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Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
March 30, 2013 and December 29, 2012
(In thousands)
(Unaudited)

	March 30, 2013	December 29, 2012
Current assets:		
Cash and cash equivalents	\$ 810,152	\$ 726,357
Short-term investments	100,992	100,704
Receivables, net of allowances of \$0 and \$85, respectively	75,253	97,821
Inventories	37,016	36,163
2015 notes hedges	315,895	303,154
Prepaid expenses and other	122,604	127,036
Total current assets	1,461,912	1,391,235
Property, plant and equipment, net of accumulated depreciation of \$626,732 and \$635,450, respectively	237,455	244,439
Goodwill	232,608	233,266
Acquired intangibles, net of accumulated amortization of \$104,822 and \$104,351, respectively	177,891	184,938
Long-term receivables	3,734	7,559
Other assets	209,663	225,566
Total assets	\$ 2,323,263	\$ 2,287,003
Current liabilities:		
Convertible notes	\$ 452,571	\$ 447,011
2015 notes embedded conversion derivative	315,895	303,154
Accounts payable and accrued liabilities	156,606	171,318
Current portion of deferred revenue	285,553	295,787
Total current liabilities	1,210,625	1,217,270
Long-term liabilities:		
Long-term portion of deferred revenue	41,432	50,529
Other long-term liabilities	51,533	104,033
Total long-term liabilities	92,965	154,562
Stockholders' equity	1,019,673	915,171
Total liabilities and stockholders' equity	\$ 2,323,263	\$ 2,287,003

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

	March 31, 2012	June 30, 2012	September 29, 2012	December 29, 2012	March 30, 2013
Current assets:					
Cash and cash equivalents	\$ 659,687	\$ 661,658	\$ 649,099	\$ 726,357	\$ 810,152
Short-term investments	3,287	51,304	95,819	100,704	100,992
Receivables, net	79,997	123,243	123,206	97,821	75,253
Inventories	41,720	41,066	34,629	36,163	37,016
2015 notes hedges	257,775	219,199	287,079	303,154	315,895
Prepaid expenses and other	69,178	61,976	60,780	127,036	122,604
Total current assets	1,111,644	1,158,446	1,250,612	1,391,235	1,461,912
Property, plant and equipment, net	257,743	251,920	246,856	244,439	237,455
Goodwill	192,445	192,238	233,275	233,266	232,608
Acquired intangibles, net	166,528	159,807	192,768	184,938	177,891
Long-term receivables	7,555	7,750	5,668	7,559	3,734
Other assets	58,917	59,096	59,335	225,566	209,663
Total assets	<u>\$ 1,794,832</u>	<u>\$ 1,829,257</u>	<u>\$ 1,988,514</u>	<u>\$ 2,287,003</u>	<u>\$ 2,323,263</u>
Current liabilities:					
Convertible notes	\$ 297,653	\$ 301,292	\$ 305,029	\$ 447,011	\$ 452,571
2015 notes embedded conversion derivative	257,775	219,199	287,079	303,154	315,895
Accounts payable and accrued liabilities	143,760	153,957	160,250	171,318	156,606
Current portion of deferred revenue	312,238	328,405	322,260	295,787	285,553
Total current liabilities	1,011,426	1,002,853	1,074,618	1,217,270	1,210,625
Long-term liabilities:					
Long-term portion of deferred revenue	62,634	58,213	58,436	50,529	41,432
Convertible notes	133,459	135,006	136,594	-	-
Other long-term liabilities	126,561	131,172	130,478	104,033	51,533
Total long-term liabilities	322,654	324,391	325,508	154,562	92,965
Stockholders' equity:					
Common stock and capital in excess of par value	1,735,689	1,741,869	1,711,797	1,721,556	1,727,901
Treasury stock, at cost	(269,646)	(266,820)	(207,018)	(200,786)	(175,110)
Accumulated deficit	(1,053,745)	(1,018,190)	(962,515)	(649,549)	(570,940)
Accumulated other comprehensive income	48,454	45,154	46,124	43,950	37,822
Total stockholders' equity	460,752	502,013	588,388	915,171	1,019,673
Total liabilities and stockholders' equity	<u>\$ 1,794,832</u>	<u>\$ 1,829,257</u>	<u>\$ 1,988,514</u>	<u>\$ 2,287,003</u>	<u>\$ 2,323,263</u>

