dated proxy must be received by us prior to the Annual Meeting. You may also revoke your proxy by attending the Annual Meeting and voting in person.

If you are a beneficial owner, please contact your broker, bank or other agent for instructions on how to revoke your proxy.

**Q: What is a quorum?**

A: We need a quorum of stockholders to hold our Annual Meeting. A quorum exists when at least a majority of the outstanding shares entitled to vote as of the Record Date are represented at the Annual Meeting either in person or by proxy. Your shares will be counted towards the quorum only if a valid proxy or vote is submitted. Stockholders who vote **Abstain** on any proposal and discretionary votes by brokers, banks and related agents on routine proposals will be counted towards the quorum requirement.

**Q: Who is paying for this solicitation?**

A: Synopsys will bear the cost of soliciting proxies. We have retained D.F. King & Co., Inc. to assist us in soliciting proxies, for which we will pay D.F. King & Co. a fee of approximately \$10,500 plus out-of-pocket expenses. We will also reimburse brokerage firms and other persons representing beneficial owners of shares for their reasonable expenses in forwarding solicitation material to such beneficial owners. We will furnish copies of solicitation material to such brokerage firms and other representatives. Proxies may also be solicited personally or by telephone, facsimile or email by our directors, officers and employees without additional compensation.

**Q: I received notice that communications to my address are being househanded. What does that mean?**

A: The Securities and Exchange Commission has adopted rules that permit companies and intermediaries (for example, brokers) to satisfy the delivery requirements for proxy statements and annual reports with respect to two or more stockholders sharing the same address by delivering a single proxy statement or Notice of Availability of Proxy Materials addressed to those stockholders. A number of brokers with account holders who are our stockholders **household** our proxy materials in this manner. If you have received notice from your broker that it will be householding communications to your address, householding will continue until you are notified otherwise or until you revoke your consent. If, at any time, you no longer wish to participate in householding and would prefer to receive a separate proxy statement, 2011 Annual Report on Form 10-K or Notice of Availability of Proxy Materials, please notify your broker and our investor relations department in writing at 700 East Middlefield Road, Mountain View, California 94043, by email at [invest-info@synopsys.com](mailto:invest-info@synopsys.com) or by telephone at (650) 584-4257. If you currently receive multiple copies of the Notice of Availability of Proxy Materials or proxy statement at your address and would like to request householding of your communications, please contact your broker, bank or other agent.

**Q: I also have access to Synopsys, Inc.'s 2011 Annual Report on Form 10-K. Is that a part of the proxy materials?**

A: Our Annual Report on Form 10-K for the fiscal year ended October 29, 2011, as filed with the Securities and Exchange Commission on December 16, 2011, accompanies this Proxy Statement. These documents constitute our Annual Report to Stockholders and are being made available to all stockholders entitled to receive notice of and to vote at the Annual Meeting. Except as otherwise stated, the 2011 Annual Report on Form 10-K is not incorporated into this Proxy Statement and should not be considered proxy solicitation material.

**Q: Where can I find the voting results of the meeting?**

A: The preliminary voting results will be announced at the Annual Meeting. The final results will be published in a Current Report on Form 8-K, which we will file with the Securities and Exchange Commission by April 9, 2012.

**Q: How can I make a proposal to be voted on at next year's annual meeting of stockholders?**

**A:** To be considered for inclusion in the proxy materials for next year's annual meeting of stockholders, your proposal must be submitted in writing by October 24, 2012 to Corporate Secretary, Synopsys, Inc., 700 East Middlefield Road, Mountain View, California 94043, and must comply with all applicable requirements of Rule 14a-8 promulgated under the Securities Exchange Act of 1934, as amended (referred to in this Proxy Statement as the Exchange Act). If you wish to submit a proposal that is not to be included in next year's proxy materials, but that may be considered at the annual meeting of stockholders to be held in 2013, you must do so in writing following the above instructions not earlier than the close of business on September 26, 2012 and not later than the close of business on October 24, 2012. We advise you to review our Bylaws, which contain additional requirements about advance notice of stockholder proposals and director nominations, including the different notice submission date requirements in the event our annual meeting for 2013 is held more than 30 days before or after April 3, 2013. The section titled "Director Nominations" on page 72 of this Proxy Statement provides additional information on the director nomination process.

