

TABLE OF CONTENTS

Condensed Consolidated Balance Sheets, September 29, 2018 and December 30, 2017.....	1
Trended Condensed Consolidated Balance Sheets.....	2
Condensed Consolidated Income Statements for the Three and Nine Months Ended September 29, 2018 and September 30, 2017.....	3
Trended Condensed Statements of Operations.....	4
Condensed Consolidated Statements of Cash Flows for the Nine Months Ended September 29, 2018 and September 30, 2017.....	5
Trended Condensed Consolidated Statements of Cash Flows.....	6
Revenue Mix by Geography.....	7
Revenue Mix by Product Group.....	7
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share, as of October 22, 2018.....	8
Impact of Non-GAAP Adjustments on Forward Looking Net Income, as of October 22, 2018.....	8
Reconciliation of GAAP Net Income to Non-GAAP Net Income, for the Three and Nine Months Ended September 29, 2018 and September 30, 2017.....	9
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share, for the Three and Nine Months Ended September 29, 2018 and September 30, 2017.....	10
Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures.....	11
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Three Months Ended September 29, 2018.....	12
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Three Months Ended September 30, 2017.....	13
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Nine Months Ended September 29, 2018.....	14
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures for the Nine Months Ended September 30, 2017.....	15

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

<u>GEOGRAPHY</u>	ASC 605 2017					ASC 605 2018			ASC 606 2018		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q1	Q2	Q3
Americas	45%	45%	45%	44%	44%	45%	45%	43%	45%	46%	44%
Asia	26%	28%	27%	28%	27%	26%	26%	30%	27%	26%	29%
Europe, Middle East and Africa	20%	19%	19%	20%	20%	21%	21%	19%	20%	20%	19%
Japan	9%	8%	9%	8%	9%	8%	8%	8%	8%	8%	8%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Group (% of Total Revenue)

<u>PRODUCT GROUP</u>	ASC 605 2017					ASC 605 2018			ASC 606 2018		
	Q1	Q2	Q3	Q4	Year	Q1	Q2	Q3	Q1	Q2	Q3
Functional Verification, including Emulation and Prototyping Hardware	23%	23%	21%	23%	22%	26%	23%	21%	26%	23%	22%
Digital IC Design and Signoff	29%	30%	30%	29%	29%	29%	29%	30%	30%	30%	30%
Custom IC Design	26%	26%	28%	26%	27%	26%	26%	27%	26%	26%	26%
System Interconnect and Analysis	10%	10%	10%	10%	10%	9%	10%	10%	9%	9%	9%
IP	12%	11%	11%	12%	12%	10%	12%	12%	9%	12%	13%
Total	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

Cadence Design Systems, Inc.
Reconciliation of GAAP Net Income to Non-GAAP Net Income
For the Three and Nine Months Ended September 29, 2018 and September 30, 2017
(Unaudited)

(In thousands)	Three Months Ended			Nine Months Ended	
	ASC 606	ASC 605	ASC 605	ASC 606	ASC 605
	September 29, 2018	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Net income on a GAAP basis	\$ 99,318	\$ 94,660	\$ 81,157	\$ 247,352	\$ 218,543
Amortization of acquired intangibles*	12,975	12,975	13,618	40,391	42,756
Stock-based compensation expense**	46,264	46,264	36,090	125,121	94,008
Non-qualified deferred compensation expenses ***	1,120	1,120	2,825	1,715	4,850
Restructuring and other credits	(172)	(172)	(55)	(2,610)	(2,772)
Acquisition and integration-related costs****	6,670	6,670	748	21,218	2,756
Other income or expense related to investments and non-qualified deferred compensation plan assets †	(498)	(498)	(12,242)	(2,634)	(14,325)
Income tax effect of non-GAAP adjustments	(26,306)	(23,920)	(23,942)	(51,752)	(64,482)
Net income on a non-GAAP basis +	<u>\$ 139,371</u>	<u>\$ 137,099</u>	<u>\$ 98,199</u>	<u>\$ 378,801</u>	<u>\$ 281,334</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 third quarter of 2018 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 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			Nine Months Ended	
	ASC 606	ASC 605	ASC 605	ASC 606	ASC 605
	September 29, 2018	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Cost of product and maintenance	\$ 9,505	\$ 9,505	\$ 10,165	\$ 29,773	\$ 31,611
Amortization of acquired intangibles	3,470	3,470	3,453	10,618	11,145
Total amortization of acquired intangibles	<u>\$ 12,975</u>	<u>\$ 12,975</u>	<u>\$ 13,618</u>	<u>\$ 40,391</u>	<u>\$ 42,756</u>