Cadence Design Systems, Inc.
Condensed Consolidated Income Statements
For the Three Months Ended March 30, 2013 and March 31, 2012
(In thousands, except per share amounts)
(Unaudited)

	<u>Three Months Ended</u>	
	<u>March 30, 2013</u>	<u>March 31, 2012</u>
Revenue:		
Product and maintenance	\$ 328,271	\$ 286,288
Services	25,995	29,542
	<u>354,266</u>	<u>315,830</u>
Costs and expenses:		
Cost of product and maintenance	29,847	27,212
Cost of services	18,344	19,374
Marketing and sales	90,402	83,795
Research and development	124,084	108,594
General and administrative	29,810	27,770
Amortization of acquired intangibles	3,791	3,786
Restructuring and other charges (credits)	(148)	(51)
	<u>296,130</u>	<u>270,480</u>
Income from operations	58,136	45,350
Interest expense	(9,262)	(8,537)
Other income, net	2,175	2,434
	<u>51,049</u>	<u>39,247</u>
Income before provision (benefit) for income taxes	51,049	39,247
Provision (benefit) for income taxes	(27,560)	8,143
	<u>\$ 78,609</u>	<u>\$ 31,104</u>
Net income		
Net income per share - basic	<u>\$ 0.29</u>	<u>\$ 0.12</u>
Net income per share - diluted	<u>\$ 0.27</u>	<u>\$ 0.11</u>
Weighted average common shares outstanding - basic	<u>274,936</u>	<u>267,940</u>
Weighted average common shares outstanding - diluted	<u>292,151</u>	<u>277,733</u>

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

	Three Months Ended				
	March 31, 2012	June 30, 2012	September 29, 2012	December 29, 2012	March 30, 2013
Revenue:					
Product and maintenance	\$ 286,288	\$ 297,510	\$ 310,118	\$ 318,513	\$ 328,271
Services	29,542	28,966	28,415	27,072	25,995
Total revenue	<u>315,830</u>	<u>326,476</u>	<u>338,533</u>	<u>345,585</u>	<u>354,266</u>
Costs and expenses:					
Cost of product and maintenance	27,212	32,406	34,461	24,437	29,847
Cost of services	19,374	17,071	16,809	19,353	18,344
Marketing and sales	83,795	80,418	82,461	95,604	90,402
Research and development	108,594	112,031	115,078	118,382	124,084
General and administrative	27,770	30,244	26,350	27,712	29,810
Amortization of acquired intangibles	3,786	3,643	3,876	3,772	3,791
Restructuring and other charges (credits)	(51)	43	57	64	(148)
Total costs and expenses	<u>270,480</u>	<u>275,856</u>	<u>279,092</u>	<u>289,324</u>	<u>296,130</u>
Income from operations	45,350	50,620	59,441	56,261	58,136
Interest expense	(8,537)	(8,566)	(8,737)	(8,902)	(9,262)
Other income (expense), net	2,434	3,669	(131)	5,369	2,175
Income before provision (benefit) for income taxes	39,247	45,723	50,573	52,728	51,049
Provision (benefit) for income taxes	8,143	9,337	(8,011)	(261,146)	(27,560)
Net income	<u>\$ 31,104</u>	<u>\$ 36,386</u>	<u>\$ 58,584</u>	<u>\$ 313,874</u>	<u>\$ 78,609</u>
Net income per share - basic	<u>\$ 0.12</u>	<u>\$ 0.13</u>	<u>\$ 0.22</u>	<u>\$ 1.15</u>	<u>\$ 0.29</u>
Net income per share - diluted	<u>\$ 0.11</u>	<u>\$ 0.13</u>	<u>\$ 0.21</u>	<u>\$ 1.10</u>	<u>\$ 0.27</u>
Weighted average common shares outstanding - basic	<u>267,940</u>	<u>269,739</u>	<u>271,350</u>	<u>272,884</u>	<u>274,936</u>
Weighted average common shares outstanding - diluted	<u>277,733</u>	<u>275,318</u>	<u>283,328</u>	<u>286,289</u>	<u>292,151</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended March 30, 2013 and March 31, 2012
(In thousands)
(Unaudited)

