Jazz Pharmaceuticals plc
Form 4
November 15, 2016

FORM 4

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL

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(Print or Type Responses)

1. Name and Address of Reporting Person *
O'Keefe Kenneth W
(Last) (First) (Middle)
CONNAUGHT HOUSE, 1 BURLINGTON RD, FL. 4
(Street)
DUBLIN 4, L2
(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
Jazz Pharmaceuticals plc [JAZZ]

3. Date of Earliest Transaction (Month/Day/Year)
11/11/2016

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

__X__ Director _____ 10% Owner
_____ Officer (give title below) _____ Other (specify below)

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Ordinary Shares	11/11/2016		P		1,200	A	$ 114.3047	1,200	I	by Trust (1)
Ordinary Shares	11/11/2016		P		300	A	$ 114.33	1,500	I	by Trust (1)
Ordinary Shares	11/14/2016		P		500	A	$ 112.447 (2)	2,000	I	by Trust (1)
Ordinary Shares								12,107	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Owne Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships: Director	10% Owner	Officer	Other
O'Keefe Kenneth W CONNAUGHT HOUSE, 1 BURLINGTON RD, FL. 4 DUBLIN 4, L2	X			

Signatures

By: Peter A Christou, as attorney in fact For: Kenneth W. O'Keefe	11/15/2016
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Shares were acquired for the benefit of The Kenneth W. O'Keefe Trust U/A/D 2/12/1997, of which the reporting person is both trustee and beneficiary.

(2) Reflects purchases of ordinary shares executed in multiple transactions at prices ranging from $112.4000 to $112.4588. The price reported reflects the weighted average purchase price. The Reporting Person hereby undertakes to provide upon request to the Securities and Exchange Commission staff, the Issuer or a security holder of the Issuer full information regarding the number of shares and prices at which the purchases were made.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ted 2/3/1992, of which Mr. Tan and his spouse are trustees and for which Mr. Tan shares

voting and investment power with his spouse; 15,000 shares held by A&E Investment LLC, the sole member of which is the Lip-Bu Tan and Ysa Loo Trust dated 2/3/1992; 7,000 shares held by L Tan & N Lee & W Lee Trustees, Pacven Walden Inc. for which Mr. Tan has sole voting and investment power; 31,400 shares held by IRA FBO Lip-Bu Tan DB Securities Inc. Custodian Rollover Account 5/19/97; and 51,000 shares held by Mr. Tan s child. Mr. Tan disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(14) Includes 226,388 shares held by the Huang-Zhang Trust dated 6/12/96, of which Mr. Huang and his spouse are trustees, and for which Mr. Huang shares voting and investment power with his spouse. Also includes 29,520 shares held in custodial accounts by Mr. Huang s spouse for their children and 11,663 shares held by Mr. Huang s spouse for which Mr. Huang may be deemed to share voting and investment power. Mr. Huang disclaims beneficial ownership of these shares except to the extent of his pecuniary interest therein.

(15) Includes 6,581,071 shares which all current executive officers and directors in the aggregate have the right to acquire within 60 days after the Record Date upon exercise of outstanding stock options.

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COMPENSATION DISCUSSION AND ANALYSIS

This section discusses the compensation program for Cadence s Named Executive Officers in fiscal 2014 (the NEOs). The NEOs were Lip-Bu Tan, President and Chief Executive Officer (the CEO), Geoffrey G. Ribar, Senior Vice President and Chief Financial Officer (the CFO), and the three most highly compensated executive officers other than the CEO and CFO: Thomas P. Beckley, Senior Vice President of Research and Development, Custom IC and PCB Group; Anirudh Devgan, Senior Vice President of Research and Development, Digital and Signoff Group; and Charlie Huang, Executive Vice President, Worldwide Field Operations and Research and Development, System and Verification Group.

EXECUTIVE SUMMARY

Cadence s Fiscal 2014 Performance Highlights

In fiscal 2014, Cadence executed its system design enablement strategy to deliver the technologies necessary for integrated system and SoC design with a view toward the end product. Cadence showed financial strength, won significant new business with key customers and built a robust pipeline of innovative solutions through internal research and development. Since Mr. Tan was appointed CEO in 2009, Cadence has consistently delivered strong operating results, including growth in revenue and operating margin. Under the leadership of Mr. Tan and his team, Cadence remains focused on customer success, innovative development, high quality, disciplined fiscal management and operational and financial results. In particular, in fiscal 2014:

- The core EDA business achieved significant growth and key customer wins.
- The IP business achieved significant year-over-year revenue growth and significant customer wins.
- Cadence completed three strategic transactions to further build out its system design and verification platforms and its IP portfolio.
- By leveraging internal research and development and strategic transactions, Cadence continued to generate innovative technologies, launching twelve new products in the last two years.
- Cadence issued $350 million of investment-grade bonds, confirming its increased financial strength and prudent management.
- Cadence continued its record of operational and financial execution. Cadence again demonstrated its ability to help its customers design and build cutting-edge products while delivering strong financial performance. As further discussed below under Short-Term Cash Incentive Compensation, total revenue in fiscal 2014 was $1.58 billion, an 8.3% increase over total revenue in fiscal 2013, and non-GAAP operating margin (as defined below) improved to 25%.

Cadence s Fiscal 2014 Compensation Highlights

Cadence s executive compensation practices for fiscal 2014 were consistent with its executive compensation principles, pay-for-performance philosophy and commitment to sound corporate governance, as outlined below:

- ***Significant Majority of Executive Officers Compensation Tied to Performance***. The compensation of Cadence s executive officers is weighted towards performance-based, variable incentive awards. In fiscal 2014, 87% of total target direct compensation for the CEO consisted of variable awards (in the form of both short-term cash incentives and long-term equity incentives). For the other four NEOs in the aggregate, 77% of total target direct compensation consisted of variable awards.

Focused Cash Compensation Increases. Even with Cadence s continued strong financial performance, the only changes in salary and target bonus percentages for the NEOs were salary increases of 6.3% for Mr. Huang and 7.1% for Mr. Beckley, all as further described below under Elements of Executive Officer Compensation. Target cash compensation for Mr. Tan remained unchanged for fiscal 2014.

Fiscal 2014 Bonus Payouts Reflect Strong Company Performance. For fiscal 2014, the bonus payout to the NEOs as a percentage of target was 106%, reflecting Cadence s strong performance.

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Continued Emphasis on Long-Term Equity Incentives Aligned with Stock Performance. The Compensation Committee uses a mixture of types of equity awards in order to provide a balance of incentives that, together, promote stockholder value, growth of the business, talent retention and operational excellence. In fiscal 2014, Cadence continued to provide a significant portion of equity incentive grants to its executive officers in the form of stock options, because the Compensation Committee believes that stock options strongly align the interests of executive officers with the interests of stockholders.

Cadence s Executive Compensation Practices

Cadence continued its commitment to sound corporate governance in its executive compensation program, as demonstrated by the following highlights:

Clawback Policy. Cadence has a clawback policy that is applicable to the executive officers performance-based compensation.

Anti-Hedging Policy. Cadence s Securities Trading Policy prohibits hedging, short-sales and similar transactions by Cadence employees, including its executive officers.

No Material Perquisites Provided to Any Executive Officer. Cadence did not provide material perquisites to its executive officers.

No Tax Gross-Ups. Cadence did not provide tax gross-ups to its executive officers with respect to taxable income.

Regular Compensation Risk Review. The Compensation Committee conducts a formal review of the risks associated with Cadence s executive compensation practices, policies and programs on an annual basis and assesses such risks as part of its regular decision making process.

Stock Ownership Guidelines. All of Cadence s executive officers are in compliance with Cadence s stock ownership guidelines.

Independent Compensation Consultant. The Compensation Committee continued to engage its own compensation consultant, Semler Brossy, which does not provide any services to management or otherwise to Cadence and had no prior relationship with any of Cadence s executive officers.

DETERMINING EXECUTIVE COMPENSATION

Executive Compensation Objectives

Cadence is engaged in a very competitive industry, and its success depends on its ability to attract, motivate and retain highly qualified, talented and creative executives with the leadership and innovation skills necessary to achieve Cadence s annual and long-term business objectives. Cadence seeks to accomplish these objectives in ways that are aligned with the long-term interests of its stockholders.

Cadence s executive officer compensation is based on the following principles:

Total direct compensation is targeted to be competitive with peer companies and market practice, taking into account each executive officer s scope of responsibility, criticality and individual performance; and

A substantial portion of compensation of the executive officers is at-risk and is highly dependent on Cadence s short-term and long-term financial and operational performance.

The Compensation Committee oversees the executive compensation program and assesses executive officer compensation at least annually to monitor Cadence s adherence to these principles. The executive compensation program is results-oriented and dependent on the achievement of key financial goals and the long-term performance of Cadence s stock.

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Competitive Compensation Levels

Each fiscal year, the Compensation Committee assesses the competitiveness of each element of the executive officers total direct compensation. The Compensation Committee also periodically reviews the competitiveness of the executive officers severance and change in control arrangements and the broad-based employee benefit plans in which the executive officers participate.

For fiscal 2014, the Compensation Committee considered the competitiveness of the executive officers total direct compensation as compared to executives with similar titles and responsibilities at companies with which Cadence competes for talent (the Peer Group). In order to accurately reflect the pool from which executive talent is drawn and to which it is lost, the Peer Group for fiscal 2014 includes Cadence s direct business competitors (in particular, publicly-traded electronic design automation competitors) and publicly-traded semiconductor and software companies located throughout California that compete in the same talent market as Cadence. The Peer Group excludes any companies that are foreign, have been recently acquired, or are in businesses or industries that are not reasonably comparable.

In July 2013, the Compensation Committee approved the Peer Group for fiscal 2014. All members of the Peer Group for fiscal 2014 had reported revenue between one-third and three times that of Cadence s twelve-month trailing revenue at the time the Peer Group was determined. This revenue range allows for robust and reliable competitive data while still ensuring the group represents the broad market for talent. The median revenue of the companies included in the fiscal 2014 Peer Group was approximately $1.4 billion (calculated on a trailing most recent and available four fiscal quarters basis, as of June 30, 2013). Cadence s revenue for the same period was approximately $1.4 billion. The Compensation Committee approved the resulting group of 21 companies to be included in the Peer Group for fiscal 2014, and such companies executive compensation information was used to assess the competitiveness of the executive officers total direct compensation. The Peer Group for fiscal 2014 contained one company that was not part of the Peer Group for fiscal 2013, while one company was removed because it was acquired in 2013.

The Peer Group for fiscal 2014 for determining competitive compensation levels was comprised of the following companies:

Altera Corporation	International Rectifier Corporation*	Mentor Graphics Corporation
ANSYS, Inc.	Intersil Corporation	Microsemi Corporation
Atmel Corporation	KLA-Tencor Corporation	OmniVision Technologies, Inc.
Autodesk, Inc.	Lam Research Corporation**	PMC-Sierra, Inc.
Cypress Semiconductor Corporation	Linear Technology Corporation	Semtech Corporation
Fairchild Semiconductor International, Inc.	LSI Corporation***	Synopsys, Inc.
Integrated Device Technology, Inc.	Maxim Integrated Products, Inc.	Xilinx, Inc.

* Acquired by Infineon Technologies AG in January 2015.

** Added to the Peer Group in July 2013.

*** Acquired by Avago Technologies Limited in May 2014.

Compensation Determinations

Consistent with the principles of Cadence s executive officer compensation outlined above, after the Compensation Committee determines the market levels of each executive officer s target compensation based on the compensation paid by the companies in the Peer Group, the Compensation Committee assesses the appropriateness of each executive officer s compensation relative to executives with similar titles and responsibilities in the Peer Group. For the purposes of this assessment, the Compensation Committee considers the annual base salary, short-term cash incentive compensation and long-term equity incentive compensation (based on the fair value of the equity awards on the date of grant). Cadence does not target executive officer compensation at a specific level or percentage relative to compensation provided by the companies in the Peer

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Group, whether for total direct compensation or any element of total direct compensation. Instead, when determining target compensation for the executive officers, the Compensation Committee takes into account each of the following factors, without prescribing particular weightings:

Cadence Factors

- Cadence s financial and operational performance as compared to the performance of the companies in the Peer Group;
- Cadence s relative size and scope of business as compared to the companies in the Peer Group; and
- Cadence s budget considerations.

Individual Factors

- Compensation paid to executives with similar titles and responsibilities as the individual at the companies in the Peer Group;
- Individual performance over the preceding year;
- Strategic importance of the individual s position;
- Criticality, experience and ability of the individual to impact corporate and/or business group results;
- Scarcity in the market of the individual s skills and talents;
- Expected future contributions of the individual;
- Historical compensation of the individual;
- Retention risks related to the individual; and
- Relative positioning/performance of the individual versus other Cadence executives.

The Compensation Committee retains and does not delegate any of its responsibility to determine executive compensation. However, for executive officers other than the CEO, the CEO typically makes assessments and recommendations to the Compensation Committee on their respective base salaries, short-term cash incentive compensation and long-term equity incentive compensation based upon an assessment of the Cadence Factors and the Individual Factors outlined above (collectively, the Compensation Factors).

The Compensation Committee then reviews these assessments and recommendations and determines whether or not to approve or modify the CEO s recommendations. The Compensation Committee also evaluates the CEO based on the Compensation Factors described above, and the assessment from such evaluation is used to determine the CEO s compensation. The Compensation Committee, in its sole discretion, makes all decisions related to the CEO s and the NEOs compensation.

ELEMENTS OF EXECUTIVE OFFICER COMPENSATION

The compensation of executive officers, including the NEOs, is comprised of the following elements:

- Total direct compensation, consisting of:
  - Base salary;
  - Short-term cash incentive compensation; and
  - Long-term equity incentive compensation (including stock options and incentive stock awards).
- Other compensation and benefits, consisting of:
  - Participation in Cadence s broad-based employee benefit plans;

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- Participation in Cadence s non-qualified deferred compensation plan;
- Limited perquisites; and
- Severance benefits.

Consistent with the principles of Cadence s executive officer compensation outlined above, an executive officer s total direct compensation is based on Cadence s performance and on the performance of the individual executive officer, as well as on the Compensation Committee s view of the level of total direct compensation sufficient to attract, motivate and retain qualified executives. Cadence does not have a pre-established policy or target for allocating between fixed and variable compensation or for allocating among the different types of variable compensation, although the allocation is influenced by the Compensation Committee s assessment of the compensation practices of the companies in the Peer Group and Cadence s short-term and long-term strategic objectives. The Compensation Committee believes that executive officer compensation should motivate the NEOs to drive Cadence s consistent and sustained performance. Accordingly, the executive officers compensation is weighted towards long-term equity incentives and short-term cash incentives rather than base salaries.

Base Salaries

Cadence offers its executive officers an annual base salary to compensate them for services rendered during the year. Base salaries are essential for the attraction and retention of talented executive officers and are determined using the Compensation Factors. The executive officers base salaries are reviewed annually by the Compensation Committee, but do not automatically or necessarily increase each year. Changes to the executive officers base salaries, if any, are typically made in the first quarter of the fiscal year or in connection with an executive officer s promotion or change in responsibilities.

In February 2014, consistent with the process discussed under Compensation Determinations above, the Compensation Committee reviewed the base salaries of the NEOs and determined that the salaries of Messrs. Devgan, Ribar and Tan were appropriate and would remain unchanged. The base salary for Mr. Beckley was increased from $350,000 to $375,000 to reflect the increasingly competitive market for technical executive leadership and the importance of his role in the organization. Mr. Huang s base salary was increased from $400,000 to $425,000 in July 2014, effective for the second half of fiscal 2014, to reflect his promotion to Executive Vice President and continued strong performance and leadership over both Worldwide Field Operations and the System and Verification Group.

Short-Term Cash Incentive Compensation

Overview. Cadence generally provides its executive officers with the opportunity to earn short-term cash incentive compensation under a Senior Executive Bonus Plan (the Bonus Plan). The purpose of the Bonus Plan is to reward executive officers for performance during a single fiscal year (or portions thereof) and to provide incentives for them to achieve Cadence s short-term financial and operational goals, as measured against specific performance criteria relative to Cadence s overall business results and the particular executive officer s individual performance. Cash bonus payouts under the Bonus Plan for fiscal 2014 were determined semi-annually, with each six-month performance period weighted equally at 50%.

