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Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
April 1, 2017 and December 31, 2016
(In thousands)
(Unaudited)

	April 1, 2017	December 31, 2016
Current assets:		
Cash and cash equivalents	\$ 544,128	\$ 465,232
Short-term investments	3,479	3,057
Receivables, net	180,571	157,171
Inventories	30,734	39,475
Prepaid expenses and other	41,092	37,099
Total current assets	800,004	702,034
Property, plant and equipment, net of accumulated depreciation of \$623,185 and \$612,961, respectively	243,949	238,607
Goodwill	574,545	572,764
Acquired intangibles, net of accumulated amortization of \$254,949 and \$267,723, respectively	244,445	258,814
Long-term receivables	13,127	12,949
Other assets	315,128	311,740
Total assets	\$ 2,191,198	\$ 2,096,908
Current liabilities:		
Revolving credit facility	\$ 50,000	\$ 50,000
Accounts payable and accrued liabilities	193,978	239,496
Current portion of deferred revenue	331,848	296,066
Total current liabilities	575,826	585,562
Long-term liabilities:		
Long-term portion of deferred revenue	66,399	66,769
Long-term debt	643,709	643,493
Other long-term liabilities	64,672	59,314
Total long-term liabilities	774,780	769,576
Stockholders' equity	840,592	741,770
Total liabilities and stockholders' equity	\$ 2,191,198	\$ 2,096,908

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

	April 2, 2016	July 2, 2016	October 1, 2016	December 31, 2016	April 1, 2017
Current assets:					
Cash and cash equivalents	\$ 810,400	\$ 669,573	\$ 524,333	\$ 465,232	\$ 544,128
Short-term investments	96,317	34,745	8,503	3,057	3,479
Receivables, net	147,533	156,444	152,025	157,171	180,571
Inventories	56,634	61,932	64,476	39,475	30,734
Prepaid expenses and other	41,360	39,485	42,953	37,099	41,092
Total current assets	<u>1,152,244</u>	<u>962,179</u>	<u>792,290</u>	<u>702,034</u>	<u>800,004</u>
Property, plant and equipment, net	231,180	235,911	240,590	238,607	243,949
Goodwill	551,897	573,714	573,890	572,764	574,545
Acquired intangibles, net	283,825	287,888	273,381	258,814	244,445
Long-term receivables	11,365	17,368	14,961	12,949	13,127
Other assets	308,513	300,813	298,975	311,740	315,128
Total assets	<u>\$ 2,539,024</u>	<u>\$ 2,377,873</u>	<u>\$ 2,194,087</u>	<u>\$ 2,096,908</u>	<u>\$ 2,191,198</u>
Current liabilities:					
Revolving credit facility	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Accounts payable and accrued liabilities	195,216	224,685	192,948	239,496	193,978
Current portion of deferred revenue	322,684	289,786	288,373	296,066	331,848
Total current liabilities	<u>567,900</u>	<u>564,471</u>	<u>531,321</u>	<u>585,562</u>	<u>575,826</u>
Long-term liabilities:					
Long-term portion of deferred revenue	38,447	38,094	36,338	66,769	66,399
Long-term debt	642,862	643,073	643,277	643,493	643,709
Other long-term liabilities	55,763	56,842	56,355	59,314	64,672
Total long-term liabilities	<u>737,072</u>	<u>738,009</u>	<u>735,970</u>	<u>769,576</u>	<u>774,780</u>
Stockholders' equity:					
Common stock and capital in excess of par value	1,844,287	1,851,724	1,801,125	1,820,081	1,824,306
Treasury stock, at cost	(587,348)	(800,059)	(963,604)	(1,190,053)	(1,166,599)
Retained earnings (accumulated deficit)	(15,622)	33,713	98,425	136,902	205,161
Accumulated other comprehensive loss	(7,265)	(9,985)	(9,150)	(25,160)	(22,276)
Total stockholders' equity	<u>1,234,052</u>	<u>1,075,393</u>	<u>926,796</u>	<u>741,770</u>	<u>840,592</u>
Total liabilities and stockholders' equity	<u>\$ 2,539,024</u>	<u>\$ 2,377,873</u>	<u>\$ 2,194,087</u>	<u>\$ 2,096,908</u>	<u>\$ 2,191,198</u>