	Three Months Ended	
	March 30, 2013	March 31, 2012
Cash and cash equivalents at beginning of period	\$ 726,357	\$ 601,602
Cash flows from operating activities:		
Net income	78,609	31,104
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	21,682	21,939
Amortization of debt discount and fees	6,281	5,734
Stock-based compensation	13,810	11,525
Gain on investments, net	(1,006)	(1,949)
Deferred income taxes	8,695	223
Provisions (recoveries) for losses (gains) on receivables, net	(85)	-
Other non-cash items	(922)	746
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	23,652	60,172
Inventories	(979)	(154)
Prepaid expenses and other	(1,099)	(5,545)
Other assets	4,148	(577)
Accounts payable and accrued liabilities	(11,003)	(19,582)
Deferred revenue	(16,648)	(39,315)
Other long-term liabilities	(49,799)	(3,612)
Net cash provided by operating activities	<u>75,336</u>	<u>60,709</u>
Cash flows from investing activities:		
Purchases of available-for-sale securities	(24,282)	-
Proceeds from the sale of available-for-sale securities	14,985	-
Proceeds from the maturity of available-for-sale securities	8,700	-
Proceeds from the sale of long-term investments	6,102	44
Purchases of property, plant and equipment	(6,569)	(8,201)
Investment in venture capital partnerships and equity investments	-	(250)
Cash paid in business combinations and asset acquisitions, net of cash acquired	(757)	(1,041)
Net cash used for investing activities	<u>(1,821)</u>	<u>(9,448)</u>
Cash flows from financing activities:		
Principal payments on receivable financing	(2,526)	-
Payment of acquisition-related contingent consideration	(582)	(39)
Tax effect related to employee stock transactions allocated to equity	5,276	2,842
Proceeds from issuance of common stock	21,801	12,761
Stock received for payment of employee taxes on vesting of restricted stock	(8,775)	(6,173)
Net cash provided by financing activities	<u>15,194</u>	<u>9,391</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(4,914)</u>	<u>(2,567)</u>
Increase in cash and cash equivalents	<u>83,795</u>	<u>58,085</u>
Cash and cash equivalents at end of period	<u>\$ 810,152</u>	<u>\$ 659,687</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended March 30, 2013
(In thousands)
(Unaudited)

