

SYNOPSYS INC
Form 10-K/A
March 12, 2007

UNITED STATES

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 10-K/A

Amendment No. 1

- ☒ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended October 31, 2006
- or
- ☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934
For the transition period from to

Commission File Number 0-19807

Synopsys, Inc.

(Exact name of registrant as specified in its charter)

Delaware
*(State or other jurisdiction of
incorporation or organization)*

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

700 East Middlefield Road, Mountain View, California 94043

(Address of principal executive offices, including zip code)

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(650) 584-5000

(Registrant's telephone number, including area code)

Securities Registered Pursuant to Section 12(b) of the Act:

| Title of Each Class | Name of Each Exchange on Which Registered |
|---------------------------------|---|
| Common Stock, \$0.01 par value | The Nasdaq Stock Market, Inc. |
| Preferred Share Purchase Rights | The Nasdaq Stock Market, Inc. |

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes ☒ No ☐

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act.

Yes ☐ No ☒

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 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 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 a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act. (Check one):

Large accelerated filer ☒

Accelerated filer ☐

Non-accelerated filer ☐

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes ☐ No ☒

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 as of the last business day of the Registrant's most recently completed second fiscal quarter was approximately \$2,676,166,223. Aggregate market value excludes an aggregate of 21,241,457 shares of common stock held by officers and directors and by

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each person known by the Registrant to own 5% or more of the outstanding common stock on such date. Exclusion of shares held by any of these persons should not be construed to indicate that such person possesses the power, direct or indirect, to direct or cause the direction of the management or policies of the Registrant, or that such person is controlled by or under common control with the Registrant.

On December 31, 2006, 144,013,064 shares of the Registrant's Common Stock, \$0.01 par value, were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

None.

SYNOPSYS, INC.

ANNUAL REPORT ON FORM 10-K/A
FOR THE FISCAL YEAR ENDED OCTOBER 31, 2006

Explanatory Note to Form 10-K Amendment No. 1

This Amendment No. 1 (this Amendment) to the Annual Report on Form 10-K for the fiscal year ended October 31, 2006 (the Form 10-K) of Synopsys, Inc. is being filed:

(a) to amend Item 11 of Part III of the Form 10-K to revise the last table under the caption Named Executive Officer Compensation to correct the amounts set forth in the columns of that table under the heading Value of In-the-Money Options at October 31, 2006 Exercisable/Unexercisable (the same table appearing in Synopsys Proxy Statement, filed with the Securities and Exchange Commission on February 20, 2007, is as set forth in this Amendment); and

(b) to amend Item 15 of Part III of the Form 10-K and the Exhibit Index to correct the footnote reference to Exhibit 3.2 Bylaws.

No other changes have been made to Items 11 and 13 and the Exhibit Index.

PART III

Item 11. *Executive Compensation*

Named Executive Officer Compensation

The following table sets forth the compensation earned during fiscal 2006 by (1) our Chief Executive Officer and (2) each of our next four most highly compensated executive officers whose compensation earned during fiscal 2006 exceeded \$100,000 for services rendered in all capacities to us during the last three fiscal years. We collectively refer to these five individuals as our named executive officers.

Summary Compensation Table

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| Name and Position | Year | Annual Compensation(\$) | | Incentive Compensation (\$)(1) | Long-Term Compensation Awards; Securities Underlying Options (#) | All Other Compensation (\$)(2) |
|--|------|-------------------------|-----|--------------------------------|--|--------------------------------|
| | | Salary(\$) | | | | |
| Aart J. de Geus Chief Executive Officer and Chairman of the Board | 2006 | \$ 450,000 | | \$ 1,257,100 | 290,000 | \$ 2,760 |
| | 2005 | 420,000 | | 1,100,000 | 140,000 | 2,760 |
| | 2004 | 414,615 | (3) | 498,000 | 47,800 | 3,070 |
| Chi-Foon Chan President and Chief Operating Officer | 2006 | \$ 420,000 | | \$ 840,000 | 160,000 | \$ 5,112 |
| | 2005 | 420,000 | | 820,000 | 100,000 | 5,112 |
| | 2004 | 414,615 | (3) | 402,000 | 39,900 | 4,853 |
| Joseph W. Logan Senior Vice President, Worldwide Sales | 2006 | \$ 282,500 | (4) | \$ 586,000 | (4) 53,000 | \$ 9,617 |
| Deirdre Hanford Senior Vice President, Global Technical Services | 2006 | \$ 300,000 | | \$ 457,000 | 80,000 | \$ 2,160 |
| | 2005 | 300,000 | | 380,000 | 60,000 | 2,160 |
| | 2004 | 283,846 | (3) | 228,000 | 39,450 | 2,121 |
| Antun Domic Senior Vice President and General Manager, Implementation Group | 2006 | \$ 370,000 | | \$ 355,000 | 105,000 | \$ 4,742 |
| | 2005 | 370,000 | | 350,000 | 75,000 | 3,405 |
| | 2004 | 359,230 | (3) | 246,000 | 39,450 | 3,336 |