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three Months Ended April 1, 2017 and April 2, 2016
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	April 1, 2017	April 2, 2016
Revenue:		
Product and maintenance	\$ 451,407	\$ 411,744
Services	25,504	36,118
Total revenue	<u>476,911</u>	<u>447,862</u>
Costs and expenses:		
Cost of product and maintenance	43,717	44,181
Cost of services	18,075	17,873
Marketing and sales	103,347	99,200
Research and development	198,286	179,906
General and administrative	31,816	28,300
Amortization of acquired intangibles	3,856	5,780
Restructuring and other charges (credits)	(1,788)	14,586
Total costs and expenses	<u>397,309</u>	<u>389,826</u>
Income from operations	79,602	58,036
Interest expense	(6,479)	(5,357)
Other income, net	1,059	4,763
Income before provision for income taxes	74,182	57,442
Provision for income taxes	5,923	6,880
Net income	<u>\$ 68,259</u>	<u>\$ 50,562</u>
Net income per share - basic	<u>\$ 0.25</u>	<u>\$ 0.17</u>
Net income per share - diluted	<u>\$ 0.25</u>	<u>\$ 0.17</u>
Weighted average common shares outstanding - basic	<u>270,173</u>	<u>296,615</u>
Weighted average common shares outstanding - diluted	<u>277,736</u>	<u>303,434</u>

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

	Three Months Ended				
	April 2, 2016	July 2, 2016	October 1, 2016	December 31, 2016	April 1, 2017
Revenue:					
Product and maintenance	\$ 411,744	\$ 419,963	\$ 415,370	\$ 436,694	\$ 451,407
Services	36,118	33,058	30,850	32,286	25,504
Total revenue	<u>447,862</u>	<u>453,021</u>	<u>446,220</u>	<u>468,980</u>	<u>476,911</u>
Costs and expenses:					
Cost of product and maintenance	44,181	42,960	38,740	57,410	43,717
Cost of services	17,873	18,823	17,867	18,638	18,075
Marketing and sales	99,200	101,110	96,793	98,091	103,347
Research and development	179,906	182,371	191,547	181,516	198,286
General and administrative	28,300	36,388	30,441	29,977	31,816
Amortization of acquired intangibles	5,780	4,537	3,889	3,889	3,856
Restructuring and other charges (credits)	14,586	(74)	101	26,342	(1,788)
Total costs and expenses	<u>389,826</u>	<u>386,115</u>	<u>379,378</u>	<u>415,863</u>	<u>397,309</u>
Income from operations	58,036	66,906	66,842	53,117	79,602
Interest expense	(5,357)	(5,896)	(6,053)	(6,364)	(6,479)
Other income, net	4,763	2,842	2,836	5,481	1,059
Income before provision (benefit) for income taxes	57,442	63,852	63,625	52,234	74,182
Provision (benefit) for income taxes	6,880	14,517	(1,087)	13,757	5,923
Net income	<u>\$ 50,562</u>	<u>\$ 49,335</u>	<u>\$ 64,712</u>	<u>\$ 38,477</u>	<u>\$ 68,259</u>
Net income per share - basic	<u>\$ 0.17</u>	<u>\$ 0.17</u>	<u>\$ 0.23</u>	<u>\$ 0.14</u>	<u>\$ 0.25</u>
Net income per share - diluted	<u>\$ 0.17</u>	<u>\$ 0.17</u>	<u>\$ 0.23</u>	<u>\$ 0.14</u>	<u>\$ 0.25</u>
Weighted average common shares outstanding - basic	<u>296,615</u>	<u>288,191</u>	<u>280,622</u>	<u>272,578</u>	<u>270,173</u>
Weighted average common shares outstanding - diluted	<u>303,434</u>	<u>295,201</u>	<u>287,473</u>	<u>278,917</u>	<u>277,736</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended April 1, 2017 and April 2, 2016
(In thousands)
(Unaudited)