	Q1 2012	Q2 2012	Q3 2012	Q4 2012	Q1 2013
Cash and cash equivalents at beginning of period	\$ 601,602	\$ 659,687	\$ 661,658	\$ 649,099	\$ 726,357
Cash flows from operating activities:					
Net income	31,104	36,386	58,584	313,874	78,609
Adjustments to reconcile net income to net cash provided by operating activities:					
Depreciation and amortization	21,939	21,797	23,435	22,046	21,682
Amortization of debt discount and fees	5,734	5,795	5,951	6,033	6,281
Stock-based compensation	11,525	10,361	12,399	13,276	13,810
(Gain) loss on investments, net	(1,949)	(2,220)	1,947	(4,098)	(1,006)
Deferred income taxes	223	236	(14,566)	(226,317)	8,695
Provisions (recoveries) for losses (gains) on receivables, net	-	-	120	95	(85)
Other non-cash items	746	2,818	(106)	(143)	(922)
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	60,172	(43,659)	7,763	21,354	23,652
Inventories	(154)	653	6,437	(1,691)	(979)
Prepaid expenses and other	(5,545)	5,959	1,133	(13,973)	(1,099)
Other assets	(577)	408	(2,932)	(1,801)	4,148
Accounts payable and accrued liabilities	(19,582)	14,888	2,980	19,237	(11,003)
Deferred revenue	(39,315)	11,869	(10,784)	(31,432)	(16,648)
Other long-term liabilities	(3,612)	2,188	(431)	(20,584)	(49,799)
Net cash provided by operating activities	<u>60,709</u>	<u>67,479</u>	<u>91,930</u>	<u>95,876</u>	<u>75,336</u>
Cash flows from investing activities:					
Purchases of available-for-sale securities	-	(49,083)	(52,165)	(19,906)	(24,282)
Proceeds from the sale of available-for-sale securities	-	136	5,800	12,402	14,985
Proceeds from the maturity of available-for-sale securities	-	-	1,500	2,650	8,700
Proceeds from the sale of long-term investments	44	-	-	30	6,102
Purchases of property, plant and equipment	(8,201)	(10,068)	(7,663)	(10,034)	(6,569)
Investment in venture capital partnerships and equity investments	(250)	-	-	-	-
Cash paid in business combinations and asset acquisitions, net of cash acquired	(1,041)	-	(65,391)	-	(757)
Net cash used for investing activities	<u>(9,448)</u>	<u>(59,015)</u>	<u>(117,919)</u>	<u>(14,858)</u>	<u>(1,821)</u>
Cash flows from financing activities:					
Principal payments on receivable financing	-	(2,907)	-	(2,869)	(2,526)
Payment of debt issuance costs	-	-	-	(1,372)	-
Payment of acquisition-related contingent consideration	(39)	-	-	-	(582)
Tax effect related to employee stock transactions allocated to equity	2,842	1,233	1,715	271	5,276
Proceeds from issuance of common stock	12,761	302	15,692	3,932	21,801
Stock received for payment of employee taxes on vesting of restricted stock	(6,173)	(3,724)	(3,560)	(2,271)	(8,775)
Net cash provided by (used for) financing activities	<u>9,391</u>	<u>(5,096)</u>	<u>13,847</u>	<u>(2,309)</u>	<u>15,194</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(2,567)</u>	<u>(1,397)</u>	<u>(417)</u>	<u>(1,451)</u>	<u>(4,914)</u>
Increase (decrease) in cash and cash equivalents	<u>58,085</u>	<u>1,971</u>	<u>(12,559)</u>	<u>77,258</u>	<u>83,795</u>
Cash and cash equivalents at end of period	<u>\$ 659,687</u>	<u>\$ 661,658</u>	<u>\$ 649,099</u>	<u>\$ 726,357</u>	<u>\$ 810,152</u>

Cadence Design Systems, Inc.
As of April 24, 2013
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
(Unaudited)

	Three Months Ending June 29, 2013 Forecast	Year Ending December 28, 2013 Forecast
Diluted net income per share on a GAAP basis	\$0.10 to \$0.12	\$0.59 to \$0.69
Amortization of acquired intangibles	0.04	0.15
Stock-based compensation expense	0.05	0.21
Integration and acquisition-related costs	0.03	0.09
Amortization of debt discount	0.02	0.08
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(0.01)
Income tax benefit due to a reversal of an uncertain tax position	-	(0.11)
Income tax effect of non-GAAP adjustments	(0.05)	(0.19)
Diluted net income per share on a non-GAAP basis	<u>\$0.19 to \$0.21</u>	<u>\$0.81 to \$0.91</u>

* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

Cadence Design Systems, Inc.
As of April 24, 2013
Impact of Non-GAAP Adjustments on Forward Looking Net Income
(Unaudited)

(\$ in millions)	Three Months Ending June 29, 2013 Forecast	Year Ending December 28, 2013 Forecast
Net income on a GAAP basis	\$29 to \$35	\$172 to \$202
Amortization of acquired intangibles	12	46
Stock-based compensation expense	13	63
Integration and acquisition-related costs	8	26
Amortization of debt discount	6	22
Other income or expense related to investments and non-qualified deferred compensation plan assets*	-	(1)
Income tax benefit due to a reversal of an uncertain tax position	-	(34)
Income tax effect of non-GAAP adjustments	(13)	(56)
Net income on a non-GAAP basis	<u>\$55 to \$61</u>	<u>\$238 to \$268</u>

* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

Cadence Design Systems, Inc.
Reconciliation of GAAP Net Income to Non-GAAP Net Income
For the Three Months Ended March 30, 2013 and March 31, 2012
(Unaudited)

