# Synopsys Completes Acquisition of Virage Logic Corporation

MOUNTAIN VIEW, Calif., Sept. 2 /PRNewswire-FirstCall/ -- Synopsys, Inc. (Nasdaq: SNPS), a world leader in software and IP for semiconductor design, verification and manufacturing, has completed its acquisition of Virage Logic Corporation (Nasdaq: VIRL), a leading independent provider of semiconductor intellectual property (IP) for the design of complex integrated circuits. Virage Logic's offering complements Synopsys' DesignWare® interface and analog IP portfolio by adding embedded memories with test and repair, non-volatile memories (NVMs), logic libraries, and configurable cores for control and multimedia sub-systems. Designers can use Synopsys' expanded portfolio of high-quality IP to quickly incorporate standard functions into their systems-on-chips (SoCs) so they can focus more of their time on developing differentiated products.

Synopsys paid $12.00 cash per Virage Logic share, resulting in a transaction value of approximately $315 million. We expect the impact of the acquisition on our non-GAAP earnings per share in the fourth quarter of fiscal 2010 to be roughly neutral. In addition, with the exception of charges associated with the acquisition of Virage Logic such as incremental stock-based compensation, amortization of intangibles, acquisition-related charges and others, we expect the impact of the acquisition on our GAAP earnings per share in the fourth quarter of fiscal 2010 to be roughly neutral. Since we have not completed our valuation and purchase price allocation analyses, we are unable to determine the full impact of the acquisition on our GAAP earnings per share at this time. Therefore, we are not making changes to the earnings per share targets and the related GAAP to non-GAAP reconciliation we provided on August 18, 2010.

**GAAP to non-GAAP Reconciliation of Fourth Quarter Fiscal Year 2010 Targets (1)**

*(in thousands, except per share amounts)*

| | Range for Three Months Ending October 31, 2010 | |
|---|---|---|
| | **Low** | **High** |
| Target GAAP earnings per share | $ 0.21 | $ 0.27 |
| Adjustment: | | |
| Estimated impact of amortization of intangible assets | 0.09 | 0.07 |
| Estimated impact of stock compensation | 0.13 | 0.09 |
| Net non-GAAP tax effect | (0.06) | (0.04) |
| Target non-GAAP earnings per share | $ 0.37 | $ 0.39 |
| Shares used in non-GAAP calculation (midpoint of target range) | 151,000 | 151,000 |

(1) The above forward-looking guidance does not include charges associated with the acquisition of Virage Logic, such as incremental stock-based compensation, amortization of intangibles, acquisition-related charges and others, as the valuation and purchase allocation cannot yet be reliably estimated without unreasonable efforts.

**GAAP Reconciliation**

This press release includes non-GAAP earnings per share. This non-GAAP measure is not in accordance with, or an alternative for, U.S. generally accepted accounting principles ("GAAP") and may be different from non-GAAP measures used by other companies. In addition, this non-GAAP measure is not based on any comprehensive set of accounting rules or principles and management exercises judgment in determining which items should be excluded in the calculation of this non-GAAP measure. While we believe that non-GAAP measures have limitations in that they do not reflect all of the amounts associated with our results of operations as determined in accordance with GAAP, we believe that non-GAAP measures are valuable in analyzing our operations. Management analyzes current and future results on a GAAP basis as well as a non-GAAP basis, and also provides GAAP and non-GAAP measures in our earnings releases. The presentation of non-GAAP financial information is not meant to be considered in isolation or as a substitute for the directly comparable financial measures prepared in accordance with GAAP. Non-GAAP financial measures are meant to supplement, and be viewed in conjunction with, GAAP financial measures. We believe that the presentation of non-GAAP measures provides useful information to investors and management regarding financial and business trends relating to our financial condition and results of operations.

