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Lead Counsel for Plaintiffs

13 UNITED STATES DISTRICT COURT
 14
 15 NORTHERN DISTRICT OF CALIFORNIA

16 In re CADENCE DESIGN SYSTEMS, INC.) SECURITIES LITIGATION)	No. C-08-4966 SC) <u>CLASS ACTION</u>)
17 This Document Relates To:) 18 Case Nos. 08-4966 SC, 08-5027 SC) 19 and 08-5273 SC)	NOTICE OF PROPOSED SETTLEMENT OF CLASS ACTION) EXHIBIT A-1)

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1 *If you purchased Cadence Design Systems, Inc. (“Cadence” or the “Company”)¹ common*
2 *stock, put and call options, 1.375% Notes due December 15, 2011, and/or 1.5% Notes due*
3 *December 15, 2011 (collectively, “Cadence Publicly Traded Securities”) during the period from*
4 *April 23, 2008 to December 10, 2008, inclusive (the “Class Period”) and are not otherwise*
5 *excluded from the Class (see Question 6 below), you could get a payment from a class action*
6 *settlement.*

7 A federal court authorized this Notice. This is not a solicitation from a lawyer.

8 **Security and Time Period:** Cadence common stock, put and call options, 1.375% Notes
9 due December 15, 2011, and 1.5% Notes due December 15, 2011 purchased between April 23, 2008
10 and December 10, 2008, inclusive.

11 **Settlement Fund:** \$38,000,000 in cash plus any interest earned. Your recovery will depend
12 on the timing of your purchases and sales of Cadence Publicly Traded Securities during the Class
13 Period. Based on the information currently available to Lead Plaintiff and the analysis performed by
14 its damage consultants, it is estimated that if Class Members submit claims for 100% of the shares
15 eligible for distribution under the Plan of Allocation (described below), the estimated average
16 distribution per share of common stock will be approximately \$0.19 before deduction of Court-
17 approved fees and expenses, including the cost of notifying Members of the Class and settlement
18 administration and any attorneys’ fees and expenses awarded by the Court to counsel for the Lead
19 Plaintiff. Historically, actual claims rates are less than 100%, which result in higher distributions per
20 share. A Class Member’s actual recovery will be a proportion of the Net Settlement Fund
21 determined by that claimant’s recognized claim as compared to the total recognized claims of all
22 Class Members who submit valid Proof of Claim and Release forms (“Proof of Claim”).

23 **Reasons for Settlement:** Avoids the costs and risks associated with continued litigation,
24 including the danger of no recovery.

26 ¹ This Notice incorporates by reference the definitions in the Stipulation of Settlement dated as
27 of May 31, 2011 (“Stipulation”), and all capitalized terms used, but not defined herein, shall have the
28 same meanings as in the Stipulation. The Stipulation can be obtained at www.gilardi.com.

1 **If the Case Had Not Settled:** Continuing with the case could have resulted in loss at
2 summary judgment, trial or on appeal. The two sides vigorously disagree on both liability and the
3 amount of money that could have been won if Lead Plaintiff prevailed at trial. The parties disagree
4 about: (1) the method for determining whether the price of Cadence Publicly Traded Securities was
5 artificially inflated during the relevant period; (2) whether there was any such inflation and the
6 amount of any such alleged inflation; (3) that there was any wrongdoing on the part of Defendants;
7 (4) the extent that various facts alleged by Lead Plaintiff influenced the trading price of Cadence
8 Publicly Traded Securities during the Class Period; and (5) whether the facts alleged were material,
9 false, misleading or otherwise actionable under the federal securities laws.

10 **Attorneys' Fees and Expenses:** Court-appointed Lead Plaintiff's counsel will ask the Court
11 for attorneys' fees of 25% of the Settlement Fund and expenses not to exceed \$800,000 to be paid
12 from the Settlement Fund plus interest. Lead Plaintiff's counsel have not received any payment for
13 their work investigating the facts, prosecuting this Litigation, and negotiating this settlement on
14 behalf of the Lead Plaintiff and the Class. If the above amounts are requested and approved by the
15 Court, the average cost per share of common stock will be \$0.05.

16 **Deadlines:**

17 Submit Claim: _____, 2011
18 Request Exclusion: _____, 2011
19 File Objection: _____, 2011

20 **Court Hearing on Fairness of Settlement:** _____, 2011

21 **More Information:** www.gilardi.com or

22 Claims Administrator:	Representative of Lead Plaintiff's counsel:
23 <i>Cadence Securities Litigation</i>	Rick Nelson
24 Claims Administrator	Shareholder Relations
24 c/o Gilardi & Co. LLC	Robbins Geller Rudman & Dowd LLP
25 P.O. Box 8040	655 West Broadway, Suite 1900
25 San Rafael, CA 94912-8040	San Diego, CA 92101
26 1-800-447-7657	1-800-449-4900

- 27 • Your legal rights are affected whether you act or do not act. Read this Notice carefully.

