

CADENCE DESIGN SYSTEMS INC

Form 424B3

May 19, 2004

**Filed under Rule 424(b)(3) of the Securities Act of 1933,
relating to Registration No. 333-110346
Prospectus Supplement No. 1
to Prospectus Dated April 29, 2004
of**

CADENCE DESIGN SYSTEMS, INC.

**Relating to
\$420,000,000 Zero Coupon Zero Yield Senior Convertible Notes due 2023
and
Shares of Common Stock Issuable upon Conversion of the Notes**

This prospectus supplement no. 1 relates to the resale by selling securityholders of Cadence Design Systems, Inc. s Zero Coupon Zero Yield Senior Convertible Notes Due 2023 and the shares of Cadence common stock issuable upon conversion of the notes.

You should read this prospectus supplement no. 1 in conjunction with the prospectus dated April 29, 2004, which should be delivered in conjunction with this prospectus supplement. This prospectus supplement is not complete without, and may not be delivered or used except in conjunction with, the prospectus, including any amendments or supplements to it. This prospectus supplement is qualified by reference to the prospectus, except to the extent that the information provided by this prospectus supplement supercedes information contained in the prospectus.

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 6 of the prospectus dated April 29, 2004.

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 prospectus supplement or the prospectus dated April 29, 2004. Any representation to the contrary is a criminal offense.

The table under the caption Selling Securityholders beginning on page 51 of the prospectus is hereby supplemented and amended by updating information as to certain selling securityholders identified in the table below and adding to it a certain selling securityholder identified in the table below. We prepared this table based on information supplied to us by the selling securityholders named in the table below on or prior to May 18, 2004. 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 or amendments to the registration statement of which this prospectus is a part, if and when necessary.

We have assumed for purposes of the table 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 prospectus supplement and the prospectus, and that any other shares of our common stock beneficially owned by the selling securityholders will continue to be beneficially owned.

Except as set forth below, none of the selling securityholders has, or within the past three years has 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 their notes since the date on which they provided the information regarding their notes.

| Name of Selling Securityholder | Principal Amount of Notes Beneficially Owned and Offered | Percentage of Notes Outstanding | Number of Shares of Common Stock Beneficially Owned(1)(2) | Number of Shares of Common Stock Offered (1) | Number of Beneficially Owned Common Stock after the Offering(2)(3) | Natural Person(s) with Voting or Investment Power |
|---|--|---------------------------------|---|--|--|---|
| | | | | | | |
| Acuity Master Fund, Ltd. | 2,800,000 | * | 178,861 | 178,861 | 0 | David J. Harris and Howard Needle |
| CooperNeff Convertible Strategies (Cayman) Master Fund, L.P.(4) | 3,880,000 | * | 247,850 | 247,850 | 0 | Christian Menestrier |
| Singlehedge U.S. Convertible Arbitrage Fund (5) | 1,040,000 | * | 66,434 | 66,434 | 0 | Christian Menestrier |
| Lyxor/Convertible Arbitrage Fund Limited (6) | 650,000 | * | 41,521 | 41,521 | 0 | Christian Menestrier |
| BNP Paribas Equity Strategies, SNC+(7) | 3,680,000 | * | 283,803 | 235,074 | 48,729 | Christian Menestrier |
| Sturgeon Limited (8) | 750,000 | * | 47,909 | 47,909 | 0 | Christian Menestrier |

* Less than one percent (1%).

+ 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 63.8790 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" in the prospectus dated April 29, 2004. As a result, the number of shares of common stock issuable upon conversion of the notes may increase or decrease in the future. Excludes shares of common stock that may be issued by us upon the repurchase of the notes as described under "Description of Notes - Repurchase of the Notes by Us at the Option of Holders Upon a Fundamental Change" in the prospectus

and 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 in the prospectus.

