



DIVISION OF  
CORPORATION FINANCE

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

July 2, 2013

Via E-mail

Gregory K. Hinckley  
President, Chief Financial Officer  
Mentor Graphics Corporation  
8005 SW Boeckman Road  
Wilsonville, OR 97070-7777

**Re: Mentor Graphics Corporation  
Form 10-K for the Fiscal Year Ended January 31, 2013  
Filed March 15, 2013  
Form 10-Q for the Quarterly Period Ended April 30, 2013  
Filed June 5, 2013  
File No. 001-34795**

Dear Mr. Hinckley:

We have reviewed your filings and have the following comments. Please note that we have limited our review to only your financial statements and related disclosures. In some of our comments, we may ask you to provide us with information so we may better understand your disclosure.

Please respond to this letter within ten business days by amending your filings, by providing the requested information, or by advising us when you will provide the requested response. If you do not believe our comments apply to your facts and circumstances or do not believe an amendment is appropriate, please tell us why in your response.

After reviewing any amendment to your filings and the information you provide in response to these comments, we may have additional comments.

Form 10-K for the Fiscal Year Ended January 31, 2013

Management's Discussion and Analysis of Financial Condition and Results of Operations

Results of Operations

Revenues and Gross Profit, page 26

1. We note management's references in your fourth quarter fiscal 2013 and first quarter 2014 earnings calls to leading indicators of new customer volume and average transaction values as well as average renewal run rates. Please describe for us the metrics management uses in managing and evaluating its revenues. Tell us what consideration

you gave to disclosing these leading indicators, renewals, or other metrics in your discussion and analysis to explain the underlying reasons for fluctuations in revenues. Refer to Item 303(a) of Regulation S-K and Section III.B SEC Release 33-8350.

Consolidated Financial Statements

Note 6. Term Receivables and Trade Accounts Receivable, page 53

2. Your disclosure on page 21 that net of reserves you do not have any receivables greater than past 60 days past due suggests that you have some past due receivables that have been reserved for. Further, we note your disclosure that you have exposures within your receivables portfolio to customers with weak credit ratings that could have a material adverse effect on earnings in any given quarter, should significant additional allowances for doubtful accounts be necessary. Please tell us what consideration was given to providing disclosure regarding nonaccrual, past due, and impaired receivables as required by ASC 310-10-50.

Note 9. Income Taxes, page 57

3. We note the approximate \$12.7 million impact in your rate reconciliation related to the repatriation of foreign subsidiary earnings for fiscal 2013. Please tell us the jurisdiction(s) involved and why there was an increase in repatriations in 2013. As part of your response, please clarify whether any of the repatriated earnings relates to subsidiaries that were previously permanently invested.

Form 10-Q for the Quarterly Period Ended April 30, 2013

Condensed Consolidated Statements of Comprehensive Income (Loss), page 4

4. We note that you present the reclassification adjustment for net gain (loss) on cash flow hedges in net income. Please tell us what consideration was given to disclosing the tax effect of the reclassification adjustment. Refer to ASC 220-10-45-12.

We urge all persons who are responsible for the accuracy and adequacy of the disclosure in the filing to be certain that the filing includes the information the Securities Exchange Act of 1934 and all applicable Exchange Act rules require. Since the company and its management are in possession of all facts relating to a company's disclosure, they are responsible for the accuracy and adequacy of the disclosures they have made.

In responding to our comments, please provide a written statement from the company acknowledging that:

- the company is responsible for the adequacy and accuracy of the disclosure in the filings;

Gregory K. Hinckley  
Mentor Graphics Corporation  
July 2, 2013  
Page 3

- staff comments or changes to disclosure in response to staff comments do not foreclose the Commission from taking any action with respect to the filing; and
- the company may not assert staff comments as a defense in any proceeding initiated by the Commission or any person under the federal securities laws of the United States.

You may contact Joyce Sweeney, Staff Accountant, at (202) 551-3449 or Christine Davis, Assistant Chief Accountant at (202) 551-3408 if you have questions regarding comments on the financial statements and related matters. Please contact me at (202) 551-3406 with any other questions.

Sincerely,

/s/ Patrick Gilmore

Patrick Gilmore  
Accounting Branch Chief