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1 **YOUR LEGAL RIGHTS AND OPTIONS IN THIS SETTLEMENT**

2 **SUBMIT A CLAIM FORM** The only way to get a payment.

3 **EXCLUDE YOURSELF** Get no payment. This is the only option that allows you to
4 participate in another lawsuit against the Defendants for the
5 legal claims in this case.

6 **OBJECT** You may write to the Court if you do not like this settlement,
7 the request for attorneys' fees and expenses, or the Plan of
8 Allocation.

9 **GO TO A HEARING** You may ask to speak in Court about the fairness of the
10 settlement.

11 **DO NOTHING** Get no payment. Give up your rights.

- 12
- 13 • These rights and options — *and the deadlines to exercise them* — are explained in this
14 Notice.
 - 15 • The Court in charge of this case must decide whether to approve the settlement. Payments
16 will be made if the Court approves the settlement and, if there are any appeals, after appeals
17 are resolved. Please be patient.

18 **BASIC INFORMATION**

19 **1. Why did I get this notice package?**

20 You or someone in your family may have purchased Cadence common stock, put and call
21 options, 1.375% Notes due December 15, 2011, and/or 1.5% Notes due December 15, 2011 between
22 April 23, 2008 and December 10, 2008, inclusive.

23 The Court directed that you be sent this Notice because you have a right to know about a
24 proposed settlement of a class action lawsuit, and about all of your options, before the Court decides
25 whether to approve the settlement. If the Court approves it and after any objections or appeals (if
26 there are any) are resolved, the Claims Administrator appointed by the Court will make the payments
27 that the settlement allows.
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1 This package explains the lawsuit, the settlement, your legal rights, what benefits are
2 available, who is eligible for them, and how to get them.

3 The Court in charge of the case is the United States District Court, Northern District of
4 California, and the case is known as *In re Cadence Design Systems, Inc. Securities Litigation*, No. C-
5 08-4966 SC. The entity that leads the Litigation, Alaska Electrical Pension Fund, is called the Lead
6 Plaintiff and the company and the individuals it sued are called Defendants.

7 **2. What is this lawsuit about?**

8 This Litigation alleges that Cadence and certain of its executives violated the federal
9 securities laws by engaging in a scheme to manage revenue and earnings, and to misrepresent and
10 conceal the Company's true financial and business condition. Lead Plaintiff alleges that when
11 Defendants disclosed the truth about the Company's financial results, Class Members suffered
12 damages as a result of the decline in the price of Cadence Publicly Traded Securities.

13 Defendants deny all of Lead Plaintiff's allegations and further deny that they did anything
14 wrong. Defendants also deny that Lead Plaintiff or the Class suffered damages or that the price of
15 Cadence Publicly Traded Securities was artificially inflated by reasons of alleged
16 misrepresentations, non-disclosures or otherwise.

17 **3. Why is this a class action?**

18 In a class action, one or more people called class representatives (in this case, the Court-
19 appointed the Alaska Electrical Pension Fund as Lead Plaintiff), sue on behalf of people who have
20 similar claims. All of these people and/or entities are called a class or class members. One judge –
21 in this case, United States District Court Judge Samuel Conti – resolves the issues for all class
22 members, except for those who exclude themselves from the class.

23 **4. Why is there a settlement?**

24 The Court did not decide in favor of the Lead Plaintiff or Defendants. Instead, the lawyers
25 for both sides of the lawsuit have negotiated a settlement, with the assistance of a former United
26 States Magistrate Judge, that they believe is in the best interests of their respective clients. The
27 settlement allows both sides to avoid the risks and cost of lengthy and uncertain litigation and the
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1 uncertainty of a trial and appeals, and permits Class Members to be compensated without further
2 delay. The Lead Plaintiff and its attorneys think the settlement is best for all Class Members.

3 **WHO GETS MONEY FROM THE SETTLEMENT**

4 To see if you will get money from this settlement, you first have to determine if you are a
5 Class Member.

6 **5. How do I know if I am part of the settlement?**

7 The Class includes *all Persons who purchased Cadence Publicly Traded Securities between*
8 *April 23, 2008 and December 10, 2008, inclusive.*

9 **6. Are there exceptions to being included in the Class?**

10 Yes. Excluded from the Class are Defendants, members of the immediate families of the
11 Individual Defendants, the directors, officers, subsidiaries, and affiliates of Cadence, any person,
12 firm, trust, corporation, officer, director or other individual or entity in which any Defendant has a
13 controlling interest, and the legal representatives, affiliates, heirs, successors-in-interest or assigns of
14 any such excluded person. Also excluded from the Class are those Persons who timely and validly
15 request exclusion from the Class pursuant to this Notice.