### PROPOSAL 1: ELECTION OF DIRECTORS

We are asking our stockholders to vote for the re-election of our directors at the Annual Meeting. Each of our directors stands for election on an annual basis; we do not have a classified or staggered Board of Directors. The Corporate Governance and Nominating Committee of our Board of Directors, consisting solely of independent directors as determined by the Board under applicable NASDAQ listing standards, recommended each of our nine current directors for nomination by our full Board. Based on that recommendation, our Board of Directors has nominated those directors for election at the Annual Meeting.

Provided that there is a quorum at the Annual Meeting, the nine nominees receiving the highest number of For votes of the shares present in person or represented and entitled to vote at the Annual Meeting will be elected as directors. In the event a nominee is unable or declines to serve as a director, the proxies will be voted at the Annual Meeting for any nominee who may be designated by our Board of Directors to fill the vacancy. As of the date of this Proxy Statement, our Board is not aware of any nominee who is unable or will decline to serve as a director. Each director to be elected at the Annual Meeting will serve until our next annual meeting of stockholders and until his or her successor is elected and qualified or, if earlier, the director's death, resignation or removal. You may either vote For all the nominees to our Board of Directors or you may Withhold your vote for any nominee you specify. Unless marked otherwise, proxies returned to us will be voted for each of the nominees named below. If you hold your shares through a bank, a broker or other holder of record you must instruct your bank, broker or other holder of record to vote so that your vote can be counted on this Proposal 1.

The election of directors pursuant to this Proposal 1 is an uncontested election. In addition to the voting requirements under Delaware law described above, our Corporate Governance Guidelines provide that in an uncontested election any nominee for director who receives a greater number of votes Withheld from his or her election than votes For such election will, promptly following certification of the stockholder vote, submit to our Board of Directors a letter of resignation for consideration by the Corporate Governance and Nominating Committee. Our Board, after taking into consideration the recommendation of the Corporate Governance and Nominating Committee, will determine whether to accept the director's resignation. Synopsys will publicly disclose the decision reached by our Board and the reasons for such decision.

### OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU

#### VOTE FOR ALL NOMINEES.

#### Nominees

Set forth below is information regarding the nominees, including information they have furnished as to their principal occupations, certain other directorships they hold, or have held, and their ages as of the Record Date, February 8, 2012. The section titled Director Qualifications on page 71 of this Proxy Statement contains information about the nomination process and the skills and other qualifications that caused the Nominating and Governance Committee to determine that these nominees should serve as our directors. Other than Dr. de Geus and Dr. Chan, all nominees are independent as determined by the Board under the applicable listing standards of the NASDAQ Global Select Market.

Name	Age	Director Since
Aart J. de Geus	57	1986
Alfred Castino	59	2007
Chi-Foon Chan	62	1998
Bruce R. Chizen	56	2001
Deborah A. Coleman	59	1995
Chrysostomos L. Max Nikias	59	2011
John Schwarz	61	2007
Roy Vallee	59	2003
Steven C. Walske	59	1991

There are no family relationships among any of the director nominees, directors and/or any of Synopsys executive officers.

### Background and Qualifications of Nominees

**Aart J. de Geus** co-founded Synopsys and has served as Chairman of our Board of Directors since February 1998 and Chief Executive Officer since January 1994. Since the inception of Synopsys in December 1986, he has held a variety of positions, including President, Senior Vice President of Engineering and Senior Vice President of Marketing. Dr. de Geus has served as a director since 1986, and served as Chairman of our Board of Directors from 1986 to 1992 and again from 1998 until present. Dr. de Geus has also served on the board of directors of Applied Materials, Inc. since July 2007.