(In thousands)	Three Months Ended	
	March 30, 2013	March 31, 2012
Net income on a GAAP basis	\$ 78,609	\$ 31,104
Amortization of acquired intangibles*	7,598	6,685
Stock-based compensation expense**	13,810	11,525
Non-qualified deferred compensation expenses***	152	1,798
Restructuring and other charges (credits)	(148)	(51)
Shareholder litigation costs	-	46
Integration and acquisition-related costs****	4,935	448
Amortization of debt discount	5,536	5,089
Other income or expense related to investments and non-qualified deferred compensation plan assets †	(990)	(1,949)
Income tax benefit due to a reversal of an uncertain tax position	(33,719)	-
Income tax effect of non-GAAP adjustments	(15,146)	(8,195)
Net income on a non-GAAP basis	\$ 60,637	\$ 46,500

† Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

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

(In thousands)	Three Months Ended	
	March 30, 2013	March 31, 2012
Cost of product and maintenance	\$ 3,807	\$ 2,899
Amortization of acquired intangibles	3,791	3,786
Total amortization of acquired intangibles	\$ 7,598	\$ 6,685

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

(In thousands)	Three Months Ended	
	March 30, 2013	March 31, 2012
Cost of product and maintenance	\$ 364	\$ 331
Cost of services	525	474
Marketing and sales	3,018	2,511
Research and development	6,553	5,008
General and administrative	3,350	3,201
Total stock-based compensation expense	\$ 13,810	\$ 11,525

***Cadence records operating expenses (credits) related to its non-qualified deferred compensation plan assets as those assets increase or decrease in value. An offsetting gain or loss is recorded in other income or expense, such that the net impact on Cadence's net income is not significant. The operating expenses (credits) are reported in the Condensed Consolidated Income Statements as follows:

(In thousands)	Three Months Ended	
	March 30, 2013	March 31, 2012
Cost of product and maintenance	\$ 4	\$ 20
Cost of services	5	29
Marketing and sales	22	257
Research and development	78	807
General and administrative	43	685
Total non-qualified deferred compensation expenses	\$ 152	\$ 1,798

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

(In thousands)	Three Months Ended	
	March 30, 2013	March 31, 2012
Marketing and sales	\$ 64	\$ 109
Research and development	1,297	230
General and administrative	3,574	109
Total integration and acquisition-related costs	\$ 4,935	\$ 448

Cadence Design Systems, Inc.
Reconciliation of GAAP Diluted Net Income Per Share to Non-GAAP Diluted Net Income Per Share
For the Three Months Ended March 30, 2013, December 29, 2012, and March 31, 2012
(Unaudited)

(In thousands, except per share data)	Three Months Ended		
	March 30, 2013	December 29, 2012	March 31, 2012
Diluted net income per share on a GAAP basis	\$ 0.27	\$ 1.10	\$ 0.11
Amortization of acquired intangibles	0.03	0.03	0.03
Stock-based compensation expense	0.05	0.05	0.04
Non-qualified deferred compensation expenses	-	-	0.01
Restructuring and other charges (credits)	-	-	-
Shareholder litigation costs	-	-	-
Integration and acquisition-related costs	0.02	0.01	-
Amortization of debt discount	0.02	0.02	0.02
Other income or expense related to investments and non-qualified deferred compensation plan assets *	(0.01)	(0.02)	(0.01)
Income tax benefit of valuation allowance release	-	(0.77)	-
Income tax benefit of State of California settlement	-	(0.13)	-
Income tax benefit due to a reversal of an uncertain tax position	(0.12)	-	-
Income tax effect of non-GAAP adjustments	(0.05)	(0.09)	(0.03)
Diluted net income per share on a non-GAAP basis	\$ 0.21	\$ 0.20	\$ 0.17
Shares used in calculation of diluted net income per share - GAAP **	292,151	286,289	277,733
Shares used in calculation of diluted net income per share - non-GAAP **	292,151	286,289	277,733

* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

** Shares used in the calculation of GAAP net income per share are expected to be the same as shares used in the calculation of non-GAAP net income per share, except when the company reports a GAAP net loss and non-GAAP net income, or GAAP net income and a non-GAAP net loss.