For each executive officer other than the CEO, the CEO makes a recommendation as to the individual s target bonus. The Compensation Committee reviews the CEO s recommendation, as described above under Compensation Determinations, and approves (with or without modification, in its sole discretion) the CEO s recommendation. For the CEO, the Compensation Committee is solely responsible for assigning a target bonus based on its review, as described above under Compensation Determinations.

In February 2014, the Compensation Committee reviewed the target bonus levels of the NEOs and determined that the target bonus levels as a percentage of base salary were appropriate for all of the NEOs and would remain unchanged. The Compensation Committee made this determination in a manner consistent with the process discussed under Compensation Determinations above.

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The base salaries, target bonus levels and actual bonuses earned by the NEOs for their fiscal 2014 performance (as determined using the criteria described below) are set forth in the table below:

Name	Base Salary	Target Bonus (as % of Base Salary)	Target Bonus	Actual Bonus
Lip-Bu Tan	$ 650,000	100.0%	$ 650,000	$ 699,404
Geoffrey G. Ribar	400,000	75.0	300,000	305,524
Thomas P. Beckley	375,000	75.0	281,250	301,567
Anirudh Devgan	350,000	75.0	262,500	285,736
Charlie Huang	412,500(1)	100.0	412,500	435,235

(1) Mr. Huang s annual base salary was $400,000 for the first half of fiscal 2014 and $425,000 for the second half of fiscal 2014.

Performance Factors. Each NEO s bonus for fiscal 2014 was determined by multiplying the target bonus by two factors: a company performance factor and an individual performance factor. The individual performance factor is determined by an assessment of performance against (i) quality-related factors (weighted 25%), such as the accomplishment of quality goals and improvement, leadership of quality initiatives and customer satisfaction, and (ii) executive leadership factors (weighted 75%), such as the achievement of strategic objectives, overall leadership of the organization, talent acquisition and retention and fiscal management. The combination of these performance factors ensures that all critical aspects of performance are considered in determining short-term cash incentive awards. The bonus determination is illustrated below:

Target Bonus	x	Company Performance Factor	x	Individual Performance Factor (25% Quality and 75% Executive Leadership)	=	Actual Bonus

Determination of Company Performance Factor. The company performance factor is a percentage that reflects Cadence s overall financial performance. The weightings and performance measures used to determine the company performance factor are reviewed by the Compensation Committee at the beginning of each performance period, in consultation with the CEO, to ensure that the weightings and performance measures align with what the Compensation Committee and the CEO believe are the most important factors that influence Cadence s business and financial performance and directly impact long-term stockholder value.

For fiscal 2014, achievement of both the revenue and non-GAAP operating margin targets under the fiscal 2014 financial plan would have resulted in a company performance factor of 1.00.

For fiscal 2014, the relative weightings of the components of the company performance factor were 45% for the total revenue target and 55% for the non-GAAP operating margin target.

For each half of fiscal 2014, the performance goals and actual performance against such goals used to determine the company performance factors were as follows:

	Revenue (In millions)	Non-GAAP Operating Margin	Revenue (In millions)	Non-GAAP Operating Margin
	1st Half		2nd Half	
2014 Bonus Plan Target	$ 761	22.9%	$ 823	27.7%
Actual Achievement	$ 755	23.2%	$ 824	27.7%
Company Performance Factor	1.00		1.00	

For purposes of the Bonus Plan, non-GAAP operating margin is defined as non-GAAP income from operations (that is, income from operations excluding such items as stock-based compensation expense, non-qualified deferred compensation expenses, restructuring and other charges, integration and acquisition-related costs and other non-recurring items), expressed as a percentage of total revenue. For both metrics, the Compensation Committee excludes the impact of acquisitions made by Cadence during the applicable performance period.

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Determination of Individual Performance Factor. As described under Performance Factors above, for fiscal 2014, the individual performance factor consisted of two components: (i) 25% was based on quality-related factors and (ii) 75% was based on executive leadership factors. The quality-related and executive leadership factors specific to each NEO that the Compensation Committee considered are set forth below:

Mr. Tan: delivery on key customer wins and stockholder commitments, leadership of a strong executive management team and a dynamic organization, progress in company-wide quality initiatives and continued focus on investments for the growth of Cadence s business.

Mr. Ribar: disciplined delivery of financial performance in a competitive environment, leadership in the successful issuance of $350 million of investment-grade bonds, rigorous management of internal financial controls and improved efficiency and effectiveness in the IT function.

Mr. Beckley: strong leadership and achievements in leading quality improvement across all products and delivery of strong growth in the Custom IC and PCB technology segments.

Mr. Devgan: achievement of key strategic product objectives, significant customer success and promotion of a high performance culture in the Digital and Signoff Group.

Mr. Huang: delivery on Cadence s sales, quality and financial objectives as the leader of the Worldwide Field Organization and important customer success as the leader of the System and Verification Group.

Actual Bonus Payments. Based on its assessment of Cadence s performance and individual performance as described above, the Compensation Committee approved the following bonus payout percentage of target and amounts for each half of fiscal 2014:

Name	1st Half 2014 (% of Target)	1st Half 2014 ($)	2nd Half 2014 (% of Target)	2nd Half 2014 ($)
Lip-Bu Tan	108%	$ 350,493	107%	$ 348,911
Geoffrey G. Ribar	105	156,875	99	148,649
Thomas P. Beckley	107	149,892	108	151,675
Anirudh Devgan	108	141,545	110	144,191
Charlie Huang	104	208,164	107	227,071

Long-Term Equity Incentive Compensation

Overview. Consistent with the principles of Cadence s compensation for its executive officers outlined above, long-term equity incentives are designed to provide executive officers with an equity stake in Cadence, promote stock ownership to align the executive officers interests with those of Cadence s stockholders, and create significant incentives for executive retention. Specifically, stock options provide an opportunity for Cadence to reward its executive officers solely to the extent Cadence s stock price increases from the date of grant over time, which aligns the interests of executive officers with those of Cadence s stockholders, and the executive officers remain employed at Cadence during the period required for the stock options to vest. Furthermore, incentive stock awards align the interests of executive officers with the interests of stockholders through stock ownership, require continued employment of the executive throughout the vesting period, and increase in value when Cadence s stock price increases.

When the Compensation Committee determines and approves individual equity grants to executive officers, it considers each of the Compensation Factors, without prescribing particular weightings to any of the Compensation Factors. In addition, the Compensation Committee reviews the CEO s assessments and recommendations as to the long-term equity compensation for all of the executive officers except himself.

In fiscal 2010, the Compensation Committee adopted a policy that, in determining the compensation of executive officers, including the NEOs, a portion of their stock awards granted be performance-based. These performance-based stock awards may take either of the following forms:

Performance-Vesting Stock Awards stock awards that do not vest unless certain specific business performance goals established by the Compensation Committee are met.

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Performance-Accelerated Stock Awards stock awards for which vesting is accelerated upon achievement of specific business performance goals established by the Compensation Committee.

Fiscal 2014 Grants. The Compensation Committee intends the long-term equity incentive mix to provide the appropriate level of executive alignment with stockholder interests, reward its executives for building long-term stockholder value, and create balance between stock options (which provide value only if the stock price increases) and incentive stock awards (which provide more certain retention value subject to the fulfillment of certain conditions, including performance goals, while still providing incentive to improve Cadence s stock performance). In February 2014, the Compensation Committee approved annual equity grants for the NEOs. Approximately 53% of the CEO s annual equity grants (based on grant date fair value) were in the form of stock options, and approximately 35% of the other NEOs 2014 equity grants (based on grant date fair value) were in the form of stock options. No other grants were made to the NEOs in fiscal 2014 other than to Mr. Devgan, as discussed below. The Compensation Committee weighted Mr. Tan s equity compensation more heavily in favor of stock options in order to focus his incentives more directly on long-term stock price performance. The Compensation Committee and Mr. Tan continue to believe that equity-based compensation is an important component of Cadence s compensation program and essential to motivate executives and align their interests with those of its stockholders.

The stock options granted to the NEOs in February 2014 vest monthly over four years from the date of grant and expire seven years from the date of grant.

The incentive stock awards granted to the NEOs in February 2014 vest in equal semi-annual installments over three years from the date of grant, subject to the achievement of performance goals intended to qualify the awards as performance-based compensation under Section 162(m) of the Code.

An additional incentive stock award was granted to Mr. Devgan in September 2014 and vests in equal annual installments over three years from the date of grant, subject to the achievement of performance goals intended to qualify the award as performance-based compensation under Section 162(m) of the Code. This additional incentive stock award was made in recognition of Mr. Devgan s leadership of the Digital and Signoff Group and the contributions of Mr. Devgan and his group to Cadence s success. The Compensation Committee determined that grants of equity compensation in the form of stock awards were consistent with Cadence s commitment to align its executives with stockholder interests. The Compensation Committee may approve similar long-term equity awards to NEOs in the future consistent with its objectives of aligning executive and stockholder interests and rewarding executives for building long-term stockholder value.

The values reflected for equity awards in the Summary Compensation Table below are the grant date fair values of such awards. The values in the Summary Compensation Table do not reflect the financial benefit that the holders of the awards will actually realize upon the vesting of the awards, nor, with respect to stock options, whether the stock options will be exercised or exercisable prior to their expiration. Please refer to the Grants of Plan-Based Awards in Fiscal Year 2014 table below for more detail regarding grants to NEOs.

Grant Timing Policy

The Compensation Committee and senior management monitor Cadence s equity grant policies to ensure that such policies comply with governing regulations and are consistent with good corporate practice. Grants to the executive officers are generally made at the Compensation Committee meeting held in February of each year, after results for the preceding fiscal year become available and after review and evaluation of each executive officer s performance, enabling the Compensation Committee to consider both the prior year s performance and expectations for the succeeding year in making grant decisions. However, the Compensation Committee may make grants at any time of the year it deems appropriate.

Deferred Compensation

In fiscal 2014, all of the NEOs were eligible to defer compensation payable to them under a nonqualified deferred compensation plan maintained by Cadence (the Deferred Compensation Plan). The Deferred Compensation Plan is designed to allow for savings above the limits imposed by the Code for 401(k) plans on an

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income tax-deferred basis for Cadence employees at the level of vice president (or its equivalent) and above who choose to participate. Amounts deferred under the Deferred Compensation Plan are held in accounts with values indexed to the performance of selected mutual funds or money market accounts. The investment options made available under the Deferred Compensation Plan are substantially similar to those available under Cadence s tax-qualified 401(k) plan. Cadence does not match contributions made under the Deferred Compensation Plan. The Deferred Compensation Plan is unfunded and is subject to the claims of creditors, so that participants in the Deferred Compensation Plan have rights in the plan only as unsecured creditors. Cadence maintains the Deferred Compensation Plan for the purposes of providing a competitive benefit and allowing all participants, including the NEOs, an opportunity to defer income tax payments on their cash compensation.

Other Employee Benefit Plans

The executive officers, including the NEOs, are eligible for the same benefits generally available to Cadence employees. These include participation in a tax-qualified 401(k) plan, employee stock purchase plan, and group life, health, dental, vision and disability insurance plans. Cadence does not currently offer guaranteed pension benefits. Cadence periodically assesses its broad-based employee benefit plans based upon a review of the benefits survey conducted by the Silicon Valley Employers Forum, among other sources. Cadence aims to provide benefits to its employees that are competitive with market practices.

Perquisites

Cadence did not provide material perquisites to any NEO in fiscal 2014. Cadence does not provide its executive officers, including its NEOs, with club memberships, financial planning assistance, personal use of private aircraft or any tax gross-up payments with respect to any taxable income.

Severance Benefits

The Compensation Committee periodically reviews typical industry practices concerning severance and change in control arrangements and Cadence s severance and change in control arrangements. Cadence has entered into agreements with each of the NEOs that provide for benefits upon termination of employment under certain circumstances, such as in connection with a change in control of Cadence. Cadence provides these benefits as a means of retaining executive officers, focusing executive officers on stockholder interests when considering strategic alternatives and providing income protection in the event of involuntary loss of employment. In general, these arrangements provide for severance benefits upon Cadence s termination of the executive s employment without cause or resignation by the executive for good reason (constructive termination). In the event of a change in control of Cadence, and if the executive s employment is terminated without cause or for good reason (constructive termination), the NEO will receive enhanced severance benefits. Accordingly, Cadence provides for enhanced severance benefits only in the event of a double trigger because it believes that the executive officers would be materially harmed only if a change in control results in reduced responsibilities or compensation or loss of employment.

Please refer to the discussion under Potential Payments upon Termination or Change in Control and Employment Contracts below for a more detailed discussion of the severance and change in control arrangements with the NEOs.

SAY-ON-PAY

At the 2014 annual meeting of Cadence stockholders, stockholders again expressed strong support for Cadence s executive compensation program, with approximately 92% of the votes cast for approval of the say-on-pay advisory vote. The Compensation Committee took into consideration the results of the 2014 advisory say-on-pay vote and, in light of the approval from an overwhelming majority of Cadence s stockholders of the executive compensation program and its own overall consideration of the effectiveness of the program, the Compensation Committee did not make significant changes to the executive compensation program for 2014.

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STOCK OWNERSHIP GUIDELINES

Cadence s Stock Ownership Guidelines require that Cadence s executive officers hold shares of Cadence common stock with a value equal to or greater than a specific value, as set forth below. These guidelines are designed to further align the interests of its executive officers with the interests of stockholders and to reinforce Cadence s commitment to sound corporate governance. All of the NEOs satisfy Cadence s Stock Ownership Guidelines.

Stock Ownership Guidelines

Position	Minimum Value of Shares	Years to Meet Guidelines
Chief Executive Officer	3x base salary	5 years
Other Executive Officers	1x base salary	

Compliance with the Stock Ownership Guidelines is measured on the last trading day of each fiscal year in which the guidelines are applicable (the Measurement Date), based on the average closing price of Cadence common stock during the twenty trading day period ending on the Measurement Date (the Measurement Price).

Should any executive officer not meet the Stock Ownership Guidelines on the Measurement Date based on the Measurement Price or on any other date based on the closing price of Cadence common stock on such date, such executive officer is required to retain an amount equal to 100% of the net shares received as a result of the exercise, vesting or payment of any of Cadence common stock granted to such executive officer until this guideline is met. Net shares are those shares that remain after the shares are sold or withheld to pay any applicable exercise price or tax for the award. The Compensation Committee retains the discretion to grant a hardship exception to an executive officer if he or she fails to meet this guideline as of the Measurement Date.

For purposes of determining stock ownership levels, the following forms of equity interests in Cadence count towards satisfaction of the Stock Ownership Guidelines: restricted or incentive shares (whether vested or unvested), shares subject to RSUs, shares obtained through the Employee Stock Purchase Plan (the ESPP), shares obtained through the exercise of stock options or upon settlement of restricted stock, shares purchased on the open market, shares owned outright by the executive officer or his or her immediate family members residing in the same household, shares held in trust for the benefit of the executive officer or his or her family and restricted shares granted under Cadence s equity plans.

CLAWBACK POLICY

Cadence has adopted a clawback policy, which provides that if Cadence restates its reported financial results, the Board will review all bonuses and other awards made to the NEOs on the basis of having met or exceeded performance goals during the period covered by the restatement and will, to the extent practicable and in the best interests of stockholders, instruct Cadence to seek to recover or cancel such bonuses or awards to the extent that performance goals would not have been met under such restated financial results.

ANTI-HEDGING POLICY

Cadence s Securities Trading Policy prohibits hedging, short-sales or related transactions by Cadence employees, including its executive officers. The policy also requires approval by Cadence of pledges of Cadence stock or deposits of Cadence stock in margin accounts by certain employees, including its executive officers. None of the NEOs currently or in the last year has pledged any Cadence common stock under this policy.

