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Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
March 29, 2014 and December 28, 2013
(In thousands)
(Unaudited)

	March 29, 2014	December 28, 2013
Current assets:		
Cash and cash equivalents	\$ 532,761	\$ 536,260
Short-term investments	97,006	96,788
Receivables, net	106,322	107,624
Inventories	55,605	50,220
2015 notes hedges	369,731	306,817
Prepaid expenses and other	136,300	123,382
Total current assets	1,297,725	1,221,091
Property, plant and equipment, net of accumulated depreciation of \$576,562 and \$568,494, respectively	239,425	238,715
Goodwill	478,990	456,905
Acquired intangibles, net of accumulated amortization of \$107,521 and \$139,820, respectively	316,498	311,693
Long-term receivables	6,193	3,672
Other assets	185,389	196,525
Total assets	\$ 2,524,220	\$ 2,428,601
Current liabilities:		
Convertible notes	\$ 329,058	\$ 324,826
2015 notes embedded conversion derivative	369,731	306,817
Accounts payable and accrued liabilities	189,200	216,594
Current portion of deferred revenue	304,705	299,973
Total current liabilities	1,192,694	1,148,210
Long-term liabilities:		
Long-term portion of deferred revenue	48,299	52,850
Other long-term liabilities	69,025	71,436
Total long-term liabilities	117,324	124,286
Stockholders' equity	1,214,202	1,156,105
Total liabilities and stockholders' equity	\$ 2,524,220	\$ 2,428,601

Cadence Design Systems, Inc.
Trended Condensed Consolidated Balance Sheets
(In thousands)
(Unaudited)

	March 30, 2013	June 29, 2013	September 28, 2013	December 28, 2013	March 29, 2014
Current assets:					
Cash and cash equivalents	\$ 810,152	\$ 577,233	\$ 620,403	\$ 536,260	\$ 532,761
Short-term investments	100,992	101,251	96,019	96,788	97,006
Receivables, net	75,253	92,581	101,896	107,624	106,322
Inventories	37,016	38,705	45,877	50,220	55,605
2015 notes hedges	315,895	335,131	292,511	306,817	369,731
Prepaid expenses and other	122,604	120,598	117,457	123,382	136,300
Total current assets	<u>1,461,912</u>	<u>1,265,499</u>	<u>1,274,163</u>	<u>1,221,091</u>	<u>1,297,725</u>
Property, plant and equipment, net	237,455	243,288	241,965	238,715	239,425
Goodwill	232,608	457,556	456,267	456,905	478,990
Acquired intangibles, net	177,891	337,705	323,807	311,693	316,498
Long-term receivables	3,734	5,929	3,994	3,672	6,193
Other assets	209,663	253,112	257,191	196,525	185,389
Total assets	<u>\$ 2,323,263</u>	<u>\$ 2,563,089</u>	<u>\$ 2,557,387</u>	<u>\$ 2,428,601</u>	<u>\$ 2,524,220</u>
Current liabilities:					
Revolving credit facility	\$ -	\$ 100,000	\$ 50,000	\$ -	\$ -
Convertible notes	452,571	458,179	463,837	324,826	329,058
2015 notes embedded conversion derivative	315,895	335,131	292,511	306,817	369,731
Accounts payable and accrued liabilities	156,606	185,809	193,445	216,594	189,200
Current portion of deferred revenue	285,553	282,784	297,897	299,973	304,705
Total current liabilities	<u>1,210,625</u>	<u>1,361,903</u>	<u>1,297,690</u>	<u>1,148,210</u>	<u>1,192,694</u>
Long-term liabilities:					
Long-term portion of deferred revenue	41,432	43,892	48,229	52,850	48,299
Other long-term liabilities	51,533	117,034	115,262	71,436	69,025
Total long-term liabilities	<u>92,965</u>	<u>160,926</u>	<u>163,491</u>	<u>124,286</u>	<u>117,324</u>
Stockholders' equity:					
Common stock and capital in excess of par value	1,727,901	1,744,261	1,739,677	1,757,242	1,785,069
Treasury stock, at cost	(175,110)	(168,573)	(141,344)	(140,142)	(147,621)
Accumulated deficit	(570,940)	(561,511)	(523,011)	(485,306)	(452,236)
Accumulated other comprehensive income	37,822	26,083	20,884	24,311	28,990
Total stockholders' equity	<u>1,019,673</u>	<u>1,040,260</u>	<u>1,096,206</u>	<u>1,156,105</u>	<u>1,214,202</u>
Total liabilities and stockholders' equity	<u>\$ 2,323,263</u>	<u>\$ 2,563,089</u>	<u>\$ 2,557,387</u>	<u>\$ 2,428,601</u>	<u>\$ 2,524,220</u>