16 **7. I'm still not sure if I am included.**

17 If you still are not sure whether you are included, you can ask for free help. You can call 1-
18 800-447-7657 or visit www.gilardi.com for more information; or, you can call Rick Nelson at 1-800-
19 449-4900 for more information; or, you can fill out and return the Proof of Claim described in
20 Question 10 to see if you qualify.

21 **THE SETTLEMENT BENEFITS – WHAT YOU GET**

22 **8. What does the settlement provide?**

23 Cadence has agreed to pay or cause to be paid \$38,000,000 in cash, plus interest (the
24 “Settlement Fund”). The Settlement Fund, plus interest earned from the date it is established, less
25 costs, fees, and expenses (the “Net Settlement Fund”), will be divided among all eligible Class
26 Members who send in valid Proofs of Claim (“Authorized Claimants”). Costs, fees, and expenses
27 include Court-approved attorneys’ fees and expenses, the costs of notifying Class Members,
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1 including the costs of printing and mailing this Notice and the cost of publishing newspaper notice,
2 the costs of claims administration, and taxes on the Settlement Fund.

3 **9. How much will my payment be?**

4 Your share of the Net Settlement Fund will depend on the number of valid Proofs of Claim
5 that Class Members send in and how many Cadence Publicly Traded Securities you purchased
6 during the relevant period and when you bought and sold them.

7 For purposes of determining the amount an Authorized Claimant may recover under the Plan
8 of Allocation, Lead Plaintiff's counsel conferred with their damage consultants and the Plan of
9 Allocation reflects an assessment of damages that they believe could have been recovered had Lead
10 Plaintiff prevailed at trial.

11 In the unlikely event there are sufficient funds in the Net Settlement Fund, each Authorized
12 Claimant will receive an amount equal to the Authorized Claimant's claim, as defined below. If,
13 however, the amount in the Net Settlement Fund is not sufficient to permit payment of the total
14 claim of each Authorized Claimant, then each Authorized Claimant shall be paid the percentage of
15 the Net Settlement Fund that each Authorized Claimant's claim bears to the total of the claims of all
16 Authorized Claimants. Payment in this manner shall be deemed conclusive against all Authorized
17 Claimants.

18 A "Claim" will be calculated as follows:

19 The allocation below is based on the following price declines as well as the statutory PSLRA
20 90-day look-back amount of \$3.80:

21	October 23, 2008 Price Decline:	\$1.10
22	December 11, 2008 Price Decline:	\$0.89

23 ***COMMON STOCK (CUSIP: 127387108)***

24 1. For shares of Cadence common stock *purchased on or between April 23, 2008*
25 *through October 22, 2008*, the claim per share shall be as follows:

26 (a) If sold prior to October 23, 2008, the claim per share is zero.
27
28

1 (b) If sold on October 23, 2008 through December 10, 2008, the claim per share
2 shall be the lesser of (i) \$1.10 (October 23, 2008 Price Decline), or (ii) the difference between the
3 purchase price and the selling price.

4 (c) If retained at the end of December 10, 2008 and sold before March 11, 2009,
5 the claim per share shall be the lesser of (i) \$1.99 (October 23, 2008 and December 11, 2008 Price
6 Declines), or (ii) the difference between the purchase price and the selling price, or (iii) the
7 difference between the purchase price per share and the average closing price per share up to the date
8 of sale as set forth in the table below.

9 (d) If retained, or sold, on or after March 11, 2009, the claim per share shall be
10 the lesser of (i) \$1.99 (October 23, 2008 and December 11, 2008 Price Declines), or (ii) the
11 difference between the purchase price per share and \$3.80 per share.

12 2. For shares of Cadence common stock *purchased on or between October 23, 2008*
13 *through December 10, 2008*, the claim per share shall be as follows:

14 (a) If sold prior to December 11, 2008, the claim per share is zero.

15 (b) If retained at the end of December 10, 2008 and sold before March 11, 2009,
16 the claim per share shall be the lesser of (i) \$0.89 (December 11, 2008 Price Decline), or (ii) the
17 difference between the purchase price and the selling price, or (iii) the difference between the
18 purchase price per share and the average closing price per share up to the date of sale as set forth in
19 the table below.