As a co-founder of Synopsys, Dr. de Geus has led Synopsys for 25 years, and is considered a pioneer in the Electronic Design Automation (referred to in this Proxy Statement as EDA) industry. Dr. de Geus brings to our Board a unique and thorough understanding of our business, industry and culture. He provides strong executive leadership and vision and maintains a global network of customer and industry relationships. Dr. de Geus also provides our Board with public company board experience.

**Alfred Castino** has been a member of our Board of Directors since May 2007. Mr. Castino has been an independent business consultant since August 2008. From August 2002 to August 2008, Mr. Castino served as Senior Vice President and Chief Financial Officer of Autodesk, Inc., a provider of design software for the manufacturing, building and construction, and media and entertainment markets. Mr. Castino has also held the Chief Financial Officer position at Virage, Inc. and PeopleSoft, Inc. Mr. Castino has served on the board of directors of Digital River, Inc. since July 2010.

As the former Chief Financial Officer of Autodesk, Mr. Castino led the financial management of a large public technology company, providing our Board of Directors with executive-level expertise in the financial management of software companies and financial expertise in general. Mr. Castino understands the challenges of managing complex global organizations from his leadership positions at Autodesk, Virage and PeopleSoft, and also brings public company board experience to our Board.

**Chi-Foon Chan** has served as our Chief Operating Officer since April 1997 and as our President and a member of our Board of Directors since February 1998. Dr. Chan joined Synopsys in May 1990 and has held various senior management positions, including Executive Vice President, Office of the President from September 1996 to February 1998 and Senior Vice President, Design Tools Group from February 1994 to April 1997. Dr. Chan has also held senior management and engineering positions at NEC Electronics and Intel Corporation.

Dr. Chan brings to our Board of Directors senior executive-level leadership, strategic, and operational expertise with Synopsys as well as the EDA industry. Dr. Chan has been with Synopsys for over 20 years and has served as our Chief Operating Officer and President for over 13 years, which provides our Board with a thorough understanding of our business, operations and technology strategies. He has extensive knowledge of the overall EDA industry landscape, and he provides particular expertise in the Asia-Pacific region. Dr. Chan also provides our Board extensive research and development and engineering experience in the semiconductor industry gained from his leadership positions at NEC and Intel.

**Bruce R. Chizen** has been a member of our Board of Directors since April 2001. He is currently an independent consultant and has served as Senior Adviser to Permira Advisers LLP since July 2008. From November 2007 to November 2008, Mr. Chizen served as a strategic adviser to Adobe Systems Incorporated, a provider of design, publishing and imaging software for print, Internet and dynamic

media production. From December 2000 to November 2007, he served as Adobe's Chief Executive Officer and as its President from April 2000 to January 2005 and previously held various other positions at Adobe since 1994. Mr. Chizen has served on the board of directors of Oracle Corporation since July 2008 and served on the board of directors of Adobe from December 2000 to April 2008.

Mr. Chizen has significant expertise in the management of complex global organizations. As the former Chief Executive Officer of Adobe, Mr. Chizen provides our Board of Directors with executive-level insight into the challenges associated with operating in a high technology industry and a multi-billion dollar company. Additionally, Mr. Chizen brings significant financial, product management and marketing expertise, which he gained through various leadership positions at Adobe. Mr. Chizen also provides extensive public company board experience to our Board.

**Deborah A. Coleman** has been a member of our Board of Directors since November 1995. Ms. Coleman is a General Partner of SmartForest Ventures, a venture capital firm, which she co-founded in June 2000. Ms. Coleman has held various senior executive-level positions throughout her career, including Chairman, Chief Executive Officer and President of Merix Corporation, a manufacturer of printed circuit boards, and Chief Financial Officer and Vice President of Operations of Apple, Inc. Ms. Coleman served on the board of directors of Applied Materials, Inc. from March 1996 to March 2009.

