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Cadence Design Systems, Inc.
Condensed Consolidated Balance Sheets
April 2, 2011 and January 1, 2011
(In thousands)
(Unaudited)

	April 2, 2011	January 1, 2011
Current Assets:		
Cash and cash equivalents	\$ 612,208	\$ 557,409
Short-term investments	10,917	12,715
Receivables, net of allowances of \$1,443 and \$7,604, respectively	172,543	191,893
Inventories	43,050	39,034
Prepaid expenses and other	83,920	78,355
Total current assets	922,638	879,406
Property, plant and equipment, net of accumulated depreciation of \$657,517 and \$648,676, respectively	273,161	285,115
Goodwill	159,081	158,893
Acquired intangibles, net of accumulated amortization of \$69,971 and \$105,158, respectively	172,345	179,198
Installment contract receivables	11,452	23,380
Other assets	277,027	206,124
Total Assets	\$ 1,815,704	\$ 1,732,116
Current Liabilities:		
Convertible notes	\$ 144,999	\$ 143,258
Accounts payable and accrued liabilities	188,648	216,864
Current portion of deferred revenue	340,015	337,426
Total current liabilities	673,662	697,548
Long-Term Liabilities:		
Long-term portion of deferred revenue	100,064	85,400
Convertible notes	411,198	406,404
Other long-term liabilities	333,074	266,110
Total long-term liabilities	844,336	757,914
Stockholders' Equity	297,706	276,654
Total Liabilities and Stockholders' Equity	\$ 1,815,704	\$ 1,732,116

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

	April 3, 2010	July 3, 2010	October 2, 2010	January 1, 2011	April 2, 2011
Current Assets:					
Cash and cash equivalents	\$ 619,303	\$ 475,603	\$ 509,035	\$ 557,409	\$ 612,208
Short-term investments	3,188	2,860	2,641	12,715	10,917
Receivables, net	181,155	191,291	202,237	191,893	172,543
Inventories	19,323	23,874	28,486	39,034	43,050
Prepaid expenses and other	56,617	71,448	79,910	78,355	83,920
Total current assets	<u>879,586</u>	<u>765,076</u>	<u>822,309</u>	<u>879,406</u>	<u>922,638</u>
Property, plant and equipment, net	302,499	295,073	290,103	285,115	273,161
Goodwill	5,605	158,227	158,893	158,893	159,081
Acquired intangibles, net	26,566	192,422	185,866	179,198	172,345
Installment contract receivables, net	41,510	40,296	28,231	23,380	11,452
Other assets	159,220	244,661	220,546	206,124	277,027
Total assets	<u>\$ 1,414,986</u>	<u>\$ 1,695,755</u>	<u>\$ 1,705,948</u>	<u>\$ 1,732,116</u>	<u>\$ 1,815,704</u>
Current Liabilities:					
Convertible notes	\$ -	\$ -	\$ -	\$ 143,258	\$ 144,999
Accounts payable and accrued liabilities	147,782	153,982	152,436	216,864	188,648
Current portion of deferred revenue	253,947	290,105	308,591	337,426	340,015
Total current liabilities	<u>401,729</u>	<u>444,087</u>	<u>461,027</u>	<u>697,548</u>	<u>673,662</u>
Long-Term Liabilities:					
Long-term portion of deferred revenue	85,498	92,477	96,439	85,400	100,064
Convertible notes	441,107	541,767	548,093	406,404	411,198
Other long-term liabilities	367,617	454,744	304,402	266,110	333,074
Total long-term liabilities	<u>894,222</u>	<u>1,088,988</u>	<u>948,934</u>	<u>757,914</u>	<u>844,336</u>
Stockholders' Equity:					
Common stock and capital in excess of par value	1,684,538	1,708,610	1,706,590	1,715,541	1,716,254
Treasury stock, at cost	(386,433)	(370,700)	(353,289)	(353,090)	(332,065)
Accumulated deficit	(1,224,619)	(1,215,391)	(1,100,111)	(1,138,853)	(1,139,018)
Accumulated other comprehensive income	45,549	40,161	42,797	53,056	52,535
Total stockholders' equity	<u>119,035</u>	<u>162,680</u>	<u>295,987</u>	<u>276,654</u>	<u>297,706</u>
Total liabilities and stockholders' equity	<u>\$ 1,414,986</u>	<u>\$ 1,695,755</u>	<u>\$ 1,705,948</u>	<u>\$ 1,732,116</u>	<u>\$ 1,815,704</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Operations
For the Three Months Ended April 2, 2011 and April 3, 2010
(In thousands, except per share amounts)
(Unaudited)