- (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 273,356,132 shares of common stock outstanding as of April 3, 2004. 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 shareholders after the conclusion of the offering, we have assumed for purposes of the table above that the selling securityholders named above will sell all of the notes and all of the common stock issuable upon conversion of the notes offered by this prospectus supplement and the prospectus, and that any other shares of our common stock beneficially owned by these selling securityholders will continue to be beneficially owned.
- (4) This selling securityholder was previously listed as holding \$3,104,000 of the notes and as having Jean Dominjon, Thomas J. Mahoney and Andrew Sturge as natural persons with voting or investment power. This information supercedes all prior information concerning CooperNeff Convertible Strategies (Cayman) Master Fund, L.P.
- (5) This selling securityholder was previously listed as holding \$832,000 of the notes and as having Jean Dominjon, Thomas J. Mahoney and Andrew Sturge as natural persons with voting or investment power. This information supercedes all prior information concerning Singlehedge U.S. Convertible Arbitrage Fund.
- (6) This selling securityholder was previously listed as holding \$520,000 of the notes and as having Jean Dominjon, Thomas J. Mahoney and Andrew Sturge as natural persons with voting or investment power. This information supercedes all prior information concerning Lyxor/Convertible Arbitrage Fund Limited.
- (7) This selling securityholder was previously listed as BNP Equity Strategies, SNC, and as holding \$2,944,000 of the notes and 72,229 shares of our common stock, and as having Jean Dominjon, Thomas J. Mahoney and Andrew Sturge as natural persons with voting or investment power. This information supercedes all prior information concerning BNP Equity Strategies, SNC.
- (8) This selling securityholder was previously listed as holding \$600,000 of the notes and as having Jean Dominjon, Thomas J. Mahoney and Andrew Sturge as natural persons with voting or investment power. This information supercedes all prior information concerning Sturgeon Limited.
- (9) This selling securityholder was previously listed as holding \$1,130,000 of the notes. This information supercedes all prior information concerning Barclays Global Investors Diversified Alpha Plus Funds c/o Forest Investment Management LLC.
- (10) This selling securityholder was previously listed as holding \$3,147,000 of the notes. This information supercedes all prior information concerning Forest Multi-Strategy Master Fund SPC, on behalf of its Multi-Strategy Segregated Portfolio.
- (11) This selling securityholder was previously listed as holding \$1,850,000 of the notes. This information supercedes all prior information concerning Zurich Institutional Benchmarks Master Fund Ltd. c/o Forest Investment Management LLC.

- (12) This selling securityholder was previously listed as holding \$3,292,000 of the notes. This information supercedes all prior information concerning Lyxor/Forest Fund Ltd. c/o Forest Investment Management LLC.
 - (13) This selling securityholder was previously listed as holding \$525,000 of the notes. This information supercedes all prior information concerning HFR CA Global Opportunity Master Trust.
 - (14) This selling securityholder was previously listed as holding \$497,000 of the notes. This information supercedes all prior information concerning HFR RVA Select Performance Master Trust.
 - (15) This selling securityholder was previously listed as holding \$400,000 of the notes. This information supercedes all prior information concerning Xavex Convertible Arbitrage 4 Fund c/o Forest Investment Management LLC.
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The tenth paragraph of the section of the prospectus entitled Plan of Distribution is hereby amended and restated in its entirety to read as follows, to include the change in name of BNP Paribas Equity Strategies:

Each of the selling securityholders identified by the symbol + in the table in the preceding section Selling Securityholders (Amaranth L.L.C., BNP Paribas Equity Strategies, SNC, Canyon Capital Arbitrage Master Fund, Ltd., Canyon Value Realization Fund (Cayman) Ltd., Canyon Value Realization Fund, L.P., Canyon Value Realization MAC 18, Ltd., Credit Suisse First Boston Europe Limited, Grace Convertible Arbitrage Fund, Ltd., KBC Financial Products (Cayman Islands) Ltd., R2 Investments LDC, Royal Bank of Canada, St. Thomas Trading, Ltd., Sunrise Partners Limited Partnership and UBS AG London Branch) has informed us that it is an affiliate of one or more registered broker-dealers. Each of these selling securityholders has also informed us that: (1) such selling securityholder purchased its notes in the ordinary course of business and (2) at the time the notes were purchased, the selling securityholder had no agreements or understandings, directly or indirectly, with any person to distribute the notes.

The date of this prospectus supplement is May 19, 2004.