

CADENCE DESIGN SYSTEMS INC

Form 424B3

October 03, 2007

**Filed under Rule 424(b)(3) and (7) of the Securities Act of 1933,  
relating to Registration No. 333-145000**

**Supplement No. 2**  
**to Prospectus Dated July 31, 2007 and Prospectus Supplement Dated August 1, 2007**  
**of**  
**CADENCE DESIGN SYSTEMS, INC.**  
**Relating to**  
**\$250,000,000 1.375% Convertible Senior Notes Due 2011**  
**\$250,000,000 1.500% Convertible Senior Notes Due 2013**  
**and**  
**Shares of Common Stock Issuable upon Conversion of the Notes**

This supplement no. 2 relates to the resale by selling securityholders of Cadence's 1.375% Convertible Senior Notes Due 2011 (the 2011 Notes) and 1.500% Convertible Senior Notes Due 2013 (the 2013 Notes) and, together with the 2011 Notes, the Notes) and the shares of Cadence common stock issuable upon conversion of the notes.

You should read this supplement no. 2 in conjunction with the prospectus dated July 31, 2007, the prospectus supplement dated August 1, 2007 and supplement no. 1 to the prospectus supplement dated September 4, 2007, which should be delivered in conjunction with this supplement. This supplement is not complete without, and may not be delivered or used except in conjunction with, the prospectus and prospectus supplement, including supplement no. 1. This supplement is qualified by reference to the prospectus and prospectus supplement, except to the extent that the information provided by this supplement supersedes information contained in the prospectus supplement and supplement no. 1.

**Investing in the notes and the common stock issuable upon conversion of the notes involves risk. See the discussion entitled Risk Factors beginning on page S-6 of the prospectus supplement dated August 1, 2007.**

**Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed upon the adequacy or accuracy of this supplement, the prospectus dated July 31, 2007, or the prospectus supplement dated August 1, 2007. Any representation to the contrary is a criminal offense.**

The tables under the caption Selling Securityholders beginning on page S-6 of the prospectus supplement are hereby supplemented and amended by adding certain selling securityholders identified in the tables below. We prepared these tables based on information supplied to us by the selling securityholders named in the tables below on or prior to October 2, 2007. Information about the selling securityholders may change over time. If required, any changed or new information given to us will be set forth in supplements to the prospectus supplement or amendments to the registration statement of which this supplement is a part, if and when necessary.

We have assumed for purposes of the tables below that the selling securityholders will sell all of the notes and all of the common stock issuable upon conversion of the notes pursuant to this supplement, the prospectus supplement dated August 1, 2007, and the prospectus dated July 31, 2007, and that any other shares of our common stock beneficially owned by the selling securityholder will continue to be beneficially owned.

Except as set forth below, the selling securityholders listed in the tables below do not have, nor within the past three years have had, any position, office or other material relationship with us or any of our predecessors or affiliates.

The selling securityholders identified below may have sold, transferred or otherwise disposed of, pursuant to transactions exempt from the registration requirements of the Securities Act of 1933, as amended, all or a portion of its notes since the date on which it provided the information regarding its notes.

### SELLING SECURITYHOLDERS OF THE 2011 NOTES

Name of Selling Securityholder	Principal Amount of Notes	Percentage of Notes Outstanding (%)	Number of Shares of Common Stock Beneficially Owned(1)(2)	Number of Shares of Common Stock Offered (1)	Number of Shares of Common Stock Beneficially Owned after the Offering(2)(3)	Natural Person(s) with Voting or Investment Power
PNB Paribas Arbitrage (+)	1,000,000	*	47,281	47,281	0	(5) Tim Bergin or Simon Pharr
TD Securities (USA) LLC (#)	2,500,000	1.00	118,203	118,203	0	
Louisiana Workers Compensation Corporation	490,000	*	23,168	23,168	0	Gene Pretti

\* Less than one percent (1%).

# The selling securityholder is a registered broker-dealer.

+ The selling securityholder is an affiliate of a registered broker-dealer.