(1) Represents bonuses and/or commissions paid pursuant to compensation plans approved by the Compensation Committee.

(2) Amounts in this column reflect group term life insurance (GTL) premiums paid and Synopsys 401(k) matching contributions, and, in the case of Mr. Logan only, a car allowance. Fiscal 2006 amounts are as follows: Dr. de Geus: \$1,260 in GTL and \$1,500 in 401(k) contributions; Dr. Chan: \$3,612 in GTL and \$1,500 in 401(k) contributions; Mr. Logan: \$917 in GTL, \$1,500 in 401(k) contributions and \$7,200 in car allowance; Ms. Hanford: \$660 in GTL and \$1,500 in 401(k) contributions, and Dr. Domic: \$3,242 in GTL and \$1,500 in 401(k) contributions.

(3) Reflects a change in base salary approved by our Compensation Committee in December 2003 and effective February 2004. Adjusted fiscal 2004 base salaries for such executive officers were: Dr. de Geus, \$420,000; Dr. Chan, \$420,000; Dr. Domic, \$370,000; and Ms. Hanford, \$300,000.

(4) Mr. Logan was appointed Senior Vice President, Worldwide Sales on September 6, 2006.

The following table sets forth information regarding individual grants of options during fiscal 2006 to the named executive officers.

| Name | Individual Grants | | | | | | Potential Realizable Value At Assumed Annual Rates Of Stock Price Appreciation For Option Term\$(4) | |
|-----------------|---|-----|--|---|----------------------------|-----------------|---|--------------|
| | Number of Securities Underlying Options Granted | | Percent of Total Options Granted to Employees(3) | | Exercise Prices (\$/Share) | Expiration Date | 5% | 10% |
| | | | | | | | | |
| Aart J. de Geus | 200,000 | (1) | 3.74 | % | \$ 20.73 | 12/06/12 | \$ 1,687,838 | \$ 3,933,381 |
| | 90,000 | (2) | 1.69 | % | \$ 20.73 | 12/06/12 | \$ 759,527 | \$ 1,770,021 |
| Chi-Foon Chan | 100,000 | (1) | 1.87 | % | \$ 20.73 | 12/06/12 | \$ 843,919 | \$ 1,966,691 |
| | 60,000 | (2) | 1.12 | % | \$ 20.73 | 12/06/12 | \$ 506,352 | \$ 1,180,014 |
| Joseph W. Logan | 13,000 | (1) | 0.24 | % | \$ 21.10 | 12/02/12 | \$ 111,668 | \$ 260,233 |
| | 40,000 | (1) | 0.75 | % | \$ 19.34 | 09/13/13 | \$ 314,933 | \$ 733,928 |
| Deirdre Hanford | 50,000 | (1) | 0.94 | % | \$ 20.73 | 12/06/12 | \$ 421,960 | \$ 983,345 |
| | 30,000 | (2) | 0.56 | % | \$ 20.73 | 12/06/12 | \$ 253,176 | \$ 590,007 |
| Antun Domic | 65,000 | (1) | 1.22 | % | \$ 20.73 | 12/06/12 | \$ 548,547 | \$ 1,278,349 |
| | 40,000 | (2) | 0.75 | % | \$ 20.73 | 12/06/12 | \$ 337,568 | \$ 786,676 |

(1) All options were granted under our 1992 Stock Option Plan, except for option granted to Mr. Logan for 40,000 shares, which was granted under our 2006 Employee Equity Incentive Plan (the 2006 plan). An aggregate of 3/48ths of the options become exercisable three months after the grant date followed by 45 equal monthly installments, assuming continued service to Synopsys, subject to acceleration under certain circumstances involving a change in control of Synopsys. Each option has a maximum term of seven years, subject to earlier termination upon the optionee's cessation of service. See Note 8 to *Notes to Consolidated Financial Statements* and *Change of Control Agreements* and *Named Executive Officer Employment Contracts* below for more information about the 1992 Stock Option Plan and the 2006 plan.