Ms. Coleman has significant experience leading large public technology companies. She brings to our Board of Directors executive-level management and financial expertise. Additionally, Ms. Coleman provides our Board with extensive operations and manufacturing experience through her leadership positions at Merix and Apple. Having served over ten years as a director of Applied Materials, Ms. Coleman brings extensive public company experience, as well as a thorough understanding of the semiconductor industry.

**Chrysostomos L. Max Nikias** has been a member of our Board of Directors since July 2011. Since August 2010, Dr. Nikias has served as President of the University of Southern California (USC). Dr. Nikias previously served as USC's provost and chief academic officer from 2005 through 2010 and as dean of USC's Viterbi School of Engineering from 2001 through 2005. From 1996 through 2001, he was the founding director of the NSF-funded Integrated Media Systems Center. Dr. Nikias has worked as a consultant for numerous corporations and the U.S. government, including the U.S. Department of Defense. Dr. Nikias is a member of the National Academy of Engineering and fellow of the Institute of Electrical and Electronics Engineers (IEEE) and the American Association for the Advancement of Science (AAAS).

As President of USC, Dr. Nikias oversees the operations of a major private research university, and he brings leadership and technical expertise to our Board of Directors. Dr. Nikias has extensive experience in directing engineering research and development programs, as well as a deep understanding of global technology trends. A recognized scholar in the fields of digital signal processing and communications systems, among others, Dr. Nikias also provides our Board with broad engineering knowledge.

**John Schwarz** has been a member of our Board of Directors since May 2007. Since May 2010, Mr. Schwarz has served as co-founder and Chief Executive Officer of Visier Inc., a business analytics software firm. Mr. Schwarz previously served on the executive board of SAP AG from March 2008 to February 2010. From September 2005 through its acquisition by SAP in January 2008, Mr. Schwarz was the Chief Executive Officer of Business Objects S.A., a provider of business intelligence software and services, and he served as the Chief Executive Officer of SAP's Business Objects unit through February 2010. Mr. Schwarz served on Business Objects' board of directors from January 2006 until its acquisition. Mr. Schwarz has also served as the President and Chief Operating Officer of Symantec

Corporation, a provider of infrastructure security and storage management software and as President and Chief Executive Officer of Reciprocal Inc., a business-to-business e-commerce services company. Mr. Schwarz previously spent 25 years at IBM Corporation, where he was most recently General Manager of IBM's Industry Solutions Unit. Mr. Schwarz has served as a director at Teradata Corporation since September 2010 and at SuccessFactors, Inc. from September 2010 to June 2011.

As the former Chief Executive Officer of Business Objects, Mr. Schwarz led a large international software company and brings to our Board of Directors extensive management expertise and knowledge of the software industry. Mr. Schwarz understands the complexities of leading a global organization and operating in international markets. Mr. Schwarz provides our Board with additional expertise related to strategic acquisitions, integration and operations through his leadership in Business Objects' acquisition by SAP. Mr. Schwarz also provides our Board with public company board experience.

**Roy Vallee** has been a member of our Board of Directors since February 2003. Since July 2011, Mr. Vallee has served as Executive Chairman of the board of directors of Avnet, Inc., a global semiconductor/electronics products and IT distributor. From June 1998 to July 2011, Mr. Vallee served as Avnet's Chief Executive Officer and Chairman of the board of directors. Mr. Vallee also previously served as Avnet's Vice Chairman, President, and Chief Operating Officer. Since February 2000, Mr. Vallee has served on the board of directors of Teradyne, Inc. Mr. Vallee also serves as a member of the Arizona Commerce Authority Executive Committee and the Advisory Council of the 12<sup>th</sup> District Federal Reserve.