20 (c) If retained, or sold, on or after March 11, 2009, the claim per share shall be
21 the lesser of (i) \$1.99 (October 23, 2008 and December 11, 2008 Price Declines), or (ii) the
22 difference between the purchase price per share and \$3.80 per share.

23 **CALL OPTIONS**

24 1. For call options on Cadence common stock *purchased from April 23, 2008 through*
25 *December 10, 2008*, and

26 (a) *held* at the end of October 22, 2008 and/or December 10, 2008, the claim per
27 call option is the difference between the price paid for the call option less the proceeds received upon
28 the settlement of the call option contract;

1 (b) **not held** at the end of October 22, 2008 and/or December 10, 2008, the claim
2 per call option is \$0.

3 2. For call options on Cadence common stock **written** from **April 23, 2008 through**
4 **December 10, 2008**, the claim per call option is \$0.

5 **PUT OPTIONS**

6 1. For put options on Cadence common stock **written** from **April 23, 2008 through**
7 **December 10, 2008**, and

8 (a) **held** at the end of October 22, 2008 and/or December 10, 2008, the claim per
9 put option is the difference between the price paid upon settlement of the put option contract less the
10 initial proceeds received upon the sale of the put option contract;

11 (b) **not held** at the end of October 22, 2008 and/or December 10, 2008, the claim
12 per put option is \$0.

13 2. For put options on Cadence common stock **purchased** from **April 23, 2008 through**
14 **December 10, 2008**, the claim per put option is \$0.

15 Note: In the case the option was exercised for Cadence common stock, the amount paid, or
16 proceeds received, upon the settlement of the option contract equals the intrinsic value of the
option using Cadence common stock's closing price on the date the option was exercised.

17 Note: The combined recovery for the put/call options shall not exceed 3% of the Net Settlement
18 Fund.

19 **Section 10(b) Claims – 1.375% Notes due December 15, 2011 (CUSIP: 127387AF5)**

20 1. For Cadence 1.375% Notes **purchased on April 23, 2008 through October 22, 2008**,
21 and

22 (a) sold prior to October 23, 2008, the claim per Note is \$0.

23 (b) sold on October 23, 2008 through December 10, 2008, the claim per Note is
24 the purchase price less the sales price.

25 (c) retained at the end of December 10, 2008, the claim per Note is the purchase
26 price less \$600.00 (December 11, 2008 Price).

27 2. For Cadence 1.375% Notes **purchased on October 23, 2008 through December 10,**
28 **2008**, and

- 1 (a) sold prior to December 11, 2008, the claim per Note is \$0.
 2 (b) retained at the end of December 10, 2008, the claim per Note is the purchase
 3 price less \$600.00 (December 11, 2008 Price).

4 ***Section 10(b) Claims – 1.5% Notes due December 15, 2011 (CUSIP: 127387AD0)***

- 5 1. For Cadence 1.5% Notes ***purchased on April 23, 2008 through October 22, 2008,***
 6 ***and***

- 7 (a) sold prior to October 23, 2008, the claim per Note is \$0.
 8 (b) sold on October 23, 2008 through December 10, 2008, the claim per Note is
 9 the purchase price less the sales price.
 10 (c) retained at the end of December 10, 2008, the claim per Note is the purchase
 11 price less \$442.50 (December 16, 2008 Price).

- 12 2. For Cadence 1.5% Notes ***purchased on October 23, 2008 through December 10,***
 13 ***2008, and***

- 14 (a) sold prior to December 11, 2008, the claim per Note is \$0.
 15 (b) retained at the end of December 10, 2008, the claim per Note is the purchase
 16 price less \$442.50 (December 16, 2008 Price).

17 Note: The combined recovery for the Notes shall not exceed 2% of the Net Settlement Fund.

<i>Date</i>	<i>Closing Price</i>	<i>Average Closing Price</i>
12/11/2008	\$3.04	\$3.04
12/12/2008	\$2.73	\$2.89
12/15/2008	\$2.61	\$2.79
12/16/2008	\$3.11	\$2.87
12/17/2008	\$3.26	\$2.95
12/18/2008	\$3.18	\$2.99
12/19/2008	\$3.29	\$3.03
12/22/2008	\$3.29	\$3.06
12/23/2008	\$3.22	\$3.08
12/24/2008	\$3.23	\$3.10
12/26/2008	\$3.26	\$3.11
12/29/2008	\$3.28	\$3.13
12/30/2008	\$3.40	\$3.15
12/31/2008	\$3.66	\$3.18
1/2/2009	\$3.84	\$3.23
1/5/2009	\$3.98	\$3.27
1/6/2009	\$4.17	\$3.33
1/7/2009	\$4.03	\$3.37