(2) All options were granted under our 1992 Stock Option Plan. Performance-based option pursuant to which 50% of the shares subject to the options shall vest when the first performance condition is met and 50% of the shares subject to the options shall vest when the second performance condition is met, assuming continued service to Synopsys and subject to acceleration under certain circumstances involving a change in control of Synopsys. Each option has a maximum term of seven years, subject to earlier termination upon the optionee's cessation of service.

(3) Based on a total of approximately 5.3 million shares subject to options granted to employees under Synopsys option plans during fiscal 2006

(4) In accordance with the rules of the SEC, the columns referring to potential realizable value show the gains or option spreads that would exist for the options granted based on the assumed rates of annual compound stock price appreciation of 5% and 10% from the date the option was granted over the full option term. These estimated rates do not represent our estimate or projection of future common stock prices or of the gains that may actually be realized by the optionee.

The following table sets forth information concerning exercises of options to purchase our common stock and the value of unexercised options held by our named executive officers as of October 31, 2006.

| Name | Shares Acquired On Exercise | Value Realized(1) | Number of Securities Underlying Unexercised Options at October 31, 2006 Exercisable/ Unexercisable | | Value of In-the- Money Options at October 31, 2006(2) Exercisable/ Unexercisable | |
|-----------------|--------------------------------------|----------------------|---|---------|---|------------|
| Aart J. de Geus | 36,423 | \$ 273 | 3,253,119 | 348,258 | \$ 8,467,352 | \$ 684,790 |
| Chi-Foon Chan | 22,305 | \$ 187,567 | 2,126,597 | 214,342 | \$ 3,856,237 | \$ 429,322 |
| Joseph W. Logan | | | 35,184 | 67,607 | \$ 133,046 | \$ 227,802 |
| Deirdre Hanford | 30,000 | \$ 126,450 | 353,172 | 118,378 | \$ 625,167 | \$ 234,503 |
| Antun Domic | | | 407,350 | 149,417 | \$ 338,193 | \$ 300,510 |

(1) Market value at exercise less exercise price.

(2) Market value of underlying securities as of the last trading day of fiscal 2006 (\$22.32) minus the exercise price.

Director Compensation

Non-employee directors receive a combination of cash and stock as compensation for Board service. Such directors receive an annual retainer of \$125,000. In addition, Audit Committee members receive \$2,000 (\$4,000 in the case of the Chair) for each Audit Committee meeting attended, up to a maximum of four meetings per year.

Non-employee directors also receive equity compensation under the 2005 Non-Employee Directors Equity Incentive Plan (the 2005 Directors Plan). The 2005 Directors Plan provides for automatic grants to each non-employee member of our Board upon their initial appointment or election and upon their reelection each year. The award price per share is 100% of the fair market value of our common stock on the grant date. New non-employee directors receive a stock option for 30,000 shares, vesting in equal annual installments on the date preceding each of the first four annual meetings of stockholders following the grant date, assuming continued Board service through each vesting date. Continuing Board

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members receive either (1) an option grant (with the number of shares determined so that the aggregate fair value of the option, calculated using the option pricing model used to estimate the value of compensatory stock options in our financial statements, would equal the annual cash retainer then paid to non-employee Board members) or (2) a restricted stock grant (with the number of shares subject to the award determined so that the fair market value of the restricted stock grant on the date of grant would equal the annual cash retainer then paid to non-employee Board members). The option grant or restricted stock vests in a series of 36 successive equal monthly installments from the grant date, assuming continued Board membership through each vesting date. The Board elected to receive restricted stock for the 2006 and future grants and, as a result, in April 2006 Synopsys issued an aggregate of 5,752 shares of restricted stock to each non-employee director under the 2005 Directors Plan. The 2005 Directors Plan expires on the day immediately preceding our 2010 annual stockholders meeting.

