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Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
April 4, 2015 and January 3, 2015
(In thousands)
(Unaudited)

	April 4, 2015	January 3, 2015
Current assets:		
Cash and cash equivalents	\$ 887,736	\$ 932,161
Short-term investments	92,640	90,445
Receivables, net	133,924	122,492
Inventories	54,450	56,394
2015 notes hedges	429,847	523,930
Prepaid expenses and other	135,047	126,313
Total current assets	1,733,644	1,851,735
Property, plant and equipment, net of accumulated depreciation of \$560,774 and \$552,551, respectively	225,556	230,112
Goodwill	553,942	553,767
Acquired intangibles, net of accumulated amortization of \$169,013 and \$154,814, respectively	344,450	360,932
Long-term receivables	3,619	3,644
Other assets	201,354	209,366
Total assets	\$ 3,062,565	\$ 3,209,556
Current liabilities:		
Convertible notes	\$ 293,667	\$ 342,499
2015 notes embedded conversion derivative	429,847	523,930
Accounts payable and accrued liabilities	178,474	225,375
Current portion of deferred revenue	324,448	301,287
Total current liabilities	1,226,436	1,393,091
Long-term liabilities:		
Long-term portion of deferred revenue	48,418	54,726
Long-term debt	348,705	348,676
Other long-term liabilities	75,816	79,489
Total long-term liabilities	472,939	482,891
Stockholders' equity	1,363,190	1,333,574
Total liabilities and stockholders' equity	\$ 3,062,565	\$ 3,209,556

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

	March 29, 2014	June 28, 2014	September 27, 2014	January 3, 2015	April 4, 2015
Current assets:					
Cash and cash equivalents	\$ 532,761	\$ 557,416	\$ 500,483	\$ 932,161	\$ 887,736
Short-term investments	97,006	97,910	94,970	90,445	92,640
Receivables, net	106,322	101,924	107,634	122,492	133,924
Inventories	55,605	58,311	61,096	56,394	54,450
2015 notes hedges	369,731	455,844	452,498	523,930	429,847
Prepaid expenses and other	136,300	143,314	134,929	126,313	135,047
Total current assets	<u>1,297,725</u>	<u>1,414,719</u>	<u>1,351,610</u>	<u>1,851,735</u>	<u>1,733,644</u>
Property, plant and equipment, net	239,425	239,314	231,337	230,112	225,556
Goodwill	478,990	559,957	557,252	553,767	553,942
Acquired intangibles, net	316,498	395,430	378,827	360,932	344,450
Long-term receivables	6,193	5,611	4,957	3,644	3,619
Other assets	185,389	170,802	181,958	209,366	201,354
Total assets	<u>\$ 2,524,220</u>	<u>\$ 2,785,833</u>	<u>\$ 2,705,941</u>	<u>\$ 3,209,556</u>	<u>\$ 3,062,565</u>
Current liabilities:					
Revolving credit facility	\$ -	\$ 100,000	\$ -	\$ -	\$ -
Convertible notes	329,058	333,333	337,711	342,499	293,667
2015 notes embedded conversion derivative	369,731	455,844	452,498	523,930	429,847
Accounts payable and accrued liabilities	189,200	216,959	205,647	225,375	178,474
Current portion of deferred revenue	304,705	301,911	300,188	301,287	324,448
Total current liabilities	<u>1,192,694</u>	<u>1,408,047</u>	<u>1,296,044</u>	<u>1,393,091</u>	<u>1,226,436</u>
Long-term liabilities:					
Long-term portion of deferred revenue	48,299	46,800	42,873	54,726	48,418
Long-term debt	-	-	-	348,676	348,705
Other long-term liabilities	69,025	70,502	82,297	79,489	75,816
Total long-term liabilities	<u>117,324</u>	<u>117,302</u>	<u>125,170</u>	<u>482,891</u>	<u>472,939</u>
Stockholders' equity:					
Common stock and capital in excess of par value	1,785,069	1,812,175	1,820,332	1,851,427	1,869,104
Treasury stock, at cost	(147,621)	(154,839)	(169,511)	(203,792)	(219,578)
Accumulated deficit	(452,236)	(428,973)	(391,438)	(326,408)	(290,149)
Accumulated other comprehensive income	28,990	32,121	25,344	12,347	3,813
Total stockholders' equity	<u>1,214,202</u>	<u>1,260,484</u>	<u>1,284,727</u>	<u>1,333,574</u>	<u>1,363,190</u>
Total liabilities and stockholders' equity	<u>\$ 2,524,220</u>	<u>\$ 2,785,833</u>	<u>\$ 2,705,941</u>	<u>\$ 3,209,556</u>	<u>\$ 3,062,565</u>