TAX CONSIDERATIONS

Section 162(m) of the Code

Section 162(m) of the Code limits deductions for certain executive compensation in excess of $1,000,000 in any fiscal year. Certain types of compensation are deductible only if performance criteria are specified in detail and payments are contingent on stockholder approval of the compensation arrangement. Cadence attempts to

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structure its compensation arrangements to achieve deductibility under Section 162(m) of the Code, unless the benefit of such deductibility is outweighed by the need for flexibility or the attainment of other corporate objectives. The Compensation Committee will continue to monitor issues concerning the deductibility of executive compensation and will take appropriate action if and when it is warranted. Since corporate objectives may not always be consistent with the requirements for full deductibility, the Compensation Committee is prepared, if it deems appropriate, to enter into compensation arrangements under which payments may not be deductible under Section 162(m) of the Code. Thus, deductibility will not be the sole factor used by the Compensation Committee in ascertaining appropriate levels or modes of compensation.

In fiscal 2014, all stock option and restricted stock grants to the NEOs were structured with the intent to qualify them as performance-based compensation under Section 162(m) of the Code, and performance measures and goals under the Bonus Plan were intended to comply with the exception for performance-based compensation under Section 162(m) of the Code.

Section 280G of the Code

Section 280G of the Code disallows a company s tax deduction for certain payments in connection with a change in control, defined as excess parachute payments, and Section 4999 of the Code imposes a 20% excise tax on certain persons who receive excess parachute payments. The NEOs will not be provided with tax gross-up payments in the event their payments become subject to this excise tax, but instead would be entitled to the best after-tax alternative. In other words, they would be entitled to whichever of the following payments results in the largest after-tax amount:

- The full payout, including any portion that would be classified as an excess parachute payment; or

- The maximum payout that would result in no portion of the payout being subject to the excise tax.

Cadence chose to provide the NEOs with the best after-tax alternative to maximize the benefits provided to each executive in connection with a change in control while allowing Cadence to avoid making any gross-up payments.

In the event that a portion of the payout would be classified as an excess parachute payment, Cadence s tax deduction would be disallowed under Section 280G of the Code and an excise tax would be imposed on the NEO under Section 4999 of the Code. Please refer to the discussion below under Potential Payments upon Termination or Change in Control and Employment Contracts for more detail on the potential lost tax deductions.

COMPENSATION COMMITTEE REPORT

The current members of the Compensation Committee have reviewed and discussed the Compensation Discussion and Analysis above with management. In reliance on the review and discussions referred to above, the current members of the Compensation Committee recommended to the Board, and the Board approved, the inclusion of the Compensation Discussion and Analysis in this proxy statement and incorporation by reference into Cadence s Annual Report on Form 10-K for the fiscal year ended January 3, 2015.

COMPENSATION COMMITTEE

John B. Shoven, Chair

Susan L. Bostrom

James D. Plummer

George M. Scalise

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COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATION

No member of the Compensation Committee is, or was during or prior to fiscal 2014, an officer or employee of Cadence or any of its subsidiaries. None of Cadence s executive officers serves or served as a director or member of the compensation committee of another entity where an executive officer of such other entity serves or served as a director or member of the Compensation Committee of Cadence.

COMPENSATION OF EXECUTIVE OFFICERS

The following table shows the compensation awarded to, paid to, or earned by Cadence s NEOs in fiscal 2014.

SUMMARY COMPENSATION TABLE

Name and Principal Position	Year	Salary ($)[1]	Bonus ($)	Stock Awards ($)[2]	Option Awards ($)[2]	Non-Equity Incentive Plan Compensation ($)[1]	All Other Compensation ($)[3]	Total ($)
Lip-Bu Tan	2014	$ 650,000	$	$ 1,726,250	$ 1,924,200	$ 699,404	$ 11,040	$ 5,010,894
President and Chief	2013	650,000		1,777,500	2,006,663	746,422	10,890	5,191,475
Executive Officer	2012	650,000		1,626,800	2,230,450	887,881	11,412	5,406,543
Geoffrey G. Ribar	2014	400,000		497,160	307,872	305,524	11,866	1,522,422
Senior Vice President and	2013	400,000		568,800	367,073	335,557	11,716	1,683,146
Chief Financial Officer	2012	380,000		348,600	446,090	382,233	10,101	1,567,024
Thomas P. Beckley[4]	2014	375,000		497,160	307,872	301,567	11,613	1,493,212
Senior Vice President,	2013	350,000		462,150	281,422	304,038	11,207	1,408,817
Research and Development								
Anirudh Devgan[5]	2014	350,000		829,910[6]	327,114	285,736	9,285	1,802,045
Senior Vice President,								
Research and Development								
Charlie Huang	2014	412,500[7]		593,830	384,840	435,235	10,554	1,836,959
Executive Vice President,	2013	400,000		533,250	342,601	432,181	9,589	1,717,621
Worldwide Field Operations	2012	400,000		348,600	446,090	480,570	9,660	1,684,920
and Research and Development								

(1) Includes amounts deferred pursuant to Section 401(k) of the Code and the Deferred Compensation Plan.

(2) In accordance with SEC rules, the amount shown reflects the grant date fair value of stock awards and option awards granted during the fiscal year calculated pursuant to FASB ASC 718. The assumptions used to calculate the valuation of the awards for fiscal 2014 are set forth in Note 11 to the Notes to Consolidated Financial Statements in Cadence s Annual Report on Form 10-K for the fiscal year ended January 3, 2015, and the assumptions used to calculate the valuation of the awards for prior years are set forth in the Notes to Consolidated Financial Statements in Cadence s Annual Report on Form 10-K for the corresponding years. While the grant date fair value of awards reflects the full value of the awards in the year of grant, the awards will be earned by the holder over a number of years, and the stock awards are subject to performance conditions. The terms of the applicable awards are discussed in more detail in the tables entitled Grants of Plan-Based Awards in Fiscal Year 2014 and Outstanding Equity Awards at 2014 Fiscal Year End. The amount shown is based on the price of Cadence common stock on the date the award was granted and does not reflect any fluctuations in the price of Cadence common stock subsequent to the grant date. The amount shown therefore does not reflect the financial benefit that the holder of the award will actually realize upon the vesting of the award, and with respect to option awards, such amount does not reflect whether the option award will be exercised or exercisable prior to its expiration.

(3) The payments listed in the All Other Compensation column above reflect the following and, unless noted below, are based upon the actual cost expended by Cadence in connection with the following amounts for fiscal 2014:

For Mr. Tan, the amount shown includes $7,800 for 401(k) matching contributions and $3,240 for term life insurance premium payments.

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For Mr. Ribar, the amount shown includes $7,800 for 401(k) matching contributions and $4,066 for term life insurance premium payments.

For Mr. Beckley, the amount shown includes $7,800 for 401(k) matching contributions and $3,813 for term life insurance premium payments.

For Mr. Devgan, the amount shown includes $7,800 for 401(k) matching contributions and $1,485 for term life insurance premium payments.

For Mr. Huang, the amount shown includes $7,800 for 401(k) matching contributions and $2,754 for term life insurance premium payments.

(4) Mr. Beckley became an officer as that term is defined for purposes of Section 16 of the Exchange Act effective July 31, 2013.

(5) Mr. Devgan became an officer as that term is defined for purposes of Section 16 of the Exchange Act effective November 18, 2013.

(6) The amount shown is the aggregate grant date fair value of the stock awards granted to Mr. Devgan, calculated in accordance with FASB ASC Topic 718, as described in the table Grants of Plan-Based Awards in Fiscal Year 2014.

(7) Mr. Huang s annual base salary was $400,000 for the first half of fiscal 2014 and $425,000 for the second half of fiscal 2014.

GRANTS OF PLAN-BASED AWARDS IN FISCAL YEAR 2014

Name	Grant Date	Estimated Future Payouts Under Non-Equity Incentive Plan Awards Threshold ($)	Target ($)	Maximum ($)	All Other Stock Awards: Number of Shares of Stock or Units (#)[1]	All Other Option Awards: Number of Securities Underlying Options (#)[2]	Exercise or Base Price of Option Awards ($/Sh)[3]	Grant Date Fair Value of Stock and Option Awards ($)[4]
Lip-Bu Tan	2/04/14	$	$	$	125,000		$	$ 1,726,250
	2/04/14					500,000	13.81	1,924,200
	Bonus Plan		650,000	1,462,500				
Geoffrey G. Ribar	2/04/14				36,000			497,160
	2/04/14					80,000	13.81	307,872
	Bonus Plan		300,000	675,000				
Thomas P. Beckley	2/04/14				36,000			497,160
	2/04/14					80,000	13.81	307,872
	Bonus Plan		281,250	632,813				
Anirudh Devgan	2/04/14				41,000			566,210
	2/04/14					85,000	13.81	327,114
	9/15/14				15,000			263,700
	Bonus Plan		262,500	590,625				
Charlie Huang	2/04/14				43,000			593,830
	2/04/14					100,000	13.81	384,840

Bonus Plan	412,500	928,125

(1) The stock awards granted to Messrs. Beckley, Devgan, Huang, Ribar and Tan on February 4, 2014 were granted under the 1987 Plan and vest over three years, with 1/6th of the shares subject to such stock award vesting every six months after the date of grant, subject to the achievement of certain specified performance goals intended to qualify the stock awards as performance-based compensation under Section 162(m) of the Code. The stock award granted to Mr. Devgan on September 15, 2014 was granted under the Omnibus Plan and vests in equal annual installments over three years from the date of grant, subject to the achievement of performance goals intended to qualify the award as performance-based compensation under Section 162(m) of the Code.

(2) The stock options granted to Messrs. Beckley, Devgan, Huang, Ribar and Tan on February 4, 2014 were granted under the 1987 Plan vest over four years, with 1/48th of the shares subject to such option vesting each month after the date of grant.

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(3) The exercise price of the stock options is the closing price of Cadence common stock on the date of grant.

(4) In accordance with SEC rules, the amount shown reflects the grant date fair value of stock awards and option awards granted during fiscal 2014 calculated pursuant to FASB ASC 718. The assumptions used to calculate the valuation of the stock awards and option awards for fiscal 2014 are set forth in Note 11 to the Notes to Consolidated Financial Statements in Cadence s Annual Report on Form 10-K for the fiscal year ended January 3, 2015. The grant date fair value is based on the price of Cadence common stock on the date the award was granted and does not reflect any fluctuations in the price of Cadence common stock subsequent to the grant date. The amount shown therefore does not reflect the financial benefit that the holder of the award will actually realize upon the vesting of the award, and with respect to option awards, such amount does not reflect whether the option award will be exercised or exercisable prior to its expiration.

NARRATIVE DISCLOSURE TO SUMMARY COMPENSATION TABLE AND GRANTS OF PLAN-BASED AWARDS IN FISCAL YEAR 2014 TABLE

EMPLOYMENT TERMS

Certain elements of compensation set forth in the Summary Compensation Table and Grants of Plan-Based Awards in Fiscal Year 2014 table reflect the terms of the employment agreements between Cadence and certain of the NEOs and the offer letter between Cadence and Mr. Devgan, all of which were in effect as of January 3, 2015.

Lip-Bu Tan. Cadence is a party to an employment agreement with Mr. Tan, pursuant to which Mr. Tan serves as President and Chief Executive Officer. The agreement provides for an initial base salary of $600,000 per year and for Mr. Tan s participation in the Bonus Plan at an annual target bonus of 100% of his base salary. In 2012, Mr. Tan s base salary was increased to $650,000.

Geoffrey G. Ribar. Cadence is a party to an employment agreement with Mr. Ribar, pursuant to which Mr. Ribar serves as Senior Vice President and Chief Financial Officer. The agreement provides for an initial base salary of $350,000 per year and for Mr. Ribar s participation in the Bonus Plan at an annual target bonus of 75% of his base salary. In 2012, Mr. Ribar s base salary was increased to $380,000 and, in 2013, his base salary was increased to $400,000.

Thomas P. Beckley. Cadence is a party to an employment agreement with Mr. Beckley, pursuant to which Mr. Beckley serves as Senior Vice President of Research and Development. The agreement provides for an initial base salary of $330,000 per year and for Mr. Beckley s participation in the Bonus Plan at an annual target bonus of 60% of his base salary. In 2013, Mr. Beckley s base salary was increased to $350,000 and his target bonus was increased to 75% of his base salary. In February 2014, his base salary was increased to $375,000.

Anirudh Devgan. Cadence is a party to an offer letter with Mr. Devgan, pursuant to which Mr. Devgan serves as Senior Vice President of Research and Development. The offer letter provides for an initial base salary of $350,000 per year and for Mr. Devgan s participation in the Bonus Plan at an annual target bonus of 75% of his base salary.

Charlie Huang. Cadence is a party to an employment agreement with Mr. Huang, pursuant to which Mr. Huang initially served as Senior Vice President and Chief Strategy Officer. He later served as Senior Vice President of Worldwide Field Operations and Research and Development and now serves as Executive Vice President of Worldwide Field Operations and Research and Development. The agreement provides for an initial base salary of $350,000 per year and for Mr. Huang s participation in the Bonus Plan at an annual target bonus of 75% of his base salary. In 2009, Mr. Huang s base salary was increased to $400,000. In 2012, his target bonus was increased to 87.5% of his base salary and, in July 2013, it was increased to 100% of his base salary. In July 2014, Mr. Huang s base salary was increased to $425,000.

The proportion of salary to total compensation of the NEOs is explained above under Compensation Discussion and Analysis Elements of Executive Compensation.

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OUTSTANDING EQUITY AWARDS AT 2014 FISCAL YEAR END

	Option Awards				Stock Awards	
Name	**Number of Securities Underlying Unexercised Options (#) Exercisable[1]**	**Number of Securities Underlying Unexercised Options (#) Unexercisable**	**Option Exercise Price ($)**	**Option Expiration Date**	**Number of Shares of Stock That Have Not Vested (#)**	**Market Value of Shares of Stock That Have Not Vested ($)[2]**
Lip-Bu Tan	25,000[3]		$ 14.59	4/01/15		$
	100,000[4]		2.61	12/15/15		
	900,000[4]		4.12	1/08/16		
	715,000[4]		4.20	2/05/16		
	25,000[3]		18.08	4/01/16		
	800,000[4]		5.60	2/08/17		
	25,000[3]		20.53	4/02/17		
	766,666	33,334	9.66	2/08/18		
	25,000[3]		10.94	4/01/18		
	354,166	145,834	11.62	2/06/19		
	187,916	222,084	14.22	2/11/20		
	104,166	395,834	13.81	2/04/21		
					23,333[5]	439,361
					62,499[6]	1,176,857
					104,166[7]	1,961,446
Geoffrey G. Ribar	100,000[4]		8.24	11/15/17		
	70,833	29,167	11.62	2/06/19		
	34,375	40,625	14.22	2/11/20		
	16,666	63,334	13.81	2/04/21		
					5,000[5]	94,150
					19,999[6]	376,582
					30,000[7]	564,900
Thomas P. Beckley	10,000[4]		11.25	5/15/15		
	10,000[3]		17.89	12/09/15		
	30,000[4]		2.61	12/15/15		
	30,000[4]		4.01	2/17/16		
	20,000[4]		6.59	5/07/17		
	28,125	1,875	9.56	3/18/18		
	56,666	23,334	11.62	2/06/19		
	26,354	31,146	14.22	2/11/20		
	16,666	63,334	13.81	2/04/21		
					5,000[8]	94,150
					16,249[9]	305,969
					30,000[7]	564,900
Anirudh Devgan	51,666	28,334	10.79	5/15/19		
	17,708	67,292	13.81	2/04/21		
					20,000[10]	376,600
					13,332[11]	251,042
					34,166[7]	643,346
					15,000[12]	282,450
Charlie Huang	60,000[4]		10.61	2/01/15		
	200,000[4]		4.20	2/05/16		
	50,000[3]		16.80	2/15/16		
	130,000[4]		5.60	2/08/17		
	239,583	10,417	9.66	2/08/18		
	70,833	29,167	11.62	2/06/19		

	32,083	37,917	14.22	2/11/20		
	20,833	79,167	13.81	2/04/21		
					5,000[5]	94,150
					18,750[6]	353,063
					35,833[7]	674,736

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(1) Unless otherwise indicated, these stock options were granted seven years prior to the expiration date and vest at a rate of 1/48th every month after the date of grant.

(2) The market value of the stock awards that have not vested is calculated by multiplying the number of shares that have not vested by the closing price of Cadence common stock on January 2, 2015 (the last business day of Cadence s fiscal 2014) of $18.83 per share.

(3) Stock option was granted on the date ten years prior to the expiration date and, as of January 3, 2015, was fully vested.