	Three Months Ended	
	April 1, 2017	April 2, 2016
Cash and cash equivalents at beginning of period	\$ 465,232	\$ 616,686
Cash flows from operating activities:		
Net income	68,259	50,562
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	28,894	31,231
Amortization of debt discount and fees	350	255
Stock-based compensation	27,436	24,632
Gain on investments, net	(1,228)	(2,617)
Deferred income taxes	1,990	1,623
Other non-cash items	1,359	209
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(22,475)	11,618
Inventories	6,000	(3,714)
Prepaid expenses and other	(3,777)	(10,132)
Other assets	(3,657)	(3,595)
Accounts payable and accrued liabilities	(46,159)	(42,557)
Deferred revenue	34,325	30,710
Other long-term liabilities	1,113	(5,034)
Net cash provided by operating activities	<u>92,430</u>	<u>83,191</u>
Cash flows from investing activities:		
Purchases of available-for-sale securities	-	(20,525)
Proceeds from the sale of available-for-sale securities	107	1,000
Proceeds from the maturity of available-for-sale securities	-	19,000
Proceeds from the sale of long-term investments	-	2,583
Purchases of property, plant and equipment	(14,843)	(12,116)
Cash paid in business combinations and asset acquisitions, net of cash acquired	-	(3,853)
Net cash used for investing activities	<u>(14,736)</u>	<u>(13,911)</u>
Cash flows from financing activities:		
Proceeds from term loan	-	300,000
Proceeds from revolving credit facility	50,000	50,000
Payment on revolving credit facility	(50,000)	-
Payment of debt issuance costs	(793)	(542)
Proceeds from issuance of common stock	22,715	24,200
Stock received for payment of employee taxes on vesting of restricted stock	(22,470)	(15,225)
Payments for repurchases of common stock	-	(240,000)
Net cash provided by (used for) financing activities	<u>(548)</u>	<u>118,433</u>
Effect of exchange rate changes on cash and cash equivalents	<u>1,750</u>	<u>6,001</u>
Increase in cash and cash equivalents	<u>78,896</u>	<u>193,714</u>
Cash and cash equivalents at end of period	<u>\$ 544,128</u>	<u>\$ 810,400</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended April 1, 2017
(In thousands)
(Unaudited)

	Q1 2016	Q2 2016	Q3 2016	Q4 2016	Q1 2017
Cash and cash equivalents at beginning of period	\$ 616,686	\$ 810,400	\$ 669,573	\$ 524,333	\$ 465,232
Cash flows from operating activities:					
Net income	50,562	49,335	64,712	38,477	68,259
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	31,231	31,528	26,967	29,862	28,894
Amortization of debt discount and fees	255	272	265	277	350
Stock-based compensation	24,632	25,356	29,998	29,231	27,436
Gain on investments, net	(2,617)	(648)	(805)	(655)	(1,228)
Gain on sale of property, plant and equipment	-	-	(482)	(441)	-
Deferred income taxes	1,623	8,629	(1,595)	(13,526)	1,990
Other non-cash items	209	541	1,119	2,158	1,359
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	11,618	(15,150)	6,405	(6,172)	(22,475)
Inventories	(3,714)	(6,582)	(6,043)	21,273	6,000
Prepaid expenses and other	(10,132)	1,442	(3,445)	5,232	(3,777)
Other assets	(3,595)	(5,114)	4,887	(2,744)	(3,657)
Accounts payable and accrued liabilities	(42,557)	28,545	(32,573)	49,240	(46,159)
Deferred revenue	30,710	(38,122)	(3,411)	41,565	34,325
Other long-term liabilities	(5,034)	334	(1,539)	3,085	1,113
Net cash provided by operating activities	<u>83,191</u>	<u>80,366</u>	<u>84,460</u>	<u>196,862</u>	<u>92,430</u>
Cash flows from investing activities:					
Purchases of available-for-sale securities	(20,525)	-	-	-	-
Proceeds from the sale of available-for-sale securities	1,000	54,168	250	201	107
Proceeds from the maturity of available-for-sale securities	19,000	7,115	26,247	5,400	-
Proceeds from the sale of long-term investments	2,583	-	330	4	-
Proceeds from the sale of property, plant and equipment	-	-	482	441	-
Purchases of property, plant and equipment	(12,116)	(16,171)	(14,165)	(11,260)	(14,843)
Cash paid in business combinations and asset acquisitions, net of cash acquired	(3,853)	(37,774)	-	-	-
Net cash provided by (used for) investing activities	<u>(13,911)</u>	<u>7,338</u>	<u>13,144</u>	<u>(5,214)</u>	<u>(14,736)</u>
Cash flows from financing activities:					
Proceeds from term loan	300,000	-	-	-	-
Proceeds from revolving credit facility	50,000	-	-	65,000	50,000
Payment on revolving credit facility	-	-	-	(65,000)	(50,000)
Payment of debt issuance costs	(542)	(80)	-	-	(793)
Proceeds from issuance of common stock	24,200	12,096	13,997	5,147	22,715
Stock received for payment of employee taxes on vesting of restricted stock	(15,225)	(2,265)	(18,042)	(1,694)	(22,470)
Payments for repurchases of common stock	(240,000)	(240,100)	(240,096)	(240,093)	-
Net cash provided by (used for) financing activities	<u>118,433</u>	<u>(230,349)</u>	<u>(244,141)</u>	<u>(236,640)</u>	<u>(548)</u>
Effect of exchange rate changes on cash and cash equivalents	6,001	1,818	1,297	(14,109)	1,750
Increase (decrease) in cash and cash equivalents	<u>193,714</u>	<u>(140,827)</u>	<u>(145,240)</u>	<u>(59,101)</u>	<u>78,896</u>
Cash and cash equivalents at end of period	<u>\$ 810,400</u>	<u>\$ 669,573</u>	<u>\$ 524,333</u>	<u>\$ 465,232</u>	<u>\$ 544,128</u>