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three Months Ended April 4, 2015 and March 29, 2014
(In thousands, except per share amounts)
(Unaudited)

	<u>Three Months Ended</u>	
	<u>April 4, 2015</u>	<u>March 29, 2014</u>
Revenue:		
Product and maintenance	\$ 383,637	\$ 357,350
Services	27,729	21,200
	<u>411,366</u>	<u>378,550</u>
Costs and expenses:		
Cost of product and maintenance	42,059	42,197
Cost of services	18,526	14,902
Marketing and sales	100,268	98,323
Research and development	162,996	146,466
General and administrative	27,642	28,744
Amortization of acquired intangibles	6,231	5,210
Restructuring and other charges	4,359	396
	<u>362,081</u>	<u>336,238</u>
Income from operations	49,285	42,312
Interest expense	(11,754)	(7,268)
Other income, net	4,781	3,382
	<u>42,312</u>	<u>38,426</u>
Income before provision for income taxes	42,312	38,426
Provision for income taxes	6,053	5,356
	<u>36,259</u>	<u>33,070</u>
Net income	<u>\$ 36,259</u>	<u>\$ 33,070</u>
Net income per share - basic	<u>\$ 0.13</u>	<u>\$ 0.12</u>
Net income per share - diluted	<u>\$ 0.12</u>	<u>\$ 0.11</u>
Weighted average common shares outstanding - basic	<u>284,523</u>	<u>281,615</u>
Weighted average common shares outstanding - diluted	<u>311,847</u>	<u>301,034</u>

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

	Three Months Ended				
	March 29, 2014	June 28, 2014	September 27, 2014	January 3, 2015	April 4, 2015
Revenue:					
Product and maintenance	\$ 357,350	\$ 354,468	\$ 374,110	\$ 393,223	\$ 383,637
Services	21,200	24,320	26,386	29,875	27,729
Total revenue	378,550	378,788	400,496	423,098	411,366
Costs and expenses:					
Cost of product and maintenance	42,197	37,707	36,954	39,475	42,059
Cost of services	14,902	16,706	17,125	18,640	18,526
Marketing and sales	98,323	98,611	100,387	102,367	100,268
Research and development	146,466	152,672	148,744	155,124	162,996
General and administrative	28,744	32,042	25,894	26,939	27,642
Amortization of acquired intangibles	5,210	5,579	6,316	6,912	6,231
Restructuring and other charges (credits)	396	(26)	11,027	(1,145)	4,359
Total costs and expenses	336,238	343,291	346,447	348,312	362,081
Income from operations	42,312	35,497	54,049	74,786	49,285
Interest expense	(7,268)	(7,369)	(7,523)	(11,961)	(11,754)
Other income (expense), net	3,382	1,635	(417)	3,879	4,781
Income before provision for income taxes	38,426	29,763	46,109	66,704	42,312
Provision for income taxes	5,356	6,500	8,574	1,674	6,053
Net income	\$ 33,070	\$ 23,263	\$ 37,535	\$ 65,030	\$ 36,259
Net income per share - basic	\$ 0.12	\$ 0.08	\$ 0.13	\$ 0.23	\$ 0.13
Net income per share - diluted	\$ 0.11	\$ 0.08	\$ 0.12	\$ 0.21	\$ 0.12
Weighted average common shares outstanding - basic	281,615	283,344	284,462	283,928	284,523
Weighted average common shares outstanding - diluted	301,034	305,755	309,995	310,273	311,847

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended April 4, 2015 and March 29, 2014
(In thousands)
(Unaudited)