(4) Stock option was granted on the date seven years prior to the expiration date and, as of January 3, 2015, was fully vested.

(5) Restricted stock was granted on February 6, 2012 and vests at a rate of 1/6th every six months from the date of grant over three years, subject to the achievement of specific performance goals.

(6) Restricted stock was granted on February 11, 2013 and vests at a rate of 1/6th every six months from the date of grant over three years, subject to the achievement of specific performance goals.

(7) Restricted stock was granted on February 4, 2014 and vests at a rate of 1/6th every six months from the date of grant over three years, subject to the achievement of specific performance goals.

(8) Restricted stock was granted on February 6, 2012 and vests at a rate of 1/6th every six months from the date of grant over three years.

(9) Restricted stock was granted on February 11, 2013 and vests at a rate of 1/6th every six months from the date of grant over three years.

(10) Restricted stock was granted on May 15, 2012 and vests at a rate of 1/4th every year from the date of grant over four years.

(11) Restricted stock was granted on July 15, 2013 and vests over a 37-month period, with 1/6th of the shares vesting seven months after the date of grant and the remaining shares vesting in five equal installments every six months over 2 1/2 years.

(12) Restricted stock was granted on September 15, 2014 and vests at a rate of 1/3rd every year from the date of grant over three years, subject to the achievement of specific performance goals.

OPTION EXERCISES AND STOCK VESTED IN FISCAL YEAR 2014

The following table sets forth information with respect to the exercise of stock options by the NEOs during fiscal 2014 and the vesting during fiscal 2014 of stock awards previously granted to the NEOs.

	Option Awards	Stock Awards
Name		

	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise ($)[1]	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting ($)[2]
Lip-Bu Tan	25,000	$ 14,519	125,833	$ 1,969,804
Geoffrey G. Ribar	60,000	452,554	39,334	647,610
Thomas P. Beckley	120,308	17,578	30,167	479,939
Anirudh Devgan			23,502	378,941
Charlie Huang			29,667	473,831

(1) Amount shown for option awards is determined by multiplying (i) the number of shares of Cadence common stock to which the exercise of the options related, by (ii) the difference between the per share sales price of Cadence common stock at exercise and the exercise price of the options.

(2) Amount shown for stock awards are determined by multiplying the number of shares that vested by the per share closing price of Cadence common stock on the vesting date.

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NONQUALIFIED DEFERRED COMPENSATION FOR FISCAL YEAR 2014

Under the Deferred Compensation Plan, executive officers may elect to defer up to 80% of their base salary and up to 100% of the non-equity incentive plan compensation payable to them. These deferred compensation payments are held in accounts with values indexed to the performance of selected mutual funds or money market accounts. Executive officers may elect to receive distributions from their account upon termination of employment with Cadence, the passage of a specified number of years or the attainment of a specified age, whichever event occurs first. In addition, executive officers may elect a lump-sum payment or monthly installments over a five or ten year period.

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)
Lip-Bu Tan	$	$	$ 41	$	$ 85,061
Geoffrey G. Ribar					
Thomas P. Beckley			79,989		872,538
Anirudh Devgan	10,210		1,976		23,264
Charlie Huang					

POTENTIAL PAYMENTS UPON TERMINATION OR CHANGE IN CONTROL AND

EMPLOYMENT CONTRACTS

The information below describes certain compensation that would have become payable to the NEOs under existing plans and contractual arrangements, assuming that a termination of employment or assuming a change in control combined with a termination of employment had occurred on January 3, 2015 (based upon the closing price of Cadence common stock on January 2, 2015 (the last business day of Cadence s fiscal 2014) of $18.83 per share), given the compensation and service levels of each NEO. In addition to the benefits described below, upon any termination of employment, each of the NEOs would also be entitled to the amount shown in the Aggregate Balance at Last FYE column of the Nonqualified Deferred Compensation for Fiscal Year 2014 table above.

Employment Terms with NEOs

As of January 3, 2015, Cadence had employment agreements with Messrs. Beckley, Huang, Ribar and Tan, and had an offer letter with Mr. Devgan. The employment agreements generally provide for the payment of benefits if the executive s employment with Cadence is terminated either by Cadence without cause (as defined below) or by the executive in connection with a constructive termination (as defined below). In addition, the employment agreements provide for certain benefits upon a termination of employment due to death or permanent disability (as defined below). The employment agreements provide for benefits upon a termination either by Cadence without cause or by the executive in connection with a constructive termination that occurs during the period commencing three months before a change in control (as defined below) of Cadence and ending 13 months following such change in control. The employment agreements do not provide for any benefits upon a termination by Cadence for cause or upon the executive s resignation other than in connection with a constructive termination.

For purposes of the employment agreements, cause, constructive termination, change in control and permanent disability are defined as follows

Cause generally means an executive s:

gross misconduct or fraud in the performance of his duties under the employment agreement;

conviction or guilty plea or plea of nolo contendere with respect to any felony or act of moral turpitude;

engaging in any material act of theft or material misappropriation of company property in connection with his employment;

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material breach of the employment agreement or after written notice is delivered to the executive of such breach;

material breach of Cadence s Employee Proprietary Information and Inventions Agreement;

material failure or refusal to perform the assigned duties; or

material breach of the Code of Business Conduct, as such code may be revised from time to time.

Constructive termination generally means the occurrence of any one of the following events:

for Messrs. Huang and Tan, a material adverse change, without the executive s written consent, in the executive s authority, duties or title causing the executive s position to be of materially less stature or responsibility (for Mr. Tan, such material adverse change shall be deemed to occur if he is removed from his current position);

for Mr. Beckley, Cadence s removal of Mr. Beckley from his position as Senior Vice President of Research and Development;

for Mr. Ribar, Cadence s removal of the executive from his executive position and determination not to identify the executive as an executive officer of Cadence for purposes of the rules promulgated under Section 16 of the Exchange Act;

for Messrs. Huang and Ribar, any change, without the executive s written consent, to the executive s reporting structure causing the executive to no longer report to the CEO;

for Mr. Tan, a reduction, without the executive s written consent, in the executive s base salary then in effect by more than 5% or a reduction by more than 5% in the executive s stated target bonus in effect under a bonus plan;

for Messrs. Beckley, Huang and Ribar, a reduction, without the executive s written consent, in the executive s base salary then in effect by more than 10% or a reduction by more than 10% in the executive s stated target bonus in effect under a bonus plan;

a relocation of the executive s principal place of employment by more than 30 miles, unless the executive consents in writing to such relocation;

any material breach by Cadence of any provision of the employment agreement;

any failure by Cadence to obtain the written assumption of the employment agreement by any successor to Cadence; or

for Messrs. Beckley, Ribar and Tan, in the event the executive, prior to a change in control, is identified as an executive officer of Cadence for purposes of the rules promulgated under Section 16 of the Exchange Act and following a change in control in which Cadence or any successor remains a publicly traded entity, the executive is not identified as an executive officer for purposes of Section 16 of the Exchange Act at any time within one year after the change in control.

Change in control generally means the occurrence of any one of the following events:

- any person acquires more than 50% of the total voting power represented by Cadence s then outstanding voting securities;

- any person acquires in one transaction (or has acquired during the 12-month period ending on the date of the most recent acquisition by such person) more than 30% of the total voting power represented by Cadence s then outstanding voting securities;

- if a majority of the members of the Board are replaced in any two-year period other than in specific circumstances;

- the consummation of a merger or consolidation of Cadence with any other corporation if such merger or consolidation is approved by the stockholders of Cadence, other than a merger or consolidation in which

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- the holders of Cadence s outstanding voting securities immediately prior to such merger or consolidation receive securities possessing at least 80% of the total voting power represented by the outstanding voting securities of the surviving entity immediately after such merger or consolidation; or

- the consummation of the liquidation, sale or disposition by Cadence of all or substantially all of Cadence s assets if such liquidation, sale or disposition is approved by the stockholders of Cadence.

Permanent disability generally means any medically determinable physical or mental impairment that can reasonably be expected to result in death or that has lasted or can reasonably be expected to last for a continuous period of not less than 12 months and that renders the executive unable to perform effectively all of the essential functions of his position pursuant to his employment agreement, with or without reasonable accommodation.

Under the employment agreements, if the executive s employment is terminated by Cadence without cause (and not due to death or permanent disability) or if the executive terminates his employment in connection with a constructive termination, the executive will be entitled to the benefits provided for in an Executive Transition and Release Agreement in exchange for his execution and delivery of that agreement. The transition agreements provide for the following payments and benefits:

- continued employment by Cadence, for up to one year after the executive s termination, as a non-executive employee at a monthly salary of $4,000 per month, payable for up to six months commencing on the first pay date that is more than 30 days following the date that is six months following the date of his termination;

- provided the executive elects COBRA coverage, continued coverage for up to one year under Cadence s medical, dental and vision insurance plans, at Cadence s expense;

- accelerated vesting, as of the date of the executive s termination, of his outstanding and unvested equity compensation awards, other than awards with performance-based vesting criteria, that would have vested over the succeeding 12-month period (or, in the case of Mr. Tan, the succeeding 18-month period); provided that, if the executive remains employed pursuant to his transition agreement through the end of the applicable performance period, unvested equity compensation awards that are subject to performance-based vesting criteria and that are outstanding as of the date of his termination shall continue to vest through the end of the applicable performance period; provided any such performance period ends within 12 months (or, in the case of Mr. Tan, 18 months) of his termination and only to the extent the applicable performance conditions are satisfied;

- a lump-sum payment equal to one year s base salary at the highest rate in effect during the executive s employment, payable on the 30th day following the date that is six months after the date of his termination; and

- a lump-sum payment equal to 75% (or, in the case of Mr. Huang and Mr. Tan, 100%) of one year s base salary at the highest rate in effect during the executive s employment, payable 30 days following termination of the transition agreement.

In addition, the employment agreements provide that if, within three months before or thirteen months after a change in control, an executive s employment is terminated without cause or the executive terminates his employment in connection with a constructive termination, then, in exchange for the executive s execution and delivery of a transition and release agreement, all of the executive s outstanding and unvested equity compensation awards will immediately vest in full. In the employment agreements, all other provisions of the transition agreement described in the paragraph above remain unchanged, except that the executives shall also receive: (i) a lump-sum payment equal to 50% of one year s base salary at the highest rate in effect during the executive s employment, payable on the 30th day following the date that is six months after the date of his termination and (ii) a lump-sum payment equal to 37.5% (or, in the case of Mr. Tan, 50%) of one year s base salary at the highest rate in effect during the executive s employment, payable 30 days following termination of the transition agreement. As discussed in more detail in Compensation Discussion and Analysis Section 280G of the Code, the executives are not entitled to a tax gross-up in connection with any excess parachute payments paid upon a change in control, but instead are entitled to the best after-tax alternative.

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Under the employment agreements, if the executive s employment is terminated due to the executive s death or permanent disability, the executive will be entitled to the following payments and benefits if his estate executes and delivers a release agreement:

accelerated vesting, as of the date of the executive s termination of employment, of his outstanding and unvested equity compensation awards that would have vested over the succeeding 12-month period, and such awards and all previously vested equity awards shall remain exercisable for 24 months from the date of the executive s termination of employment (but not later than the expiration of the term of the applicable award); and

solely in the case of termination due to permanent disability, and provided the executive elects COBRA coverage, continued coverage for 12 months under Cadence s medical, dental and vision insurance plans, at Cadence s expense.

The receipt of benefits following termination under each of the employment agreements is contingent upon the affected executive delivering and not revoking a general release in favor of Cadence. In addition, the post-termination benefits provided for under these employment agreements, except upon death or permanent disability, are contingent upon the affected executive complying with the terms of an Executive Transition and Release Agreement. These transition agreements provide that the affected executive will continue to provide services to Cadence for a one-year transition period. During this one-year transition period, the executive is entitled to receive the termination payments described above, is prohibited from competing with Cadence, soliciting employees of Cadence or interfering with Cadence s relationship with its current or prospective clients, customers, joint-venture partners or financial backers, and must provide Cadence with continued cooperation in matters related to his employment. Any violation of the provisions of the transition agreement would result in the cessation of Cadence s obligation to provide the then unpaid portion of the affected executive s termination benefits.

In addition to the benefits described above and quantified below, Cadence provides each of its benefits-eligible U.S.-based employees, including each of the NEOs, with life insurance in an amount equal to the lesser of two times the employee s annual target cash compensation (base salary plus target bonus) or $2,000,000, which, as of January 3, 2015, for Messrs. Tan, Ribar, Beckley, Devgan and Huang was $2,000,000, $1,400,000, $1,312,500, $1,225,000 and $1,700,000, respectively.

The tables below set forth the estimated value of the potential payments to the NEOs, assuming the executive s employment had terminated on January 3, 2015 (based upon the closing price of Cadence common stock on January 2, 2015 (the last business day of Cadence s fiscal 2014) of $18.83 per share) under an employment agreement in effect at that time, and, for purposes of the second table below, that a change in control of Cadence had also occurred on that date. Amounts are reported without any reduction for possible delay in the commencement or timing of payments.

Potential Payments and Benefits Upon a Termination of Employment by Cadence

Without Cause or by Executive in Connection with a Constructive Termination Not in Connection with a Change in Control

Name	Transition Period Salary ($)	Lump Sum Payment (7 Months After Termination) ($)	Lump Sum Payment (13 Months After Termination) ($)	Company-Paid COBRA Premiums ($)	Vesting of Stock Options ($)(1)	Vesting of Restricted Stock Awards ($)(2)	Pre-Tax Total ($)
Lip-Bu Tan	$ 24,000	$ 650,000	$ 650,000	$ 14,415	$ 3,059,467	$ 2,793,092	$ 7,190,974
Geoffrey G. Ribar	24,000	400,000	300,000	14,447	375,456	571,170	1,685,073
Thomas P. Beckley	24,000	375,000	281,250	24,880	336,618	524,095	1,565,843
Charlie Huang	24,000	425,000	425,000	739	492,406	599,434	1,966,579

(1) These amounts are calculated based on the number of shares of Cadence common stock that would have been subject to acceleration multiplied by the difference between the closing price of Cadence common stock on January 2, 2015 (the last business day of Cadence s fiscal 2014) of $18.83 per share (assuming it was the market price per share of Cadence common stock on the date of termination of employment) and the exercise price of the stock option.

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(2) These amounts are calculated based on the number of shares of Cadence common stock that would have been subject to acceleration multiplied by the closing price of Cadence common stock on January 2, 2015 (the last business day of Cadence s fiscal 2014) of $18.83 per share.

Potential Payments and Benefits Upon a Termination of Employment by Cadence

Without Cause or by Executive in Connection with a Constructive Termination for

Good Reason Within 3 Months Prior to or 13 Months Following a Change in Control

Name	Transition Period Salary ($)	Lump Sum Payment (7 Months After Termination) ($)	Lump Sum Payment (13 Months After Termination) ($)	Company-Paid COBRA Premiums ($)	Vesting of Stock Options ($)(1)	Vesting of Restricted Stock Awards ($)(2)	Pre-Tax Total ($)
Lip-Bu Tan	$ 24,000	$ 975,000(3)	$ 975,000(3)	$ 14,415	$ 4,368,030	$ 3,577,662	$ 9,934,107
Geoffrey G. Ribar	24,000	600,000	450,000	14,447	715,512	1,035,631	2,839,590
Thomas P. Beckley	24,000	562,500	421,875	24,880	647,139	965,019	2,645,413
Charlie Huang	24,000	637,500	584,375	739	878,034	1,121,948	3,246,596

(1) These amounts are calculated based on the number of shares of Cadence common stock that would have been subject to acceleration upon a change in control multiplied by the difference between the closing price of Cadence common stock on January 2, 2015 (the last business day of Cadence s fiscal 2014) of $18.83 per share (assuming it was equal to the market price per share of Cadence common stock on the date of termination of employment) and the exercise price of the stock option.

(2) These amounts are calculated based on the number of shares of Cadence common stock that would have been subject to acceleration multiplied by the closing price of Cadence common stock on January 2, 2015 (the last business day of Cadence s fiscal 2014) of $18.83 per share.

(3) If, within three months or before thirteen months after a change in control, Mr. Tan s employment were terminated without cause or if Mr. Tan were to terminate his employment in connection with a constructive termination, Mr. Tan would receive two payments, one at seven months after termination and one at thirteen months after termination, each of which would equal 150% of his base salary, for a total of $1,950,000.

