UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

DIVISION OF
CORPORATION FINANCE

February 27, 2019

John P. Kelsh
Sidley Austin LLP
jkelsh@sidley.com

Re: Cadence Design Systems, Inc.
Incoming letter dated December 21, 2018

Dear Mr. Kelsh:

This letter is in response to your correspondence dated December 21, 2018 and February 12, 2019 concerning the shareholder proposal (the "Proposal") submitted to Cadence Design Systems, Inc. (the "Company") by John Chevedden (the "Proponent") for inclusion in the Company's proxy materials for its upcoming annual meeting of security holders. We also have received correspondence from the Proponent dated December 27, 2018, January 25, 2019 and February 24, 2019. Copies of all of the correspondence on which this response is based will be made available on our website at http://www.sec.gov/divisions/corpfin/cf-noaction/14a-8.shtml. For your reference, a brief discussion of the Division's informal procedures regarding shareholder proposals is also available at the same website address.

Sincerely,

M. Hughes Bates
Special Counsel

Enclosure

cc: John Chevedden
***

*** FISMA & OMB Memorandum M-07-16

February 27, 2019

**Response of the Office of Chief Counsel**
**Division of Corporation Finance**

Re: Cadence Design Systems, Inc.
Incoming letter dated December 21, 2018

The Proposal requests that the board take each step necessary so that each voting requirement in the Company's charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary, this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.

There appears to be some basis for your view that the Company may exclude the Proposal under rule 14a-8(i)(10). In this regard, we note your representation that the Company will provide shareholders at its 2019 annual meeting with an opportunity to approve amendments to its certificate of incorporation that, if approved, will remove all supermajority voting requirements in the Company's governing documents that are applicable to the Company's common stockholders. Accordingly, we will not recommend enforcement action to the Commission if the Company omits the Proposal from its proxy materials in reliance on rule 14a-8(i)(10). In reaching this position, we have not found it necessary to address the alternative basis for omission upon which the Company relies.

Sincerely,

Courtney Haseley
Special Counsel

**DIVISION OF CORPORATION FINANCE**
**INFORMAL PROCEDURES REGARDING SHAREHOLDER PROPOSALS**

The Division of Corporation Finance believes that its responsibility with respect to matters arising under Rule 14a-8 [17 CFR 240.14a-8], as with other matters under the proxy rules, is to aid those who must comply with the rule by offering informal advice and suggestions and to determine, initially, whether or not it may be appropriate in a particular matter to recommend enforcement action to the Commission. In connection with a shareholder proposal under Rule 14a-8, the Division's staff considers the information furnished to it by the company in support of its intention to exclude the proposal from the company's proxy materials, as well as any information furnished by the proponent or the proponent's representative.

Although Rule 14a-8(k) does not require any communications from shareholders to the Commission's staff, the staff will always consider information concerning alleged violations of the statutes and rules administered by the Commission, including arguments as to whether or not activities proposed to be taken would violate the statute or rule involved. The receipt by the staff of such information, however, should not be construed as changing the staff's informal procedures and proxy review into a formal or adversarial procedure.

It is important to note that the staff's no-action responses to Rule 14a-8(j) submissions reflect only informal views. The determinations reached in these no-action letters do not and cannot adjudicate the merits of a company's position with respect to the proposal. Only a court such as a U.S. District Court can decide whether a company is obligated to include shareholder proposals in its proxy materials. Accordingly, a discretionary determination not to recommend or take Commission enforcement action does not preclude a proponent, or any shareholder of a company, from pursuing any rights he or she may have against the company in court, should the company's management omit the proposal from the company's proxy materials.

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February 24, 2018

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**# 3 Rule 14a-8 Proposal**
**Cadence Design Systems, Inc. (CDNS)**
**Simple Majority Vote**
**John Chevedden**

Ladies and Gentlemen:

This is in regard to the December 21, 2018 no-action request.

The bedrock of the company claim is on page 4 of the attachment is:
"The purpose of the Rule 14a-8(i)(10) exclusion is to 'avoid the possibility of stockholders having to consider matters which have already been favorable acted upon by management.' Commission Release No. 34-12598 (July 7, 1976)."

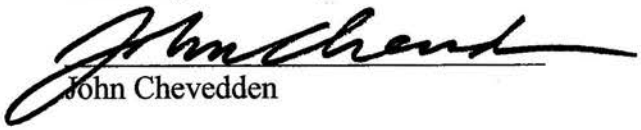
The company is in the awkward position of contradicting its bedrock claim by forcing shareholders to reconsider this matter again:

"RESOLVED, Shareholders request that our board take each step necessary so that each voting requirement in our charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws."

through its piecemeal simple majority vote action that will not apply to the company's implicit supermajority voting requirements.

This is to request that the Securities and Exchange Commission allow this resolution to stand and be voted upon in the 2019 proxy.