Change of Control Agreements and Named Executive Officer Employment Contracts

2006 Employee Equity Incentive Plan

Under our the 2006 Plan, if we are acquired or in the event of a change in control, including an acquisition of Synopsys by merger or asset sale, each outstanding option and award under the 2006 Plan will automatically become exercisable in full, unless the option is assumed by the successor corporation, or parent thereof, or replaced by a comparable option or award for shares of the capital stock of the successor corporation or parent thereof.

1992 Stock Option Plan

Under our 1992 Stock Option Plan (the 1992 Plan), if we are acquired or in the event of a change in control, including an acquisition of Synopsys by merger or asset sale, each outstanding option under the 1992 Plan will automatically become exercisable in full, 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 our outstanding shares of common stock or a change in the majority of our Board as a result of a contested election for membership on our Board, the administrator of the 1992 Plan has the authority to accelerate vesting of outstanding options or shares purchased under the 1992 Plan.

2005 Non-Employee Directors Equity Incentive Plan

Our non-employee directors receive equity awards under our 2005 Directors Plan. In the event of a corporate transaction, as such term is defined in the 2005 Directors Plan, each outstanding stock option and restricted stock award will automatically accelerate in full unless the stock option or our reacquisition rights with respect to the restricted stock award are assumed by or assigned to the successor corporation or its parent corporation. In the event of a change in control, as such term is defined in the 2005 Directors Plan, each stock award under the 2005 Directors Plan will automatically vest as to all shares subject to the stock award immediately prior to the effective date of the change in control.

1994 Non-Employee Directors Stock Option Plan

Our 1994 Non-Employee Directors Stock Option Plan (the 1994 Directors Plan) was the predecessor to the 2005 Directors Plan. The 1994 Directors Plan expired in October 2004. An aggregate of 1,277,660 options remain outstanding under such plan and are held by non-employee directors. Under the 1994 Directors Plan, in the event of a change of control or corporate transaction, as such terms are defined in the plan, all outstanding options become fully vested and exercisable as of the date of such change of control or corporate transaction.

Employment Agreements

We entered into employment agreements, effective October 1, 1997 and amended in March 2006, with our Chairman and Chief Executive Officer and our President and Chief Operating Officer. Each employment agreement provides that if such officer is terminated involuntarily other than for cause within 24 months of a change of control, (a) such officer will be paid an amount equal to two times the sum of such officer's annual base pay plus his target cash bonus and the cash value such officer's health benefits for an 18-month period, and (b) all stock options held by such officer will immediately vest in full. If the officer is terminated involuntarily other than for cause in any other situation, the officer will receive a cash payment equal to the sum of the officer's annual base pay for one year plus his target cash bonus for such year and cash value of such officer's health benefits for 12 months. The terms involuntary termination, cause and change of control are defined in the employment agreements, which have been filed with the SEC.

Executive Change of Control Severance Benefit Plan. In March 2006, Synopsys approved an Executive Change of Control Severance Benefit Plan (the Change of Control Plan) in order to provide certain benefits to executive officers of Synopsys in the event of a qualifying termination of employment following a change of control transaction involving Synopsys. The Change of Control Plan provides that in the event a covered executive is involuntarily or constructively terminated within 12 months after a change of control of Synopsys, the executive shall receive: (1) a cash severance payment equal to one year of base salary plus one to two times the executive's target annual bonus depending upon the timing of the termination within Synopsys' fiscal year; (2) a cash payment equal to the cost of health care premiums for one year; and

(3) full acceleration of all unvested stock options and other stock awards held by the executive at the time of termination. Executives shall be subject to an 18 month non-competition agreement and must sign a release in order to receive benefits should a qualifying termination occur. The Change of Control Plan does not provide for any severance benefits unless the executive's termination occurs following a change of control of Synopsys. Similarly, the Change of Control Plan does not provide any benefits if the termination is for cause.

Compensation Committee Interlocks and Insider Participation

During fiscal 2006, the Compensation Committee consisted of Mr. Chizen (Chair) and Mr. Walske. Neither member is an officer or employee of Synopsys, and none of our executive officers serve as a member of a compensation committee of any entity that has one or more executive officers serving as a member of our Compensation Committee. Each of our directors has acquired and holds Synopsys securities.

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as part of this Annual Report on Form 10-K:

(1) Financial Statements

The following documents are included as Part II, Item 8. of this Annual Report on Form 10-K:

| | Page |
|---|-------------|
| Report of Independent Registered Public Accounting Firm | 50 |
| Consolidated Balance Sheets | 51 |
| Consolidated Statements of Operations | 52 |
| Consolidated Statements of Stockholders' Equity and Comprehensive Income (Loss) | 53 |
| Consolidated Statements of Cash Flows | 56 |
| Notes to Consolidated Financial Statements | 57 |

(2) Financial Statement Schedules

None.