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three Months Ended March 29, 2014 and March 30, 2013
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	March 29, 2014	March 30, 2013
Revenue:		
Product and maintenance	\$ 357,350	\$ 328,271
Services	21,200	25,995
	<u>378,550</u>	<u>354,266</u>
Costs and expenses:		
Cost of product and maintenance	42,197	29,847
Cost of services	14,902	18,344
Marketing and sales	98,323	90,402
Research and development	146,466	124,084
General and administrative	28,744	29,810
Amortization of acquired intangibles	5,210	3,791
Restructuring and other charges (credits)	396	(148)
	<u>336,238</u>	<u>296,130</u>
Income from operations	42,312	58,136
Interest expense	(7,268)	(9,262)
Other income, net	3,382	2,175
	<u>38,426</u>	<u>51,049</u>
Income before provision (benefit) for income taxes	38,426	51,049
Provision (benefit) for income taxes	5,356	(27,560)
	<u>\$ 33,070</u>	<u>\$ 78,609</u>
Net income		
Net income per share - basic	<u>\$ 0.12</u>	<u>\$ 0.29</u>
Net income per share - diluted	<u>\$ 0.11</u>	<u>\$ 0.27</u>
Weighted average common shares outstanding - basic	<u>281,615</u>	<u>274,936</u>
Weighted average common shares outstanding - diluted	<u>301,034</u>	<u>292,151</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Income Statements
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended				
	March 30, 2013	June 29, 2013	September 28, 2013	December 28, 2013	March 29, 2014
Revenue:					
Product and maintenance	\$ 328,271	\$ 337,983	\$ 341,601	\$ 350,079	\$ 357,350
Services	25,995	24,498	25,046	26,643	21,200
Total revenue	<u>354,266</u>	<u>362,481</u>	<u>366,647</u>	<u>376,722</u>	<u>378,550</u>
Costs and expenses:					
Cost of product and maintenance	29,847	28,095	32,546	41,757	42,197
Cost of services	18,344	15,148	17,190	17,274	14,902
Marketing and sales	90,402	95,277	98,094	94,384	98,323
Research and development	124,084	136,395	138,078	135,465	146,466
General and administrative	29,810	34,441	27,582	29,481	28,744
Amortization of acquired intangibles	3,791	5,327	5,141	5,157	5,210
Restructuring and other charges (credits)	(148)	2,656	86	15,405	396
Total costs and expenses	<u>296,130</u>	<u>317,339</u>	<u>318,717</u>	<u>338,923</u>	<u>336,238</u>
Income from operations	58,136	45,142	47,930	37,799	42,312
Interest expense	(9,262)	(9,528)	(9,583)	(9,208)	(7,268)
Other income, net	2,175	2,018	2,535	842	3,382
Income before provision (benefit) for income taxes	51,049	37,632	40,882	29,433	38,426
Provision (benefit) for income taxes	(27,560)	28,203	2,382	(8,272)	5,356
Net income	<u>\$ 78,609</u>	<u>\$ 9,429</u>	<u>\$ 38,500</u>	<u>\$ 37,705</u>	<u>\$ 33,070</u>
Net income per share - basic	<u>\$ 0.29</u>	<u>\$ 0.03</u>	<u>\$ 0.14</u>	<u>\$ 0.13</u>	<u>\$ 0.12</u>
Net income per share - diluted	<u>\$ 0.27</u>	<u>\$ 0.03</u>	<u>\$ 0.13</u>	<u>\$ 0.13</u>	<u>\$ 0.11</u>
Weighted average common shares outstanding - basic	<u>274,936</u>	<u>277,146</u>	<u>278,977</u>	<u>280,083</u>	<u>281,615</u>
Weighted average common shares outstanding - diluted	<u>292,151</u>	<u>294,443</u>	<u>296,958</u>	<u>294,663</u>	<u>301,034</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 29, 2014 and March 30, 2013
(In thousands)
(Unaudited)

