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These prepared remarks contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934. Any statements that are not statements of historical fact may be deemed to be forward-looking statements. Forward-looking statements include, but are not limited to, statements regarding Synopsys' business, projected business results, business objectives, acquisitions, products, technologies, business model, new markets, customer demand for our technology, and our planned stock repurchase activity. These statements involve known and unknown risks, uncertainties and other factors that could cause our actual results, time frames or achievements to differ materially from those expressed or implied in our forward-looking statements. Accordingly, we caution stockholders and prospective investors not to place undue reliance on these statements. Such risks, uncertainties and factors include, but are not limited to: uncertainty in the growth of the semiconductor and electronics industry; consolidation among our customers and our dependence on a relatively small number of large customers; continued uncertainty in the global economy; our ability to realize the potential financial or strategic benefits of acquisitions we complete; fluctuation of our operating results; our highly competitive industries and our ability to meet our customers' demand for innovative technology at lower costs; our ability to carry out our new product and technology initiatives; our ability to protect our proprietary technology; changes in accounting principles or standards; investments of more resources in research and development than anticipated; risks and compliance obligations relating to the global nature of our operations; cybersecurity threats or other security breaches; changes in our GAAP or non-GAAP tax rate; liquidity requirements in our U.S. operations; claims that our products infringe on third-party intellectual property rights; litigation; product errors or defects; increased risks resulting from an increase in sales of our hardware products; the ability to obtain licenses to third-party software and intellectual property on reasonable terms or at all; the ability to timely recruit and retain senior management and key employees; evolving corporate governance and public disclosure regulations; the inherent limitations on the effectiveness of our controls and compliance programs; the impairment of our investment portfolio by the deterioration of capital markets and the change in the fair value of our non-qualified deferred compensation obligations; the accuracy of certain assumptions, judgments and estimates that affect amounts reported in our financial statements; and the impact of catastrophic events. More information on potential risks, uncertainties and other factors that could affect Synopsys' results is included in filings it makes with the Securities and Exchange Commission from time to time, including in the sections entitled "Risk Factors" in its Annual Report on Form 10-K for the fiscal year ended October 31, 2016 and in its Quarterly Report on Form 10-Q for the fiscal quarter ended April 30, 2017 to be filed with the SEC. The information provided herein is as of May 17, 2017. Although this Webcast is expected to remain available on Synopsys' website through the date of the earnings results call for the third quarter of fiscal year 2017, its continued availability through such date does not mean that Synopsys is reaffirming or confirming its continued validity. Synopsys undertakes no duty, and does not intend, to update any forward-looking statement, whether as a result of new information, future events or otherwise, unless required by law.

These prepared remarks also contain non-GAAP financial measures as defined by the Securities and Exchange Commission in Regulation G. Reconciliations of the non-GAAP financial measures to their comparable GAAP measures are included in the second quarter of fiscal year 2017 earnings release and financial supplement, each dated May 17, 2017 and available on Synopsys' website at www.synopsys.com. Additional information about such reconciliations can be found in Synopsys' Current Report on Form 8-K, filed with the Securities and Exchange Commission on May 17, 2017.

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Good afternoon. I am happy to report that our second quarter results were strong. We delivered revenue of $680 million, and non-GAAP earnings per share of 88 cents – both at the top of our target ranges. We executed a $100 million share buyback, for a total of $200 million so far this year; And we are raising our revenue, non-GAAP earnings per share, and operating cash flow guidance for the year. Trac will discuss the financials in more detail.

The landscape around us is solid, with what feels like a continuing stable outlook for 2017. Our three customer groups – semiconductors, systems companies and software developers – continue to invest significantly. This is driven by the dawning age of "Digital Intelligence," which is both exciting and evolving quickly. Everything around us is becoming smart, connected, but also complex. Mounting software content, whether integrated on a chip or as an app, creates huge functionality, development, and security challenges. This, in turn, drives growth opportunities around machine learning, automotive, augmented and virtual reality, networking infrastructure, and the soaring need for more cloud-based computation and storage.

With a unique portfolio reaching from the roots of silicon all the way up to software, combined with best-in-class global support, Synopsys continues to demonstrate that our vision, strategy, investments, and execution are right on the money. This is evident in all three product groups: Core EDA revenue growth has outpaced competitors over the past years; IP continues its double-digit growth; And our software quality and security group is scaling to critical mass with excellent revenue expansion.