Potential Payments and Benefits Upon a Termination of Employment by Reason of Death or Due to Permanent Disability

The table below sets forth the estimated value of the potential payments to each NEO, assuming the executive s employment had terminated on January 3, 2015 by reason of the executive s death or permanent disability. Amounts are reported without any reduction for possible delay in the commencement or timing of payments.

Name	Company- Paid COBRA Premiums (Upon Termination of Employment Due to Permanent Disability) ($)	Vesting of Stock Options ($)(1)	Vesting of Restricted Stock Awards ($)(2)	Pre-Tax Total (Upon Termination of Employment Due to Permanent Disability) ($)	Pre-Tax Total (Upon Termination of Employment Due to Death) ($)
Lip-Bu Tan	$ 14,415	$ 2,359,241	$ 2,008,521	$ 4,382,177	$ 4,367,762
Geoffrey G. Ribar	14,447	375,456	571,170	961,073	946,626
Thomas P. Beckley	24,880	336,618	524,095	885,593	860,713

Charlie Huang	739	492,406	599,434	1,092,579	1,091,840

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(1) These amounts are calculated based on the number of shares of Cadence common stock that would have been subject to acceleration multiplied by the difference between the closing price of Cadence common stock on January 2, 2015 (the last business day of Cadence s fiscal 2014) of $18.83 per share (assuming it was equal to the market price per share of Cadence common stock on the date of termination of employment) and the exercise price of the stock option.

(2) These amounts are calculated based on the number of shares of Cadence common stock that would have been subject to acceleration multiplied by the closing price of Cadence common stock on January 2, 2015 of $18.83 per share.

Cadence entered into an employment agreement with Mr. Devgan effective March 16, 2015. If this agreement had been in place as of January 3, 2015, and if Mr. Devgan s employment had been terminated as of January 3, 2015, then, based upon the closing price of Cadence common stock on January 2, 2015 (the last business day of Cadence s fiscal 2014) of $18.83 per share, Mr. Devgan would have been entitled to payments totaling $1,509,746 upon termination of employment by Cadence without cause or by Mr. Devgan in connection with a constructive termination not in connection with a change in control, $3,087,509 upon termination of employment by Cadence without cause or by Mr. Devgan in connection with a constructive termination for good reason within three months prior to or thirteen months following a change in control, $873,246 upon termination of employment due to permanent disability and $847,535 upon termination of employment due to death.

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EQUITY COMPENSATION PLAN INFORMATION

The following table provides information about Cadence s equity compensation plans, including its equity incentive plans and employee stock purchase plans, as of January 3, 2015.

Plan Category	Number of Securities to Be Issued Upon Exercise of Outstanding Options, Warrants and Rights (a)	Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights (b)	Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in Column (a)) (c)
Equity compensation plans approved by security holders	12,264,091(1)	$ 10.43	19,573,094(2)
Equity compensation plans not approved by security holders	540,053(3)	$ 6.46	0
Total	12,804,144	$ 10.27	19,573,094

(1) This amount excludes purchase rights accruing under the ESPP, for which remaining available rights are included in column (c). Under the ESPP, each eligible employee may purchase shares of Cadence common stock at six-month intervals at a purchase price per share equal to 85% of the lower of the fair market value of Cadence common stock on (i) the first day of an offering period (currently, six months in duration), or (ii) the last day of the offering period.

(2) This amount includes 8,179,630 shares available for issuance under the ESPP as of January 3, 2015.

(3) This amount excludes 1,071,013 shares subject to issuance upon exercise of options assumed in connection with acquisitions at a weighted average exercise price of $3.07.

The 1997 Plan historically provided for the issuance of nonstatutory stock options, restricted stock, RSUs, stock bonuses and rights to acquire restricted stock to Cadence employees and consultants who are not executive officers (other than in limited cases of grants to individuals not then employed by Cadence, as a material inducement to such person becoming an employee and executive officer of Cadence), directors or beneficial owners of 10% or more of Cadence common stock. In connection with the amendment and restatement of the 2000 Nonstatutory Equity Incentive Plan, effective March 16, 2011, reserved shares of common stock that were not subject to a grant or shares as to which a stock award is forfeited under the 1997 Plan became available for grant under the 2000 Plan. In connection with the adoption of the Omnibus Plan, which consolidated the 2000 Plan into the 1987 Plan, effective May 6, 2014, reserved shares of common stock that were not subject to a grant or shares as to which a stock award is forfeited under the 1997 Plan or the 2000 Plan became available for grant under the Omnibus Plan. As of January 3, 2015, under the 1997 Plan, there were options to purchase 540,053 shares outstanding with a weighted average exercise price of $6.46, no shares subject to unvested restricted stock grants and no shares remaining available for grant.

The exercise price of options granted under the 1997 Plan could not be less than the fair market value of a share of Cadence common stock on the grant date. Prior to January 1, 2007, the fair market value was the average of the high and low price of Cadence common stock on the grant date. For grants made after January 1, 2007, the fair market value was the closing price of Cadence common stock on the grant date. Options granted to new employees under the 1997 Plan generally vested over a four-year period, with one-fourth of the shares vesting one year from the vesting commencement date, and the remaining shares vesting in 36 equal monthly installments thereafter. Options granted to existing employees under the 1997 Plan generally vested over a four-year period, in 48 equal monthly installments. Options granted under the 1997 Plan prior to October 1, 2006 generally expire ten years from the grant date, and options granted under the 1997 Plan after October 1, 2006 expire seven years from the grant date. The vesting of options and restricted stock may be subject to continued employment, the passage of time and/or performance criteria deemed appropriate by the Board. Stock bonus awards and incentive stock awards granted under the 1997 Plan are subject to the terms and conditions determined by the Board.

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CERTAIN TRANSACTIONS

REVIEW, APPROVAL OR RATIFICATION OF TRANSACTIONS WITH RELATED PERSONS

The Board has adopted written Related Party Transaction Policies and Procedures, which require that all interested transactions with related parties (each as defined below) be subject to approval or ratification in accordance with the procedures outlined in the policy.

An interested transaction is any transaction, arrangement or relationship, or series of similar transactions, arrangements or relationships, in which:

- The aggregate amount involved will or may be expected to exceed $100,000 in any calendar year;
- Cadence or any of its subsidiaries is a participant; and
- Any related party has or will have a direct or indirect interest (other than solely as a result of being a director or, together with all other related parties, less than 10%, in the aggregate, beneficial owner of another entity).

A related party covered by the policy is any:

- Person who was or is (since the beginning of the last fiscal year) an executive officer, director or nominee for election as a director of Cadence;
- Greater than 5% beneficial owner of Cadence common stock; or
- Immediate family member of any of those parties, which includes a person s spouse, parents, stepparents, children, stepchildren, siblings, mothers- and fathers-in-law, sons- and daughters-in-law, brothers- and sisters-in law and anyone residing in such person s home (other than tenants or employees).

The Corporate Governance and Nominating Committee reviews the material facts of all interested transactions and either approves or disapproves of the entry into the transaction. If advanced approval of an interested transaction is not feasible, the transaction is reviewed and, if the Corporate Governance and Nominating Committee determines it to be appropriate, ratified at that committee s next scheduled meeting. In determining whether to approve or ratify an interested transaction, the Corporate Governance and Nominating Committee takes into account, among other appropriate factors, the extent of the related party s interest in the transaction and whether the interested transaction is on terms no less favorable than terms generally available to unaffiliated third parties under similar circumstances. Directors may not participate in any discussion or approval of an interested transaction for which they are a related party.

The Corporate Governance and Nominating Committee has preapproved or ratified the following categories of potential interested transactions:

- Any employment by Cadence of an executive officer of Cadence if:
  - The related compensation is required to be reported in Cadence s proxy statement under the SEC s compensation disclosure requirements, or

The executive officer is not an immediate family member of a related party, the related compensation would be reported in Cadence s proxy statement under the SEC s compensation disclosure requirements if the executive officer was a NEO and the Compensation Committee approved (or recommended that the Board approve) such compensation;

Any compensation paid to a director if the compensation is required to be reported in Cadence s proxy statement under the SEC s compensation disclosure requirements;

Any transaction with another company in which the related person s only relationship is as a non-executive employee, director and/or beneficial owner of less than 10% of that company s shares, if the amount involved, since the beginning of Cadence s last completed fiscal year, exceeds $100,000 but does not exceed the greater of (i) $200,000 and/or (ii) 5% of the recipient s total annual revenues;

Any charitable contribution by Cadence to a charitable organization, foundation or university at which a related person s only relationship is as a non-executive employee or director, if the amount involved, since

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the beginning of Cadence s last completed fiscal year, exceeds $100,000 but does not exceed the lesser of (i) $200,000 or (ii) 5% of the charitable organization s total annual revenues, or if donations are made pursuant to Cadence s matching program as a result of contributions by employees, pursuant to a program that is available on the same terms to all employees of Cadence;

Any transaction where the related person s interest arises solely from the ownership of Cadence common stock and all holders of Cadence common stock received the same benefit on a pro rata basis; and

Any transaction with a related party involving services as a bank depositary of funds, transfer agent, registrar, trustee under an indenture or similar services.

The Board has also delegated to the Chair of the Corporate Governance and Nominating Committee the authority to pre-approve or ratify any interested transaction with a related party in which the aggregate amount is expected to be less than $1,000,000. Further, if a director serves as an executive officer of another company with which Cadence does business, the Corporate Governance and Nominating Committee may establish guidelines, via resolutions, under which certain transactions are deemed pre-approved and the Corporate Governance and Nominating Committee, on at least an annual basis, will review both Cadence s relationship with the director-affiliated company and the guidelines that have been established for management of that relationship.

TRANSACTIONS WITH RELATED PARTIES

As disclosed previously and in this proxy statement, Mr. Tan, Cadence s President and CEO and a member of the Board, is also the founder and Chairman of Walden International (Walden), an international venture capital firm, that invests in privately-held companies. In addition to continuing to be Chairman of Walden, from time to time Mr. Tan also makes direct investments alongside Walden or in other companies in the semiconductor and electronics systems industry for himself or his family. Certain companies that are customers of Cadence have, from time to time, invested in Walden funds. As of January 3, 2015, the aggregate amount of such investments by such customers represented approximately 7% of Walden s total cumulative capital commitments.

From time to time, companies in which Walden or Mr. Tan has invested are customers of Cadence or otherwise transact with Cadence. In fiscal 2014, customer arrangements involving Walden-associated companies accounted for less than 2% of Cadence s consolidated gross revenue. All of these arrangements were on market terms and none of these arrangements individually was material to Cadence. In addition, in fiscal 2014, Cadence leased on market terms excess office space in its San Jose headquarters campus to one Walden-associated company. Mr. Tan holds less than 5% of the equity of this company and also serves on its board. The aggregate rental income to Cadence from this arrangement in fiscal 2014 was insignificant to Cadence.

While none of the foregoing transactions, individually or in the aggregate, is material to Cadence or Mr. Tan, the Board has nonetheless put in place policies and procedures designed to assure that any such transactions are appropriately reviewed and monitored by the Corporate Governance and Nominating Committee and that any such transactions that are entered into are on an arm s length basis and on terms that are not adverse to Cadence. In particular, all such transactions, including discussions prior to the execution of the agreements, are subject to the terms of Cadence s Code of Business Conduct and Related Party Transaction Policies and Procedures. These policies and internal procedural guidelines require that Mr. Tan recuse himself from any discussion or approval of Cadence s transactions with those companies that are associated with Walden or Mr. Tan. In addition, such transactions will be undertaken by Cadence only when they are in the best interests of Cadence and when Mr. Tan s interest is appropriately disclosed and the transaction is approved (e.g., on the basis that it will be made on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances and considering the extent of Mr. Tan s interest in the transaction). Further, when required by SEC rules and regulations, Cadence will disclose the terms of individual transactions to its stockholders.

In addition, Mr. Huang s spouse has been employed by Cadence since 1990, has held various engineering positions during her employment and is presently an Architect in Cadence s Custom IC and PCB Group. The total compensation of Mr. Huang s spouse for services provided to Cadence in fiscal 2014 as an employee was $208,116, which was calculated in the same manner as total compensation in the Summary Compensation Table.

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INDEMNIFICATION AGREEMENTS

Cadence s Bylaws provide that Cadence will indemnify its directors and officers to the fullest extent permitted by the Delaware General Corporation Law. Cadence s Bylaws also authorize the Board to cause Cadence to enter into indemnification agreements with its directors, officers and employees and to purchase insurance on behalf of any person it is permitted to indemnify. Pursuant to these Bylaw provisions, Cadence has entered into indemnity agreements with each of its directors and executive officers, and has also purchased insurance on behalf of its directors and executive officers.

Each indemnity agreement provides, among other things, that Cadence will indemnify each signatory to the extent provided in the agreement for expenses, witness fees, damages, judgments, fines and amounts paid in settlement and any other amounts that the individual becomes legally obligated to pay because of any claim or claims made against or by him or her in connection with any threatened, pending or completed action, suit or proceeding, whether civil, criminal, arbitral, administrative or investigative, to which the individual is or may be made a party by reason of his or her position as a director, officer, employee or other agent of Cadence, and otherwise as may be provided to the individual by Cadence under the non-exclusivity provisions of the Delaware General Corporation Law and Cadence s Bylaws.

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OTHER MATTERS

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act (Section 16(a)) requires the directors and executive officers of Cadence, and persons who beneficially own more than 10% of a registered class of Cadence s equity securities, to file with the SEC initial reports of ownership and reports of changes in ownership of common stock and other equity securities. Executive officers, directors and greater than 10% stockholders are required by SEC regulations to furnish Cadence with copies of all Section 16(a) forms they file.

To Cadence s knowledge, based solely on a review of the copies of the Section 16(a) reports submitted to Cadence and written representations that no other reports were required during fiscal 2014, all reports required by Section 16(a) applicable to its executive officers and directors and greater than 10% beneficial owners were filed on a timely basis during fiscal 2014, with the following exceptions: late Forms 4 were filed on February 7, 2014 on behalf of Dr. Shoven to report the grant of stock options and an incentive stock award on February 4, 2014 and on behalf of Mr. Tan to report a purchase of Cadence common stock and the grant of stock options and an incentive stock award on February 4, 2014.

STOCKHOLDER PROPOSALS AND NOMINATIONS

From time to time, Cadence s stockholders submit proposals that they believe should be voted upon at the annual meeting or nominate persons for election to the Board. Under Rule 14a-8 of the Exchange Act, certain stockholder proposals may be eligible for inclusion in Cadence s proxy statement and form of proxy in connection with the annual meeting of stockholders. Stockholder proposals must be submitted in writing to Cadence s Corporate Secretary and received at its executive offices no later than November 28, 2015 to be included in the proxy statement and form of proxy relating to the 2016 annual meeting of Cadence stockholders pursuant to Rule 14a-8 under the Exchange Act. The submission of a stockholder proposal does not guarantee that it will be included in Cadence s proxy statement and form of proxy.

Alternatively, under Cadence s Bylaws, any director nominations or other business proposals which the stockholder does not seek to include in Cadence s 2016 proxy statement and form of proxy pursuant to Rule 14a-8 under the Exchange Act must be submitted in writing to Cadence s Corporate Secretary no later than February 14, 2016, nor earlier than January 15, 2016, and must otherwise satisfy the requirements set forth in Cadence s Bylaws. If the date of the 2016 annual meeting of Cadence stockholders changes by more than 30 days from the anniversary date of the Annual Meeting, stockholder proposals or nominations must be submitted in writing to Cadence s Corporate Secretary no later than ten days following the first public announcement of the date of the meeting. If the stockholder does not also comply with the requirements of Rule 14a-4 under the Exchange Act, Cadence may exercise discretionary voting authority under proxies it solicits to vote in accordance with its best judgment on any such stockholder proposal or nomination submitted by a stockholder.