(3) Exhibits

See Item 15(b) below.

(b) Exhibits

Exhibit

Number Exhibit Description

- 3.1 Amended and Restated Certificate of Incorporation(1)
- 3.2 Restated Bylaws of Synopsys, Inc.(22)
- 4.1 Amended and Restated Preferred Shares Rights Agreement dated April 7, 2000(3)
- 4.3 Specimen Common Stock Certificate(4)

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- 10.1 Form of Indemnification Agreement for directors and executive officers(5)
- 10.2 Director s and Officer s Insurance and Company Reimbursement Policy(4)
- 10.3 Lease Agreement, dated August 17, 1990, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1977 (John Arrillaga Separate Property Trust), as amended, and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1977 (Richard T. Peery Separate Property Trust), as amended(4)
- 10.5 Synopsys Deferred Compensation Plan as Restated Effective August 1, 2002(6)(14)
- 10.6 Settlement Agreement, dated July 8, 2004, by and among the Company, Mountain Acquisition Sub, Inc. and Monolithic System Technology, Inc.(7)
- 10.7 Lease Agreement, dated June 16, 1992, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1977 (John Arrillaga Separate Property Trust), as amended, and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1977 (Richard T. Peery Separate Property Trust), as amended(8)
- 10.8 Lease Agreement, dated June 23, 1993, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1977 (John Arrillaga Separate Property Trust), as amended, and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1977 (Richard T. Peery Separate Property Trust), as amended(9)
- 10.9 Lease Agreement, August 24, 1995, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1977 (John Arrillaga Separate Property Trust), as amended, and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1977 (Richard T. Peery Separate Property Trust), as amended(10)

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- 10.10 Amendment No. 6 to Lease, dated July 18, 2001, to Lease Agreement dated August 17, 1990, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1997 (John Arrillaga Survivor s Trust), and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1997 (Richard T. Peery Separate Property Trust), as amended(11)(12)
- 10.11 Amendment No. 4 to Lease, dated July 18, 2001, to Lease Agreement dated June 16, 1992, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1997 (John Arrillaga Survivor s Trust), and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1997 (Richard T. Peery Separate Property Trust), as amended(11)(12)
- 10.12 Amendment No. 3 to Lease, dated July 18, 2001, to Lease Agreement dated June 23, 1993, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1997 (John Arrillaga Survivor s Trust), and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1997 (Richard T. Peery Separate Property Trust), as amended(11)(12)
- 10.13 Amendment No. 1 to Lease, dated July 18, 2001, to Lease Agreement dated August 24, 1995, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1997 (John Arrillaga Survivor s Trust), and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1997 (Richard T. Peery Separate Property Trust), as amended(11)(12)
- 10.14 Lease dated January 2, 1996 between the Company and Tarigo-Paul, a California Limited Partnership(13)
- 10.15 1992 Stock Option Plan, as amended and restated(14)(15)
- 10.16 Employee Stock Purchase Program, as amended(14)(29)
- 10.17 International Employee Stock Purchase Plan, as amended(14)(29)
- 10.18 Synopsys deferred compensation plan dated November 14, 2005(14)(16)
- 10.19 1994 Non-Employee Directors Stock Option Plan, as amended and restated(14)(17)
- 10.20 Form of Executive Employment Agreement dated October 1, 1997(14)(18)
- 10.21 Schedule of Executive Employment Agreements(11)(14)
- 10.22 1998 Nonstatutory Stock Option Plan(14)(19)
- 10.23 Settlement Agreement and General Release by and among Cadence Design Systems, Inc., Joseph Costello, Avant! Corporation LLC, Gerald Hsu, Eric Cheng, Mitsuru Igusa and the Company. effective as of November 13, 2002(20)
- 10.25 Credit Agreement dated October 20, 2006 among the Company, as Borrower, the Several Lenders from Time to Time Parties thereto, BNP Paribas and Wells Fargo Bank, N.A., as Co-Documentation Agents, Bank of America as Syndication Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent(29)
- 10.27 Form of Stock Option Agreement under 1992 Stock Option Plan(14)(21)
- 10.28 Director Compensation Arrangements(14)
- 10.29 2005 Non-Employee Director Equity Incentive Plan, as amended(14)(26)
- 10.30 Synopsys, Inc. 2005 Assumed Stock Option Plan(14)(22)
- 10.31 Executive Operating Plan Incentive(14)(23)
- 10.32 Form of Executive Change of Control Severance Benefit Plan (14)(25)
- 10.33 Form of First Amendment to the Employment Agreements with the Chairman and Chief Executive Officer, and President and Chief Operating Officer(14)(25)
- 10.34 Form of Restricted Stock Purchase Agreement under 2005 Non-Employee Directors Equity Incentive Plan(14)(24)

