



**STOCK OWNERSHIP GUIDELINES
FOR THE DIRECTORS AND EXECUTIVE OFFICERS OF
CADENCE DESIGN SYSTEMS, INC.**

The Board of Directors (the “**Board**”) of Cadence Design Systems, Inc. (“**Cadence**”) has adopted Stock Ownership Guidelines to further align the interests of Cadence’s directors and executive officers with the interests of Cadence’s stockholders and to reinforce Cadence’s commitment to sound corporate governance.

Stock Ownership Guidelines for Directors

Each non-employee member of the Board is required to hold shares of Cadence common stock with a value of at least \$375,000 within five years of his or her initial appointment or election to the Board.

If an employee of Cadence is the Board Chair (the “Executive Chair”), the Executive Chair is required to hold shares of Cadence common stock with a value of at least 3 times his or her base salary within the time period set forth below:

- If the Executive Chair currently serves, or most recently served, as Cadence’s Chief Executive Officer: within five years of the date of his or her initial appointment as Chief Executive Officer
- If the Executive Chair currently serves, or most recently served, as an Executive Officer (as defined below) of Cadence other than the Chief Executive Officer: within the later of (a) five years of the date of his or her initial appointment as Executive Officer or (b) three years of the date of his or her initial appointment as Executive Chair
- In any other case: within five years of the date of his or her initial appointment as Executive Chair

Compliance with this guideline will be measured on the last trading day of each fiscal year in which this guideline is 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**”).

Stock Ownership Guidelines for Executive Officers

Each of Cadence’s executive officers who is designated an “officer” as defined in Rule 16a-1(f) of the Securities Exchange Act of 1934, as amended (“**Executive Officer**”), is required to hold shares of Cadence common stock with a value of at least the amount set forth below within five years of the date of his or her appointment:

<u>Position</u>	<u>Minimum Value of Shares</u>
Chief Executive Officer	3X annual base salary
Other Executive Officers	1X annual base salary

Compliance with this guideline will be measured on the Measurement Date based on the Measurement Price (both as defined above).

Holding Period

Should any non-employee member of the Board or Executive Officer not meet this guideline 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 director or Executive Officer will be 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 director or 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 of the Board retains the discretion to grant a hardship exception to a non-employee member of the Board or Executive Officer if he or she fails to meet this guideline as of the Measurement Date.

Counting Shares Owned

For purposes of determining stock ownership levels, the following forms of equity interests in Cadence count towards satisfaction of the guidelines:

- Restricted or incentive shares (vested or unvested)
- Shares subject to restricted stock units
- Shares obtained through the Cadence Employee Stock Purchase Plan
- Shares obtained through the exercise of stock options or upon settlement of restricted stock units
- Shares purchased on the open market
- Shares owned outright by the executive officer or director or his or her immediate family members residing in the same household
- Shares held in trust for the benefit of the executive officer or director or his or her family
- Restricted shares granted under Cadence’s employee plans

These guidelines may be reevaluated from time to time.