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<i>Date</i>	<i>Closing Price</i>	<i>Average Closing Price</i>
1/8/2009	\$4.12	\$3.41
1/9/2009	\$4.29	\$3.45
1/12/2009	\$4.12	\$3.48
1/13/2009	\$4.11	\$3.51
1/14/2009	\$4.07	\$3.53
1/15/2009	\$3.94	\$3.55
1/16/2009	\$3.99	\$3.57
1/20/2009	\$3.63	\$3.57
1/21/2009	\$3.79	\$3.58
1/22/2009	\$3.53	\$3.58
1/23/2009	\$3.86	\$3.59
1/26/2009	\$3.90	\$3.60
1/27/2009	\$4.06	\$3.61
1/28/2009	\$4.18	\$3.63
1/29/2009	\$4.01	\$3.64
1/30/2009	\$3.78	\$3.65
2/2/2009	\$3.64	\$3.65
2/3/2009	\$3.68	\$3.65
2/4/2009	\$3.65	\$3.65
2/5/2009	\$4.20	\$3.66
2/6/2009	\$4.50	\$3.68
2/9/2009	\$4.55	\$3.70
2/10/2009	\$4.26	\$3.72
2/11/2009	\$4.30	\$3.73
2/12/2009	\$4.35	\$3.75
2/13/2009	\$4.23	\$3.76
2/17/2009	\$4.01	\$3.76
2/18/2009	\$3.86	\$3.77
2/19/2009	\$3.94	\$3.77
2/20/2009	\$3.85	\$3.77
2/23/2009	\$3.79	\$3.77
2/24/2009	\$3.98	\$3.78
2/25/2009	\$4.11	\$3.78
2/26/2009	\$4.25	\$3.79
2/27/2009	\$4.20	\$3.80
3/2/2009	\$3.97	\$3.80
3/3/2009	\$3.83	\$3.80
3/4/2009	\$3.83	\$3.80
3/5/2009	\$3.73	\$3.80
3/6/2009	\$3.70	\$3.80
3/9/2009	\$3.60	\$3.80
3/10/2009	\$3.83	\$3.80

For Class Members who held Cadence Publicly Traded Securities at the beginning of the Class Period or made multiple purchases or sales during the Class Period, the first-in, first-out (“FIFO”) method will be applied to such holdings, purchases, and sales for purposes of calculating a

1 claim. Under the FIFO method, sales of Cadence Publicly Traded Securities during the Class Period
2 will be matched against the same type of security, in chronological order, first against securities held
3 at the beginning of the Class Period. The remaining sales of Cadence Publicly Traded Securities
4 during the Class Period will then be matched, in chronological order, against like Cadence Publicly
5 Traded Securities purchased during the Class Period.

6 An Authorized Claimant will be eligible to receive a distribution from the Net Settlement
7 Fund only if a Class Member had a net loss, after all profits from transactions in Cadence Publicly
8 Traded Securities during the Class Period are subtracted from all losses. However, the proceeds
9 from sales of Cadence Publicly Traded Securities which have been matched against Cadence
10 Publicly Traded Securities held at the beginning of the Class Period will not be used in the
11 calculation of such net loss.

12 The Court has reserved jurisdiction to allow, disallow or adjust the claim of any Class
13 Member on equitable grounds.

14 Payment pursuant to the Plan of Allocation set forth above shall be conclusive against all
15 Authorized Claimants. No Person shall have any claim against Lead Plaintiff, any Plaintiffs'
16 counsel, any claims administrator or other Person designated by Lead Plaintiff's counsel or
17 Defendants and/or the Related Parties and/or the Released Persons and/or their counsel based on
18 distributions made substantially in accordance with the Stipulation and the settlement contained
19 therein, the Plan of Allocation, or further orders of the Court. All Class Members who fail to
20 complete and file a valid and timely Proof of Claim shall be barred from participating in
21 distributions from the Net Settlement Fund (unless otherwise ordered by the Court), but otherwise
22 shall be bound by all of the terms of the Stipulation, including the terms of any judgment entered and
23 the releases given.

24 **HOW YOU GET A PAYMENT – SUBMITTING A CLAIM FORM**

25 10. How will I get a payment?

26 To qualify for a payment, you must send in a Proof of Claim. A Proof of Claim is enclosed
27 with this Notice. Read the instructions carefully, fill out the form, include all the documents the
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1 form asks for, sign it, and mail it in the enclosed envelope postmarked no later than _____,
2 2011.