A stockholder s notice must include: (A) as to each person whom the stockholder proposes to nominate for election as a director, all information relating to the candidate that is required to be disclosed in proxy solicitations for a contested election of directors, or is otherwise required pursuant to Regulation 14A under the Exchange Act, accompanied by the candidate s written consent to being named in the proxy statement as a nominee and to serving as a director if elected; (B) as to any other business that the stockholder proposes to bring before the meeting, a brief description of the business desired to be brought before the meeting, the reasons for conducting such business at the meeting and any material interest in such business of such stockholder and the beneficial owner, if any, on whose behalf the proposal is made; and (C) as to the stockholder giving the notice and the beneficial owner, if any, on whose behalf the nomination or proposal is made (i) the name and address of such stockholder, as they appear on Cadence s books, and of such beneficial owner, (ii) the class and number of shares of Cadence common stock owned directly and indirectly and of record by such stockholder and beneficial owner, (iii) a representation that the stockholder intends to appear in person or proxy at the meeting to propose the nomination for director or other business, (iv) the class and number of shares of Cadence common stock beneficially owned (within the meaning of Section 13(d) of the Exchange Act) by such stockholder and beneficial owner as of the date of the notice, and a representation that such stockholder will notify Cadence in

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writing within five business days after the record date for such meeting of the class and number of Cadence shares beneficially owned by such stockholder or beneficial owner as of the record date for the meeting, (v) a description of any agreement, arrangement or understanding with respect to the nomination for director or other business between or among such stockholder or beneficial owner and any other person, (vi) a description of any agreement, arrangement or understanding that has been entered into as of the date of the stockholder s notice by, or on behalf of, such stockholder or beneficial owner with the effect or intent to mitigate loss to, manage risk or benefit from changes in Cadence s share price, or increase or decrease the voting power of the stockholder or beneficial owner, and (vii) a representation as to whether the stockholder or beneficial owner, if any, intends or is part of a group that intends to deliver a proxy statement and/or form of proxy to holders of at least the percentage of Cadence s outstanding shares required to elect the director nominee or approve the other business and/or otherwise to solicit proxies from stockholders in support of the nomination or other business. If a stockholder intending to make a nomination of a director or to propose other business (other than matters brought under Rule 14a-8 under the Exchange Act) at an annual meeting pursuant to the terms set forth in Cadence s Bylaws does not provide the information described in clause (C) above within five business days following the record date for the annual meeting, or the stockholder (or a qualified representative of the stockholder) does not appear at the annual meeting to present the nomination of a director or other business, such nomination of a director or other business shall not be presented for stockholder action at the annual meeting and shall be disregarded, although the proxies in respect of such nomination or other business may have been received by Cadence.

Only candidates nominated in accordance with the procedures set forth above are eligible to serve as directors. Except as otherwise provided by law, the Chair of a meeting determines whether a nomination or any business proposed to be brought before the annual meeting was made, or proposed, as the case may be, in accordance with the procedures set forth in Cadence s Bylaws and, if any proposed nomination or business is not in compliance with Cadence s Bylaws, whether to declare that such defective proposal or nomination shall not be presented for stockholder action at the meeting.

OTHER MATTERS

The Board knows of no other matters that will be presented for consideration at the Annual Meeting. If any other matters are properly brought before the Annual Meeting, it is the intention of the persons named in the accompanying proxy to vote on such matters in accordance with their best judgment.

By Order of the Board of Directors,

James J. Cowie

Sr. Vice President, General Counsel and Secretary

March 27, 2015

A COPY OF CADENCE S ANNUAL REPORT ON FORM 10-K FOR THE FISCAL YEAR ENDED JANUARY 3, 2015 CAN BE FOUND ON THE INTERNET AT WWW.CADENCE.COM/CADENCE/INVESTOR_RELATIONS OR, IF A STOCKHOLDER REQUESTED A PAPER COPY, IT IS BEING DELIVERED WITH THIS PROXY STATEMENT, AND IS ALSO AVAILABLE, ALONG WITH THE FINANCIAL STATEMENTS AND THE FINANCIAL STATEMENT SCHEDULES REQUIRED TO BE FILED WITH THE SEC PURSUANT TO RULE 13A-1 FOR CADENCE S MOST RECENT FISCAL YEAR, WITHOUT CHARGE UPON WRITTEN REQUEST TO: INVESTOR RELATIONS, CADENCE DESIGN SYSTEMS, INC., 2655 SEELY AVENUE, BUILDING 5, SAN JOSE, CALIFORNIA 95134.

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APPENDIX A

CADENCE DESIGN SYSTEMS, INC.

OMNIBUS EQUITY INCENTIVE PLAN

Approved by the Board of Directors: February 5, 2014

Approved by the Stockholders: May 6, 2014

Amendment Approved by the Board of Directors: February 10, 2015

Amendment Approved by the Stockholders: May 14, 2015 (Subject to stockholder approval)

Termination Date: May 14, 2025 (Subject to stockholder approval)

This Omnibus Equity Incentive Plan (the ***Plan***) of Cadence Design Systems, Inc., a Delaware corporation (the ***Company***), amends and restates in its entirety the Plan. Following the Effective Date, no additional Awards shall be granted under the prior plans that have been consolidated into the Plan (the ***Prior Plans***), and all outstanding Awards granted under the Prior Plans shall remain subject to the terms of the Prior Plans with respect to which such Awards were originally granted and the Shares issuable under such Awards shall be issued from such Prior Plans. All Awards granted subsequent to the Effective Date shall be subject to the terms of this Plan.

1. Purposes Of The Plan. The purposes of the Plan are to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to the Employees and Consultants of the Company and its Affiliates, and to promote the success of the Company s business.

2. Definitions. As used herein, the following definitions shall apply:

(a) ***Affiliate*** shall mean any parent corporation or subsidiary corporation of the Company, whether now or hereafter existing, as those terms are defined in Sections 424(e) and (f), respectively, of the Code.

(b) ***Award*** shall mean any right granted under the Plan, including an Option, an award of Incentive Stock or a Restricted Stock Unit.

(c) ***Award Agreement*** means a written agreement between the Company and a holder of an Award, or other instrument, evidencing the terms and conditions of an individual Award grant. Each Award Agreement shall be subject to the terms and conditions of the Plan.

(d) ***Board*** shall mean the Committee, if one has been appointed, or the Board of Directors, if no Committee is appointed.

(e) ***Board of Directors*** shall mean the Board of Directors of the Company.

(f) ***Code*** shall mean the U.S. Internal Revenue Code of 1986, as amended, and the Treasury Regulations promulgated thereunder.

(g) ***Committee*** shall mean the Committee appointed by the Board of Directors in accordance with paragraph (a) of Section 4 of the Plan, if one is appointed.

(h) ***Common Stock*** shall mean the common stock of the Company.

(i) ***Company*** shall mean **Cadence Design Systems, Inc.**, a Delaware corporation.

(j) ***Consultant*** shall mean any consultant, independent contractor or adviser rendering services to the Company or an Affiliate (provided that such person renders bona fide services not in connection with the offering and sale of securities in capital raising transactions). The term Consultant shall not include non-employee members of the Board of Directors.

(k) ***Continuous Status as an Employee or Consultant*** shall mean the absence of any interruption or termination of service, whether as an Employee or Consultant. The Board shall determine whether Continuous Status as an Employee or Consultant shall be considered interrupted in the case of: (i) any approved leave of absence, including sick leave, military leave or any other personal leave; or (ii) transfers between the Company, Affiliates or their successors. Continuous Status as an Employee or Consultant shall not be deemed to have terminated merely because of a change in the capacity in which the Participant renders service to the Company or any Affiliate, provided that there is no interruption or termination thereof.

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(l) ***Effective Date*** shall mean May 6, 2014.

(m) ***Employee*** shall mean any person, including officers and directors, employed by the Company or any Affiliate. The payment of a director s fee or other compensation paid solely on account of service as a director by the Company shall not be sufficient to constitute employment by the Company.

(n) ***Exchange Act*** shall mean the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated thereunder.

(o) ***Fair Market Value*** means the closing price of the Common Stock on such date, as reported on the NASDAQ Global Select Market or such other primary national exchange on which the Common Stock is listed. In the event the Common Stock is not listed on an exchange as described in the previous sentence, Fair Market Value with respect to any relevant date shall be determined in good faith by the Board.

(p) ***Incentive Stock*** means shares of Common Stock granted to a Participant pursuant to Section 10 hereof.

(q) ***Incentive Stock Option*** shall mean an Option intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(r) ***Nonstatutory Stock Option*** shall mean an Option not intended to qualify as an incentive stock option within the meaning of Section 422 of the Code.

(s) ***Option*** shall mean a stock option granted pursuant to the Plan, which may be either an Incentive Stock Option or a Nonstatutory Stock Option, at the discretion of the Board and as reflected in the terms of the applicable Award Agreement.

(t) ***Optioned Stock*** shall mean the Common Stock subject to an Option.

(u) ***Parent*** shall mean a parent corporation of the Company, whether now or hereafter existing, as defined in Section 424(e) of the Code.

(v) ***Participant*** shall mean an Employee or Consultant who receives an Award.

(w) ***Plan*** shall mean this Omnibus Equity Incentive Plan, as amended from time to time.

(x) ***Prior Plans*** shall mean the Company s Amended and Restated 1987 Stock Incentive Plan and the Company s Amended and Restated 2000 Equity Incentive Plan (which includes reserved shares of Common Stock that are not subject to a grant or as to which an Award granted has been forfeited under the Company s 1993 Nonstatutory Stock Incentive Plan, as amended, and the Company s 1997 Nonstatutory Stock Incentive Plan, as amended).

(y) ***Qualifying Performance Criteria*** shall mean any one or more of the following performance criteria as determined pursuant to an objective formula, either individually, alternatively or in any combination, applied to either the Company as a whole or to a business unit, segment or Affiliate, either individually, alternatively or in any combination, and measured over a performance period determined by the Board, on an absolute basis or relative to a pre-established target, or compared to previous results or to a designated comparison group, in each case as specified by the Board in an Award (and in each case on a GAAP or non-GAAP basis, if applicable): (a) cash flow (including measures of operating or free cash flow), (b) earnings per share (diluted or basic), (c) earnings per share from continuing operations, (d) earnings (including but not limited to earnings before interest, taxes, depreciation and amortization), (e) return on equity, (f) total stockholder return, (g) return on capital, (h) return on assets or net assets, (i) revenue or revenue growth, (j) income or net income, (k) operating income or net operating income, (l) operating profit or net operating profit, (m) operating margin, (n) return on operating revenue, (o) market share, (p) customer loyalty or satisfaction as measured by a customer loyalty or satisfaction index determined by an independent consultant or expert in measuring such matters, (q) return on investment, (r) stock price, (s) market capitalization, (t) cash from operations, (u) product innovation or release schedule, (v) capital expenditure, (w) working capital, (x) cost of capital, (y) cost reductions, (z) bookings and segments of bookings such as net product bookings, (aa) market penetration, and (bb) technology development or proliferation.

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(z) ***Restricted Stock Unit*** means an Award granted to a Participant pursuant to Section 10 hereof pursuant to which shares of Common Stock or cash in lieu thereof may be issued in the future.

(aa) ***Rule 16b-3*** shall mean Rule 16b-3 of the Exchange Act, or any successor to Rule 16b-3, as in effect when discretion is being exercised with respect to the Plan.

(bb) ***Securities Act*** means the Securities Act of 1933, as amended, and the rules and regulations promulgated thereunder.

(cc) ***Share*** shall mean a share of Common Stock, as may be adjusted in accordance with Section 12 of the Plan.

(dd) ***Subsidiary*** shall mean a subsidiary corporation of the Company, whether now or hereafter existing, as defined in Section 424(f) of the Code.

3. Stock Subject To The Plan.

(a) Share Reserve. Subject to the provisions of Sections 3(b) and 12 of the Plan, the number of Shares reserved for issuance under the Plan is (i) from and as of the Effective Date, 14,866,116 Shares, comprised of Shares reserved for issuance under the Prior Plans that were not subject to a grant as of the Effective Date, plus (ii) from and as of May 14, 2015, an additional 7,500,000 Shares reserved for issuance pursuant to an amendment to the Plan as of May 14, 2015, plus (iii) the number of Shares that are subject to outstanding Awards granted under the Prior Plans that have been forfeited or terminated and revert and become available for issuance under the Plan.

(b) Reversion of Shares to the Share Reserve. If any Award under the Plan or the Prior Plans shall for any reason expire or otherwise terminate, in whole or in part, without having vested or been exercised in full, the shares of Common Stock not acquired under such Award shall revert to and again become available for issuance under the Plan. If the Company repurchases any unvested Shares acquired pursuant to an Award under the Plan or the Prior Plans, such repurchased Shares shall revert to and again become available for issuance under the Plan. Additionally, Shares subject to an Award under the Plan or the Prior Plans may not again be made available for issuance under the Plan if such shares are: (i) shares used to pay the exercise price of an Option, (ii) shares delivered to or withheld by the Company to pay the withholding taxes related to an Award or (iii) shares repurchased on the open market with the proceeds of an Option exercise.

(c) Source of Shares. Shares issued under the Plan may be authorized, but unissued or reacquired Common Stock.

(d) Tax Code Limits. The aggregate number of Shares subject to Awards granted under this Plan during any calendar year to any one Participant shall not exceed 2,216,702, which number shall be calculated and adjusted pursuant to Section 12 only to the extent that such calculation or adjustment will not affect the status of any Award intended to qualify as performance-based compensation under Section 162(m) of the Code. The aggregate number of Shares that may be issued pursuant to the exercise of Incentive Stock Options granted under this Plan shall not exceed the number of shares reserved for issuance under the Plan on and after May 14, 2015 set forth in Section 3(a), which number shall be calculated and adjusted pursuant to Section 12 only to the extent that such calculation or adjustment will not affect the status of any option intended to qualify as an Incentive Stock Option under Section 422 of the Code.

4. Administration Of The Plan.

(a) Procedure. The Plan shall be administered by the Board of Directors. The Board of Directors may appoint a Committee consisting of one or more members of the Board of Directors, to administer the Plan on behalf of the Board of Directors, subject to such terms and conditions as the Board of Directors may prescribe. In such event, any references in the Plan to the Board of Directors shall be deemed to refer to the Committee. To the extent required to satisfy the requirements of Rule 16b-3 or Section 162(m) of the Code, the Committee shall consist of two or more Non-Employee Directors (as defined under Rule 16b-3) or Outside Directors (as defined under Section 162(m) of the Code). Once appointed, the Committee shall continue to serve until otherwise directed by the Board of Directors. Unless and until otherwise determined by the Board of Directors, the Compensation Committee of the Board of Directors shall be the Committee hereunder. From time to time the Board of Directors may increase or decrease the size of the Committee and appoint additional members thereof, remove members (with or without cause), and appoint new members in substitution therefor, fill vacancies however caused and remove all members of the Committee, and thereafter directly administer the Plan. Notwithstanding anything in this Section 4 to the contrary, at any time the Board of Directors or the Committee may delegate to a committee of one or more members of the Board of Directors the authority to grant Awards to all Employees and Consultants or any portion or class thereof, to the extent consistent with applicable law or regulations. In addition, the Board of Directors or the Committee may by resolution authorize one or more officers of the Company to perform any or all tasks that the Board is authorized and empowered to do or perform under the Plan, to the extent permitted by applicable law, and for all purposes under the Plan, such officer or officers shall be treated as the Board; provided, however, that the resolution so authorizing such officer or officers shall specify the maximum number of Shares per Award (if any) and the total number of Shares (if any) such officer or officers may award pursuant to such delegated authority, and any such Award shall be subject to the form of Award Agreement theretofore approved by the Board of Directors or the Committee. No such officer shall designate himself or herself, or designate any executive officer (that is, an officer within the meaning of Section 16 of the Exchange Act) or member of the Board of Directors, as a recipient of any Awards granted under authority delegated to such officer.