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

(In thousands)	Three Months Ended			Nine Months Ended	
	ASC 606	ASC 605	ASC 605	ASC 606	ASC 605
	September 29, 2018	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Cost of product and maintenance	\$ 736	\$ 736	\$ 612	\$ 1,932	\$ 1,632
Cost of services	1,078	1,078	895	2,825	2,373
Marketing and sales	9,528	9,528	7,422	25,410	19,667
Research and development	28,668	28,668	21,792	77,003	55,288
General and administrative	6,254	6,254	5,369	17,951	15,048
Total stock-based compensation expense	<u>\$ 46,264</u>	<u>\$ 46,264</u>	<u>\$ 36,090</u>	<u>\$ 125,121</u>	<u>\$ 94,008</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			Nine Months Ended	
	ASC 606	ASC 605	ASC 605	ASC 606	ASC 605
	September 29, 2018	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Cost of product and maintenance	\$ 7	\$ 7	\$ 42	\$ 10	\$ 55
Cost of services	10	10	61	14	80
Marketing and sales	95	95	311	114	438
Research and development	752	752	809	1,212	2,173
General and administrative	256	256	1,602	365	2,104
Total non-qualified deferred compensation expenses	<u>\$ 1,120</u>	<u>\$ 1,120</u>	<u>\$ 2,825</u>	<u>\$ 1,715</u>	<u>\$ 4,850</u>

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

(In thousands)	Three Months Ended			Nine Months Ended	
	ASC 606	ASC 605	ASC 605	ASC 606	ASC 605
	September 29, 2018	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Marketing and sales	\$ -	\$ -	\$ -	\$ -	\$ 168
Research and development	6,642	6,642	542	21,062	2,382
General and administrative	28	28	206	156	206
Total acquisition and integration-related costs	<u>\$ 6,670</u>	<u>\$ 6,670</u>	<u>\$ 748</u>	<u>\$ 21,218</u>	<u>\$ 2,756</u>

Cadence Design Systems, Inc.
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share
For the Three and Nine Months Ended September 29, 2018 and September 30, 2017
(Unaudited)

(In thousands, except per share data)	Three Months Ended			Nine Months Ended	
	ASC 606	ASC 605	ASC 605	ASC 606	ASC 605
	September 29, 2018	September 29, 2018	September 30, 2017	September 29, 2018	September 30, 2017
Diluted net income per share on a GAAP basis	\$ 0.35	\$ 0.34	\$ 0.29	\$ 0.88	\$ 0.78
Amortization of acquired intangibles	0.05	0.05	0.05	0.14	0.15
Stock-based compensation expense	0.16	0.16	0.13	0.44	0.34
Non-qualified deferred compensation expenses	-	-	0.01	0.01	0.02
Restructuring and other credits	-	-	-	(0.01)	(0.01)
Acquisition and integration-related costs	0.02	0.02	-	0.08	0.01
Other income or expense related to investments and non-qualified deferred compensation plan assets *	-	-	(0.04)	(0.01)	(0.05)
Income tax effect of non-GAAP adjustments	(0.09)	(0.08)	(0.09)	(0.18)	(0.23)
Diluted net income per share on a non-GAAP basis +	\$ 0.49	\$ 0.49	\$ 0.35	\$ 1.35	\$ 1.01
Shares used in calculation of diluted net income per share - GAAP **	281,646	281,646	281,400	281,391	279,554
Shares used in calculation of diluted net income per share - non-GAAP **	281,646	281,646	281,400	281,391	279,554

