

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	Gene Pretti
Louisiana Workers Compensation Corporation	490,000	*	23,168	23,168	0	

* 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.