	Three Months Ended	
	April 2, 2011	April 3, 2010
Revenue:		
Product	\$ 141,819	\$ 102,766
Services	27,805	25,920
Maintenance	96,478	93,252
	<u>266,102</u>	<u>221,938</u>
Costs and Expenses:		
Cost of product	14,194	5,292
Cost of services	20,075	21,925
Cost of maintenance	10,898	11,398
Marketing and sales	78,372	74,762
Research and development	101,299	89,430
General and administrative	19,302	22,834
Amortization of acquired intangibles	4,459	2,691
Restructuring and other charges (credits)	(41)	(1,074)
	<u>248,558</u>	<u>227,258</u>
Income (loss) from operations	17,544	(5,320)
Interest expense	(10,986)	(7,431)
Other income, net	4,469	5,974
	<u>11,027</u>	<u>(6,777)</u>
Income (loss) before provision for income taxes	11,027	(6,777)
Provision for income taxes	4,704	5,008
	<u>6,323</u>	<u>(11,785)</u>
Net income (loss)	<u>\$ 6,323</u>	<u>\$ (11,785)</u>
Basic net income (loss) per share	<u>\$ 0.02</u>	<u>\$ (0.04)</u>
Diluted net income (loss) per share	<u>\$ 0.02</u>	<u>\$ (0.04)</u>
Weighted average common shares outstanding - basic	<u>261,533</u>	<u>262,597</u>
Weighted average common shares outstanding - diluted	<u>268,578</u>	<u>262,597</u>

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

	Three Months Ended				
	April 3, 2010	July 3, 2010	October 2, 2010	January 1, 2011	April 2, 2011
Revenue:					
Product	\$ 102,766	\$ 117,066	\$ 118,221	\$ 133,545	\$ 141,819
Services	25,920	25,258	23,945	25,768	27,805
Maintenance	93,252	84,740	95,768	89,705	96,478
Total revenue	<u>221,938</u>	<u>227,064</u>	<u>237,934</u>	<u>249,018</u>	<u>266,102</u>
Costs and Expenses:					
Cost of product	5,292	7,123	10,757	8,249	14,194
Cost of services	21,925	21,556	19,102	20,385	20,075
Cost of maintenance	11,398	10,481	9,960	10,215	10,898
Marketing and sales	74,762	71,513	76,065	83,218	78,372
Research and development	89,430	91,880	97,275	97,828	101,299
General and administrative	22,834	17,058	25,081	21,421	19,302
Amortization of acquired intangibles	2,691	2,551	4,459	4,459	4,459
Restructuring and other charges (credits)	(1,074)	(317)	(1,682)	13,225	(41)
Litigation charges	-	-	-	15,800	-
Total costs and expenses	<u>227,258</u>	<u>221,845</u>	<u>241,017</u>	<u>274,800</u>	<u>248,558</u>
Income (loss) from operations	(5,320)	5,219	(3,083)	(25,782)	17,544
Interest expense	(7,431)	(7,972)	(10,476)	(10,464)	(10,986)
Other income (expense), net	5,974	(3,100)	(2,907)	2,574	4,469
Income (loss) before provision (benefit) for income taxes	(6,777)	(5,853)	(16,466)	(33,672)	11,027
Provision (benefit) for income taxes	5,008	(54,460)	(143,219)	3,365	4,704
Net income (loss)	<u>\$ (11,785)</u>	<u>\$ 48,607</u>	<u>\$ 126,753</u>	<u>\$ (37,037)</u>	<u>\$ 6,323</u>
Basic net income (loss) per share	<u>\$ (0.04)</u>	<u>\$ 0.19</u>	<u>\$ 0.49</u>	<u>\$ (0.14)</u>	<u>\$ 0.02</u>
Diluted net income (loss) per share	<u>\$ (0.04)</u>	<u>\$ 0.18</u>	<u>\$ 0.48</u>	<u>\$ (0.14)</u>	<u>\$ 0.02</u>
Weighted average common shares outstanding - basic	<u>262,597</u>	<u>262,163</u>	<u>258,606</u>	<u>259,781</u>	<u>261,533</u>
Weighted average common shares outstanding - diluted	<u>262,597</u>	<u>266,423</u>	<u>263,302</u>	<u>259,781</u>	<u>268,578</u>

Cadence Design Systems, Inc.
Condensed Consolidated Statements of Cash Flows
For the Three Months Ended April 2, 2011 and April 3, 2010
(In thousands)
(Unaudited)