Cadence Design Systems, Inc.
Reconciliation of GAAP Financial Measures to Non-GAAP Financial Measures
(Unaudited)

	<u>Three Months Ended</u> <u>March 30, 2013</u> <u>Actual</u> <u>(In thousands)</u>	<u>Three Months Ended</u> <u>December 29, 2012</u> <u>Actual</u> <u>(In thousands)</u>	<u>Three Months Ended</u> <u>March 31, 2012</u> <u>Actual</u> <u>(In thousands)</u>
GAAP total costs and expenses	\$ 296,130	\$ 289,324	\$ 270,480
Reconciling items to non-GAAP total costs and expenses			
Amortization of acquired intangibles	(7,598)	(7,649)	(6,685)
Stock-based compensation expense	(13,810)	(13,276)	(11,525)
Non-qualified deferred compensation expenses	(152)	(1,216)	(1,798)
Restructuring and other (charges) credits	148	(64)	51
Shareholder litigation costs	-	-	(46)
Integration and acquisition-related costs	(4,935)	(2,187)	(448)
Non-GAAP total costs and expenses	<u>\$ 269,783</u>	<u>\$ 264,932</u>	<u>\$ 250,029</u>

	<u>Three Months Ended</u> <u>March 30, 2013</u> <u>Actual</u>	<u>Three Months Ended</u> <u>December 29, 2012</u> <u>Actual</u>	<u>Three Months Ended</u> <u>March 31, 2012</u> <u>Actual</u>	<u>Three Months Ending</u> <u>June 29, 2013</u> <u>Forecast</u>	<u>Year Ending</u> <u>December 28, 2013</u> <u>Forecast</u>
GAAP operating margin as a percent of total revenue	16%	16%	14%	13% to 15%	15% to 16%
Reconciling items to non-GAAP operating margin as a percent of total revenue					
Amortization of acquired intangibles	2%	2%	2%	3%	3%
Stock-based compensation expense	4%	4%	4%	4%	4%
Non-qualified deferred compensation expenses	0%	0%	1%	0%	0%
Restructuring and other charges (credits)	0%	0%	0%	0%	0%
Shareholder litigation costs	0%	0%	0%	0%	0%
Integration and acquisition-related costs	2%	1%	0%	2%	2%
Non-GAAP operating margin as a percent of total revenue	<u>24%</u>	<u>23%</u>	<u>21%</u>	<u>22% to 24%</u>	<u>24% to 25%</u>

	<u>Year Ending</u> <u>December 28, 2013</u> <u>Forecast</u>
(In millions)	
GAAP total other income (expense), net	\$(37) to \$(31)
Reconciling items to non-GAAP total other income (expense), net	
Other income or expense related to investments and non-qualified deferred compensation plan assets*	(1)
Amortization of debt discount	22
Non-GAAP total other income (expense), net	<u>\$(16) to \$(10)</u>

* Includes, as applicable, equity in losses or income from investments, write-down of investments, gains or losses on sale of investments and gains or losses on non-qualified deferred compensation plan assets recorded in other income or expense.

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

<u>GEOGRAPHY</u>	2012					2013
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Year</u>	<u>Q1</u>
Americas	44%	46%	43%	45%	45%	44%
EMEA	19%	20%	20%	21%	20%	22%
Japan	18%	16%	17%	14%	16%	15%
Asia	19%	18%	20%	20%	19%	19%
Total	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Group (% of Total Revenue)

<u>PRODUCT GROUP</u>	2012					2013
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Year</u>	<u>Q1</u>
Functional Verification, Hardware and IP	30%	33%	30%	30%	30%	26%
Digital IC Design	23%	22%	23%	23%	23%	25%
Custom IC Design	23%	22%	24%	24%	23%	25%
Design for Manufacturing	7%	6%	6%	6%	6%	7%
System Interconnect	8%	8%	9%	9%	9%	10%
Services and other	9%	9%	8%	8%	9%	7%
Total	100%	100%	100%	100%	100%	100%