3 **11. When would I get my payment?**

4 The Court will hold a hearing on _____, 2011, at _____, to decide whether to approve
5 the settlement. If Judge Conti approves the settlement, there may be appeals. It is always uncertain
6 whether these appeals can be resolved favorably, and resolving them can take time, perhaps more
7 than a year. It also takes time for all the claim forms to be processed. If there are no appeals and
8 depending on the number of claims submitted, the Claims Administrator could distribute the Net
9 Settlement Fund as early as nine months after the fairness hearing. Please be patient.

10 **12. What am I giving up to get a payment or stay in the Class?**

11 Unless you exclude yourself, you are staying in the Class, and that means that you cannot
12 sue, continue to sue, or be part of any other lawsuit against the Defendants about the same issues in
13 this case or about issues that could have been asserted in this case. It also means that all of the
14 Court's orders will apply to you and legally bind you and you will release your Released Claims in
15 this case against the Released Persons. "Released Claims" means any and all claims, debts,
16 demands, controversies, obligations, losses, rights or causes of action or liabilities of any kind or
17 nature whatsoever (including, but not limited to, any claims for damages (whether compensatory,
18 special, incidental, consequential, punitive, exemplary or otherwise), injunctive relief, declaratory
19 relief, rescission or rescissionary damages, interest, attorneys' fees, expert or consulting fees, costs,
20 expenses, or any other form of legal or equitable relief whatsoever), whether based on federal, state,
21 local, statutory or common law or any other law, rule or regulation, whether known or unknown,
22 fixed or contingent, suspected or unsuspected, concealed or hidden, accrued or un-accrued,
23 liquidated or un-liquidated, at law or in equity, matured or un-matured, whether class or individual in
24 nature, including Unknown Claims, that (i) have been asserted in this Litigation by the Class
25 Members or any of them against any of the Released Persons, or (ii) could have been asserted in the
26 Litigation or any other forum by the Class Members or any of them against any of the Released
27 Persons which arise out of or are based upon or related in any way to the allegations, transactions,
28 facts, matters or occurrences, representations or omissions involved, set forth, or referred to in the

1 Litigation, including, without limitation, statements or omissions regarding the Company’s financial
2 results, accounting policies or practices, results of operations or internal controls, and that relate to
3 the purchase of Cadence Publicly Traded Securities during the Class Period. Released Claims do not
4 include any derivative claims, which are the subject of a separate stipulation of settlement or claims
5 to enforce this settlement.

6 “Unknown Claims” means any Released Claims which Lead Plaintiff or any Class Member
7 do not know or suspect to exist in his, her, or its favor at the time of the release of the Released
8 Persons which, if known by him, her, or it, might have affected his, her, or its settlement with and
9 release of the Released Persons, or might have affected his, her, or its decisions with respect to this
10 settlement. With respect to any and all Released Claims, the Parties stipulated and agreed that, upon
11 the Effective Date, Lead Plaintiff shall expressly waive and relinquish, and each of the Class
12 Members shall be deemed to have, and by operation of the Judgment shall have, expressly waived
13 and relinquished, the provisions, rights, and benefits of California Civil Code §1542, which
14 provides:

15 **A general release does not extend to claims which the creditor does not know or**
16 **suspect to exist in his or her favor at the time of executing the release, which if**
17 **known by him or her must have materially affected his or her settlement with**
18 **the debtor.**

19 Lead Plaintiff acknowledges, and the Class Members shall be deemed by operation of the Judgment
20 to have acknowledged, that the foregoing waiver was separately bargained for and a key element of
21 the settlement of which this release is a part.

22 “Released Persons” means each and all of the Defendants and their past or present directors,
23 officers, employees, partners, insurers, co-insurers, reinsurers, controlling shareholders, attorneys,
24 accountants or auditors, personal or legal representatives, predecessors, successors, parents,
25 subsidiaries, divisions, joint ventures, assigns, spouses, heirs, executors, estates, administrators,
26 related or affiliated entities, any entity in which a Defendant has a controlling interest, any members
27 of any Individual Defendant’s immediate family, or any trust of which any Individual Defendant is
28 the settlor or which is for the benefit of any Individual Defendant’s family.

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EXCLUDING YOURSELF FROM THE SETTLEMENT

If you do not want a payment from this settlement, but you want to keep the right to sue or continue to sue the Defendants on your own about the same issues in this case, then you must take steps to get out of the Class. This is called excluding yourself or is sometimes referred to as opting out of the Class.