+ 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 third quarter of 2018 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 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)

	ASC 606 Three Months Ended September 29, 2018	ASC 605 Three Months Ended September 29, 2018	ASC 605 Three Months Ended September 30, 2017
	Actual	Actual	Actual
	(In thousands)	(In thousands)	(In thousands)
GAAP total costs and expenses	\$ 428,838	\$ 425,034	\$ 405,013
Reconciling items to non-GAAP total costs and expenses			
Amortization of acquired intangibles	(12,975)	(12,975)	(13,618)
Stock-based compensation expense	(46,264)	(46,264)	(36,090)
Non-qualified deferred compensation expenses	(1,120)	(1,120)	(2,825)
Restructuring and other credits	172	172	55
Acquisition and integration-related costs	(6,670)	(6,670)	(748)
Non-GAAP total costs and expenses†	<u>\$ 361,981</u>	<u>\$ 358,177</u>	<u>\$ 351,787</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 third quarter of 2018 for a further discussion of its non-GAAP financial measures.

	ASC 606 Three Months Ended September 29, 2018	ASC 605 Three Months Ended September 29, 2018	ASC 605 Three Months Ended September 30, 2017	ASC 606 Three Months Ending December 29, 2018	ASC 606 Year Ending December 29, 2018	ASC 605 Year Ending December 29, 2018
	Actual	Actual	Actual	Forecast	Forecast	Forecast
GAAP operating margin as a percent of total revenue	19%	19%	17%	18% - 19%	17.8% - 18.3%	~18.4%
Reconciling items to non-GAAP operating margin as a percent of total revenue						
Amortization of acquired intangibles	3%	3%	3%	2%	2.5%	2.5%
Stock-based compensation expense	9%	9%	7%	8%	8.0%	8.0%
Non-qualified deferred compensation expenses	0%	0%	1%	0%	0.1%	0.1%
Restructuring and other charges (credits)	0%	0%	0%	0%	-0.1%	-0.1%
Acquisition and integration-related costs	1%	1%	0%	1%	1.2%	1.2%
Non-GAAP operating margin as a percent of total revenue†	<u>32%</u>	<u>32%</u>	<u>28%</u>	<u>29% - 30%</u>	<u>29.5% - 30.0%</u>	<u>~30.1%</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 third quarter of 2018 for a further discussion of its non-GAAP financial measures.

	Year Ending December 29, 2018 Forecast
(In millions)	
GAAP total other income (expense), net	\$(20) to \$(17)
Reconciling items to non-GAAP total other income (expense), net	
Other income or expense related to investments and non-qualified deferred compensation plan assets*	(3)
Non-GAAP total other income (expense), net†	<u>\$(23) to \$(20)</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 third quarter of 2018 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 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)

	For the three months ended September 29, 2018					
(In thousands)	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	36,406	(9,505)	(736)	(7)	-	26,158
Cost of services	24,048	-	(1,078)	(10)	-	22,960
Marketing and sales	108,608	-	(9,528)	(95)	-	98,985
Research and development	223,231	-	(28,668)	(752)	(6,642)	187,169
General and administrative	33,247	-	(6,254)	(256)	(28)	26,709
Amortization of acquired intangibles	3,470	(3,470)	-	-	-	-
	<u>603,000</u>	<u>(12,975)</u>	<u>(46,264)</u>	<u>(1,120)</u>	<u>(6,670)</u>	<u>537,171</u>
	For the nine months ended September 29, 2018					
(In thousands)	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	118,263	(29,773)	(1,932)	(10)	-	86,548
Cost of services	64,360	-	(2,825)	(14)	-	61,521
Marketing and sales	327,056	-	(25,410)	(114)	-	301,532
Research and development	666,545	-	(77,003)	(1,212)	(21,062)	567,268
General and administrative	101,421	-	(17,951)	(365)	(156)	82,949
Amortization of acquired intangibles	10,618	(10,618)	-	-	-	-
	<u>1,228,263</u>	<u>(40,391)</u>	<u>(125,121)</u>	<u>(1,715)</u>	<u>(21,218)</u>	<u>1,030,828</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 third quarter of 2018 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 September 29, 2018
(In thousands)
(Unaudited)