(1) Assumes conversion of all of the holder's notes at a conversion rate of 47.2813 shares of common stock per \$1,000

principal amount  
at maturity of the  
notes. This  
conversion rate is  
subject to  
adjustment as  
described under

Description of  
Notes Conversion  
Rights. As a  
result, the number  
of shares of  
common stock  
issuable upon  
conversion of the  
notes may  
increase or  
decrease in the  
future. Further,  
pursuant to the  
terms of the  
notes, upon  
conversion we  
will pay cash and  
shares of our  
common stock, if  
any, based on a  
daily settlement  
amount  
calculated on a  
proportionate  
basis for each day  
of the relevant 20  
trading-day  
observation  
period.

Accordingly, the  
number of shares  
of our common  
stock we would  
actually deliver  
upon conversion  
of any notes  
would be lower  
than the numbers  
shown for any  
holder of notes in  
the table above.  
The numbers of  
shares set forth in  
the table above

exclude shares of  
common stock  
that may be  
issued as  
described under

Description of  
Notes  
Adjustment to  
Shares Delivered  
upon Conversion  
Upon a  
Fundamental  
Change and the  
fractional shares.  
Holders will  
receive a cash  
adjustment for  
any fractional  
share amount  
resulting from  
conversion of the  
notes, as  
described under  
Description of  
Notes  
Conversion  
Rights.

- (2) The number of  
shares of  
common stock  
beneficially  
owned by each  
holder named  
above is less than  
1% of our  
outstanding  
common stock,  
calculated based  
on 277,528,689  
shares of  
common stock  
outstanding as of  
June 30, 2007. In  
calculating this  
amount for each  
holder, we treated  
as outstanding the  
number of shares  
of common stock  
issuable upon

conversion of all  
of that holder's  
notes, but we did  
not assume  
conversion of any  
other holder's  
notes.

- (3) For the purposes  
of computing the  
number and  
percentage of  
notes and shares  
to be held by the  
selling  
securityholders  
after the  
conclusion of the  
offering, we have  
assumed for  
purposes of the  
table above that  
the selling  
securityholder  
named above will  
sell all of the  
notes and all of  
the common  
stock issuable  
upon conversion  
of the

notes offered by  
this supplement  
no. 2,  
supplement no.  
1 dated  
September 4,  
2007, the  
prospectus  
supplement  
dated August 1,  
2007 and the  
prospectus dates  
July 31, 2007,  
and that any  
other shares of  
our common  
stock  
beneficially  
owned by the  
selling  
securityholder  
will continue to  
be beneficially  
owned. We also  
assume that  
unnamed  
holders of notes,  
or any future  
transferees,  
pledgees,  
donees or  
successors of  
from any such  
holder, do not  
beneficially own  
any common  
stock other than  
that issuable  
upon conversion  
of the notes.

- (4) The maximum  
principal  
amount of 2011  
Notes that may  
be sold under  
the prospectus  
dated July 31,  
2007, the

prospectus  
supplement  
dated August 1,  
2007 and all  
supplements  
thereto will not  
exceed  
\$250,000,000.

- (5) Selling securityholder has indicated there is no natural person who has investment control over the Registrable Securities.

#### SELLING SECURITYHOLDERS OF THE 2013 NOTES

Name of Selling Securityholder	Principal Amount of Notes	Percentage of Notes Outstanding	Number of Shares of Common Stock	Number of Shares of Common Stock	Number of Shares of Common Stock	Natural Person(s) with Voting or Investment Power
	Beneficially Owned and Offered (USD)(4)	(%)	Beneficially Owned(1)(2)	Offered (1)	Beneficially Owned after the Offering(2)(3)	
PNB Paribas Arbitrage (+)	4,500,000	1.80	212,766	212,766	0	(5)
Fidelity Convertible Securities Fund (+)	5,500,000	2.20	260,047	260,047	0	(6)
Fidelity Strategic Dividend & Income Fund (+)	2,000,000	*	94,563	94,563	0	(6)

- \* Less than one percent (1%).
- # The selling securityholder is a registered broker-dealer.
- + The selling securityholder is an affiliate of a registered

broker-dealer.