(b) Powers of the Board. Subject to the provisions of the Plan, the Board shall have the authority, in its discretion: (i) to grant Awards under the Plan; (ii) to determine the exercise, sales or purchase price per share of Awards to be granted, which price shall be determined in accordance with Sections 8(a) and 10(c) of the Plan, as applicable; (iii) to determine the Employees or Consultants to whom, and the time or times at which, Awards shall be granted, the number of Shares to be represented by each Award, and the terms of such Awards; (iv) to interpret the Plan; (v) to prescribe, amend and rescind rules and regulations relating to the Plan; (vi) to determine the terms and provisions of each Award granted (which need not be identical) in accordance with the Plan, and, with the consent of the holder thereof with respect to any adverse change, modify or amend each Award; (vii) to accelerate or defer (the latter with the consent of the Participant) the exercise date and vesting of any Award; (viii) to adopt any sub-plan to the Plan for grants of Awards to Employees residing outside the United States to comply with tax, securities or other non-U.S. legal requirements or to provide favorable tax treatment for Awards; (ix) to authorize any person to execute on behalf of the Company any instrument required to effectuate the grant of an Award previously granted by the Board; and (x) to make all other determinations deemed necessary or advisable for the administration of the Plan. The Board, in the exercise of this power, may correct any defect, omission or inconsistency in the Plan or in any Award Agreement, in a manner and to the extent it shall deem necessary or expedient to make the Plan fully effective.

(c) Effect of Board s Decision. All decisions, determinations and interpretations of the Board shall be final and binding on all Participants and any other holders of any Awards granted under the Plan.

5. Eligibility. Awards may be granted only to Employees or Consultants. An Employee or Consultant who has been granted an Award may, if he or she is otherwise eligible, be granted an additional Award.

Incentive Stock Options may only be granted to Employees. The aggregate Fair Market Value (determined at the time the Option is granted) of the stock with respect to which Incentive Stock Options are exercisable for the first time by such individual during any calendar year (under the Plan or under any other incentive stock option plan of the Company or any Parent or Subsidiary of the Company) shall not exceed $100,000. To the extent that the grant of an Option exceeds this limit, the portion of the Option that exceeds such limit shall be treated as a Nonstatutory Stock Option.

The Plan shall not confer upon any Participant any right with respect to continuation of employment or consultancy by the Company or any Affiliate, as applicable, nor shall it interfere in any way with the Participant s right or the Company s or any Affiliate s right, as applicable, to terminate the Participant s employment at any time or the Participant s consultancy pursuant to the terms of the Consultant s agreement with the Company or any Affiliate.

6. Term Of The Plan. The Board of Directors approved the Plan on February 5, 2014. The Plan shall become effective upon approval by the stockholders of the Company. Subject to approval of the stockholders of the Company, the Plan, as may be amended from time to time, shall continue in effect until May 14, 2025 unless sooner terminated under Section 14 hereof.

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7. Term Of Option; Vesting Provisions.

(a) Option Term. The term of each Option shall be seven (7) years from the date of grant thereof or such shorter term as may be provided in the applicable Award Agreement. However, in the case of an Incentive Stock Option granted to an Employee who, immediately before the Incentive Stock Option is granted, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the term of the Incentive Stock Option shall be five (5) years from the date of grant thereof or such shorter time as may be provided in the applicable Award Agreement.

(b) Vesting Provisions. The terms on which each Option shall vest shall be determined by the Board in its discretion, and shall be set forth in the Award Agreement relating to each such Option. Without limiting the discretion of the Board, vesting provisions may include time-based vesting or vesting based on achievement of performance or other criteria. Performance criteria may, but need not, be based on Qualifying Performance Criteria. The provisions of this Section 7(b) are subject to any Option provisions governing the minimum number of Shares as to which an Option may be exercised.

8. Option Exercise Price And Consideration.

(a) Exercise Price. The per Share exercise price for the Shares to be issued pursuant to exercise of an Option shall be such price as is determined by the Board, but shall be no less than 100% of the Fair Market Value per Share on the date of grant.

(i) Notwithstanding the foregoing, in the case of an Incentive Stock Option granted to an Employee who, immediately before the grant of such Incentive Stock Option, owns stock representing more than ten percent (10%) of the voting power of all classes of stock of the Company or any Parent or Subsidiary, the per Share exercise price shall be no less than 110% of the Fair Market Value per Share on the date of grant.

(ii) Notwithstanding the provisions of this Section 8(a), an Option (whether an Incentive Stock Option or Nonstatutory Stock Option) may be granted with an exercise price lower than set forth in this Section 8(a) if such Option is granted pursuant to an assumption or substitution for another option in a manner satisfying the provisions of Section 424(a) of the Code.

(b) Consideration. Subject to applicable law, the consideration to be paid for the Shares to be issued upon exercise of an Option, including the method of payment, shall be determined by the Board and may consist entirely of cash, check, shares of Common Stock having a Fair Market Value on the date of surrender equal to the aggregate exercise price of the Shares as to which said Option shall be exercised, or any combination of such methods of payment, or such other consideration and method of payment for the issuance of Shares as may be determined by the Board. In making its determination as to the type of consideration to accept, the Board shall consider if acceptance of such consideration may be reasonably expected to benefit the Company.

(c) No Repricing without Stockholder Approval. Other than in connection with a change in the Company s capitalization (as described in Section 12), the Company shall not, without stockholder approval, (i) reduce the exercise price of any Option, (ii) exchange any Option for cash, another Award or a new Option with a lower exercise price or (iii) otherwise directly or indirectly reprice any Option.

9. Exercise Of Options.

(a) Procedure for Exercise; Rights as a Stockholder. Any Option granted hereunder shall be exercisable at such times and under such conditions as determined by the Board, including performance criteria with respect to the Company and/or the Participant, and as shall be permissible under the terms of the Plan.

An Option may not be exercised for a fraction of a Share.

An Option shall be deemed to be exercised when written notice of such exercise has been given to the Company in accordance with the terms of the Option by the person entitled to exercise the Option and full payment for the Shares with respect to which the Option is exercised has been received by the Company. Full payment may, as authorized by the Board, consist of any consideration and method of payment allowable under Section 8(b) of the Plan. Until the issuance (as evidenced by the appropriate entry on the books of the Company or of a duly authorized transfer agent of the Company) of the stock certificate evidencing such Shares, no right to

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vote or receive dividends or any other rights as a stockholder shall exist with respect to the Optioned Stock, notwithstanding the exercise of the Option. No adjustment will be made for a dividend or other right for which the record date is prior to the date the stock certificate is issued, except as provided in Section 12 of the Plan.

Exercise of an Option in any manner shall result in a decrease in the number of Shares that thereafter may be available, both for purposes of the Plan and for sale under the Option, by the number of Shares as to which the Option is exercised.

(b) Termination of Status as an Employee or Consultant. If a Participant ceases to serve as an Employee or Consultant for any reason other than death or disability, the Participant may, but only within such period of time ending on the earlier of (i) three (3) months (or such other period of time as is determined by the Board) after the date the Participant ceases to be an Employee or Consultant or (ii) the expiration of the term of the Option, exercise the Option to the extent that the Participant was entitled to exercise it at the date of such termination. To the extent that the Participant was not entitled to exercise the Option at the date of such termination, or if the Participant does not exercise such Option (which the Participant was entitled to exercise) within the time specified herein, the Option shall terminate.

(c) Extension of Termination Date. A Participant s Award Agreement may also provide that if the exercise of the Option following the termination of the Participant s Continuous Service as an Employee or Consultant (other than upon the Participant s death or disability) would be prohibited at any time solely because the issuance of Shares would violate the registration requirements under the Securities Act, then the Option shall terminate three (3) months after the first date when the issuance of such Shares would not violate such registration requirements under the Securities Act.

(d) Death of Participant. In the event of the death of a Participant during the term of the Option who is at the time of the Participant s death an Employee or Consultant and who shall have been in Continuous Status as an Employee or Consultant since the date of grant of the Option, the Option may be exercised at any time within the period of time ending on the earlier of (i) twelve (12) months (or such other period of time as is determined by the Board) following the date of death or (ii) the expiration of the term of the Option, by the Participant s estate or by a person who acquired the right to exercise the Option by bequest or inheritance, to the extent that the Participant was entitled to exercise it at the date of such termination. To the extent that the Participant was not entitled to exercise the Option at the date of such termination, or if the Option is not exercised (to the extent the Participant was entitled to exercise) within the time specified herein, the Option shall terminate.

(e) Disability of Participant. In the event of the disability of a Participant during the term of the Option who is at the time of his or her disability an Employee or Consultant and who shall have been in Continuous Status as an Employee or Consultant since the date of grant of the Option, the Participant (or the Participant s legal guardian or conservator) may, but only within the period of time ending on the earlier of (i) twelve (12) months (or such other period of time as is determined by the Board) after the date the Participant ceases to be an Employee or Consultant on account of such disability or (ii) the expiration of the term of the Option, exercise the Option to the extent that the Participant was entitled to exercise it at the date of such termination. To the extent that the Participant was not entitled to exercise the Option at the date of such termination, or if the Participant does not exercise such Option (which the Participant was entitled to exercise) within the time specified herein, the Option shall terminate.

10. Incentive Stock And Restricted Stock Units.

(a) General. Incentive Stock is an award or issuance of shares of Common Stock under the Plan, the grant, issuance, retention, vesting and/or transferability of which is subject during specified periods of time to such conditions (including continued service or performance conditions) and terms as the Board deems appropriate. Restricted Stock Units are awards denominated in units of Shares under which the issuance of Shares is subject to such conditions (including continued employment or performance criteria) and terms as the Board deems appropriate. Unless determined otherwise by the Board, each Restricted Stock Unit will be equal to one Share and will entitle a Participant to either the issuance of Shares or, if specified in an Award Agreement, payment of an amount of cash determined with reference to the value of Shares. The Board may specify that the grant, vesting or retention of any or all Incentive Stock and/or Restricted Stock Units is intended to satisfy the

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requirements for performance-based compensation under Section 162(m) of the Code. To the extent that any Incentive Stock and/or Restricted Stock Unit Award is designated by the Board as performance-based compensation under Section 162(m) of the Code, (i) the performance criteria for the grant, vesting or retention of any such Incentive Stock and/or Restricted Stock Unit Award shall be a measure based on one or more Qualifying Performance Criteria selected by the Board, specified at the time the Incentive Stock and/or Restricted Stock Unit Award is granted, and shall be a pre-established goal under Treasury Regulation Section 1.162-27(e)(2)(i), (ii) the Board shall certify the extent to which any Qualifying Performance Criteria has been satisfied, and the amount payable as a result thereof, prior to payment of any Incentive Stock and/or Restricted Stock Unit Award that is intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code, and (iii) the award shall comply with all other applicable requirements relating to performance-based compensation under Section 162(m) of the Code. To the extent a performance-based award is not intended to satisfy the requirements for performance-based compensation under Section 162(m) of the Code, the performance criteria for the grant, vesting or retention of any such Incentive Stock and/or Restricted Stock Unit Award may be a measure based on one or more Qualifying Performance Criteria selected by the Board, or any other criteria deemed appropriate by the Board.

(b) Award Agreements. Each Award Agreement related to Incentive Stock or Restricted Stock Units shall contain provisions regarding (i) the number of shares of Common Stock subject to such award or a formula for determining such number, (ii) the purchase price of the Shares, if any, and the means of payment for the Shares, (iii) the performance criteria, if any, and level of achievement of these criteria that shall determine the number of Shares granted, issued, retainable and/or vested, (iv) such terms and conditions on the grant, issuance, vesting and/or forfeiture of the Shares as may be determined from time to time by the Board, (v) restrictions on the transferability of the Shares, and (vi) such further terms and conditions in each case not inconsistent with the Plan as may be determined from time to time by the Board. Shares of Incentive Stock may be issued in the name of the Participant and held by the Participant or held by the Company, in each case as the Board may provide.

(c) Sales Price. Subject to the requirements of applicable law, the Board shall determine the price, if any, at which shares of Incentive Stock or Shares underlying Restricted Stock Units shall be sold or awarded to a Participant, which price may vary from time to time and among Participants and which may be above or below the Fair Market Value of such shares at the date of grant or issuance.

(d) Share Vesting. The grant, issuance, retention and/or vesting of shares of Incentive Stock and Restricted Stock Units, as applicable, shall be at such time and in such installments as determined by the Board. The Board shall have the right to make the timing of the grant and/or the issuance, ability to retain and/or vesting of shares of Incentive Stock and Restricted Stock Units subject to continued service, passage of time and/or such performance criteria as deemed appropriate by the Board; provided that, in no event shall an award of Incentive Stock or Restricted Stock Units granted to an executive officer (that is, an officer within the meaning of Section 16 of the Exchange Act) vest sooner than (i) three (3) years after the date of grant, if the vesting of the Incentive Stock or Restricted Stock Units is based solely on Continuous Status as an Employee or Consultant and the grant of Incentive Stock or Restricted Stock Units is not a form of payment of earned incentive compensation or other performance-based compensation, provided, however, that notwithstanding the foregoing vesting limitations, shares of Incentive Stock and awards of Restricted Stock Units vesting under this clause (i) may vest in installments so long as the vesting schedule, at any point in time, is not more favorable than what would be vested under a monthly pro rata installment schedule (i.e., 1/36 per month for 3 years), or (ii) one (1) year after the date of grant, if the vesting of Incentive Stock or Restricted Stock Units is subject to the achievement of performance goals. Notwithstanding the foregoing, the Board may accelerate vesting (in an Award Agreement or otherwise) of any Award in the event of a Participant s termination of service as an Employee or Consultant, a Change in Control or other similar event, provided that, in the case of award of Incentive Stock or Restricted Stock Units that is intended to qualify as performance-based compensation under Section 162(m), such acceleration shall comply with the requirements set forth in Treasury Regulation Section 1.162-27(e)(2)(iii).

(e) Transferability. Shares of Incentive Stock and Restricted Stock Units shall be transferable by the Participant only upon such terms and conditions as are set forth in the applicable Award Agreement, as the Board shall determine in its discretion, so long as the Incentive Stock or Restricted Stock Units, as applicable, awarded under the Award Agreement remain subject to the terms of the Award Agreement.

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(f) Discretionary Adjustments. Notwithstanding satisfaction of any performance goals, the number of shares granted, issued, retainable and/or vested under an award of Incentive Stock or Restricted Stock Units, as applicable, on account of either financial performance or personal performance evaluations may be reduced by the Board on the basis of such further considerations as the Board shall determine. In addition, to the extent consistent with Section 162(m) of the Code, the Board may appropriately adjust any evaluation of performance under the Qualifying Performance Criteria to exclude any of the following events that occurs during a performance period: (i) asset write-downs, (ii) litigation or claim judgments or settlements, (iii) the effect of changes in tax law, accounting principles or other such laws or provisions affecting reported results, (iv) accruals for reorganization and restructuring programs and (v) any extraordinary non-recurring items as described in Accounting Principles Board Opinion No. 30 and/or in management s discussion and analysis of financial condition and results of operations appearing in the Company s annual report to stockholders for the applicable year.

(g) Voting Rights. Unless otherwise determined by the Board, Participants holding shares of Incentive Stock granted hereunder may exercise full voting rights with respect to those shares during the period of restriction. With respect to Shares underlying Restricted Stock Units, Participants shall have no voting rights unless and until such Shares are reflected as issued and outstanding shares on the Company s stock ledger.

(h) Dividends and Distributions. Participants in whose name an Award of Incentive Stock is granted shall be entitled to receive all dividends and other distributions paid with respect to the Shares underlying such Award, unless determined otherwise by the Board. Participants in whose name an Award of Restricted Stock Units is granted shall not be entitled to receive dividends or other distributions paid with respect to the Shares underlying such Award, unless determined otherwise by the Board. The Board will determine whether any such dividends or distributions will be automatically reinvested in additional Shares or will be payable in cash; provided that such additional Shares and/or cash shall be subject to the same restrictions and vesting conditions as the Award with respect to which they were distributed. Notwithstanding anything herein to the contrary, in no event shall dividends or dividend equivalents be currently payable with respect to unvested or unearned Awards subject to performance criteria.

11. Non-Transferability Of Awards. Except as otherwise expressly provided in the terms of the applicable Award Agreement, an Award may not be sold, pledged, assigned, hypothecated, transferred or otherwise disposed of in any manner other than by will or by the laws of descent or distribution and may be exercised, during the lifetime of the Participant, only by the Participant or the Participant s legal representative. Notwithstanding the foregoing, the Participant may, by delivering written notice to the Company, in a form satisfactory to the Company, designate a third party who, in the event of the death of the Participant, shall thereafter be entitled to exercise the Award.