	Three Months Ended	
	April 4, 2015	March 29, 2014
Cash and cash equivalents at beginning of period	\$ 932,161	\$ 536,260
Cash flows from operating activities:		
Net income	36,259	33,070
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	29,433	26,017
Amortization of debt discount and fees	5,945	4,882
Stock-based compensation	21,861	18,864
Gain on investments, net	(1,270)	(3,651)
Deferred income taxes	1,864	2,245
Other non-cash items	929	2,344
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(12,450)	(108)
Inventories	1,682	(9,373)
Prepaid expenses and other	(10,004)	(9,753)
Other assets	3,627	3,157
Accounts payable and accrued liabilities	(44,754)	(29,680)
Deferred revenue	16,812	(5,508)
Other long-term liabilities	(3,246)	(4,408)
Net cash provided by operating activities	<u>46,688</u>	<u>28,098</u>
Cash flows from investing activities:		
Purchases of available-for-sale securities	(33,161)	(47,005)
Proceeds from the sale of available-for-sale securities	20,551	32,586
Proceeds from the maturity of available-for-sale securities	10,350	13,905
Proceeds from the sale of long-term investments	1,364	-
Purchases of property, plant and equipment	(7,520)	(6,252)
Cash paid in business combinations and asset acquisitions, net of cash acquired	-	(27,422)
Net cash used for investing activities	<u>(8,416)</u>	<u>(34,188)</u>
Cash flows from financing activities:		
Payment of convertible notes	(53,862)	-
Payment of convertible notes embedded conversion derivative liability	(77,139)	-
Proceeds from convertible notes hedges	77,139	-
Payment of acquisition-related contingent consideration	-	(1,835)
Tax effect related to employee stock transactions allocated to equity	6,482	1,827
Proceeds from issuance of common stock	24,609	23,377
Stock received for payment of employee taxes on vesting of restricted stock	(14,114)	(10,981)
Payments for repurchases of common stock	(36,797)	(12,517)
Net cash used for financing activities	<u>(73,682)</u>	<u>(129)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(9,015)</u>	<u>2,720</u>
Decrease in cash and cash equivalents	<u>(44,425)</u>	<u>(3,499)</u>
Cash and cash equivalents at end of period	<u>\$ 887,736</u>	<u>\$ 532,761</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended April 4, 2015
(In thousands)
(Unaudited)

	Q1 2014	Q2 2014	Q3 2014	Q4 2014	Q1 2015
Cash and cash equivalents at beginning of period	\$ 536,260	\$ 532,761	\$ 557,416	\$ 500,483	\$ 932,161
Cash flows from operating activities:					
Net income	33,070	23,263	37,535	65,030	36,259
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	26,017	27,592	30,687	31,338	29,433
Amortization of debt discount and fees	4,882	4,932	5,049	5,666	5,945
Stock-based compensation	18,864	19,077	22,877	22,974	21,861
(Gain) loss on investments, net	(3,651)	(1,477)	1,926	(1,505)	(1,270)
Deferred income taxes	2,245	2,533	14,185	(6,485)	1,864
Other non-cash items	2,344	1,350	2,527	633	929
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	(108)	5,444	(7,194)	(16,067)	(12,450)
Inventories	(9,373)	(2,893)	(3,530)	4,088	1,682
Prepaid expenses and other	(9,753)	(3,849)	13,594	(2,493)	(10,004)
Other assets	3,157	(4,430)	(36,968)	(3,940)	3,627
Accounts payable and accrued liabilities	(29,680)	16,130	(2,073)	19,479	(44,754)
Deferred revenue	(5,508)	(18,232)	(3,491)	15,371	16,812
Other long-term liabilities	(4,408)	(575)	12,568	(2,022)	(3,246)
Net cash provided by operating activities	<u>28,098</u>	<u>68,865</u>	<u>87,692</u>	<u>132,067</u>	<u>46,688</u>
Cash flows from investing activities:					
Purchases of available-for-sale securities	(47,005)	(30,485)	(20,902)	(25,773)	(33,161)
Proceeds from the sale of available-for-sale securities	32,586	22,015	15,311	15,472	20,551
Proceeds from the maturity of available-for-sale securities	13,905	9,894	8,603	14,210	10,350
Proceeds from the sale of long-term investments	-	-	-	1,085	1,364
Purchases of property, plant and equipment	(6,252)	(11,463)	(10,243)	(11,852)	(7,520)
Cash paid in business combinations and asset acquisitions, net of cash acquired	(27,422)	(136,263)	(3,563)	127	-
Net cash used for investing activities	<u>(34,188)</u>	<u>(146,302)</u>	<u>(10,794)</u>	<u>(6,731)</u>	<u>(8,416)</u>
Cash flows from financing activities:					
Proceeds from issuance of debt	-	-	-	348,649	-
Proceeds from revolving credit facility	-	100,000	-	-	-
Payment on revolving credit facility	-	-	(100,000)	-	-
Payment of convertible notes	-	-	(1)	-	(53,862)
Payment of convertible notes embedded conversion derivative liability	-	-	(1)	-	(77,139)
Proceeds from convertible notes hedges	-	-	1	-	77,139
Payment of debt issuance costs	-	-	(322)	(6,178)	-
Payment of acquisition-related contingent consideration	(1,835)	-	-	-	-
Tax effect related to employee stock transactions allocated to equity	1,827	815	3,144	1,797	6,482
Proceeds from issuance of common stock	23,377	13,105	18,235	11,196	24,609
Stock received for payment of employee taxes on vesting of restricted stock	(10,981)	(1,311)	(11,356)	(1,079)	(14,114)
Payments for repurchases of common stock	(12,517)	(12,515)	(37,543)	(37,542)	(36,797)
Net cash provided by (used for) financing activities	<u>(129)</u>	<u>100,094</u>	<u>(127,843)</u>	<u>316,843</u>	<u>(73,682)</u>
Effect of exchange rate changes on cash and cash equivalents	<u>2,720</u>	<u>1,998</u>	<u>(5,988)</u>	<u>(10,501)</u>	<u>(9,015)</u>
Increase (decrease) in cash and cash equivalents	<u>(3,499)</u>	<u>24,655</u>	<u>(56,933)</u>	<u>431,678</u>	<u>(44,425)</u>
Cash and cash equivalents at end of period	<u>\$ 532,761</u>	<u>\$ 557,416</u>	<u>\$ 500,483</u>	<u>\$ 932,161</u>	<u>\$ 887,736</u>