Let me provide some highlights from the quarter, beginning with Core EDA. Synopsys is a mission-critical partner for the most advanced designs. Our EDA and IP collaboration with TSMC illustrates this. During Q2, we announced full-flow certification for TSMC's 12- and 7-nm processes, as well as broad IP cooperation for 12-nm FinFET. Customers, today, rely on Synopsys for more than 95% of their FinFET designs. Meanwhile, we are already partnering on early R&D of 5-nm and below.

Our design platform is generating solid results and notable customer successes. IC Compiler II, our place & route solution, is used on highly complex chips, some as advanced as 7nm, by companies such as Xilinx, NVIDIA, ST and Broadcom. IC Validator, our physical verification product, has already performed final signoff of more than 100 FinFET production tape-outs; a significant accomplishment, given the historical reliance on competitors. Meanwhile, intensive R&D across our digital platform is delivering new high-impact capabilities at a very rapid pace.

In custom, our long-time leadership in simulation and our new Custom Compiler design solution are generating high interest. Custom Compiler's FinFET optimizations, and our close collaboration with UMC, for example, enabled customers to use Custom Compiler in their new 14-nm process. At our March user group conference, ST, MediaTek and Renesas shared their production successes with engineers from more than 40 companies.

In verification, we continue to see excellent results and a strong outlook for the year. Our Verification Continuum Platform is in high demand for two reasons: First, we have leading-edge verification technologies ranging from simulation, to emulation, to prototyping, to static techniques, to powerful, well-integrated debugging. And second, our coherent platform is solidly centered at the intersection of hardware and software; the very intersection enabling "smart everything" and addressing the time-to-market urgency of this dynamic market. We continue to see great progress, ranging from excellent customer interest in our new super-fast VCS simulator, to platform-wide adoption and proliferation. Over the last several quarters, leading mobile, graphics and processor companies have aligned with us through expanded multi-year strategic agreements, including simulation, verification IP, debug, formal, emulation, and prototyping technologies.

In Q2, broad demand for ZeBu emulation continued, with six new logos and expansion in top accounts. For example, Spreadtrum standardized on ZeBu for its advanced mobile SoCs; And Wave Computing adopted ZeBu for its machine learning products. While "lumpy" from quarter to quarter, we expect 2017 to be another record year for hardware revenue, driven by industry demand and the robustness of our solution. On top of this, virtual prototyping, which enables early software development and architectural assessment, resonated particularly well in the automotive market. During the quarter, we announced support for chips from Silicon Mobility Inc, a leading semiconductor provider for hybrid and electric vehicle control systems.

Let me pause for a moment on automotive, where over the past several years we've deployed a wide range of targeted solutions. With touchpoints ranging from functional safety, to autonomous driving, to the next-generation of infotainment, all the way to lighting simulation, Synopsys is growing into a crucial participant in the automotive ecosystem. Elements throughout our EDA, IP and Software Integrity portfolio are now certified for the most stringent level of automotive safety, defined by the ISO 26262 standard. In IP, for example, over the last eight quarters, we've significantly extended our portfolio of certified IP.

More broadly, in Q2 we saw strong demand in IP with particular momentum in advanced technology and security. We announced an expansive portfolio of IP for TSMC's 12FFC process, and taped-out multiple 10- and 7-nm IP testchips with advanced foundries. We're systematically building-out our portfolio of security IP for mobile, automotive, IoT, and cloud computing markets. In Q2, for example, we delivered a high-performance "hardware secure module" that protects sensitive information and data processing within SoCs.

The need for security is of course much broader than IP. Which brings me to our third customer base: software developers across many industries. The focus in our growing Software Integrity group is to provide products and services that help developers write high-quality code that can withstand security vulnerabilities. This is a key differentiator and new TAM for Synopsys, and I'm happy to report that it's scaling well, both organically and via acquisitions.

Our software sign-off platform is making good progress, and we've expanded our roadmap to reflect the acquisition of Cigital. We're strong in the embedded space, with growing transaction sizes, and are gaining good traction in the automotive industry with our security solutions and well-respected expertise. With the acquisition of Cigital in Q1, we're accelerating penetration in other key verticals such as the financial services industry. Our objective is to drive demand creation at early stages of security strategy development. The Cigital integration is already delivering examples of our first combined services & product agreements and cross-selling opportunities.

Finally, Synopsys was named a Leader in Gartner's Magic Quadrant for application security testing. The Magic Quadrant is an important indicator for customers, who often use it to narrow their list of potential vendors. We've already seen increased customer interest as a result.