	Three Months Ended September 29, 2018		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 494,990	\$ -	\$ 494,990
Services	37,478	-	37,478
Total revenue	<u>532,468</u>	<u>-</u>	<u>532,468</u>
Costs and expenses:			
Cost of product and maintenance	36,406	(10,248) (A)	26,158
Cost of services	24,048	(1,088) (A)	22,960
Marketing and sales	108,608	(9,623) (A)	98,985
Research and development	223,231	(36,062) (A)	187,169
General and administrative	33,247	(6,538) (A)	26,709
Amortization of acquired intangibles	3,470	(3,470) (A)	-
Restructuring and other credits	(172)	172	-
Total costs and expenses	<u>428,838</u>	<u>(66,857)</u>	<u>361,981</u>
Income from operations	103,630	66,857	170,487
Interest expense	(5,177)	-	(5,177)
Other income, net	1,106	(498) (B)	608
Income before provision for income taxes	99,559	66,359	165,918
Provision for income taxes	241	26,306 (C)	26,547
Net income	<u>\$ 99,318</u>	<u>\$ 40,053</u>	<u>\$ 139,371</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 third quarter of 2018 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended September 29, 2018, 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	\$ 9,505	\$ 736	\$ 7	\$ -	\$ 10,248
Cost of services	-	1,078	10	-	1,088
Marketing and sales	-	9,528	95	-	9,623
Research and development	-	28,668	752	6,642	36,062
General and administrative	-	6,254	256	28	6,538
Amortization of acquired intangibles	3,470	-	-	-	3,470
Total	<u>\$ 12,975</u>	<u>\$ 46,264</u>	<u>\$ 1,120</u>	<u>\$ 6,670</u>	<u>\$ 67,029</u>

(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 September 30, 2017
(In thousands)
(Unaudited)

	Three Months Ended September 30, 2017		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 451,229	\$ -	\$ 451,229
Services	34,169	-	34,169
Total revenue	<u>485,398</u>	<u>-</u>	<u>485,398</u>
Costs and expenses:			
Cost of product and maintenance	34,825	(10,819) (A)	24,006
Cost of services	19,657	(956) (A)	18,701
Marketing and sales	104,263	(7,733) (A)	96,530
Research and development	206,568	(23,143) (A)	183,425
General and administrative	36,302	(7,177) (A)	29,125
Amortization of acquired intangibles	3,453	(3,453) (A)	-
Restructuring and other credits	(55)	55	-
Total costs and expenses	<u>405,013</u>	<u>(53,226)</u>	<u>351,787</u>
Income from operations	80,385	53,226	133,611
Interest expense	(6,225)	-	(6,225)
Other income, net	12,387	(12,242) (B)	145
Income before provision for income taxes	86,547	40,984	127,531
Provision for income taxes	5,390	23,942 (C)	29,332
Net income	<u>\$ 81,157</u>	<u>\$ 17,042</u>	<u>\$ 98,199</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 third quarter of 2018 for a further discussion of its non-GAAP measures.

