

CADENCE DESIGN SYSTEMS INC  
 Form 4  
 October 17, 2006

**FORM 4**

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

OMB APPROVAL

OMB Number: 3235-0287  
 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 \*  
**BUSHBY KEVIN**

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)  
**10/16/2006**

\_\_\_\_ Director \_\_\_\_\_ 10% Owner  
 Officer (give title below) \_\_\_\_\_ Other (specify below)  
**Exec VP - WW Field Operations**

**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	(D)	Price
Common Stock	10/16/2006 <sup>(1)</sup>		M		4,375	A	\$ 9.735
Common Stock	10/16/2006 <sup>(1)</sup>		M		15,000	A	\$ 12.625
Common Stock	10/16/2006 <sup>(1)</sup>		S		5,000	D	\$ 17.7656
Common Stock	10/16/2006 <sup>(1)</sup>		S		4,000	D	\$ 17.7283
Common Stock	10/16/2006 <sup>(1)</sup>		S		6,000	D	\$ 17.7713

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Common Stock 10/16/2006<sup>(1)</sup> S 4,375 D \$ 17.7412 176,441 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)	Amount or Number of Shares
Non-qualified Stock Option (right to buy)	\$ 9.375	10/16/2006		M	4,375	<sup>(2)</sup> 02/14/2013	Common Stock	4,375
Non-qualified Stock Option (right to buy)	\$ 12.625	10/16/2006		M	15,000	<sup>(3)</sup> 07/31/2012	Common Stock	15,000

## Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
BUSHBY KEVIN 2655 SEELY AVENUE, BLDG. 5 SAN JOSE,, CA 95134			Exec VP - WW Field Operations	

## Signatures

William Porter, Attorney-in-Fact for Kevin Bushby 10/16/2006  
 \*\*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)

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The transaction reported in this Form 4 was effected pursuant to a Rule 10b5-1 Trading Plan adopted by reporting person on February 7, 2006 as amended on June 8, 2006 and September 15, 2006.

(2) Option was granted on February 14, 2003 and vests at the rate of 1/48th per month commencing on the date of the grant.

(3) Option was granted on July 31, 2002 and vests at the rate of 1/48th per month commencing on the date of the grant.

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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