	Three Months Ended	
	March 29, 2014	March 30, 2013
Cash and cash equivalents at beginning of period	\$ 536,260	\$ 726,357
Cash flows from operating activities:		
Net income	33,070	78,609
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	26,017	21,682
Amortization of debt discount and fees	4,882	6,281
Stock-based compensation	18,864	13,810
Gain on investments, net	(3,651)	(1,006)
Deferred income taxes	2,245	8,695
Other non-cash items	2,344	(1,007)
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(108)	23,652
Inventories	(9,373)	(979)
Prepaid expenses and other	(9,753)	(1,099)
Other assets	3,157	4,148
Accounts payable and accrued liabilities	(29,680)	(11,003)
Deferred revenue	(5,508)	(16,648)
Other long-term liabilities	(4,408)	(49,799)
Net cash provided by operating activities	<u>28,098</u>	<u>75,336</u>
Cash flows from investing activities:		
Purchases of available-for-sale securities	(47,005)	(24,282)
Proceeds from the sale of available-for-sale securities	32,586	14,985
Proceeds from the maturity of available-for-sale securities	13,905	8,700
Proceeds from the sale of long-term investments	-	6,102
Purchases of property, plant and equipment	(6,252)	(6,569)
Cash paid in business combinations and asset acquisitions, net of cash acquired	(27,422)	(757)
Net cash used for investing activities	<u>(34,188)</u>	<u>(1,821)</u>
Cash flows from financing activities:		
Principal payments on receivable financing	-	(2,526)
Payment of acquisition-related contingent consideration	(1,835)	(582)
Tax effect related to employee stock transactions allocated to equity	1,827	5,276
Proceeds from issuance of common stock	23,377	21,801
Stock received for payment of employee taxes on vesting of restricted stock	(10,981)	(8,775)
Payments for repurchases of common stock	(12,517)	-
Net cash provided by (used for) financing activities	<u>(129)</u>	<u>15,194</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,720</u>	<u>(4,914)</u>
Increase (decrease) in cash and cash equivalents	<u>(3,499)</u>	<u>83,795</u>
Cash and cash equivalents at end of period	<u>\$ 532,761</u>	<u>\$ 810,152</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended March 29, 2014
(In thousands)
(Unaudited)