Notes:

(A) For the three months ended September 30, 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	\$ 10,165	\$ 612	\$ 42	\$ -	\$ 10,819
Cost of services	-	895	61	-	956
Marketing and sales	-	7,422	311	-	7,733
Research and development	-	21,792	809	542	23,143
General and administrative	-	5,369	1,602	206	7,177
Amortization of acquired intangibles	3,453	-	-	-	3,453
Total	<u>\$ 13,618</u>	<u>\$ 36,090</u>	<u>\$ 2,825</u>	<u>\$ 748</u>	<u>\$ 53,281</u>

(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 Nine Months Ended September 29, 2018
(In thousands)
(Unaudited)

	Nine Months Ended September 29, 2018		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 1,463,469	\$ -	\$ 1,463,469
Services	104,703	-	104,703
Total revenue	1,568,172	-	1,568,172
Costs and expenses:			
Cost of product and maintenance	118,263	(31,715) (A)	86,548
Cost of services	64,360	(2,839) (A)	61,521
Marketing and sales	327,056	(25,524) (A)	301,532
Research and development	666,545	(99,277) (A)	567,268
General and administrative	101,421	(18,472) (A)	82,949
Amortization of acquired intangibles	10,618	(10,618) (A)	-
Restructuring and other credits	(2,610)	2,610	-
Total costs and expenses	1,285,653	(185,835)	1,099,818
Income from operations	282,519	185,835	468,354
Interest expense	(18,821)	-	(18,821)
Other income, net	4,055	(2,634) (B)	1,421
Income before provision for income taxes	267,753	183,201	450,954
Provision for income taxes	20,401	51,752 (C)	72,153
Net income	\$ 247,352	\$ 131,449	\$ 378,801

*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 third quarter of 2018 for a further discussion of its non-GAAP measures.

Notes:

(A) For the nine months ended September 29, 2018, 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	\$ 29,773	\$ 1,932	\$ 10	\$ -	\$ 31,715
Cost of services	-	2,825	14	-	2,839
Marketing and sales	-	25,410	114	-	25,524
Research and development	-	77,003	1,212	21,062	99,277
General and administrative	-	17,951	365	156	18,472
Amortization of acquired intangibles	10,618	-	-	-	10,618
Total	\$ 40,391	\$ 125,121	\$ 1,715	\$ 21,218	\$ 188,445

(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 Nine Months Ended September 30, 2017
(In thousands)
(Unaudited)

	Nine Months Ended September 30, 2017		
	GAAP	Adjustments	Non-GAAP*
Revenue:			
Product and maintenance	\$ 1,346,483	\$ -	\$ 1,346,483
Services	94,827	-	94,827
Total revenue	1,441,310	-	1,441,310
Costs and expenses:			
Cost of product and maintenance	117,371	(33,298) (A)	84,073
Cost of services	59,735	(2,453) (A)	57,282
Marketing and sales	311,507	(20,273) (A)	291,234
Research and development	600,755	(59,843) (A)	540,912
General and administrative	100,892	(17,358) (A)	83,534
Amortization of acquired intangibles	11,145	(11,145) (A)	-
Restructuring and other credits	(2,772)	2,772	-
Total costs and expenses	1,198,633	(141,598)	1,057,035
Income from operations	242,677	141,598	384,275
Interest expense	(18,952)	-	(18,952)
Other income, net	14,370	(14,325) (B)	45
Income before provision for income taxes	238,095	127,273	365,368
Provision for income taxes	19,552	64,482 (C)	84,034
Net income	\$ 218,543	\$ 62,791	\$ 281,334

*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 third quarter of 2018 for a further discussion of its non-GAAP measures.

Notes:

(A) For the nine months ended September 30, 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	\$ 31,611	\$ 1,632	\$ 55	\$ -	\$ 33,298
Cost of services	-	2,373	80	-	2,453
Marketing and sales	-	19,667	438	168	20,273
Research and development	-	55,288	2,173	2,382	59,843
General and administrative	-	15,048	2,104	206	17,358
Amortization of acquired intangibles	11,145	-	-	-	11,145
Total	\$ 42,756	\$ 94,008	\$ 4,850	\$ 2,756	\$ 144,370

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

(C) Income tax effect of non-GAAP adjustments