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

<u>GEOGRAPHY</u>	2016					2017
	Q1	Q2	Q3	Q4	Year	Q1
Americas	49%	47%	46%	48%	48%	45%
Asia	22%	24%	27%	25%	24%	26%
Europe, Middle East and Africa	19%	20%	19%	19%	19%	20%
Japan	10%	9%	8%	8%	9%	9%
Total	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Group (% of Total Revenue)

<u>PRODUCT GROUP</u>	2016					2017
	Q1	Q2	Q3	Q4	Year	Q1
Functional Verification, including Emulation and Prototyping Hardware	26%	27%	24%	25%	25%	23%
Digital IC Design and Signoff	30%	27%	28%	30%	29%	29%
Custom IC Design	25%	26%	27%	25%	25%	26%
System Interconnect and Analysis	9%	10%	10%	9%	10%	10%
IP	10%	10%	11%	11%	11%	12%
Total	100%	100%	100%	100%	100%	100%

Cadence Design Systems, Inc.
As of April 24, 2017
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
(Unaudited)

	Three Months Ending July 1, 2017 Forecast	Year Ending December 30, 2017 Forecast
Diluted net income per share on a GAAP basis	\$0.20 to \$0.22	\$0.93 to \$1.03
Amortization of acquired intangibles	0.05	0.20
Stock-based compensation expense	0.11	0.46
Non-qualified deferred compensation expenses	-	-
Restructuring and other charges (credits)	-	(0.01)
Acquisition and integration-related costs	-	0.01
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	-
Income tax effect of non-GAAP adjustments	(0.05)	(0.27)
Diluted net income per share on a non-GAAP basis†	\$0.31 to \$0.33	\$1.32 to \$1.42

Cadence Design Systems, Inc.
As of April 24, 2017
Impact of Non-GAAP Adjustments on Forward Looking Net Income
(Unaudited)

(\$ in millions)	Three Months Ending July 1, 2017 Forecast	Year Ending December 30, 2017 Forecast
Net income on a GAAP basis	\$56 to \$62	\$259 to \$287
Amortization of acquired intangibles	14	56
Stock-based compensation expense	31	128
Non-qualified deferred compensation expenses	-	1
Restructuring and other charges (credits)	-	(2)
Acquisition and integration-related costs	1	3
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(1)
Income tax effect of non-GAAP adjustments	(15)	(76)
Net income on a non-GAAP basis†	\$87 to \$93	\$368 to \$396

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2017 for a further discussion of its non-GAAP measures.

* 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 1, 2017 and April 2, 2016
(Unaudited)

(In thousands)	Three Months Ended	
	April 1, 2017	April 2, 2016
Net income on a GAAP basis	\$ 68,259	\$ 50,562
Amortization of acquired intangibles*	14,434	16,443
Stock-based compensation expense**	27,436	24,632
Non-qualified deferred compensation expenses (credits)***	1,269	(83)
Restructuring and other charges (credits)	(1,788)	14,586
Acquisition and integration-related costs****	1,357	804
Other income or expense related to investments and non-qualified deferred compensation plan assets †	(1,228)	(2,617)
Income tax effect of non-GAAP adjustments	(20,679)	(18,698)
Net income on a non-GAAP basis †	<u>\$ 89,060</u>	<u>\$ 85,629</u>

+ The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2017 for a further discussion of its non-GAAP measures.