	Q1 2013	Q2 2013	Q3 2013	Q4 2013	Q1 2014
Cash and cash equivalents at beginning of period	\$ 726,357	\$ 810,152	\$ 577,233	\$ 620,403	\$ 536,260
Cash flows from operating activities:					
Net income	78,609	9,429	38,500	37,705	33,070
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	21,682	25,295	25,704	25,627	26,017
Amortization of debt discount and fees	6,281	6,344	6,477	6,282	4,882
Stock-based compensation	13,810	15,111	18,566	18,798	18,864
Gain on investments, net	(1,006)	(1,471)	(1,558)	(1,276)	(3,651)
Deferred income taxes	8,695	(13,108)	(2,012)	4,059	2,245
Other non-cash items	(1,007)	1,440	1,750	1,749	2,344
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	23,652	(14,933)	(6,527)	(5,801)	(108)
Inventories	(979)	(1,693)	(7,333)	(4,589)	(9,373)
Prepaid expenses and other	(1,099)	27,615	411	3,441	(9,753)
Other assets	4,148	(49,422)	(1,377)	44,121	3,157
Accounts payable and accrued liabilities	(11,003)	21,026	8,254	23,450	(29,680)
Deferred revenue	(16,648)	(7,711)	18,885	7,980	(5,508)
Other long-term liabilities	(49,799)	56,973	(1,530)	(42,382)	(4,408)
Net cash provided by operating activities	<u>75,336</u>	<u>74,895</u>	<u>98,210</u>	<u>119,164</u>	<u>28,098</u>
Cash flows from investing activities:					
Purchases of available-for-sale securities	(24,282)	(39,423)	(20,295)	(27,702)	(47,005)
Proceeds from the sale of available-for-sale securities	14,985	31,872	12,157	18,607	32,586
Proceeds from the maturity of available-for-sale securities	8,700	7,016	14,790	8,200	13,905
Proceeds from the sale of long-term investments	6,102	-	98	34	-
Purchases of property, plant and equipment	(6,569)	(17,170)	(12,211)	(8,979)	(6,252)
Cash paid in business combinations and asset acquisitions, net of cash acquired	(757)	(391,382)	(686)	-	(27,422)
Net cash used for investing activities	<u>(1,821)</u>	<u>(409,087)</u>	<u>(6,147)</u>	<u>(9,840)</u>	<u>(34,188)</u>
Cash flows from financing activities:					
Proceeds from revolving credit facility	-	100,000	-	-	-
Payment on revolving credit facility	-	-	(50,000)	(50,000)	-
Payment of convertible notes	-	-	(78)	(144,561)	-
Principal payments on receivable financing	(2,526)	-	-	-	-
Payment of acquisition-related contingent consideration	(582)	-	(95)	-	(1,835)
Tax effect related to employee stock transactions allocated to equity	5,276	2,024	2,194	(460)	1,827
Proceeds from issuance of common stock	21,801	8,426	10,464	1,966	23,377
Stock received for payment of employee taxes on vesting of restricted stock	(8,775)	(2,983)	(7,703)	(679)	(10,981)
Payments for repurchases of common stock	-	-	-	-	(12,517)
Net cash provided by (used for) financing activities	<u>15,194</u>	<u>107,467</u>	<u>(45,218)</u>	<u>(193,734)</u>	<u>(129)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,914)</u>	<u>(6,194)</u>	<u>(3,675)</u>	<u>267</u>	<u>2,720</u>
Increase (decrease) in cash and cash equivalents	<u>83,795</u>	<u>(232,919)</u>	<u>43,170</u>	<u>(84,143)</u>	<u>(3,499)</u>
Cash and cash equivalents at end of period	<u>\$ 810,152</u>	<u>\$ 577,233</u>	<u>\$ 620,403</u>	<u>\$ 536,260</u>	<u>\$ 532,761</u>

Cadence Design Systems, Inc.
As of April 21, 2014
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
(Unaudited)

	<u>Three Months Ending</u> <u>June 28, 2014</u> <u>Forecast</u>	<u>Year Ending</u> <u>January 3, 2015</u> <u>Forecast</u>
Diluted net income per share on a GAAP basis	\$0.10 to \$0.12	\$0.56 to \$0.66
Amortization of acquired intangibles	0.04	0.17
Stock-based compensation expense	0.06	0.27
Non-qualified deferred compensation expenses	-	0.01
Integration and acquisition-related costs	0.02	0.06
Amortization of debt discount	0.01	0.06
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(0.01)
Income tax effect of non-GAAP adjustments	(0.04)	(0.20)
Diluted net income per share on a non-GAAP basis	<u>\$0.19 to \$0.21</u>	<u>\$0.92 to \$1.02</u>

* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

Cadence Design Systems, Inc.
As of April 21, 2014
Impact of Non-GAAP Adjustments on Forward Looking Net Income
(Unaudited)

