

CADENCE DESIGN SYSTEMS INC  
 Form 4  
 December 18, 2006

**FORM 4**

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

OMB APPROVAL

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 Expires: January 31, 2005  
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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.

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(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 2655 SEELY AVENUE, BLDG. 5 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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