Cadence Design Systems, Inc.
As of April 27, 2015
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
(Unaudited)

	Three Months Ending July 4, 2015 Forecast	Year Ending January 2, 2016 Forecast
Diluted net income per share on a GAAP basis	\$0.14 to \$0.16	\$0.60 to \$0.70
Amortization of acquired intangibles	0.05	0.20
Stock-based compensation expense	0.07	0.30
Non-qualified deferred compensation expenses	-	-
Restructuring and other charges	-	0.01
Acquisition and integration-related costs	0.01	0.03
Amortization of debt discount on convertible notes	0.01	0.02
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	-
Income tax effect of non-GAAP adjustments	(0.05)	(0.20)
Diluted net income per share on a non-GAAP basis	<u>\$0.23 to \$0.25</u>	<u>\$0.96 to \$1.06</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 27, 2015
Impact of Non-GAAP Adjustments on Forward Looking Net Income
(Unaudited)

(\$ in millions)	Three Months Ending July 4, 2015 Forecast	Year Ending January 2, 2016 Forecast
Net income on a GAAP basis	\$45 to \$51	\$186 to \$218
Amortization of acquired intangibles	16	64
Stock-based compensation expense	23	95
Non-qualified deferred compensation expenses	-	1
Restructuring and other charges	-	4
Acquisition and integration-related costs	2	8
Amortization of debt discount on convertible notes	2	7
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(1)
Income tax effect of non-GAAP adjustments	(15)	(64)
Net income on a non-GAAP basis	<u>\$73 to \$79</u>	<u>\$300 to \$332</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 April 4, 2015 and March 29, 2014
(Unaudited)

(In thousands)	Three Months Ended	
	April 4, 2015	March 29, 2014
Net income on a GAAP basis	\$ 36,259	\$ 33,070
Amortization of acquired intangibles*	16,404	12,786
Stock-based compensation expense**	21,861	18,864
Non-qualified deferred compensation expenses***	527	2,063
Restructuring and other charges	4,359	396
Acquisition and integration-related costs****	3,750	7,118
Amortization of debt discount on convertible notes	5,026	4,209
Other income or expense related to investments and non-qualified deferred compensation plan assets †	(1,263)	(3,609)
Income tax effect of non-GAAP adjustments	(15,331)	(15,510)
Net income on a non-GAAP basis	<u>\$ 71,592</u>	<u>\$ 59,387</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.

