

NEWS RELEASE

Calypto Transitions to Next Stage of Growth with Addition of Tom Sandoval as CEO

SANTA CLARA, Calif. - January 27th, 2006 - Calypto Design Systems Inc., the leader in bridging System and RTL design, announced the addition of Tom Sandoval as chief executive officer. Sandoval, a proven semiconductor business executive, joins the founding team to lead the company as it capitalizes on its early stage success and expands the market presence of its breakthrough integrated circuit (IC) verification products, SLEC RTL and SLEC SYSTEM.

"Calypto has achieved momentum in the market with particularly strong sales in the fourth quarter," stated George Pavlov, Calypto's chairman of the board and general partner at Tallwood Venture Capital. "By combining Tom's experience in successful business management with founder Devadas Varma's vision and EDA experience, the company is well-positioned for the proliferation of its products in the customer base."

The appointment comes at a time when Calypto is gaining significant traction in the market place, adding several new customers in the past quarter. "Calypto has made a dramatic impact on semiconductor development in a relatively short time," stated Sandoval. "The company has successfully introduced a set of unique, industry-leading sequential equivalency

checking products that are directly enabling system-level design, while reducing IC development schedules as well as the cost of developing semiconductor devices."

Mr. Sandoval has over 20 years of sales, marketing and engineering experience in the semiconductor industry. He is a veteran of LSI Logic, where he most recently directed LSI's worldwide ASIC and RapidChip® engineering organization. Mr. Sandoval also served as LSI Logic's Vice President and General Manager of Communications Products where he was responsible for the strategic marketing, definition and development of the company's communications products including IP cores, standard products, and its structured ASIC product.

In addition to assuming the role of chief executive, Mr. Sandoval will also join the board of directors. Devadas Varma, Calypto founder, remains on the board and takes on the role of Chief Strategy Officer responsible for business development and setting strategic direction for the company. "Tom brings a unique business perspective to Calypto," said Devadas Varma, "I look forward to working with Tom to guide Calypto past the traditional boundaries of an EDA startup."

About Calypto

Founded in 2002, Calypto Design Systems, Inc. enables IC design teams to bridge system and RTL for semiconductor design, thereby saving millions of dollars in design costs and silicon re-spins. The company delivers software products to leading edge semiconductor and systems companies worldwide. Calypto is privately held with venture funding from Cipio Partners, JAFCO Ventures, Tallwood Venture Capital and Walden International. The company is a member of the Cadence Connections program, the IEEE-SA, the Open SystemC Initiative

(OSCI), Synopsys SystemVerilog Catalyst Program, and the Mentor Graphics OpenDoor program. More information about the company may be found at www.calypto.com.

###