Synopsys' management evaluates and makes decisions about its business operations primarily based on the revenue and orders, and on the direct, ongoing and recurring costs of those operations. We use these non-GAAP financial measures in making operating decisions because we believe the measures provide meaningful supplemental information regarding our operational performance and give us a better understanding of how we should invest in research and development and fund infrastructure and product and market strategies. We use these measures to help us make budgeting decisions, for example, among product development expenses and research and development, sales and marketing, and general and administrative expenses. In addition, these non-GAAP financial measures facilitate our internal comparisons to our historical operating results, forecasted targets and comparisons to competitors' operating results.

We have excluded the following items from non-GAAP EPS:

(i) Amortization of acquired intangible assets. We incur expenses from amortization of acquired intangible assets which include contract rights associated with certain executory contracts and core/developed technology, trademarks, trade names, customer relationships, covenants not to compete, and other intangibles related to acquisitions. We amortize the intangible assets over their economic lives. We exclude this item because this expense is non-cash in nature and because we believe the non-GAAP financial measure excluding this item provides meaningful supplemental information regarding our operational performance, liquidity and ability to invest in research and development and fund acquisitions and capital expenditures.

(ii) Stock compensation impact. We exclude stock compensation expenses from our non-GAAP measures primarily because they are non-cash expenses. We believe that it is useful to investors to understand the impact of stock compensation to our operational performance, liquidity and ability to invest in research and development and fund acquisitions and capital expenditures. While stock compensation expense constitutes an ongoing and recurring expense, such expense is excluded from non-GAAP results because it is not an expense that typically requires or will require cash settlement by us and because such expense is not used by us to assess the core profitability of our business operations. In addition, excluding this item from non-GAAP EPS facilitates comparisons to our competitors' operating results.

(iii) Income tax effect of non-GAAP pre-tax adjustments from the provision for income taxes. Excluding the income tax effect of non-GAAP pre-tax adjustments from the provision for income taxes assists investors in understanding the tax provision associated with those adjustments and the effect on net income.

**About Synopsys**

Synopsys, Inc. (Nasdaq: SNPS) is a world leader in electronic design automation (EDA), supplying the global electronics market with the software, intellectual property (IP) and services used in semiconductor design, verification and manufacturing. Synopsys' comprehensive, integrated portfolio of implementation, verification, IP, manufacturing and field-programmable gate array (FPGA) solutions helps address the key challenges designers and manufacturers face today, such as power and yield management, system-to-silicon verification and time-to-results. These technology-leading solutions help give Synopsys customers a competitive edge in bringing the best products to market quickly while reducing costs and schedule risk. Synopsys is headquartered in Mountain View, California, and has more than 65 offices located throughout North America, Europe, Japan, Asia and India. Visit Synopsys online at http://www.synopsys.com.

**Safe Harbor Statement/Forward-Looking Statements**

This press release contains forward-looking statements within the meaning of U.S. federal securities laws, including statements about the expected impact of the acquisition of Virage Logic on Synopsys' financial results and the expected benefits of the transaction.  Forward-looking statements are subject to both known and unknown risks and uncertainties that may cause actual results to differ materially from those expressed or implied in the forward-looking statements, and that are outside our control.  These risks and uncertainties include, among others: our ability to successfully integrate Virage Logic's business and technologies with our own; the effect of the acquisition on our business, including possible delays in customer orders, the potential loss of customers, key employees, partners or vendors; and uncertain customer demand and support obligations for the new offerings. Other risks and uncertainties that may apply are set forth in the Risk Factors section of our most recently filed Quarterly Report on Form 10-Q.  Synopsys assumes no obligation to update any forward-looking statement contained in this press release.

Synopsys is a registered trademark of Synopsys, Inc.

**Editorial Contact:**
Yvette Huygen
Synopsys, Inc.
650-584-4547
yvetteh@synopsys.com

**Investor Contact:**
Lisa Ewbank
Synopsys, Inc.
650-584-1901

SOURCE Synopsys, Inc.