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10.35 Form of Stock Option Agreement under 2005 Non-Employee Directors Equity Incentive Plan(14)(24)

10.36 2006 Employee Equity Incentive Plan(14)(26)

10.37 Form of Stock Option Agreement under the 2006 Employee Equity Incentive Plan(14)(27)

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- 10.38 Second Amendment to Lease dated August 31, 2006 amending Mary Avenue Industrial Lease between Synopsys and Tarigo-Paul, LLC dated January 2, 1996(28)
 - 10.39 First Amendment to Lease dated July 15, 1996 amending Mary Avenue Industrial Lease between Synopsys and Tarigo-Paul, LLC dated January 2, 1996(28)
 - 10.41 Form of Fiscal 2007 Executive Incentive Plan(14)(30)
 - 10.42 Form of Restricted Stock Unit Agreement under 2006 Employee Equity Incentive Plan(14)(30)
 - 10.43 Fiscal 2006 Executive Incentive Plan(14)(30)
 - 21.1 Subsidiaries of the Company
 - 23.1 Consent of KPMG LLP, Independent Registered Public Accounting Firm
 - 24.1 Power of Attorney (see page 112)
 - 31.1 Certification of Chief Executive Officer furnished pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act
 - 31.2 Certification of Chief Financial Officer furnished pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act
 - 32.1 Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code
-

(1) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended July 31, 2003.

(2) Intentionally omitted.

(3) Incorporated by reference from exhibit to Amendment No. 2 to the Company's Registration Statement on Form 8-A (Commission File No. 000-19807) filed with the Securities and Exchange Commission on April 10, 2000.

(4) Incorporated by reference from exhibit to the Company's Registration Statement on Form S-1 (File No. 33-45138) which became effective February 24, 1992.

(5) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended April 30, 2005.

(6) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended April 30, 2004.

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- (7) Incorporated by reference to exhibit to the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on July 15, 2004.
- (8) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended September 30, 1992.
- (9) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended September 30, 1993.
- (10) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended September 30, 1995.
- (11) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended October 31, 2002.
- (12) Confidential Treatment granted for certain portions of this document.
- (13) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended March 31, 1996.
- (14) Compensatory plan or agreement in which an executive officer or director participates.
- (15) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended October 31, 2001.

(16) Incorporated by reference from exhibit to the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on November 16, 2005.

(17) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended July 31, 2003.

(18) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended January 3, 1998.

(19) Incorporated by reference from exhibit to the Company's Registration Statement on Form S-8 (File No. 333-90643) filed with the Securities and Exchange Commission on November 9, 1999.

(20) Incorporated by reference exhibit to the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on November 19, 2002.

(21) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on January 12, 2005.

(22) Incorporated by reference from the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on September 12, 2005.

(23) Incorporated by reference from the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on December 12, 2005.

(24) Incorporated by reference from the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended January 31, 2006.

(25) Incorporated by reference from the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on March 29, 2006.

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(26) Incorporated by reference from the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on April 27, 2006.

(27) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended April 30, 2006.

(28) Incorporated by reference from the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on September 12, 2006.

(29) Incorporated by reference from the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on October 25, 2006.

(30) Incorporated by reference from the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on December 11, 2006.

(c) Financial Statement Schedules

None.

9

SIGNATURES

Pursuant to the requirements of section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

SYNOPSYS, INC.