† 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 1, 2017	April 2, 2016
Cost of product and maintenance	\$ 10,578	\$ 10,663
Amortization of acquired intangibles	3,856	5,780
Total amortization of acquired intangibles	<u>\$ 14,434</u>	<u>\$ 16,443</u>

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

(In thousands)	Three Months Ended	
	April 1, 2017	April 2, 2016
Cost of product and maintenance	\$ 529	\$ 464
Cost of services	761	681
Marketing and sales	6,008	5,536
Research and development	15,482	13,897
General and administrative	4,656	4,054
Total stock-based compensation expense	<u>\$ 27,436</u>	<u>\$ 24,632</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 1, 2017	April 2, 2016
Cost of product and maintenance	\$ 7	\$ -
Cost of services	11	-
Marketing and sales	83	-
Research and development	840	(27)
General and administrative	328	(56)
Total non-qualified deferred compensation expenses (credits)	<u>\$ 1,269</u>	<u>\$ (83)</u>

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

(In thousands)	Three Months Ended	
	April 1, 2017	April 2, 2016
Marketing and sales	\$ 41	\$ 126
Research and development	1,316	580
General and administrative	-	98
Total acquisition and integration-related costs	<u>\$ 1,357</u>	<u>\$ 804</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 1, 2017 and April 2, 2016
(Unaudited)

(In thousands, except per share data)	Three Months Ended	
	April 1, 2017	April 2, 2016
Diluted net income per share on a GAAP basis	\$ 0.25	\$ 0.17
Amortization of acquired intangibles	0.05	0.05
Stock-based compensation expense	0.10	0.08
Non-qualified deferred compensation expenses (credits)	-	-
Restructuring and other charges (credits)	(0.01)	0.05
Acquisition and integration-related costs	-	-
Other income or expense related to investments and non-qualified deferred compensation plan assets *	-	(0.01)
Income tax effect of non-GAAP adjustments	(0.07)	(0.06)
Diluted net income per share on a non-GAAP basis +	\$ 0.32	\$ 0.28
Shares used in calculation of diluted net income per share - GAAP **	277,736	303,434
Shares used in calculation of diluted net income per share - non-GAAP **	277,736	303,434

+ **The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2017 for a further discussion of its non-GAAP measures.**

* 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 shares, 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	Three Months Ended
	April 1, 2017	April 2, 2016
	Actual	Actual
	(In thousands)	(In thousands)
GAAP total costs and expenses	\$ 397,309	\$ 389,826
Reconciling items to non-GAAP total costs and expenses		
Amortization of acquired intangibles	(14,434)	(16,443)
Stock-based compensation expense	(27,436)	(24,632)
Non-qualified deferred compensation (expenses) credits	(1,269)	83
Restructuring and other (charges) credits	1,788	(14,586)
Acquisition and integration-related costs	(1,357)	(804)
Non-GAAP total costs and expenses†	<u>\$ 354,601</u>	<u>\$ 333,444</u>

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings release of Cadence Design Systems, Inc. for its first quarter of 2017 for a further discussion of its non-GAAP financial measures.

	Three Months Ended	Three Months Ended	Three Months Ending	Year Ending
	April 1, 2017	April 2, 2016	July 1, 2017	December 30, 2017
	Actual	Actual	Forecast	Forecast
GAAP operating margin as a percent of total revenue	17%	13%	16%	17%
Reconciling items to non-GAAP operating margin as a percent of total revenue				
Amortization of acquired intangibles	3%	4%	3%	3%
Stock-based compensation expense	6%	6%	7%	7%
Non-qualified deferred compensation expenses (credits)	0%	0%	0%	0%
Restructuring and other charges (credits)	0%	3%	0%	0%
Acquisition and integration-related costs	0%	0%	0%	0%
Non-GAAP operating margin as a percent of total revenue†	<u>26%</u>	<u>26%</u>	<u>26%</u>	<u>27%</u>

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings release of Cadence Design Systems, Inc. for its first quarter of 2017 for a further discussion of its non-GAAP financial measures.

(In millions)	Year Ending
	December 30, 2017
	Forecast
GAAP total other income (expense), net	\$(27) to \$(18)
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)
Non-GAAP total other income (expense), net†	<u>\$(28) to \$(19)</u>

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings release of Cadence Design Systems, Inc. for its first quarter of 2017 for a further discussion of its non-GAAP financial measures.