Mr. Vallee provides our Board of Directors with significant executive-level leadership expertise, as well as a thorough understanding of the semiconductor industry. Mr. Vallee has led Avnet for over 13 years, as Chairman and CEO and, currently, as Executive Chairman, and has keen insight into the challenges of managing a public technology company in a highly competitive industry. Mr. Vallee also brings public company board experience to our Board, as well as experience with economic development and government relations through his membership in the Arizona Commerce Authority and the Federal Reserve.

**Steven C. Walske** has been a member of our Board of Directors since December 1991. Mr. Walske has been Managing Director of Myriad Investments, LLC, a private equity firm specializing in investments in software companies, since June 2000. Mr. Walske served as Chief Business Strategist of Parametric Technology Corporation from June 2000 until June 2005. From 1986 through June 2000, Mr. Walske held several executive-level positions at Parametric Technology Corporation, including Chief Executive Officer, President and Chairman of the board of directors. Mr. Walske served on the board of directors of BladeLogic, Inc. from November 2002 to April 2008, holding the Chairman position from 2005 to April 2008.

As a private equity investor, Mr. Walske provides our Board of Directors with financial and strategic planning expertise, as well as extensive knowledge of the software industry and other high technology industries. Having served as the former Chief Executive Officer of Parametric Technology Corporation, Mr. Walske brings product development and executive-level management expertise as well as an understanding of complex global organizations. As a long-time member of the boards of directors of Parametric and BladeLogic, Mr. Walske provides our Board with extensive public company board experience.

**PROPOSAL 2: APPROVAL OF AN AMENDMENT OF OUR 2006 EMPLOYEE EQUITY INCENTIVE PLAN**

We are asking our stockholders to approve an amendment of our 2006 Employee Equity Incentive Plan (referred to in this Proxy Statement as the 2006 Employee Plan) primarily to increase the number of shares of common stock available for issuance under the 2006 Employee Plan by 5,000,000 shares, representing approximately 3.49% of our shares of common stock outstanding as of January 13, 2012. We are proposing the increase to enable us to continue offering effective equity compensation to our employees, allowing us to continue to take advantage of the critical motivation and retention benefits that equity compensation provides. Our Board of Directors approved this amendment (referred to in this Proposal 2 as the Amendment) in December 2011, subject to stockholder approval. If approved by our stockholders, the Amendment will become effective as of the Annual Meeting date.

Approval of the Amendment requires the holders of a majority of the shares present in person or represented by proxy and entitled to vote at the Annual Meeting to vote For this Proposal 2. Abstentions will have the same effect as a vote Against this Proposal 2.

**OUR BOARD OF DIRECTORS RECOMMENDS THAT YOU VOTE FOR  
THE APPROVAL OF THE AMENDMENT OF THE 2006 EMPLOYEE PLAN.**

**Purpose and Background**

The purpose of this Amendment is to provide us with a sufficient reserve of common stock to offer appropriate incentives to our employees. Like all technology companies, we actively compete for highly qualified employees, especially technical employees. Over the last two fiscal years, we have added almost 1,000 employees, particularly due to our acquisitions. Our equity program is a key component of our strategy to attract and retain key individuals, and the share requirements of our equity program have grown with our company. Each year the Compensation Committee of our Board of Directors and our management review our overall compensation strategy and determine the allocations of cash and equity compensation in light of our pay-for-performance philosophy. We continue to believe that equity compensation is a critical component to motivate key employees and effectively aligns employee compensation with stockholder interests. The 2006 Employee Plan is the sole available plan for granting equity compensation to our employees. If the Amendment is not approved and we are unable to grant equity compensation in the future, we may need to consider other compensation alternatives, such as increasing cash compensation.