Date: March 9, 2007

By: /s/ BRIAN M. BEATTIE
Brian M. Beattie
Chief Financial Officer
(Principal Financial Officer)

EXHIBIT INDEX TO FORM 10-K

| Exhibit Number | Exhibit Description |
|---------------------------|--|
| 3.1 | Amended and Restated Certificate of Incorporation(1) |
| 3.2 | Restated Bylaws of Synopsys, Inc.(22) |
| 4.1 | Amended and Restated Preferred Shares Rights Agreement dated April 7, 2000(3) |
| 4.3 | Specimen Common Stock Certificate(4) |
| 10.1 | Form of Indemnification Agreement for directors and executive officers(5) |
| 10.2 | Director s and Officer s Insurance and Company Reimbursement Policy(4) |
| 10.3 | Lease Agreement, dated August 17, 1990, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1977 (John Arrillaga Separate Property Trust), as amended, and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1977 (Richard T. Peery Separate Property Trust), as amended(4) |
| 10.5 | Synopsys Deferred Compensation Plan as Restated Effective August 1, 2002(6)(14) |
| 10.6 | Settlement Agreement, dated July 8, 2004, by and among the Company, Mountain Acquisition Sub, Inc. and Monolithic System Technology, Inc.(7) |
| 10.7 | Lease Agreement, dated June 16, 1992, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1977 (John Arrillaga Separate Property Trust), as amended, and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1977 (Richard T. Peery Separate Property Trust), as amended(8) |
| 10.8 | Lease Agreement, dated June 23, 1993, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1977 (John Arrillaga Separate Property Trust), as amended, and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1977 (Richard T. Peery Separate Property Trust), as amended(9) |
| 10.9 | Lease Agreement, August 24, 1995, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1977 (John Arrillaga Separate Property Trust), as amended, and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1977 (Richard T. Peery Separate Property Trust), as amended(10) |
| 10.10 | Amendment No. 6 to Lease, dated July 18, 2001, to Lease Agreement dated August 17, 1990, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1997 (John Arrillaga Survivor s Trust), and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1997 (Richard T. Peery Separate Property Trust), as amended(11)(12) |
| 10.11 | Amendment No. 4 to Lease, dated July 18, 2001, to Lease Agreement dated June 16, 1992, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1997 (John Arrillaga Survivor s Trust), and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1997 (Richard T. Peery Separate Property Trust), as amended(11)(12) |
| 10.12 | Amendment No. 3 to Lease, dated July 18, 2001, to Lease Agreement dated June 23, 1993, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1997 (John Arrillaga Survivor s Trust), and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1997 (Richard T. Peery Separate Property Trust), as amended(11)(12) |
| 10.13 | Amendment No. 1 to Lease, dated July 18, 2001, to Lease Agreement dated August 24, 1995, between the Company and John Arrillaga, Trustee, or his successor trustee, UTA dated July 20, 1997 (John Arrillaga Survivor s Trust), and Richard T. Peery, Trustee, or his successor trustee, UTA dated July 20, 1997 (Richard T. Peery Separate Property Trust), as amended(11)(12) |
| 10.14 | Lease dated January 2, 1996 between the Company and Tarigo-Paul, a California Limited Partnership(13) |

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- 10.15 1992 Stock Option Plan, as amended and restated(14)(15)
 - 10.16 Employee Stock Purchase Program, as amended(14)(29)
-