Note: Product Group total revenue includes product and maintenance revenue

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Three Months Ended March 30, 2013
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 30, 2013		
	GAAP	Adjustments	Non-GAAP
Revenue:			
Product and maintenance	\$ 328,271	\$ -	\$ 328,271
Services	25,995	-	25,995
Total revenue	354,266	-	354,266
Costs and expenses:			
Cost of product and maintenance	29,847	(4,175) (A)	25,672
Cost of services	18,344	(530) (A)	17,814
Marketing and sales	90,402	(3,104) (A)	87,298
Research and development	124,084	(7,928) (A)	116,156
General and administrative	29,810	(6,967) (A)	22,843
Amortization of acquired intangibles	3,791	(3,791) (A)	-
Restructuring and other charges (credits)	(148)	148	-
Total costs and expenses	296,130	(26,347)	269,783
Income from operations	58,136	26,347	84,483
Interest expense	(9,262)	5,536 (B)	(3,726)
Other income, net	2,175	(990) (C)	1,185
Income before provision (benefit) for income taxes	51,049	30,893	81,942
Provision (benefit) for income taxes	(27,560)	48,865 (D)	21,305
Net income	\$ 78,609	\$ (17,972)	\$ 60,637

Notes:

(A) For the three months ended March 30, 2013 adjustments to GAAP are as follows for the line items specified:

	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation expenses	Integration and acquisition-related costs	Total adjustments
Cost of product and maintenance	\$ 3,807	\$ 364	\$ 4	\$ -	\$ 4,175
Cost of services	-	525	5	-	530
Marketing and sales	-	3,018	22	64	3,104
Research and development	-	6,553	78	1,297	7,928
General and administrative	-	3,350	43	3,574	6,967
Amortization of acquired intangibles	3,791	-	-	-	3,791
Total	\$ 7,598	\$ 13,810	\$ 152	\$ 4,935	\$ 26,495

(B) Amortization of debt discount related to convertible notes

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

(D) Income tax benefit due to a reversal of an uncertain tax position \$33,719 and income tax effect of non-GAAP adjustments \$15,146

Cadence Design Systems, Inc.
Supplemental Reconciliation of Certain GAAP to Non-GAAP Measures
For the Three Months Ended March 31, 2012
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended March 31, 2012		
	GAAP	Adjustments	Non-GAAP
Revenue:			
Product and maintenance	\$ 286,288	\$ -	\$ 286,288
Services	29,542	-	29,542
Total revenue	315,830	-	315,830
Costs and expenses:			
Cost of product and maintenance	27,212	(3,250) (E)	23,962
Cost of services	19,374	(503) (E)	18,871
Marketing and sales	83,795	(2,877) (E)	80,918
Research and development	108,594	(6,045) (E)	102,549
General and administrative	27,770	(4,041) (E)	23,729
Amortization of acquired intangibles	3,786	(3,786) (E)	-
Restructuring and other charges (credits)	(51)	51	-
Total costs and expenses	270,480	(20,451)	250,029
Income from operations	45,350	20,451	65,801
Interest expense	(8,537)	5,089 (F)	(3,448)
Other income, net	2,434	(1,949) (G)	485
Income before provision for income taxes	39,247	23,591	62,838
Provision for income taxes	8,143	8,195 (H)	16,338
Net income	\$ 31,104	\$ 15,396	\$ 46,500

(E) For the three months ended March 31, 2012 adjustments to GAAP are as follows for the line items specified:

	Amortization of acquired intangibles	Stock-based compensation expense	Non-qualified deferred compensation expenses	Integration and acquisition-related costs	Shareholder litigation costs	Total adjustments
Cost of product and maintenance	\$ 2,899	\$ 331	\$ 20	\$ -	\$ -	\$ 3,250
Cost of services	-	474	29	-	-	503
Marketing and sales	-	2,511	257	109	-	2,877
Research and development	-	5,008	807	230	-	6,045
General and administrative	-	3,201	685	109	46	4,041
Amortization of acquired intangibles	3,786	-	-	-	-	3,786
Total	\$ 6,685	\$ 11,525	\$ 1,798	\$ 448	\$ 46	\$ 20,502

(F) Amortization of debt discount related to convertible notes

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

(H) Income tax effect of non-GAAP adjustments