13. How do I get out of the Class?

To exclude yourself from the Class, you must send a letter by mail stating that you want to be excluded from *In re Cadence Design Systems, Inc. Securities Litigation*, No. C-08-4966 SC. You must include your name, address, telephone number, your signature, the number of shares of Cadence common stock and/or other Cadence Publicly Traded Securities you purchased and sold between April 23, 2008 and December 10, 2008, inclusive, and the dates and prices of such purchases and sales, and the price paid or received for each such purchase or sale. You must mail your exclusion request postmarked no later than _____, 2011 to:

Cadence Securities Litigation
Claims Administrator
c/o Gilardi & Co. LLC
P.O. Box 8040
San Rafael, CA 94912-8040

You cannot exclude yourself on the phone or by e-mail. If you ask to be excluded, you are not eligible to get any settlement payment, and you cannot object to the settlement. You will not be legally bound by anything that happens in this lawsuit.

14. If I do not exclude myself, can I sue Defendants for the same thing later?

No. Unless you exclude yourself, you give up any right to sue Defendants for the claims that this settlement resolves. Remember, the exclusion deadline is _____, 2011.

15. If I exclude myself, can I get money from this settlement?

No. If you exclude yourself, do not send in a Proof of Claim to ask for any money. Once you exclude yourself, you will receive no cash payment even if you also submit a Proof of Claim.

1 **THE LAWYERS REPRESENTING YOU**

2 **16. Do I have a lawyer in this case?**

3 The Court appointed the law firm of Robbins Geller Rudman & Dowd LLP to represent you
4 and other Class Members. These lawyers are called Lead Counsel. These lawyers will apply to the
5 Court for payment from the Settlement Fund; you will not otherwise be charged for their work. If
6 you want to be represented by your own lawyer, you may hire one at your own expense.

7 **17. How will the lawyers be paid?**

8 At the fairness hearing, Lead Plaintiff’s counsel will request the Court to award attorneys’
9 fees of 25% of the Settlement Fund and for expenses up to \$800,000, which were incurred in
10 connection with the Litigation. If awarded, the cost would be \$0.05 per share. This compensation
11 will be paid from the Settlement Fund. Class Members are not personally liable for any such fees or
12 expenses. To date, Lead Plaintiff’s counsel have not received any payment for their services in
13 conducting this Litigation on behalf of the Lead Plaintiff and the Class, nor have counsel been paid
14 for their expenses. The fee requested will compensate Lead Plaintiff’s counsel for their work in
15 achieving the Settlement Fund and is well within the range of fees awarded to class counsel under
16 similar circumstances in other cases of this type. The Court may award less than this amount.

17 **OBJECTING TO THE SETTLEMENT**

18 You can tell the Court that you do not agree with the settlement, the Plan of Allocation, or
19 Lead Plaintiff’s counsel’s request for an award of attorneys’ fees and expenses.

20 **18. How do I tell the Court that I do not like the settlement?**

21 If you are a Class Member (and you have not excluded yourself), you can object to the
22 settlement, the request for attorneys’ fees and expenses, or the Plan of Allocation if you do not like
23 any part of it. You can give reasons why you think the Court should not approve the settlement, the
24 request for attorneys’ fees and expenses, or the Plan of Allocation. The Court will consider your
25 views. To object, you must send a signed letter saying that you object to the proposed settlement in
26 *In re Cadence Design Systems, Inc. Securities Litigation*, No. C-08-4966 SC. Be sure to include
27 your name, address, telephone number, your signature, the number of shares of Cadence Publicly
28 Traded Securities purchased between April 23, 2008 and December 10, 2008, inclusive, and the

1 reasons you object to the settlement, the requested attorneys' fees and expenses, or the Plan of
2 Allocation. Any such objection must be mailed or delivered such that it is received by each of the
3 following no later than _____, 2011:

4 *Court:*

5 Clerk of the Court
6 United States District Court
7 Northern District of California
8 450 Golden Gate Avenue
9 San Francisco, CA 94102

8 *Lead Plaintiff's counsel:*

9 ROBBINS GELLER RUDMAN & DOWD LLP
10 JEFFREY D. LIGHT
11 655 West Broadway, Suite 1900
12 San Diego, CA 92101

11 *Defendants' counsel:*

12 GIBSON, DUNN & CRUTCHER LLP
13 ETHAN D. DETTMER
14 555 Mission Street, Suite 3000
15 San Francisco, CA 94105

15 **19. What is the difference between objecting and excluding myself from the**
16 **settlement?**

17 Objecting is telling the Court that you do not like something about the proposed settlement.
18 You can object *only* if you stay in the Class. Excluding yourself is telling the Court that you do not
19 want to be part of the Class. If you exclude yourself, you have no basis to object because the case no
20 longer applies to you.