- 10.17 International Employee Stock Purchase Plan, as amended(14)(29)
- 10.18 Synopsys deferred compensation plan dated November 14, 2005(14)(16)
- 10.19 1994 Non-Employee Directors Stock Option Plan, as amended and restated(14)(17)
- 10.20 Form of Executive Employment Agreement dated October 1, 1997(14)(18)
- 10.21 Schedule of Executive Employment Agreements(11)(14)
- 10.22 1998 Nonstatutory Stock Option Plan(14)(19)
- 10.23 Settlement Agreement and General Release by and among Cadence Design Systems, Inc., Joseph Costello, Avant! Corporation LLC, Gerald Hsu, Eric Cheng, Mitsuru Igusa and the Company. effective as of November 13, 2002(20)
- 10.25 Credit Agreement dated October 20, 2006 among the Company, as Borrower, the Several Lenders from Time to Time Parties thereto, BNP Paribas and Wells Fargo Bank, N.A., as Co-Documentation Agents, Bank of America as Syndication Agent, and JPMorgan Chase Bank, N.A., as Administrative Agent(29)
- 10.27 Form of Stock Option Agreement under 1992 Stock Option Plan(14)(21)
- 10.28 Director Compensation Arrangements(14)
- 10.29 2005 Non-Employee Director Equity Incentive Plan, as amended(14)(26)
- 10.30 Synopsys, Inc. 2005 Assumed Stock Option Plan(14)(22)
- 10.31 Executive Operating Plan Incentive(14)(23)
- 10.32 Form of Executive Change of Control Severance Benefit Plan (14)(25)
- 10.33 Form of First Amendment to the Employment Agreements with the Chairman and Chief Executive Officer, and President and Chief Operating Officer(14)(25)
- 10.34 Form of Restricted Stock Purchase Agreement under 2005 Non-Employee Directors Equity Incentive Plan(14)(24)
- 10.35 Form of Stock Option Agreement under 2005 Non-Employee Directors Equity Incentive Plan(14)(24)
- 10.36 2006 Employee Equity Incentive Plan(14)(26)
- 10.37 Form of Stock Option Agreement under the 2006 Employee Equity Incentive Plan(14)(27)
- 10.38 Second Amendment to Lease dated August 31, 2006 amending Mary Avenue Industrial Lease between Synopsys and Tarigo-Paul, LLC dated January 2, 1996(28)
- 10.39 First Amendment to Lease dated July 15, 1996 amending Mary Avenue Industrial Lease between Synopsys and Tarigo-Paul, LLC dated January 2, 1996(28)
- 10.41 Form of Fiscal 2007 Executive Incentive Plan(14)(30)
- 10.42 Form of Restricted Stock Unit Agreement under 2006 Employee Equity Incentive Plan(14)(30)
- 10.43 Fiscal 2006 Executive Incentive Plan(14)(30)
- 21.1 Subsidiaries of the Company
- 23.1 Consent of KPMG LLP, Independent Registered Public Accounting Firm

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- 24.1 Power of Attorney (see page 112)
 - 31.1 Certification of Chief Executive Officer furnished pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act
 - 31.2 Certification of Chief Financial Officer furnished pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act
 - 32.1 Certification of Chief Executive Officer and Chief Financial Officer furnished pursuant to Rule 13a-14(b) or Rule 15d-14(b) of the Exchange Act and Section 1350 of Chapter 63 of Title 18 of the United States Code
-

(1) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended July 31, 2003.

- (2) Intentionally omitted.
- (3) Incorporated by reference from exhibit to Amendment No. 2 to the Company's Registration Statement on Form 8-A (Commission File No. 000-19807) filed with the Securities and Exchange Commission on April 10, 2000.
- (4) Incorporated by reference from exhibit to the Company's Registration Statement on Form S-1 (File No. 33-45138) which became effective February 24, 1992.
- (5) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended April 30, 2005.
- (6) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended April 30, 2004.
- (7) Incorporated by reference to exhibit to the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on July 15, 2004.
- (8) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended September 30, 1992.
- (9) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended September 30, 1993.
- (10) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended September 30, 1995.
- (11) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended October 31, 2002.
- (12) Confidential Treatment granted for certain portions of this document.

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- (13) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended March 31, 1996.
- (14) Compensatory plan or agreement in which an executive officer or director participates.
- (15) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) for the fiscal year ended October 31, 2001.
- (16) Incorporated by reference from exhibit to the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on November 16, 2005.
- (17) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended July 31, 2003.
- (18) Incorporated by reference from exhibit to the Company's Quarterly Report on Form 10-Q (Commission File No. 000-19807) for the quarterly period ended January 3, 1998.
- (19) Incorporated by reference from exhibit to the Company's Registration Statement on Form S-8 (File No. 333-90643) filed with the Securities and Exchange Commission on November 9, 1999.
- (20) Incorporated by reference exhibit to the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on November 19, 2002.
- (21) Incorporated by reference from exhibit to the Company's Annual Report on Form 10-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on January 12, 2005.
- (22) Incorporated by reference from the Company's Current Report on Form 8-K (Commission File No. 000-19807) filed with the Securities and Exchange Commission on September 12, 2005.
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(c) Financial Statement Schedules

None.

EXHIBIT INDEX TO AMENDMENT NO. 1

| Exhibit Number | Exhibit Description |
|---------------------------|---|
| 31.1 | Certification of Chief Executive Officer furnished pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act |
| 31.2 | Certification of Chief Financial Officer furnished pursuant to Rule 13a-14(a) or Rule 15d-14(a) of the Exchange Act |