12. Adjustments Upon Changes In Capitalization Or Change In Control. The number of Shares covered by each outstanding Award, and the number of Shares which have been authorized for issuance under the Plan but as to which no Awards have yet been granted or which have been returned to the Plan upon cancellation, expiration, forfeiture or other termination of an Award, as well as the price per Share covered by each such outstanding Award, shall be equitably adjusted for any increase or decrease in the number of issued shares of Common Stock resulting from a stock split or the payment of a stock dividend with respect to the Common Stock or any other increase or decrease in the number of issued shares of Common Stock effected without receipt of consideration by the Company; provided, however, that conversion of any convertible securities of the Company shall not be deemed to have been effected without receipt of consideration. Such adjustments shall be made by the Board, whose determination in that respect shall be final, binding and conclusive. Except as expressly provided herein, no issuance by the Company of shares of stock of any class, or securities convertible into shares of stock of any class, shall affect, and no adjustment by reason thereof shall be made with respect to, the number or price of shares of Common Stock subject to an Award. Such adjustment shall be designed to comply with Section 409A and 424 of the Code or, except as otherwise expressly provided in Section 3(d) of this Plan, may be designed to treat the Shares available under the Plan and subject to Awards as if they were all outstanding on the record date for such event or transaction or to increase the number of such Shares to reflect a deemed reinvestment in Shares of the amount distributed to the Company s securityholders.

For purposes of the Plan, a Change in Control shall be deemed to occur upon the consummation of any one of the following events: (a) a sale of all or substantially all of the assets of the Company; (b) a merger or consolidation in which the Company is not the surviving corporation (other than a transaction the principal purpose of which is to change the state of the Company s incorporation or a transaction in which the voting securities of the Company are exchanged for beneficial ownership of at least 50% of the voting securities of the controlling acquiring corporation); (c) a merger or consolidation in which the Company is the surviving corporation and less than 50% of the voting securities of the Company that are outstanding immediately after the consummation of such transaction are beneficially owned, directly or indirectly, by the persons who owned such voting securities immediately prior to such transaction; (d) any transaction or series of related transactions after which any person (as such term is defined in Section 13(d)(3) of the Exchange Act), other than any employee benefit plan (or related trust) sponsored or maintained by the Company or any subsidiary of the Company, becomes the beneficial owner of voting securities of the Company representing 40% or more of the combined voting power of all of the voting securities of the Company; (e) during any period of two consecutive years, individuals who at the beginning of such period constitute the membership of the Company s Board of Directors (the ***Incumbent Directors***) cease for any reason to have authority to cast at least a majority of the votes which all directors on the Board of Directors are entitled to cast, unless the election, or the nomination for election by the Company s stockholders, of a new director was approved by a vote of at least two-thirds of the votes entitled to be cast by the Incumbent Directors, in which case such director shall also be treated as an Incumbent Director in the future; or (f) the liquidation or dissolution of the Company.

In the event of a Change in Control, then: (a) any surviving or acquiring corporation shall assume Awards outstanding under the Plan or shall substitute similar awards (including an option to acquire the same consideration paid to stockholders in the transaction described in this Section 12 for those outstanding Options under the Plan), or (b) in the event any surviving or acquiring corporation refuses to assume such Awards or to substitute similar awards for those outstanding under the Plan, (i) with respect to Awards held by persons then performing services as Employees or Consultants, the vesting of such Awards and the time during which such Awards may be exercised shall be accelerated prior to such event and the Awards terminated if not exercised after such acceleration and at or prior to such event, and (ii) with respect to any other Options outstanding under the Plan, such Options shall be terminated if not exercised prior to such event.

13. Miscellaneous.

(a) Acceleration of Exercisability and Vesting. The Board shall have the power to accelerate the time at which an Award may first be exercised or the time during which an Award or any part thereof will vest in accordance with the Plan, notwithstanding the provisions in the Award stating the time at which it may first be exercised or the time during which it will vest. If the Board, at its sole discretion, permits acceleration as to all or any part of an Option, the aggregate Fair Market Value (determined at the time Award is granted) of stock with respect to which Incentive Stock Options first become exercisable in any year cannot exceed $100,000. Any remaining accelerated Incentive Stock Options shall be treated as Nonstatutory Stock Options.

(b) Additional Restrictions on Awards. Either at the time an Award is granted or by subsequent action, the Board may, but need not, impose such restrictions, conditions or limitations as it determines appropriate as to the timing and manner of any resales by a Participant or other subsequent transfers by an Participant of any Shares issued under an Award, including without limitation (i) restrictions under an insider trading policy, (ii) restrictions designed to delay and/or coordinate the timing and manner of sales by Participants, and (iii) restrictions as to the use of a specified brokerage firm for such resales or other transfers.

(c) Stockholder Rights. No Participant shall be deemed to be the holder of, or to have any of the rights of a holder with respect to, any shares of Common Stock subject to an Award unless and until such Participant has satisfied all requirements for exercise and/or vesting of the Award pursuant to its terms and said Shares have been issued to the Participant.

(d) Investment Assurances. The Company may require a Participant, as a condition to exercising or acquiring Common Stock under any Award, (i) to give written assurances satisfactory to the Company as to the Participant s knowledge and experience in financial and business matters and/or to employ a purchaser representative reasonably satisfactory to the Company who is knowledgeable and experienced in financial and business matters and that he or she is capable of evaluating, alone or together with the purchaser representative, the merits and risks of the Award; and (ii) to give written assurances satisfactory to the Company stating that the Participant is acquiring Common Stock subject to the Award for the Participant s own account and not with any present intention of selling or otherwise distributing the Common Stock. The foregoing requirements, and any assurances given pursuant to such requirements, shall be inoperative if (1) the issuance of the shares of Common Stock upon exercise of the Option or acquisition of Common Stock under the Plan has been registered under a then currently effective registration statement under the Securities Act or (2) as to any particular requirement, a determination is made by counsel for the Company that such requirement need not be met in the circumstances under the then applicable securities laws. The Company may, upon advice of counsel to the Company, place legends on stock certificates issued under the Plan as such counsel deems necessary or appropriate in order to comply with applicable securities laws, including, but not limited to, legends restricting the transfer of the Common Stock represented thereby.

(e) Withholding Obligations. To the extent provided by the terms of an Award Agreement, the Participant may satisfy any federal, state, local or foreign income, social insurance, payment on account or other tax withholding obligation relating to an Award by any of the following means (in addition to the Company s right to withhold from any compensation paid to the Participant by the Company or any Affiliate) or by a combination of such means: (i) tendering a cash payment; (ii) authorizing the Company to withhold shares of Common Stock from the shares of Common Stock otherwise issuable to the Participant as a result of the Award, provided, however, that no shares of Common Stock are withheld with a value exceeding the minimum amount of tax required to be withheld by law; or (iii) delivering to the Company owned and unencumbered shares of Common Stock.

14. Amendment And Termination Of The Plan.

(a) Amendment and Termination. The Board may at any time terminate the Plan or amend the Plan from time to time in such respects as the Board may deem advisable; provided, however, that no amendment shall be effective unless approved by the stockholders of the Company to the extent stockholder approval is necessary for the Plan to satisfy any listing requirements of any securities exchange or national market system on which the Common Stock is traded or any other applicable law.

(b) Effect of Amendment or Termination. Any such amendment or termination of the Plan shall not adversely affect Awards already granted and such Awards shall remain in full force and effect as if the Plan had not been amended or terminated, unless mutually agreed otherwise between the Participant and the Board, which agreement must be in writing and signed by the Participant and the Company.

15. Conditions Upon Issuance Of Shares. Shares shall not be issued pursuant to an Award unless the exercise of the Option, if applicable, and the issuance and delivery of such Shares pursuant the Award shall comply with all relevant provisions of the law, including without limitation, the Securities Act, the Exchange Act and the requirements of any stock exchange or national market system upon which the Shares may then be listed, foreign securities and exchange control laws, and shall be further subject to the approval of counsel for the Company with respect to such compliance.

16. Liability Of Company. The Company and any Affiliate which is in existence or hereafter comes into existence shall not be liable to a Participant or other persons as to:

(a) The non-issuance or sale of Shares as to which the Company has been unable to obtain from any regulatory body having jurisdiction the authority deemed by the Company s counsel to be necessary to the lawful issuance and sale of any Shares hereunder; or

(b) Any tax consequence expected, but not realized, by any Participant or other person due to the receipt, exercise or settlement of any Award granted hereunder.

17. Reservation Of Shares. The Company, during the term of the Plan, will at all times reserve and keep available such number of Shares as shall be sufficient to satisfy the requirements of the Plan. The Company s inability to obtain authority from any regulatory body having jurisdiction, which authority is deemed by the Company s counsel to be necessary for the lawful issuance and sale of any Shares hereunder, shall relieve the Company of any liability in respect of the failure to issue or sell such Shares as to which such requisite authority shall not have been obtained.

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18. Award Agreement. All Awards shall be evidenced by written award agreements in such form as the Board shall approve.

19. Choice Of Law. The law of the State of Delaware, without regard to its conflict of laws rules, shall govern all questions concerning the construction, validity and interpretation of the Plan.

20. Section 409A. It is intended that any Award issued to U.S. taxpayers pursuant to this Plan and any Award Agreement shall not constitute deferrals of compensation within the meaning of Section 409A of the Code and, as a result, shall not be subject to the requirements of Section 409A of the Code. Notwithstanding the foregoing, to the extent applicable, it is further intended that any Restricted Stock Units issued to U.S. taxpayers pursuant to this Plan and any Award Agreement or other written document establishing the terms and conditions of the Award (which may or may not constitute deferrals of compensation, depending on the terms of each Award) shall avoid any plan failures within the meaning of Section 409A(a)(1) of the Code. The Plan and each Award Agreement or other written document establishing the terms and conditions of an Award are to be interpreted and administered in a manner consistent with these intentions. However, no guarantee or commitment is made that the Plan, any Award Agreement or any other written document establishing the terms and conditions of an Award shall be administered in accordance with the requirements of Section 409A of the Code, with respect to amounts that are subject to such requirements, or that the Plan, any Award Agreement or any other written document establishing the terms and conditions of an Award shall be administered in a manner that avoids the application of Section 409A of the Code, with respect to amounts that are not subject to such requirements.

21. Required Delay In Payment On Account Of A Separation From Service. Notwithstanding any other provision in this Plan, any Award agreement or any other written document establishing the terms and conditions of an Award, if any Award recipient is a specified employee (as defined in Treasury Regulations Section 1.409A-1(i)), as of the date of his or her Separation from Service (as defined in authoritative IRS guidance under Section 409A of the Code), then, to the extent required by Treasury Regulations Section 1.409A-3(i)(2), any payment made to the Award recipient on account of his or her Separation from Service shall not be made before a date that is six months after the date of his or her Separation from Service. The Board may elect any of the methods of applying this rule that are permitted under Treasury Regulations Section 1.409A-3(i)(2)(ii).

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Using a black ink pen, mark your votes with an X as shown in this example. Please do not write outside the designated areas. X CADENCE DESIGN SYSTEMS, INC. 0203JF 1 U PX + Annual Meeting Proxy Card . B Authorized Signatures This section must be completed for your vote to be counted. Date and Sign Below NOTE: Please sign as name appears here on. Joint owners should each sign. When signing as attorney, executor, administrator, trustee or guardian, please give full title as such. Date (mm/dd/yyyy) Please print date below. Signature 1 Please keep signature within the box. Signature 2 Please keep signature within the box. + A 1.1 Mark W. Adams 1.4 Alberto Sangiovanni- Vincentelli 1.7 Roger S. Siboni 1.2 Susan L. Bostrom 1.5 George M. Scalise 1.8 Young K. Sohn 1.3 James D. Plummer 1.6 John B. Shoven 1. Election of Directors: For Against Abstain 2. Approval of an amendment to the Omnibus Equity Incentive Plan to increase the number of authorized shares of common stock reserved for issuance and to extend the expiration date. For Against Abstain For Against Abstain 3. Advisory resolution to approve executive compensation. For Against Abstain For Against Abstain 1.9 Lip-Bu Tan IMPORTANT ANNUAL MEETING INFORMATION Proposals THE BOARD OF DIRECTORS OF CADENCE DESIGN SYSTEMS, INC. RECOMMENDS A VOTE FOR EACH OF THE NINE DIRECTOR NOMINEES FOR ELECTION AND A VOTE FOR PROPOSALS 2, 3 AND 4. For Against Abstain 4. Ratification of the selection of KPMG LLP as the independent registered public accounting firm of Cadence for its fiscal year ending January 2, 2016. 1234 5678 9012 345 MMMMMMMMMMMMM 000000000.000000 ext 000000000.000000 ext 000000000.000000 ext 000000000.000000 ext 000000000.000000 ext 000000000.000000 ext MMMMMMM MR A SAMPLE (THIS AREA IS SET UP TO ACCOMMODATE 140 CHARACTERS) MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MR A SAMPLE AND MMMMMMMMM C123456789 C 1234567890 J N T 2 2 4 7 4 0 1 MMMMMMMMMMMMMMMM 000004 MR A SAMPLE DESIGNATION (IF ANY) ADD 1 ADD 2 ADD 3 ADD 4 ADD 5 ADD 6 ENDORSEMENT_LINE SACKPACK IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A C ON BOTH SIDES OF THIS CARD. _IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE._ Electronic Voting Instructions Available 24 hours a day, 7 days a week! Instead of mailing your proxy, you may choose one of the voting methods outlined below to vote your proxy. VALIDATION DETAILS ARE LOCATED BELOW IN THE TITLE BAR. Proxies submitted by the Internet or telephone must be received by 11:59 p.m. Eastern time, on May 13, 2015. Vote by Internet Go to www.envisionreports.com/CDNS Or scan the QR code with your smartphone Follow the steps outlined on the secure website Vote by telephone Call toll free 1-800-652-VOTE (8683) within the USA, US territories & Canada on a touch tone telephone Follow the instructions provided by the recorded message

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PROXY FOR ANNUAL MEETING OF STOCKHOLDERS MAY 14, 2015 The undersigned hereby appoints Lip-Bu Tan, Geoffrey G. Ribar and James J. Cowie, or any of them, each with power of substitution, to attend and to represent the undersigned at the 2015 Annual Meeting of Stockholders of Cadence Design Systems, Inc., to be held at the offices of Cadence Design Systems, Inc. located at 2655 Seely Avenue, Building 10, San Jose, California 95134, on May 14, 2015 at 1:00 p.m. Pacific time and any continuation or adjournment thereof, and to vote the number of shares of common stock of Cadence Design Systems, Inc. that the undersigned would be entitled to vote if personally present at the meeting in accordance with the instructions set forth on this proxy card. Any proxy previously given by the undersigned with respect to such shares of common stock is hereby revoked. THIS PROXY IS SOLICITED ON BEHALF OF THE BOARD OF DIRECTORS OF CADENCE DESIGN SYSTEMS, INC. THE SHARES WILL BE VOTED AS DIRECTED ON THE REVERSE. IN THE ABSENCE OF DIRECTION, THIS PROXY WILL BE VOTED FOR EACH OF THE NINE DIRECTOR NOMINEES FOR ELECTION AND FOR PROPOSALS 2, 3 AND 4. IF ANY OTHER MATTERS ARE PROPERLY BROUGHT BEFORE THE 2015 ANNUAL MEETING OF STOCKHOLDERS, PROXIES WILL BE VOTED ON THESE MATTERS AS THE PROXIES NAMED ABOVE MAY DETERMINE IN THEIR SOLE DISCRETION. (CONTINUED AND TO BE MARKED, DATED AND SIGNED, ON THE OTHER SIDE) . Proxy CADENCE DESIGN SYSTEMS, INC. Important notice regarding the Internet availability of proxy materials for the 2015 Annual Meeting of Stockholders of Cadence Design Systems, Inc. The 2015 Proxy Statement and the Annual Report on Form 10-K for the fiscal year ended January 3, 2015 of Cadence Design Systems, Inc. are available at http://www.envisionreports.com/CDNS. C Non-Voting Items Change of Address Please print new address below. Comments Please print your comments below. IF VOTING BY MAIL, YOU MUST COMPLETE SECTIONS A C ON BOTH SIDES OF THIS CARD. _IF YOU HAVE NOT VOTED VIA THE INTERNET OR TELEPHONE, FOLD ALONG THE PERFORATION, DETACH AND RETURN THE BOTTOM PORTION IN THE ENCLOSED ENVELOPE._