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

(In thousands)	Three Months Ended	
	April 4, 2015	March 29, 2014
Cost of product and maintenance	\$ 10,173	\$ 7,576
Amortization of acquired intangibles	6,231	5,210
Total amortization of acquired intangibles	<u>\$ 16,404</u>	<u>\$ 12,786</u>

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

(In thousands)	Three Months Ended	
	April 4, 2015	March 29, 2014
Cost of product and maintenance	\$ 569	\$ 482
Cost of services	832	703
Marketing and sales	5,447	4,596
Research and development	11,377	9,667
General and administrative	3,636	3,416
Total stock-based compensation expense	<u>\$ 21,861</u>	<u>\$ 18,864</u>

***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	
	April 4, 2015	March 29, 2014
Cost of product and maintenance	\$ 4	\$ 24
Cost of services	6	36
Marketing and sales	34	111
Research and development	362	1,123
General and administrative	121	769
Total non-qualified deferred compensation expenses	<u>\$ 527</u>	<u>\$ 2,063</u>

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

(In thousands)	Three Months Ended	
	April 4, 2015	March 29, 2014
Marketing and sales	\$ 275	\$ 988
Research and development	3,414	4,961
General and administrative	61	1,169
Total acquisition and integration-related costs	<u>\$ 3,750</u>	<u>\$ 7,118</u>

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 April 4, 2015, January 3, 2015, and March 29, 2014
(Unaudited)

(In thousands, except per share data)	Three Months Ended		
	April 4, 2015	January 3, 2015	March 29, 2014
Diluted net income per share on a GAAP basis	\$ 0.12	\$ 0.21	\$ 0.11
Amortization of acquired intangibles	0.05	0.06	0.04
Stock-based compensation expense	0.07	0.07	0.06
Non-qualified deferred compensation expenses	-	-	0.01
Restructuring and other charges (credits)	0.01	-	-
Acquisition and integration-related costs	0.01	0.01	0.02
Amortization of debt discount on convertible notes	0.02	0.01	0.02
Other income or expense related to investments and non-qualified deferred compensation plan assets *	-	-	(0.01)
Income tax effect of non-GAAP adjustments	(0.05)	(0.09)	(0.05)
Diluted net income per share on a non-GAAP basis	\$ 0.23	\$ 0.27	\$ 0.20
Shares used in calculation of diluted net income per share - GAAP **	311,847	310,273	301,034
Shares used in calculation of diluted net income per share - non-GAAP **	311,847	310,273	301,034

* 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)

	<u>Three Months Ended</u> <u>April 4, 2015</u>	<u>Three Months Ended</u> <u>January 3, 2015</u>	<u>Three Months Ended</u> <u>March 29, 2014</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>
	<u>(In thousands)</u>	<u>(In thousands)</u>	<u>(In thousands)</u>
GAAP total costs and expenses	\$ 362,081	\$ 348,312	\$ 336,238
Reconciling items to non-GAAP total costs and expenses			
Amortization of acquired intangibles	(16,404)	(17,559)	(12,786)
Stock-based compensation expense	(21,861)	(22,974)	(18,864)
Non-qualified deferred compensation expenses	(527)	(409)	(2,063)
Restructuring and other (charges) credits	(4,359)	1,145	(396)
Acquisition and integration-related costs	(3,750)	(4,280)	(7,118)
Non-GAAP total costs and expenses	<u>\$ 315,180</u>	<u>\$ 304,235</u>	<u>\$ 295,011</u>

	<u>Three Months Ended</u> <u>April 4, 2015</u>	<u>Three Months Ended</u> <u>January 3, 2015</u>	<u>Three Months Ended</u> <u>March 29, 2014</u>	<u>Three Months Ending</u> <u>July 4, 2015</u>	<u>Year Ending</u> <u>January 2, 2016</u>
	<u>Actual</u>	<u>Actual</u>	<u>Actual</u>	<u>Forecast</u>	<u>Forecast</u>
GAAP operating margin as a percent of total revenue	12%	18%	11%	15%	15%
Reconciling items to non-GAAP operating margin as a percent of total revenue					
Amortization of acquired intangibles	4%	4%	3%	4%	4%
Stock-based compensation expense	5%	5%	5%	6%	6%
Non-qualified deferred compensation expenses	0%	0%	1%	0%	0%
Restructuring and other charges (credits)	1%	0%	0%	0%	0%
Acquisition and integration-related costs	1%	1%	2%	0%	0%
Non-GAAP operating margin as a percent of total revenue	<u>23%</u>	<u>28%</u>	<u>22%</u>	<u>25%</u>	<u>25%</u>