We are committed to effectively managing our equity compensation share reserve while minimizing stockholder dilution. For this reason, we carefully manage both our gross burn rate and net burn rate. Gross burn rate reflects equity awards granted during the fiscal year divided by the number of shares outstanding. Net burn rate reflects equity awards granted during the fiscal year less equity awards cancelled and returned to the plan (net equity grants), divided by the number of shares outstanding. We endeavor to ensure that our gross burn rate approximates the average rate for our peer group companies as well as for the software and services industry more generally, and that our burn rates are within the limits recommended by independent shareholder advisory groups, such as Institutional Shareholder Services (referred to in this Proxy Statement as ISS). While there are several methodologies to arrive at burn rates, using current ISS methodology, our gross burn rates for the last three years are well within the guidelines recommended by ISS. Detailed information about equity awards issued in fiscal 2011 as well as other relevant information is set forth below.

We note that the cornerstone of our compensation philosophy as discussed in the Compensation Discussion and Analysis beginning on page 36 is pay for performance and in that regard, more than half of the value of the target equity grants to our named executive officers in fiscal 2011 was in

performance-based RSU grants, and the balance was in stock option grants directly linked to the appreciation of our stock price. We also note that our 2006 Employee Plan includes additional provisions that are designed to protect our stockholders' interests and to reflect corporate governance best practices, including:

*Stockholder approval required for additional shares.* The 2006 Employee Plan does not contain an annual evergreen provision that provides for automatic increases of shares on an ongoing basis. The 2006 Employee Plan instead authorizes a fixed number of shares, and stockholder approval is required for any increase in the number of shares.

*No discounted stock options or stock appreciation rights.* The 2006 Employee Plan requires that all stock options and stock appreciation rights must have an exercise price equal to or greater than the fair market value of our common stock on the date of grant.

*Repricing not allowed.* The 2006 Employee Plan expressly prohibits the repricing of equity awards including the cancellation and re-grant of outstanding equity awards without prior stockholder approval.

*Reasonable share counting provisions.* In general, when awards lapse or are cancelled, the shares reserved for those awards are returned to the share reserve and become available for future awards. However, shares of common stock that are tendered to us in payment of the exercise price of an award or that are withheld to cover tax withholding obligations are not returned to our share reserve.

*7-Year Term.* All equity awards granted under the 2006 Employee Plan have a term of no more than seven years. In 2009, we amended the 2006 Employee Plan to establish seven years as the maximum permissible term for all equity awards, thereby limiting the potential for unproductive overhang.

*Fungible Share Reserve.* The 2006 Employee Plan has a fungible share reserve, which increases the rate at which the share reserve is depleted for restricted stock and restricted stock unit awards, in order to minimize stockholder dilution. Furthermore, to balance the increase in shares available for issuance if the Amendment is approved, and as part of our commitment to effectively manage our share reserve, the Amendment would also reduce our share reserve more rapidly than under the current 2006 Employee Plan as full-value awards are issued. If the Amendment is approved, our share reserve will be reduced by 1.5 shares (compared to 1.25 shares under the current 2006 Employee Plan) for each share issued on or after the date of the Annual Meeting pursuant to restricted stock awards, restricted stock unit awards or other awards (excluding options and stock appreciation rights).

#### **Historical Grant Information**

No awards have been granted or promised with respect to the additional 5,000,000 shares requested. Awards under our 2006 Employee Plan are made at the discretion of our Board of Directors or the Compensation Committee and are therefore not determinable at this time. The following tables set forth detailed information about our historical equity compensation practices.

**Awards Granted to Certain Individuals and Groups under the 2006 Employee Plan**

The following table shows, for each of the named executive officers and the various groups indicated, the number of stock options and restricted stock units granted under the 2006 Employee Plan during fiscal 2011:

Name	Number of Restricted Stock Units Granted(1)	Number of Stock Options Granted(2)
Aart J. de Geus Chairman of the Board and Chief Executive Officer	66,700(3)	200,000
Chi-Foon Chan President and Chief Operating Officer	38,300(3)	115,000
Brian M. Beattie	18,300(3)	55,000