(\$ in millions)	<u>Three Months Ending</u> <u>June 28, 2014</u> <u>Forecast</u>	<u>Year Ending</u> <u>January 3, 2015</u> <u>Forecast</u>
Net income on a GAAP basis	\$30 to \$36	\$172 to \$202
Amortization of acquired intangibles	13	52
Stock-based compensation expense	19	83
Non-qualified deferred compensation expenses	-	2
Integration and acquisition-related costs	5	18
Amortization of debt discount	4	18
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(4)
Income tax effect of non-GAAP adjustments	(14)	(62)
Net income on a non-GAAP basis	<u>\$57 to \$63</u>	<u>\$279 to \$309</u>

* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

Cadence Design Systems, Inc.
Reconciliation of GAAP Net Income to Non-GAAP Net Income
For the Three Months Ended March 29, 2014 and March 30, 2013
(Unaudited)

(In thousands)	Three Months Ended	
	March 29, 2014	March 30, 2013
Net income on a GAAP basis	\$ 33,070	\$ 78,609
Amortization of acquired intangibles*	12,786	7,598
Stock-based compensation expense**	18,864	13,810
Non-qualified deferred compensation expenses***	2,063	152
Restructuring and other charges (credits)	396	(148)
Integration and acquisition-related costs****	7,118	4,935
Amortization of debt discount	4,209	5,536
Other income or expense related to investments and non-qualified deferred compensation plan assets †	(3,609)	(990)
Income tax benefit due to a release of an uncertain tax position	-	(33,719)
Income tax effect of non-GAAP adjustments	(15,510)	(15,146)
Net income on a non-GAAP basis	\$ 59,387	\$ 60,637

† Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

* Total amortization of acquired intangibles is reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	March 29, 2014	March 30, 2013
Cost of product and maintenance	\$ 7,576	\$ 3,807
Amortization of acquired intangibles	5,210	3,791
Total amortization of acquired intangibles	\$ 12,786	\$ 7,598

** Total stock-based compensation expense is reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	March 29, 2014	March 30, 2013
Cost of product and maintenance	\$ 482	\$ 364
Cost of services	703	525
Marketing and sales	4,596	3,018
Research and development	9,667	6,553
General and administrative	3,416	3,350
Total stock-based compensation expense	\$ 18,864	\$ 13,810

*** Cadence records operating expenses (credits) related to its non-qualified deferred compensation plan assets as those assets increase or decrease in value. An offsetting gain or loss is recorded in other income or expense, such that the net impact on Cadence's net income is not significant. The operating expenses (credits) are reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	March 29, 2014	March 30, 2013
Cost of product and maintenance	\$ 24	\$ 4
Cost of services	36	5
Marketing and sales	111	22
Research and development	1,123	78
General and administrative	769	43
Total non-qualified deferred compensation expenses	\$ 2,063	\$ 152

**** Total integration and acquisition-related costs are reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	March 29, 2014	March 30, 2013
Marketing and sales	\$ 988	\$ 64
Research and development	4,961	1,297
General and administrative	1,169	3,574
Total integration and acquisition-related costs	\$ 7,118	\$ 4,935

Cadence Design Systems, Inc.
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share
For the Three Months Ended March 29, 2014, December 28, 2013 and March 30, 2013
(Unaudited)

(In thousands, except per share data)	Three Months Ended		
	March 29, 2014	December 28, 2013	March 30, 2013
Diluted net income per share on a GAAP basis	\$ 0.11	\$ 0.13	\$ 0.27
Amortization of acquired intangibles	0.04	0.04	0.03
Stock-based compensation expense	0.06	0.06	0.05
Non-qualified deferred compensation expenses	0.01	0.01	-
Restructuring and other charges (credits)	-	0.05	-
Integration and acquisition-related costs	0.02	0.03	0.02
Executive severance costs	-	-	-
Amortization of debt discount	0.02	0.02	0.02
Other income or expense related to investments and non-qualified deferred compensation plan assets *	(0.01)	-	(0.01)
Income tax benefit due to a release of an uncertain tax position	-	-	(0.12)
Income tax effect of non-GAAP adjustments	(0.05)	(0.11)	(0.05)
Diluted net income per share on a non-GAAP basis	<u>\$ 0.20</u>	<u>\$ 0.23</u>	<u>\$ 0.21</u>
Shares used in calculation of diluted net income per share - GAAP **	301,034	294,663	292,151
Shares used in calculation of diluted net income per share - non-GAAP **	301,034	294,663	292,151

* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

** Shares used in the calculation of GAAP net income per share are expected to be the same as shares used in the calculation of non-GAAP net income per share, except when the company reports a GAAP net loss and non-GAAP net income, or GAAP net income and a non-GAAP net loss.