In closing, as we look to the second half of the year and beyond, our priorities remain centered on generating long-term shareholder value. We do this by investing organically and through M&A in EDA, IP, and Software Integrity, to realize our "Silicon to Software" vision. We do this by executing with a clear intent to sustain technology leadership, while simultaneously growing revenue and profitability throughout our business. And we do this with a clear bottom line objective – and many-year track record – of driving ongoing high-single-digit EPS growth, and returning cash to shareholders. Let me now turn the call over to Trac.

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Thanks, Aart. Good afternoon everyone. In Q2, we closed another outstanding quarter and continued to execute very well. We met or exceeded all key financial targets, delivered strong revenue and non-GAAP earnings growth, completed a $100 million share buyback, and generated significant cash flow. Our first half was very strong, and as a result, we are raising our 2017 outlook for revenue, non-GAAP earnings, and operating cash flow.

Now to the numbers. As I talk through the results and targets, all comparisons will be year-over-year unless I specify otherwise.

Total revenue increased 12 percent to $680 million, at the high end of our target range, with particular strength in hardware and IP. About 90 percent of revenue came from beginning-of-quarter backlog, and one customer accounted for more than 10 percent of revenue. The weighted average license duration was approximately 2.7 years, and we expect the 2017 average to be slightly less than three years.

Total GAAP costs and expenses were $626 million, which included a $38 million accrual related to the ongoing EVE-Mentor litigation. Total non-GAAP costs and expenses were $513 million, within our target range.

Non-GAAP operating margin was 24.6 percent for the quarter. For the year, we expect solid organic margin expansion over 2016, moderated by the impact of the Cigital and Codiscope acquisitions.

GAAP earnings per share were 34 cents, and non-GAAP earnings per share were 88 cents – at the high end of our target range.

Operating cash flow was $123 million, driven by strong collections and business levels. We are again raising our 2017 cash flow target to a range of $580 to $600 million. We ended the quarter with cash, cash equivalents and short-term investments of $1.1 billion – with 11 percent onshore – and total debt of $418 million.

In Q2, we returned $100 million to shareholders through our stock buyback program, and we have $235 million remaining on our current authorization.

Before moving onto guidance, let me briefly update you on ASC-606, the new revenue recognition rules that we’ll implement in fiscal 2019. We are preparing for the rule change and are confident that our predictable model will remain substantially intact.

Now to third quarter and fiscal 2017 guidance. For Q3, the targets are:

- Revenue between $685 and $700 million, which reflects both strength and timing of hardware sales;
- Total GAAP costs and expenses between $574 and $593 million;
- Total non-GAAP costs and expenses between $517 and $527 million;
- Other income between negative $1 and $1 million;
- A non-GAAP normalized tax rate of 19 percent;
- Outstanding shares between 153 and 156 million;
- GAAP earnings of 69 to 78 cents per share; and
- Non-GAAP earnings of 91 to 94 cents per share.

For 2017:

- We're raising our revenue target to $2.65 to $2.67 billion, a growth rate of 9 to 10 percent, which reflects underlying strength in our business, including record hardware sales.
- Other income between $2 and $6 million;
- A non-GAAP normalized tax rate of 19 percent;
- Outstanding shares between 153 and 156 million;
- GAAP earnings of $1.84 to $1.97 per share;
- We're raising the mid-point of our non-GAAP earnings target range by 3 cents to $3.24 to $3.29 per share, a growth rate of 7 to 9 percent;
- Capital expenditures of approximately $90 million;
- And cash flow from operations of $580 to $600 million.

As we look to the remainder of 2017, we expect Q4 to be the lowest revenue and EPS quarter, due to the timing of hardware shipments and seasonally higher operating expenses. Investors should expect continued variability in revenue due to the growth of our hardware products and their upfront revenue recognition. Excluding hardware, our 90/10 time-based revenue model remains in effect.

Finally, we're in the early stages of planning for next year and would encourage investors to wait until we've provided guidance before updating estimates. That said, we believe current 2018 consensus non-GAAP EPS estimates look reasonable. This is consistent with our long-term objective of driving high-single-digit non-GAAP EPS growth.

In summary, Q2 was a great quarter. We delivered strong growth across the board. We're raising our 2017 outlook for revenue, non-GAAP earnings, and cash flow. And we continue to drive long-term shareholder value by investing in the business, both organically and through acquisitions, and by returning capital through share buybacks. With that, I'll turn it over to the operator for questions.