Safe Harbor Statement and Regulation G

Safe Harbor Statement

The following discussion contains forward looking statements, and our actual results may differ materially from those expectations discussed here.

Additional information concerning factors that could cause such a difference can be found in our Form 10-Q for the period ended March 30, 2013, our Form 10-K for the period ended December 30, 2012, the company’s future filings with the Securities and Exchange Commission and the cautionary statements regarding forward-looking statements in our earnings press release of April 24, 2013 for the quarter ended March 30, 2013.

Regulation G

In addition to financial results prepared in accordance with Generally Accepted Accounting Principles, or GAAP, this presentation will also contain certain non-GAAP financial measures. Cadence management believes that in addition to using GAAP results in evaluating our business, it can also be useful to measure results using certain non-GAAP financial measures. Investors and potential investors are encouraged to review the reconciliation of non-GAAP financial measures with their most direct comparable GAAP financial results, including those set forth in our press release of April 24, 2013 for the quarter ended March 30, 2013, which can be found in the quarterly earnings section of the investor relations portion of our website at cadence.com.
Cadence

Global leader in electronic design automation

Our products are used to design electronic products like semiconductors, mobile devices, and “cloud” infrastructure

2012 Results

- 15% revenue growth
- 23% non-GAAP operating margin
- $316M operating cash flow
Cadence
Growth and profitability

Dynamic electronics industry creates growth opportunity
- Grow core EDA business by delivering differentiation and value
- Grow in new areas, expand portfolio
- System companies expanding EDA TAM

Industry leader in technology and innovation
- Digital, analog, mixed-signal
- System/software co-design
- IP

High-visibility ratable business model

Growing, sustainable profitability and cash flow
Big trends driving electronics

- The Internet of Things
- Cloud Computing
- Mobility
- Big Data
- Social Media
EDA360 vision brings together all levels of design

- Design, integration, and verification of hardware-software electronic systems
- Design and Verification IP and services for SoCs
- Hardware design, verification, and implementation of advanced chips

System Realization
SoC Realization
Silicon Realization
Cadence System Realization solution
Product creation for system and semiconductor companies
Cadence SoC Realization solution
Building a new type of IP company

Software optimized
Integration optimized
Correct by design
Optimal configuration
Rapid integration
Changeable

Extensive Design IP (DIP), Verification IP (VIP), and memory models to ensure system works correctly on first pass

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Cadence acquires Tensilica
Application-optimized subsystem IP

Complements industry-standard processor architectures to increase differentiation and get to market faster.

More than 200 licensees – including system OEMs and 7 of the top 10 semiconductor companies – have shipped over 2 billion Tensilica IP cores

Optimized IP solutions for mobile wireless, network infrastructure, auto infotainment and home applications

Audio/speech
Customizable processors
Video
Image/video processing
Controllers
Baseband and RF signal processing
Cadence Silicon Realization solution
Proven, complete end-to-end path for silicon success

Low-Power
Proven System-to-GDSII low-power flows across three realizations

Gigahertz Performance
Multi-core, embedded processor design with GHz performance

Verification
Metric-driven UVM and multi-language methodology

Mixed-Signal
Proven A/d, D/a, A/D flows

Giga-Gate Advanced-Node
Large-scale, complex designs at 40nm to 20nm with in-design signoff

Signoff Flow
Physically aware design closure

Optimized and qualified tools/flows for the process and complex design rules give customers best utilization, densest designs, and fastest time to market
Advanced node solutions
20-nanometer and 16/14-nanometer FinFET

Variation-aware in-design signoff and integrated DFM optimizes interconnect and manages yield.

Prevent verification and DFM issues upfront with context-aware place and routing, and in-design signoff and ECO.

Increased quality of silicon with tools optimized for 20nm and below.

Speeds ramp to volume with reduced number of iterations.

Collaborating with major ecosystem partners for 16/14-nanometer FinFET design.

Solutions for advanced multi-core embedded processors at 20-, 16/14-nanometer.
Ratable business model
Visible revenue stream

90%+ ratable business model
- Visible and predictable software revenue stream
- ~90% of projected quarterly revenue from backlog
- Average term: 2.4 - 2.6 years

Backlog (Q4 ‘12): $1.7 billion

Focus on “deal quality”
- Annualized revenue
- ASP/Discount
- Contract term
- Renewal timing
Growing, sustainable profitability

Optimize resource allocation for growth and operating efficiency

Non-GAAP operating margin:
- 2011: 18%
- 2012: 23%

~50% incremental margin*

* Near-term, assuming reasonable revenue growth
Cash flow, capital structure & uses of cash

Cash flow:
- 2012: $316m, 32% growth

Capital structure (Q1 ‘12):
- Cash: $911m (~50% in U.S.)
- Convertible debt: $495m
- Revolver: $250m*

Capital allocation:
- Organic investment
- Retire convertible debt
  ✓ $144m Dec ‘13
  ✓ $350m Jun ’15
- M&A

* $100m drawn in late April

Operating cash flow

DSO trend

Target: ~30 days
## 2013 Outlook

<table>
<thead>
<tr>
<th></th>
<th>2012 Results</th>
<th>2013 Outlook</th>
<th>Growth</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bookings</td>
<td>$1336M</td>
<td>$1480 - $1530M</td>
<td>11 - 15%</td>
</tr>
<tr>
<td>Revenue</td>
<td>$1326M</td>
<td>$1440 - $1470M</td>
<td>9 - 11%</td>
</tr>
<tr>
<td>Non-GAAP operating margin</td>
<td>23%</td>
<td>24 - 25%</td>
<td></td>
</tr>
<tr>
<td>Non-GAAP EPS</td>
<td>$0.77</td>
<td>$0.81 - $0.91</td>
<td>5 - 18%</td>
</tr>
<tr>
<td>Operating cash flow</td>
<td>$316M</td>
<td>$360 - $390M</td>
<td>14 - 23%</td>
</tr>
</tbody>
</table>
Applicability of Outlook

Prior to the start of the Quiet Period (described below), the public may continue to rely on the business outlook contained herein as still being Cadence's current expectations on matters covered unless Cadence publishes a notice stating otherwise.

Beginning June 14, 2013, Cadence will observe a Quiet Period during which the business outlook as provided in this presentation, our April 24, 2013 earnings press release, and the company's most recent Annual Report on Form 10-K and Quarterly Report on Form 10-Q no longer constitute the company's current expectations. During the Quiet Period, the business outlook in these documents should be considered to be historical, speaking as of prior to the Quiet Period only and not subject to any update by the company. During the Quiet Period, Cadence’s representatives will not comment on Cadence's business outlook, financial results or expectations. The Quiet Period will extend until the day when Cadence's Second Quarter 2013 Earnings Release is published, which is currently scheduled for July 24, 2013.