	Three Months Ended	
	April 2, 2011	April 3, 2010
Cash and Cash Equivalents at Beginning of Period	\$ 557,409	\$ 569,115
Cash Flows from Operating Activities:		
Net income (loss)	6,323	(11,785)
Adjustments to reconcile net income (loss) to net cash provided by operating activities:		
Depreciation and amortization	22,907	21,465
Amortization of debt discount and fees	7,263	5,523
Stock-based compensation	9,357	10,372
Loss from equity method investments	30	27
Gain on investments, net	(4,477)	(5,591)
Non-cash restructuring and other charges	65	125
Impairment of property, plant and equipment	-	164
Deferred income taxes	65	(1,706)
Provisions (recoveries) for losses (gains) on trade and installment contract receivables	(5,197)	(2,593)
Other non-cash items	488	815
Changes in operating assets and liabilities, net of effect of acquired businesses:		
Receivables	(7,928)	(23,989)
Installment contract receivables	45,570	57,769
Inventories	(4,016)	(6,047)
Prepaid expenses and other	(5,456)	(1,518)
Other assets	(69,174)	5,538
Accounts payable and accrued liabilities	(20,681)	925
Deferred revenue	15,607	3,813
Other long-term liabilities	65,619	(6,604)
Net cash provided by operating activities	<u>56,365</u>	<u>46,703</u>
Cash Flows from Investing Activities:		
Proceeds from the sale of available-for-sale securities	1,497	-
Proceeds from the sale of long-term investments	2,677	8,964
Purchases of property, plant and equipment	(5,181)	(9,899)
Purchases of software licenses	-	(487)
Investment in venture capital partnerships and equity investments	(608)	-
Cash paid in business combinations and asset acquisitions, net of cash acquired	(2,538)	-
Net cash used for investing activities	<u>(4,153)</u>	<u>(1,422)</u>
Cash Flows from Financing Activities:		
Principal payments on receivable sale financing	(2,829)	(1,719)
Tax effect related to employee stock transactions allocated to equity	160	30
Proceeds from issuance of common stock	8,897	8,044
Stock received for payment of employee taxes on vesting of restricted stock	(2,854)	(2,079)
Net cash provided by financing activities	<u>3,374</u>	<u>4,276</u>
Effect of exchange rate changes on cash and cash equivalents	<u>(787)</u>	<u>631</u>
Increase in cash and cash equivalents	<u>54,799</u>	<u>50,188</u>
Cash and Cash Equivalents at End of Period	<u>\$ 612,208</u>	<u>\$ 619,303</u>

Cadence Design Systems, Inc.
Trended Condensed Consolidated Statements of Cash Flows
For the Five Quarters Ended April 2, 2011
(In thousands)
(Unaudited)

