



## Virage Logic Acquisition Conference Call Prepared Remarks

Good morning, everyone, and thank you for joining us. With us today are Aart de Geus, chairman and CEO of Synopsys, and Brian Beattie, chief financial officer.

Earlier this morning we issued a press release announcing the signing of a definitive agreement to acquire Virage Logic. The press release is posted on our website at [www.synopsys.com](http://www.synopsys.com).

Before we begin, I'd like to remind everyone that this call will include forward-looking statements, including our expectations about the timing and likelihood of closing of the acquisition, and about the potential benefits of the combination. While these statements represent our best current judgment, our results are subject to many risks and uncertainties that could cause actual results to be materially different than what we expect. In addition to any risks that we highlight during this call, important factors that may affect our future results are described in our Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2010, and in our press release announcing the definitive agreement with Virage, issued today. These items are currently available on our website at [www.synopsys.com](http://www.synopsys.com).

In addition, the information we discuss on this conference call related to our intent to acquire Virage is for informational purposes only. This information is not an offer to buy or the solicitation of an offer to sell any securities. Virage intends to file with the Securities and Exchange Commission preliminary and definitive

proxy statements and other relevant materials in connection with the proposed transaction. Before making any voting or investment decision with respect to the acquisition, investors are urged to read Virage’s proxy statement and the other relevant materials when they become available because they will contain important information about the transaction.

With that, I’ll turn the call over to Aart de Geus.

**Aart de Geus**

Good morning. Thank you for joining us on such short notice, as the news we want to share is important and exciting.

This morning we announced that we have signed a definitive agreement to acquire Virage Logic, a leading provider of semiconductor IP.

We are very pleased to be joining forces with Virage – a company that offers a global presence, considerable engineering talent, and very unique and important technology.

Just a few weeks ago, when we reported our Q2 results, I highlighted our growth and expansion efforts in the Systems space. Our focus is on the intersection of hardware and software, and we offer solutions for customers that range from system-level design of “systems-on-a-chip” – or SoC for short, to embedded software development, hardware/software integration, and system validation.

In other words, the promise of systems-on-a-chip is coming to fruition.

One of the key ingredients to building state-of-the-art SoCs is the use and re-use of design building blocks – also referred to as IP blocks.

As you know, Synopsys has built a high-quality IP business over the last decade,

and many of our customers now rely on our commercial off-the-shelf IP to save both cost and time to create their SoCs.

Virage products provide a perfect complement to the Synopsys interface and analog IP portfolio by adding embedded memories, standard cells, and programmable cores for control and multimedia sub-systems.

Memories, specifically, are a substantial portion of the area of a chip, and moreover, their interaction with the other devices, be they processors, DSPs, GPUs, or interface blocks,

is increasingly crucial in the functionality and performance of entire systems.

In combining the companies, we expect to thus provide a more comprehensive portfolio of high-quality IP, supported by technical experts worldwide.

For our customers, this will enhance their ability to build ever-more-sophisticated systems,

with Synopsys as a partner committed to helping them meet tough market and cost goals, while substantially reducing overall risks of execution.

This acquisition is thus a natural fit with our strategic vision. Being able to proceed with the high-quality Virage team and technology, at exactly the right time, is responsive to our customers' needs and will bring out the best in the joint company.

As you can understand, although we wanted to share our enthusiasm, we have limited ability to comment about our specific plans going forward until the transaction is closed, but let me ask Brian Beattie, our CFO, to at least address some of the financial details of the transaction.

## **Brian Beattie**

Thank you, Aart.

The total value of the transaction is approximately \$315 million, or \$12.00 per Virage share, which we will fund using our U.S. cash.

Net of cash acquired, the total value is approximately \$289 million.

Subject to HSR regulatory review and other customary closing conditions, including Virage shareholder approval, we expect the transaction to close in our fiscal fourth quarter.

Given the timing of anticipated close, we expect the combination to be neutral to 2010 non-GAAP earnings per share, and accretive in 2011.

We will be providing 2011 guidance later in the year, after completing our internal planning and integration processes. But I will remind you that due to the impact of purchase accounting we will assume a haircut to Virage's deferred revenue, which has an impact on reported revenue for the first 12 months.

We look forward to joining forces with Virage, which we believe will benefit customers, employees and shareholders.

With that, I'll turn it over to the operator for questions.