

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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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 ⁽¹⁾ | | 1,000 | D | \$ 18.706 |
| Common Stock | 12/15/2006 | | S ⁽¹⁾ | | 1,000 | D | \$ 18.693 |
| Common Stock | 12/15/2006 | | S ⁽¹⁾ | | 1,000 | D | \$ 18.685 |
| Common Stock | 12/15/2006 | | S ⁽¹⁾ | | 1,000 | D | \$ 18.684 |

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

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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) |
|--|--|--------------------------------------|--|--------------------------------|---|--|---|
| Non-qualified stock option (right to buy) | \$ 12.5937 | 12/15/2006 | | M | 10,000 | ⁽²⁾ 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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