21 **THE COURT'S FAIRNESS HEARING**

22 The Court will hold a hearing to decide whether to approve the proposed settlement. You
23 may attend, but you do not have to.

24 **20. When and where will the Court decide whether to approve the settlement?**

25 The Court will hold a hearing at _____, on _____, 2011, at the United States District
26 Court, Northern District of California, 450 Golden Gate Avenue, San Francisco, CA 94102. At this
27 hearing, the Court will consider whether the settlement is fair, reasonable, and adequate. If there are
28 objections, the Court will consider them. The Court will listen to people who have asked to speak at

1 the hearing. The Court will also decide whether to approve the payment of fees and expenses to
2 Lead Plaintiff's counsel, including the Plan of Allocation. We do not know how long the hearing
3 will take or whether the Court will make its decision on the day of the hearing or sometime later.

4 **21. Do I have to come to the hearing?**

5 No. Lead Plaintiff's counsel will answer questions Judge Conti may have. But, you are
6 welcome to come at your own expense. If you send an objection, you do not have to come to Court
7 to talk about it. As long as you mailed your written objection on time, the Court will consider it.
8 You may also pay your own lawyer to attend, but you are not required to do so.

9 **22. May I speak at the hearing?**

10 You may ask the Court for permission to speak at the hearing. To do so, you must send a
11 letter saying that it is your intention to appear in *In re Cadence Design Systems, Inc. Securities*
12 *Litigation*, No. C-08-4966 SC. Be sure to include your name, address, telephone number, your
13 signature, and the number of Cadence Publicly Traded Securities purchased between April 23, 2008
14 and December 10, 2008, inclusive. Your notice of intention to appear must be received no later than
15 _____, 2011 by the Clerk of the Court, Lead Plaintiff's counsel, and Defendants'
16 counsel, at the addresses listed in Question 18. You cannot speak at the hearing if you exclude
17 yourself from the Class.

18 **IF YOU DO NOTHING**

19 **23. What happens if I do nothing at all?**

20 If you do nothing, you will get no money from this settlement. But, unless you exclude
21 yourself, you will not be able to start a lawsuit, continue with a lawsuit, or be part of any other
22 lawsuit against the Defendants about the same issues in this case.

23 **GETTING MORE INFORMATION**

24 **24. Are there more details about the settlement?**

25 This Notice summarizes the proposed settlement. More details are in the Stipulation dated
26 May 31, 2011, which has been filed with the Court. You can get a copy of the Stipulation from the
27 Clerk's office at the United States District Court, Northern District of California, 450 Golden Gate
28

1 Avenue, San Francisco, CA 94102, during regular business hours, or at www.gilardi.com, or you can
2 contact a representative of Lead Counsel at the number and address below in the answer to Question
3 25.

4 **25. How do I get more information?**

5 You can call 1-800-449-4900 or write to a representative of Lead Plaintiff's counsel, Rick
6 Nelson, Shareholder Relations, Robbins Geller Rudman & Dowd LLP, 655 West Broadway, Suite
7 1900, San Diego, CA 92101, or visit the Claims Administrator's website at www.gilardi.com.
8 *Please do not call the Court or the Clerk of the Court for additional information about the*
9 *settlement.*

10 **26. Special notice to banks, brokers, and other nominees**

11 If you hold any Cadence common stock or put and call options, 1.375% Notes due December
12 15, 2011, or 1.5% Notes due December 15, 2011, purchased between April 23, 2008 and December
13 10, 2008, inclusive, as a nominee for a beneficial owner, then, within ten (10) days after you receive
14 this Notice, you must either: (1) send a copy of this Notice by First-Class Mail to all such Persons; or
15 (2) provide a list of the names and addresses of such Persons to the Claims Administrator:

16 *Cadence Securities Litigation*
17 Claims Administrator
18 c/o Gilardi & Co. LLC
19 P.O. Box 8040
20 San Rafael, CA 94912-8040

21 If you choose to mail the Notice and Proof of Claim yourself, you may obtain from the
22 Claims Administrator (without cost to you) as many additional copies of these documents as you
23 will need to complete the mailing.
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1 Regardless of whether you choose to complete the mailing yourself or elect to have the
2 mailing performed for you, you may obtain reimbursement for or advancement of reasonable
3 administrative costs actually incurred or expected to be incurred in connection with forwarding the
4 Notice and which would not have been incurred but for the obligation to forward the Notice, upon
5 submission of appropriate documentation to the Claims Administrator.

6 DATED: _____, 2011

BY ORDER OF THE COURT
UNITED STATES DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

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