* 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 Selected GAAP Operating Expenses to Non-GAAP Operating Expenses
(Unaudited)

(In thousands)	For the three months ended April 1, 2017					
	Operating expenses on a GAAP basis†	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation expenses	Acquisition and integration-related costs	Operating expenses on a non-GAAP basis
Cost of product and maintenance	43,717	(10,578)	(529)	(7)	-	32,603
Cost of services	18,075	-	(761)	(11)	-	17,303
Marketing and sales	103,347	-	(6,008)	(83)	(41)	97,215
Research and development	198,286	-	(15,482)	(840)	(1,316)	180,648
General and administrative	31,816	-	(4,656)	(328)	-	26,832
Amortization of acquired intangibles	3,856	(3,856)	-	-	-	-
		<u>(14,434)</u>	<u>(27,436)</u>	<u>(1,269)</u>	<u>(1,357)</u>	

†The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings release of Cadence Design Systems, Inc. for its first quarter of 2017 for a further discussion of its non-GAAP financial measures.

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Three Months Ended April 1, 2017
(In thousands)
(Unaudited)

	Three Months Ended April 1, 2017		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 451,407	\$ -	\$ 451,407
Services	25,504	-	25,504
	476,911	-	476,911
Costs and expenses:			
Cost of product and maintenance	43,717	(11,114) (A)	32,603
Cost of services	18,075	(772) (A)	17,303
Marketing and sales	103,347	(6,132) (A)	97,215
Research and development	198,286	(17,638) (A)	180,648
General and administrative	31,816	(4,984) (A)	26,832
Amortization of acquired intangibles	3,856	(3,856) (A)	-
Restructuring and other charges (credits)	(1,788)	1,788	-
	397,309	(42,708)	354,601
Income from operations	79,602	42,708	122,310
Interest expense	(6,479)	-	(6,479)
Other income (expense), net	1,059	(1,228) (B)	(169)
	74,182	41,480	115,662
Provision for income taxes	5,923	20,679 (C)	26,602
Net income	\$ 68,259	\$ 20,801	\$ 89,060

* The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2017 for a further discussion of its non-GAAP financial measures.

Notes:

(A) For the three months ended April 1, 2017, 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	\$ 10,578	\$ 529	\$ 7	\$ -	\$ 11,114
Cost of services	-	761	11	-	772
Marketing and sales	-	6,008	83	41	6,132
Research and development	-	15,482	840	1,316	17,638
General and administrative	-	4,656	328	-	4,984
Amortization of acquired intangibles	3,856	-	-	-	3,856
Total	\$ 14,434	\$ 27,436	\$ 1,269	\$ 1,357	\$ 44,496

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

(C) 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 April 2, 2016
(In thousands)
(Unaudited)

	Three Months Ended April 2, 2016		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 411,744	\$ -	\$ 411,744
Services	36,118	-	36,118
	447,862	-	447,862
Costs and expenses:			
Cost of product and maintenance	44,181	(11,127) (A)	33,054
Cost of services	17,873	(681) (A)	17,192
Marketing and sales	99,200	(5,662) (A)	93,538
Research and development	179,906	(14,450) (A)	165,456
General and administrative	28,300	(4,096) (A)	24,204
Amortization of acquired intangibles	5,780	(5,780) (A)	-
Restructuring and other charges	14,586	(14,586)	-
	389,826	(56,382)	333,444
Income from operations	58,036	56,382	114,418
Interest expense	(5,357)	-	(5,357)
Other income, net	4,763	(2,617) (B)	2,146
	57,442	53,765	111,207
Provision for income taxes	6,880	18,698 (C)	25,578
Net income	\$ 50,562	\$ 35,067	\$ 85,629

* The non-GAAP measures presented in the table above should not be considered a substitute for financial results and measures determined or calculated in accordance with GAAP. See the earnings press release of Cadence Design Systems, Inc. for its first quarter of 2017 for a further discussion of its non-GAAP financial measures.

Notes:

(A) For the three months ended April 2, 2016, adjustments to GAAP are as follows for the line items specified:

	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation credits	Acquisition and integration-related costs	Total adjustments
Cost of product and maintenance	\$ 10,663	\$ 464	\$ -	\$ -	\$ 11,127
Cost of services	-	681	-	-	681
Marketing and sales	-	5,536	-	126	5,662
Research and development	-	13,897	(27)	580	14,450
General and administrative	-	4,054	(56)	98	4,096
Amortization of acquired intangibles	5,780	-	-	-	5,780
Total	\$ 16,443	\$ 24,632	\$ (83)	\$ 804	\$ 41,796

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

(C) Income tax effect of non-GAAP adjustments