	<u>Q1 2010</u>	<u>Q2 2010</u>	<u>Q3 2010</u>	<u>Q4 2010</u>	<u>Q1 2011</u>
Cash and Cash Equivalents at Beginning of Period	\$ 569,115	\$ 619,303	\$ 475,603	\$ 509,035	\$ 557,409
Cash Flows from Operating Activities:					
Net income (loss)	(11,785)	48,607	126,753	(37,037)	6,323
Adjustments to reconcile net income (loss) to net cash provided by operating activities:					
Depreciation and amortization	21,465	19,868	23,462	23,540	22,907
Amortization of debt discount and fees	5,523	5,778	7,030	7,021	7,263
Loss on extinguishment of debt	-	5,321	-	384	-
Stock-based compensation	10,372	10,435	12,010	10,643	9,357
Loss from equity method investments	27	46	32	28	30
(Gain) loss on investments, net	(5,591)	(1,344)	1,802	(2,484)	(4,477)
Gain on sale of property, plant and equipment	-	-	(799)	-	-
Write-down of investment securities	-	1,500	-	-	-
Non-cash restructuring and other charges	125	91	56	3,814	65
Impairment of property, plant and equipment	164	263	64	-	-
Deferred income taxes	(1,706)	(67,560)	(1,351)	6,426	65
Provisions (recoveries) for losses (gains) on trade and installment contract receivables	(2,593)	(10,385)	(361)	(3,759)	(5,197)
Other non-cash items	815	2,309	(1,137)	(149)	488
Changes in operating assets and liabilities, net of effect of acquired businesses:					
Receivables	(23,989)	(1,395)	(19,038)	10,963	(7,928)
Installment contract receivables	57,769	12,710	27,339	7,016	45,570
Inventories	(6,047)	(4,876)	(5,082)	(10,523)	(4,016)
Prepaid expenses and other	(1,518)	(12,260)	(10,050)	1,436	(5,456)
Other assets	5,538	(1,788)	(35,973)	(12,749)	(69,174)
Accounts payable and accrued liabilities	925	5,101	(2,718)	56,973	(20,681)
Deferred revenue	3,813	28,069	13,347	17,302	15,607
Other long-term liabilities	(6,604)	8,508	(88,958)	(21,831)	65,619
Net cash provided by operating activities	<u>46,703</u>	<u>48,998</u>	<u>46,428</u>	<u>57,014</u>	<u>56,365</u>
Cash Flows from Investing Activities:					
Proceeds from the sale of available-for-sale securities	-	-	-	-	1,497
Proceeds from the sale of short-term investments	-	-	-	317	-
Proceeds from the sale of long-term investments	8,964	1,169	143	-	2,677
Proceeds from the sale of property, plant and equipment	-	-	900	-	-
Purchases of property, plant and equipment	(9,899)	(8,866)	(10,175)	(5,842)	(5,181)
Purchases of software licenses	(487)	(2,030)	(189)	-	-
Investment in venture capital partnerships and equity investments	-	(500)	(2,500)	-	(608)
Cash paid in business combinations and asset acquisitions, net of cash acquired	-	(253,951)	(2,166)	-	(2,538)
Net cash used for investing activities	<u>(1,422)</u>	<u>(264,178)</u>	<u>(13,987)</u>	<u>(5,525)</u>	<u>(4,153)</u>
Cash Flows from Financing Activities:					
Principal payments on receivable sale financing	(1,719)	-	(1,821)	-	(2,829)
Proceeds from issuance of 2015 Notes	-	350,000	-	-	-
Payment of Convertible Senior Notes	-	(187,150)	-	(5,214)	-
Payment of 2015 Notes issuance costs	-	(9,800)	(619)	(113)	-
Purchase of 2015 Notes Hedges	-	(76,635)	-	-	-
Proceeds from termination of Convertible Senior Notes Hedges	-	280	-	31	-
Proceeds from sale of 2015 Warrants	-	37,450	-	-	-
Tax effect related to employee stock transactions allocated to equity	30	29	(9,683)	166	160
Proceeds from issuance of common stock	8,044	75	5,150	374	8,897
Stock received for payment of employee taxes on vesting of restricted stock	(2,079)	(2,035)	(1,761)	(3,065)	(2,854)
Purchases of treasury stock	-	(39,997)	-	-	-
Net cash provided by (used for) financing activities	<u>4,276</u>	<u>72,217</u>	<u>(8,734)</u>	<u>(7,821)</u>	<u>3,374</u>
Effect of exchange rate changes on cash and cash equivalents	<u>631</u>	<u>(737)</u>	<u>9,725</u>	<u>4,706</u>	<u>(787)</u>
Increase (decrease) in cash and cash equivalents	<u>50,188</u>	<u>(143,700)</u>	<u>33,432</u>	<u>48,374</u>	<u>54,799</u>
Cash and Cash Equivalents at End of Period	<u>\$ 619,303</u>	<u>\$ 475,603</u>	<u>\$ 509,035</u>	<u>\$ 557,409</u>	<u>\$ 612,208</u>

Cadence Design Systems, Inc.
As of April 27, 2011
Impact of Non-GAAP Adjustments on Forward Looking Diluted Net Income Per Share
(Unaudited)

	Three Months Ending July 2, 2011 Forecast	Year Ending December 31, 2011 Forecast
Diluted net income per share on a GAAP basis	\$0.04 to \$0.06	\$0.11 to \$0.19
Amortization of acquired intangibles	0.03	0.09
Stock-based compensation expense	0.04	0.16
Non-qualified deferred compensation expenses	-	0.01
Restructuring and other charges	-	-
Integration and acquisition-related costs	-	-
Amortization of debt discount	0.02	0.10
Other income or expense related to investments and non-qualified deferred compensation plan assets*	(0.03)	(0.05)
Income tax effect of non-GAAP adjustments	(0.01)	(0.06)
Diluted net income per share on a non-GAAP basis	<u>\$0.09 to \$0.11</u>	<u>\$0.36 to \$0.44</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 (expense), net.