- (1) Assumes conversion of all of the holder's notes at a conversion rate of 47.2813 shares of common stock per \$1,000 principal amount at maturity of the notes. This conversion rate is subject to adjustment as described under
- | Description of Notes   | Conversion Rights. |
|--|--------------------|
| As a result, the number of shares of common stock issuable upon conversion of the notes may increase or decrease in the future. Further, pursuant to the terms of the notes, upon conversion we will pay cash and shares of our common stock, if any, based on a daily settlement amount calculated on a proportionate basis for each day of the relevant 20 trading-day observation period. Accordingly, the number of shares of our common stock we would actually deliver |                    |

upon conversion  
of any notes  
would be lower  
than the numbers  
shown for any  
holder of notes in  
the table above.  
The numbers of  
shares set forth in  
the table above  
exclude shares of  
common stock  
that may be  
issued as  
described under

Description of  
Notes  
Adjustment to  
Shares Delivered  
upon Conversion  
Upon a  
Fundamental  
Change and the  
fractional shares.  
Holders will  
receive a cash  
adjustment for  
any fractional  
share amount  
resulting from  
conversion of the  
notes, as  
described under  
Description of  
Notes  
Conversion  
Rights.

- (2) The number of  
shares of  
common stock  
beneficially  
owned by each  
holder named  
above is less than  
1% of our  
outstanding  
common stock,  
calculated based  
on 277,528,689  
shares of

common stock  
outstanding as of  
June 30, 2007. In  
calculating this  
amount for each  
holder, we treated  
as outstanding the  
number of shares  
of common stock  
issuable upon  
conversion of all  
of that holder's  
notes, but we did  
not assume  
conversion of any  
other holder's  
notes.

- (3) For the purposes of computing the number and percentage of notes and shares to be held by the selling securityholders after the conclusion of the offering, we have assumed for purposes of the table above that the selling securityholder named above will sell all of the notes and all of the common stock issuable upon conversion of the notes offered by this supplement no. 2, supplement no. 1 dated September 4, 2007, the prospectus supplement dated August 1, 2007 and the prospectus dates July 31, 2007, and that any other shares of our common stock beneficially owned by the selling securityholder will continue to be beneficially owned. We also assume that unnamed holders of notes,

or any future transferees, pledgees, donees or successors of from any such holder, do not beneficially own any common stock other than that issuable upon conversion of the notes.

- (4) The maximum principal amount of 2013 Notes that may be sold under the prospectus dated July 31, 2007, the prospectus supplement dated August 1, 2007 and all supplements thereto will not exceed \$250,000,000.
- (5) Selling securityholder has indicated there is no natural person who has investment control over the Registrable Securities.
- (6) The entity is a registered investment fund (the Fund ) advised by Fidelity Management & Research Company ( FMR

Co. ), a  
registered  
investment  
adviser under  
the Investment  
Advisers Act of  
1940, as  
amended. FMR  
Co., 82  
Devonshire  
Street, Boston,  
Massachusetts  
02109, a  
wholly-owned  
subsidiary of  
FMR Corp. and  
an investment  
adviser  
registered under  
Section 203 of  
the Investment  
Advisers Act of  
1940. Edward  
C. Johnson 3de,  
FMR Corp.,  
through its  
control of FMR  
Co., and the  
Fund each has  
sole power to  
dispose of the  
Securities  
owned by the  
Fund. Neither  
FMR Corp. nor  
Edward C.  
Johnson 3d,  
Chairman of  
FMR Corp., has  
the sole power  
to vote or direct  
the voting of the  
shares owned  
directly by the  
Fund, which  
power resides  
with the Fund s  
Board of  
Trustees. The  
Fund is an  
affiliate of a

broker-dealer.

The Fund purchased the Securities in the ordinary course of business and, at the time of the purchase of the Securities to be resold, the Fund did not have any agreements or understandings, directly or indirectly, with any person to distribute the notes or conversion shares. The selling holder does not have, or within the past three years did not have, any position, office or other material relationship with the Company or any of its predecessors or affiliates.

The date of this supplement no. 2 is October 3, 2007.