Synopsys Strengthens Design-for-Manufacturing Offerings With Planned Acquisition of Integrated Systems Engineering AG

Combination of Synopsys DFM Solutions and ISE TCAD Software Helps Chip Designers Improve Yield and Speed Time to Market

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Synopsys, Inc. (NASDAQ: SNPS) today announced that it has executed an agreement to acquire Integrated Systems Engineering AG (ISE), a leader in Technology CAD (TCAD) software products and services. TCAD tools are a critical part of an overall design-for-manufacturing (DFM) solution as they precisely simulate advanced semiconductor processes down to the atomic level before they are put into production. This can reduce the number of test chips required to optimize and characterize a new semiconductor process, significantly shortening the time and cost to ramp up yield in leading-edge fabs. Combining the predictive capabilities of ISE's software with Synopsys' design tools will help Synopsys customers achieve the highest possible yields by tuning their designs to the precise characteristics of a particular process.

"Design and fabrication are becoming increasingly interdependent and require a comprehensive solution with a top-to-bottom focus on improving yields," said Dr. Aart de Geus, chairman and CEO of Synopsys. "We have multiple features in our Galaxy Design platform that address yield today, as well as the broadest portfolio of DFM products in the industry. ISE's capabilities are highly complementary to ours and will allow us to provide a more robust solution that addresses yields throughout the design and manufacturing process."

"During the past few years, the adoption of TCAD in the semiconductor industry has grown tremendously," said Dr. Wolfgang Fichtner, founder and CEO of ISE. "The acquisition by Synopsys will create synergies that enable Synopsys to provide robust next-generation DFM solutions and TCAD products to customers worldwide."

ISE is a privately held company headquartered in Switzerland with principal offices in Zurich and San Jose, California. The acquisition will be made by way of a cash tender offer to all ISE stockholders and option holders. The acquisition price is approximately $95 million, net of cash estimated to be held by ISE at closing, plus a three year earnout based on product line performance and employee retention, with a maximum potential earnout payment of $20 million. The transaction is expected to close in November 2004. The transaction is subject to the condition that 90 percent or more of ISE shares be tendered in the offer and other customary closing conditions. The impact of the transaction on Synopsys' fiscal year 2005 financial forecast will be discussed on Synopsys' fourth quarter and fiscal year 2004 earnings conference call.

Forward-Looking Statements

This press release contains forward-looking statements within the meaning of the safe harbor provisions of Section 21E of the Securities Exchange Act of 1934, including statements regarding the expected date of closing of the acquisition and the expected benefits of the acquisition. These statements are based on Synopsys' current expectations and beliefs. Actual results could differ materially from the results implied by these statements as a result of the failure of sufficient ISE stockholders to tender their shares in the acquisition and unforeseen difficulties in integrating ISE's TCAD tools with Synopsys' DFM offerings as well as the factors described in the section of Synopsys' Quarterly Report on Form 10-Q for the fiscal quarter ended July 31, 2004 filed with the Securities and Exchange Commission entitled "Factors That May Affect Future Results."

About Synopsys

Synopsys, Inc. is the world leader in electronic design automation (EDA) software for semiconductor design. The company delivers technology-leading semiconductor design and verification platforms and IC manufacturing software products to the global electronics market, enabling the development and production of complex systems-on-chips (SoCs). Synopsys also provides intellectual property and design services to simplify the design process and accelerate time-to-market for its customers. Synopsys is headquartered in Mountain View, California and has offices in more than 60 locations throughout North America, Europe, Japan and Asia. Visit Synopsys online at http://www.synopsys.com/.

NOTE: Synopsys is a registered trademark of Synopsys, Inc.

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