Cadence Design Systems, Inc.
As of April 27, 2011
Impact of Non-GAAP Adjustments on Forward Looking Net Income
(Unaudited)

(\$ in Millions)	Three Months Ending July 2, 2011 Forecast	Year Ending December 31, 2011 Forecast
Net income on a GAAP basis	\$10 to \$16	\$29 to \$51
Amortization of acquired intangibles	7	25
Stock-based compensation expense	11	44
Non-qualified deferred compensation expenses	-	2
Restructuring and other charges	1	1
Integration and acquisition-related costs	-	1
Amortization of debt discount	7	26
Other income or expense related to investments and non-qualified deferred compensation plan assets*	(8)	(12)
Income tax effect of non-GAAP adjustments	(4)	(18)
Net income on a non-GAAP basis	<u>\$24 to \$30</u>	<u>\$98 to \$120</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 (expense), net.

Cadence Design Systems, Inc.
Reconciliation of GAAP Net Income (Loss) to Non-GAAP Net Income
For the Three Months Ended April 2, 2011 and April 3, 2010
(Unaudited)

(In thousands)	Three Months Ended	
	April 2, 2011	April 3, 2010
Net income (loss) on a GAAP basis	\$ 6,323	\$ (11,785)
Amortization of acquired intangibles*	6,655	4,356
Stock-based compensation expense**	9,357	10,372
Non-qualified deferred compensation expenses***	1,762	1,171
Restructuring and other charges (credits)	(41)	(1,074)
Shareholder litigation costs	68	-
Integration and acquisition-related costs****	474	114
Amortization of debt discount	6,519	5,045
Other income or expense related to investments and non-qualified deferred compensation plan assets †	(4,391)	(5,564)
Income tax effect of non-GAAP adjustments	(3,468)	3,021
Net income on a non-GAAP basis	\$ 23,258	\$ 5,656

† 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 (expense), net.

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

(In thousands)	Three Months Ended	
	April 2, 2011	April 3, 2010
Cost of product	\$ 2,196	\$ 620
Cost of maintenance	-	1,045
Amortization of acquired intangibles	4,459	2,691
Total amortization of acquired intangibles	\$ 6,655	\$ 4,356

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

(In thousands)	Three Months Ended	
	April 2, 2011	April 3, 2010
Cost of product	\$ 24	\$ 26
Cost of services	458	508
Cost of maintenance	295	327
Marketing and sales	2,017	2,246
Research and development	3,865	4,413
General and administrative	2,698	2,852
Total stock-based compensation expense	\$ 9,357	\$ 10,372

***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 (expense), net, such that the net impact on Cadence's Net income (loss) is not significant. The operating expenses (credits) are reported in the Condensed Consolidated Statements of Operations as follows:

(In thousands)	Three Months Ended	
	April 2, 2011	April 3, 2010
Cost of product	\$ 1	\$ -
Cost of services	15	11
Cost of maintenance	10	7
Marketing and sales	321	279
Research and development	762	445
General and administrative	653	429
Total non-qualified deferred compensation expenses	\$ 1,762	\$ 1,171

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

(In thousands)	Three Months Ended	
	April 2, 2011	April 3, 2010
Marketing and sales	\$ 100	\$ -
Research and development	307	-
General and administrative	24	-
Interest expense	43	114
Total integration and acquisition-related costs	\$ 474	\$ 114

Cadence Design Systems, Inc.
Reconciliation of GAAP Diluted Net Income (Loss) Per Share to Non-GAAP Diluted Net Income Per Share
For the Three Months Ended April 2, 2011 and April 3, 2010
(Unaudited)

(In thousands, except per share data)	Three Months Ended	
	April 2, 2011	April 3, 2010
Diluted net income (loss) per share on a GAAP basis	\$ 0.02	\$ (0.04)
Amortization of acquired intangibles	0.03	0.01
Stock-based compensation expense	0.04	0.04
Non-qualified deferred compensation expenses	0.01	-
Restructuring and other charges (credits)	-	-
Shareholder litigation costs	-	-
Integration and acquisition-related costs	-	-
Amortization of debt discount	0.02	0.02
Other income or expense related to investments and non-qualified deferred compensation plan assets *	(0.02)	(0.02)
Income tax effect of non-GAAP adjustments	(0.01)	0.01
Diluted net income per share on a non-GAAP basis	\$ 0.09	\$ 0.02
Shares used in calculation of diluted net income (loss) per share - GAAP **	268,578	262,597
Shares used in calculation of diluted net income per share - non-GAAP **	268,578	266,101

* 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 (expense), net.