	<u>Year Ending</u> <u>January 2, 2016</u>
(In millions)	<u>Forecast</u>
GAAP total other income (expense), net	\$(26) to \$(20)
Reconciling items to non-GAAP total other income (expense), net	
Other income or expense related to investments and non-qualified deferred compensation plan assets*	(1)
Amortization of debt discount on convertible notes	7
Non-GAAP total other income (expense), net	<u>\$(20) to \$(14)</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>	2014					2015
	Q1	Q2	Q3	Q4	Year	Q1
Americas	45%	44%	46%	47%	45%	47%
Asia	23%	23%	22%	22%	23%	24%
Europe, Middle East and Africa	20%	22%	21%	21%	21%	19%
Japan	12%	11%	11%	10%	11%	10%
Total	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Group (% of Total Revenue)

<u>PRODUCT GROUP</u>	2014					2015
	Q1	Q2	Q3	Q4	Year	Q1
Functional Verification, including Emulation Hardware	23%	21%	23%	21%	22%	23%
Digital IC Design and Signoff	30%	30%	29%	28%	29%	28%
Custom IC Design	27%	28%	27%	28%	27%	27%
System Interconnect and Analysis	10%	11%	10%	11%	11%	11%
IP	10%	10%	11%	12%	11%	11%
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 April 4, 2015
(In thousands)
(Unaudited)

	Three Months Ended April 4, 2015		
	GAAP	Adjustments	Non-GAAP
Revenue:			
Product and maintenance	\$ 383,637	\$ -	\$ 383,637
Services	27,729	-	27,729
Total revenue	411,366	-	411,366
Costs and expenses:			
Cost of product and maintenance	42,059	(10,746) (A)	31,313
Cost of services	18,526	(838) (A)	17,688
Marketing and sales	100,268	(5,756) (A)	94,512
Research and development	162,996	(15,153) (A)	147,843
General and administrative	27,642	(3,818) (A)	23,824
Amortization of acquired intangibles	6,231	(6,231) (A)	-
Restructuring and other charges	4,359	(4,359)	-
Total costs and expenses	362,081	(46,901)	315,180
Income from operations	49,285	46,901	96,186
Interest expense	(11,754)	5,026 (B)	(6,728)
Other income, net	4,781	(1,263) (C)	3,518
Income before provision for income taxes	42,312	50,664	92,976
Provision for income taxes	6,053	15,331 (D)	21,384
Net income	\$ 36,259	\$ 35,333	\$ 71,592

Notes:

(A) For the three months ended April 4, 2015, adjustments to GAAP are as follows for the line items specified:

	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation expenses	Acquisition and integration- related costs	Total adjustments
Cost of product and maintenance	\$ 10,173	\$ 569	\$ 4	\$ -	\$ 10,746
Cost of services	-	832	6	-	838
Marketing and sales	-	5,447	34	275	5,756
Research and development	-	11,377	362	3,414	15,153
General and administrative	-	3,636	121	61	3,818
Amortization of acquired intangibles	6,231	-	-	-	6,231
Total	\$ 16,404	\$ 21,861	\$ 527	\$ 3,750	\$ 42,542

(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 29, 2014
(In thousands)
(Unaudited)

	Three Months Ended March 29, 2014		
	GAAP	Adjustments	Non-GAAP
Revenue:			
Product and maintenance Services	\$ 357,350	\$ -	\$ 357,350
	21,200	-	21,200
Total revenue	378,550	-	378,550
Costs and expenses:			
Cost of product and maintenance	42,197	(8,082) (E)	34,115
Cost of services	14,902	(739) (E)	14,163
Marketing and sales	98,323	(5,695) (E)	92,628
Research and development	146,466	(15,751) (E)	130,715
General and administrative	28,744	(5,354) (E)	23,390
Amortization of acquired intangibles	5,210	(5,210) (E)	-
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 (F)	(3,059)
Other income (expense), net	3,382	(3,609) (G)	(227)
Income before provision for income taxes	38,426	41,827	80,253
Provision for income taxes	5,356	15,510 (H)	20,866
Net income	\$ 33,070	\$ 26,317	\$ 59,387

Notes:

(E) 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	Acquisition and integration- 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

(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 effect of non-GAAP adjustments