

CADENCE DESIGN SYSTEMS INC  
 Form 4  
 December 18, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 Expires: January 31, 2005  
 Estimated average burden hours per response... 0.5

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. See Instruction 1(b).

**STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES**

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person \*  
 MCKEITHEN R L SMITH

2. Issuer Name and Ticker or Trading Symbol  
 CADENCE DESIGN SYSTEMS INC [CDNS]

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

(Last) (First) (Middle)  
 2655 SEELY AVENUE, BLDG. 5  
 (Street)

3. Date of Earliest Transaction (Month/Day/Year)  
 12/15/2006

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
 Sr. VP, General Counsel & Sec.

SAN JOSE,, CA 95134

4. If Amendment, Date Original Filed(Month/Day/Year)

6. Individual or Joint/Group Filing(Check Applicable Line)  
 Form filed by One Reporting Person  
 Form filed by More than One Reporting Person

(City) (State) (Zip)

**Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned**

| 1. Title of Security (Instr. 3) | 2. Transaction Date (Month/Day/Year) | 2A. Deemed Execution Date, if any (Month/Day/Year) | 3. Transaction Code (Instr. 8) | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|---------------------------------|--------------------------------------|--|--------------------------------|---|---|--|---|
|                                 |                                      |  | Code                           | V   | Amount  | (A) or (D)   | Price   |
| Common Stock                    | 12/15/2006                           |  | M                              |   | 10,000  | A  | \$ 12.5937  |
| Common Stock                    | 12/15/2006                           |  | S <sup>(1)</sup>               |   | 1,000   | D  | \$ 18.706   |
| Common Stock                    | 12/15/2006                           |  | S <sup>(1)</sup>               |   | 1,000   | D  | \$ 18.693   |
| Common Stock                    | 12/15/2006                           |  | S <sup>(1)</sup>               |   | 1,000   | D  | \$ 18.685   |
| Common Stock                    | 12/15/2006                           |  | S <sup>(1)</sup>               |   | 1,000   | D  | \$ 18.684   |

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|              |            |                  |       |   |            |        |   |
|--------------|------------|------------------|-------|---|------------|--------|---|
| Common Stock | 12/15/2006 | S <sup>(1)</sup> | 1,000 | D | \$ 18.682  | 80,554 | D |
| Common Stock | 12/15/2006 | S <sup>(1)</sup> | 1,000 | D | \$ 18.677  | 79,554 | D |
| Common Stock | 12/15/2006 | S <sup>(1)</sup> | 2,000 | D | \$ 18.671  | 77,554 | D |
| Common Stock | 12/15/2006 | S <sup>(1)</sup> | 1,000 | D | \$ 18.626  | 76,554 | D |
| Common Stock | 12/15/2006 | S <sup>(1)</sup> | 1,000 | D | \$ 18.5961 | 75,554 | D |

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

**Persons who respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB control number.**

SEC 1474  
(9-02)

**Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned**  
(e.g., puts, calls, warrants, options, convertible securities)

| 1. Title of Derivative Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Transaction Date (Month/Day/Year) | 3A. Deemed Execution Date, if any (Month/Day/Year) | 4. Transaction Code (Instr. 8) | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5) | 6. Date Exercisable and Expiration Date (Month/Day/Year) | 7. Title and Amount of Underlying Security (Instr. 3 and 4) |              |                            |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|--------------|----------------------------|
|  |  |                                      |  | Code                           | V (A) (D)   | Date Exercisable   | Expiration Date   | Title        | Amount or Number of Shares |
| Non-qualified stock option (right to buy)  | \$ 12.5937   | 12/15/2006                           |  | M                              | 10,000  | <sup>(2)</sup>   | 05/12/2009  | Common Stock | 10,000                     |

## Reporting Owners

| Reporting Owner Name / Address   | Relationships |           |                                |       |
|--|---------------|-----------|--------------------------------|-------|
|  | Director      | 10% Owner | Officer                        | Other |
| MCKEITHEN R L SMITH<br>2655 SEELY AVENUE, BLDG. 5<br>SAN JOSE,, CA 95134 |               |           | Sr. VP, General Counsel & Sec. |       |

## Signatures

R.L. Smith

McKeithen

12/15/2006

\_\_Signature of  
Reporting Person

Date

## Explanation of Responses:

\* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

\*\* Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) The sale reported in this Form 4 was effected pursuant to a Rule 10b5-1 Trading Plan adopted by reporting person on December 15, 2006.

(2) Option was granted on May 12, 1999, and is fully vested.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.

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