** Shares used in the calculation of GAAP net income (loss) per share are expected to be the same as shares used in the calculation of non-GAAP net income (loss) 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)

	Three Months Ended April 2, 2011	Three Months Ended January 1, 2011
	Actual (In thousands)	Actual (In thousands)
GAAP total costs and expenses	\$ 248,558	\$ 274,800
Reconciling items to non-GAAP total costs and expenses		
Amortization of acquired intangibles	(6,655)	(6,655)
Stock-based compensation expense	(9,357)	(10,643)
Non-qualified deferred compensation expenses	(1,762)	(2,416)
Restructuring and other (charges) credits	41	(13,225)
Litigation charges	-	(15,800)
Shareholder litigation costs	(68)	(14)
Integration and acquisition-related costs	(431)	(4,212)
Non-GAAP total costs and expenses	<u>\$ 230,326</u>	<u>\$ 221,835</u>

	Three Months Ended April 2, 2011	Three Months Ending July 2, 2011	Year Ending December 31, 2011
	Actual	Forecast	Forecast
GAAP operating margin as a percent of total revenue	7%	7% to 9%	8% to 10%
Reconciling items to non-GAAP operating margin as a percent of total revenue			
Amortization of acquired intangibles	2%	3%	2%
Stock-based compensation expense	3%	4%	4%
Non-qualified deferred compensation expenses	1%	0%	0%
Restructuring and other charges (credits)	0%	0%	0%
Shareholder litigation costs	0%	0%	0%
Integration and acquisition-related costs	0%	0%	0%
Non-GAAP operating margin as a percent of total revenue	<u>13%</u>	<u>14% to 16%</u>	<u>14% to 16%</u>

	Year Ending December 31, 2011
	Forecast
(In millions)	
GAAP total other income (expense), net	\$(32) to \$(28)
Reconciling items to non-GAAP total other income (expense), net	
Other income or expense related to investments and non-qualified deferred compensation plan assets*	(12)
Amortization of debt discount	26
Non-GAAP total other income (expense), net	<u>\$(18) to \$(14)</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 (expense), net.

Cadence Design Systems, Inc.
Reconciliation of Selected GAAP Operating Expenses to Non-GAAP Operating Expenses
(Unaudited)

	For the three months ended April 2, 2011						
	Operating expenses on a GAAP basis	Stock-based compensation	Amortization of acquired intangibles	Non-qualified deferred compensation expenses	Integration and acquisition- related costs	Shareholder litigation costs	Operating expenses on a non-GAAP basis
Cost of product	14,194	(24)	(2,196)	(1)	-	-	11,973
Cost of services	20,075	(458)	-	(15)	-	-	19,602
Cost of maintenance	10,898	(295)	-	(10)	-	-	10,593
Marketing and sales	78,372	(2,017)	-	(321)	(100)	-	75,934
Research and development	101,299	(3,865)	-	(762)	(307)	-	96,365
General and administrative	19,302	(2,698)	-	(653)	(24)	(68)	15,859
Amortization of acquired intangibles	4,459	-	(4,459)	-	-	-	-
		<u>(9,357)</u>	<u>(6,655)</u>	<u>(1,762)</u>	<u>(431)</u>	<u>(68)</u>	

Cadence Design Systems, Inc.
(Unaudited)

Revenue Mix by Geography (% of Total Revenue)

<u>GEOGRAPHY</u>	<u>2010</u>					<u>2011</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Year</u>	<u>Q1</u>
Americas	40%	46%	43%	45%	43%	44%
Europe	22%	23%	20%	23%	22%	21%
Japan	23%	14%	20%	14%	18%	19%
Asia	15%	17%	17%	18%	17%	16%
Total	100%	100%	100%	100%	100%	100%

Revenue Mix by Product Group (% of Total Revenue)

<u>PRODUCT GROUP</u>	<u>2010</u>					<u>2011</u>
	<u>Q1</u>	<u>Q2</u>	<u>Q3</u>	<u>Q4</u>	<u>Year</u>	<u>Q1</u>
Functional Verification & Design IP	22%	26%	25%	22%	24%	28%
Digital IC Design	21%	21%	23%	26%	23%	24%
Custom IC Design	27%	26%	24%	27%	26%	20%
Design for Manufacturing	9%	6%	8%	7%	7%	8%
System Interconnect	9%	10%	10%	8%	9%	10%
Services & Other	12%	11%	10%	10%	11%	10%
Total	100%	100%	100%	100%	100%	100%

Note: Product Group total revenue includes Product + Maintenance