Cadence Design Systems, Inc.
Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
(Unaudited)

	Three Months Ended March 29, 2014	Three Months Ended December 28, 2013	Three Months Ended March 30, 2013
	Actual	Actual	Actual
	(In thousands)	(In thousands)	(In thousands)
GAAP total costs and expenses	\$ 336,238	\$ 338,923	\$ 296,130
Reconciling items to non-GAAP total costs and expenses			
Amortization of acquired intangibles	(12,786)	(12,422)	(7,598)
Stock-based compensation expense	(18,864)	(18,798)	(13,810)
Non-qualified deferred compensation expenses	(2,063)	(1,256)	(152)
Restructuring and other (charges) credits	(396)	(15,405)	148
Integration and acquisition-related costs	(7,118)	(8,903)	(4,935)
Executive severance costs	-	(216)	-
Non-GAAP total costs and expenses	<u>\$ 295,011</u>	<u>\$ 281,923</u>	<u>\$ 269,783</u>

	Three Months Ended March 29, 2014	Three Months Ended December 28, 2013	Three Months Ended March 30, 2013	Three Months Ending June 28, 2014	Year Ending January 3, 2015
	Actual	Actual	Actual	Forecast	Forecast
GAAP operating margin as a percent of total revenue	11%	10%	16%	12%	16%
Reconciling items to non-GAAP operating margin as a percent of total revenue					
Amortization of acquired intangibles	3%	3%	2%	4%	4%
Stock-based compensation expense	5%	5%	4%	5%	5%
Non-qualified deferred compensation expenses	1%	0%	0%	0%	0%
Restructuring and other charges (credits)	0%	4%	0%	0%	0%
Integration and acquisition-related costs	2%	3%	2%	1%	1%
Executive severance costs	0%	0%	0%	0%	0%
Non-GAAP operating margin as a percent of total revenue	<u>22%</u>	<u>25%</u>	<u>24%</u>	<u>22%</u>	<u>26%</u>

	Year Ending January 3, 2015
	Forecast
(In millions)	
GAAP total other income (expense), net	\$(29) to \$(23)
Reconciling items to non-GAAP total other income (expense), net	
Other income or expense related to investments and non-qualified deferred compensation plan assets*	(4)
Amortization of debt discount	18
Non-GAAP total other income (expense), net	<u>\$(15) to \$(9)</u>

* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

<u>GEOGRAPHY</u>	2013					2014
	Q1	Q2	Q3	Q4	Year	Q1
Americas	44%	45%	48%	47%	46%	45%
Europe, Middle East and Africa	22%	21%	20%	20%	21%	20%
Japan	15%	13%	12%	14%	13%	12%
Asia	19%	21%	20%	19%	20%	23%
Total	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Group (% of Total Revenue)

<u>PRODUCT GROUP</u>	2013					2014
	Q1	Q2	Q3	Q4	Year	Q1
Functional Verification, including Emulation Hardware	22%	22%	24%	25%	23%	23%
Digital IC Design and Signoff	33%	31%	29%	29%	30%	30%
Custom IC Design	28%	28%	28%	26%	27%	27%
System Interconnect and Analysis	10%	11%	10%	10%	11%	10%
IP	7%	8%	9%	10%	9%	10%
Total	100%	100%	100%	100%	100%	100%

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Three Months Ended March 29, 2014
(In thousands)
(Unaudited)

	Three Months Ended March 29, 2014		
	GAAP	Adjustments	Non-GAAP
Revenue:			
Product and maintenance	\$ 357,350	\$ -	\$ 357,350
Services	21,200	-	21,200
Total revenue	378,550	-	378,550
Costs and expenses:			
Cost of product and maintenance	42,197	(8,082) (A)	34,115
Cost of services	14,902	(739) (A)	14,163
Marketing and sales	98,323	(5,695) (A)	92,628
Research and development	146,466	(15,751) (A)	130,715
General and administrative	28,744	(5,354) (A)	23,390
Amortization of acquired intangibles	5,210	(5,210) (A)	-
Restructuring and other charges	396	(396)	-
Total costs and expenses	336,238	(41,227)	295,011
Income from operations	42,312	41,227	83,539
Interest expense	(7,268)	4,209 (B)	(3,059)
Other income (expense), net	3,382	(3,609) (C)	(227)
Income before provision for income taxes	38,426	41,827	80,253
Provision for income taxes	5,356	15,510 (D)	20,866
Net income	\$ 33,070	\$ 26,317	\$ 59,387

Notes:

(A) For the three months ended March 29, 2014 adjustments to GAAP are as follows for the line items specified:

	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation expenses	Integration and acquisition- related costs	Total adjustments
Cost of product and maintenance	\$ 7,576	\$ 482	\$ 24	\$ -	\$ 8,082
Cost of services	-	703	36	-	739
Marketing and sales	-	4,596	111	988	5,695
Research and development	-	9,667	1,123	4,961	15,751
General and administrative	-	3,416	769	1,169	5,354
Amortization of acquired intangibles	5,210	-	-	-	5,210
Total	\$ 12,786	\$ 18,864	\$ 2,063	\$ 7,118	\$ 40,831

(B) Amortization of debt discount related to convertible notes

(C) Other income or expense related to investments and non-qualified deferred compensation plan assets

(D) Income tax effect of non-GAAP adjustments

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Three Months Ended March 30, 2013
(In thousands)
(Unaudited)

	Three Months Ended March 30, 2013		
	GAAP	Adjustments	Non-GAAP
Revenue:			
Product and maintenance	\$ 328,271	\$ -	\$ 328,271
Services	25,995	-	25,995
Total revenue	354,266	-	354,266
Costs and expenses:			
Cost of product and maintenance	29,847	(4,175) (E)	25,672
Cost of services	18,344	(530) (E)	17,814
Marketing and sales	90,402	(3,104) (E)	87,298
Research and development	124,084	(7,928) (E)	116,156
General and administrative	29,810	(6,967) (E)	22,843
Amortization of acquired intangibles	3,791	(3,791) (E)	-
Restructuring and other charges (credits)	(148)	148	-
Total costs and expenses	296,130	(26,347)	269,783
Income from operations	58,136	26,347	84,483
Interest expense	(9,262)	5,536 (F)	(3,726)
Other income, net	2,175	(990) (G)	1,185
Income before provision (benefit) for income taxes	51,049	30,893	81,942
Provision (benefit) for income taxes	(27,560)	48,865 (H)	21,305
Net income	\$ 78,609	\$ (17,972)	\$ 60,637

Notes:

(E) For the three months ended March 30, 2013 adjustments to GAAP are as follows for the line items specified:

	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation expenses	Integration and acquisition- related costs	Total adjustments
Cost of product and maintenance	\$ 3,807	\$ 364	\$ 4	\$ -	\$ 4,175
Cost of services	-	525	5	-	530
Marketing and sales	-	3,018	22	64	3,104
Research and development	-	6,553	78	1,297	7,928
General and administrative	-	3,350	43	3,574	6,967
Amortization of acquired intangibles	3,791	-	-	-	3,791
Total	\$ 7,598	\$ 13,810	\$ 152	\$ 4,935	\$ 26,495

(F) Amortization of debt discount related to convertible notes

(G) Other income or expense related to investments and non-qualified deferred compensation plan assets

(H) Income tax benefit due to a release of an uncertain tax position \$33,719 and income tax effect of non-GAAP adjustments \$15,146