Sincerely,



John Chevedden

cc: James J. Cowie <jcowie@cadence.com

**The purpose of the Rule 14a-8(i)(10) exclusion is to "avoid the possibility of stockholders having to consider matters which have already been favorably acted upon by management." Commission Release No. 34-12598 (July 7, 1976).**

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February 12, 2019

Via Electronic Mail to: *shareholderproposals@sec.gov*

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Cadence Design Systems, Inc. - Exclusion of Stockholder Proposal submitted by John Chevedden

Ladies and Gentlemen:

We are writing to supplement our December 21, 2018 request (the "No-Action Request") that the Staff of the Division of Corporation Finance (the "Staff") advise Cadence Design Systems, Inc. (the "Company") that the Staff will not recommend any enforcement action to the Securities and Exchange Commission (the "Commission") if the Company excludes the stockholder proposal and supporting statement (collectively, the "Stockholder Proposal") submitted by John Chevedden (the "Proponent") from its proxy materials to be distributed to the Company's stockholders in connection with the 2019 annual meeting of stockholders (the "Proxy Materials") pursuant to Rule 14a-8(i)(10) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on the basis that the Company has substantially implemented the Stockholder Proposal, or, alternatively, pursuant to Rule 14a-8(i)(3) under the Exchange Act, on the basis that the Stockholder Proposal is materially false and misleading in violation of Rule 14a-9 under the Exchange Act. Capitalized terms used but not defined in this letter shall have the meanings provided in the No-Action Request. In accordance with Rule 14a-8(j) under the Exchange Act, a copy of this supplemental letter is being sent to the Proponent.

## Basis for Supplemental Letter

In the No-Action Request, we outlined the basis for exclusion of the Stockholder Proposal in reliance upon Rule 14a-8(i)(10) and noted that the Board intended to (a) approve amendments (the "Amendments") to the Company's Restated Certificate of Incorporation, as amended (the

"Charter"), that would replace all supermajority voting provisions in the Charter that apply to the Company's common stock with a majority of the outstanding shares standard and (b) approve the agenda for the Company's 2019 annual meeting of stockholders, which will include seeking stockholder approval of the Amendments (the "Company Proposal"). In the No-Action Request, which we incorporate by reference herein with respect to the Rule 14a-8(i)(10) analysis and discussion, we advised the Staff that the Company would notify the Staff by a supplemental letter of the Board's actions in this regard.

The Company submitted the No-Action Request prior to the Board's approval of the Company Proposal in order to address the timing requirements of Rule 14a-8(j). This supplemental letter confirms that, at a meeting held on February 6, 2019, the Board approved amendments to Article VIII and IX of the Charter to adopt the Amendments. Specifically, the Amendments replace the requirements of a vote of not less than 66% of the outstanding voting stock with a vote of a majority of the outstanding voting stock with regard to the following corporate actions:

- Approval of certain "business combinations" (as defined in Article VIII of the Charter) with or involving a "related person" (as defined in Article VIII of the Charter) set forth in Article VIII of the Charter.

- Approval of certain Charter amendments (*i.e.*, amendments of Articles VIII (as discussed above) and IX of the Charter (amendment provision)) set forth in Article IX of the Charter.

A copy of the Amendments is attached to this letter as Exhibit A. During the February 6, 2019 meeting, the Board also approved the agenda for the 2019 annual meeting of stockholders, at which the Company will provide its stockholders with an opportunity to vote on the Company Proposal to approve the Amendments. A draft of the Company Proposal is attached to this letter as Exhibit B.

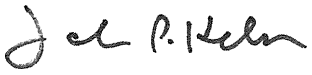
By approving the Company Proposal and including the Company Proposal in the Proxy Materials for stockholder consideration, the Board has taken all steps necessary and within its power to substantially implement the Stockholder Proposal.

## Conclusion

For all of the reasons set forth in the No-Action Request, the Company respectfully requests that the Staff concur that it will take no action if the Company excludes the Stockholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(10), on the basis that the Company has substantially implemented the Stockholder Proposal, or, alternatively, pursuant to Rule 14a-8(i)(3), on the basis that the Stockholder Proposal is materially false and misleading in violation of Rule 14a-9. If the Staff has any questions with respect to the foregoing, or if for any reason the Staff does not agree that the Company may exclude the Stockholder Proposal from its Proxy Materials, please contact the undersigned by phone at (312) 853-7097 or by email at

jkelsh@sidley.com. In addition, should the Proponent choose to submit any response or other correspondence to the Commission, we request that the Proponent concurrently submit that response or other correspondence to the Company, as required pursuant to Rule 14a-8(k) and SLB 14D, and copy the undersigned.

Very truly yours,



John P. Kelsh

Attachments

cc: James J. Cowie
John Chevedden

**Exhibit A**

Proposed Amendments to Article VIII and Article IX
of Cadence's Restated Certificate of Incorporation

**PROPOSED AMENDMENTS TO ARTICLE VIII AND ARTICLE IX OF CADENCE'S RESTATED CERTIFICATE OF INCORPORATION**

ARTICLE VIII

1. DEFINITIONS.

For the purposes of this Article VIII and the following Article IX:

(a) "Affiliate" and "Associate" have the meanings set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on March 15, 1987.

(b) "Beneficially Owns" has the meaning set forth in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on March 15, 1987.

(c) "Business Combination" means (i) any merger, consolidation, combination or reorganization of the corporation or a Subsidiary with or into a Related Person or of a Related Person with or into the corporation or a Subsidiary, (ii) any sale, lease, exchange, transfer, liquidation or other disposition (in one transaction or a series of transactions), including without limitation, a mortgage or any other security device, of assets of the corporation and/or one or more Subsidiaries (including without limitation any voting securities of a Subsidiary) constituting a Substantial Part of the corporation, to a Related Person, (iii) any sale, lease, exchange, transfer, liquidation or other disposition (in one transaction or a series of transactions), including without limitation, a mortgage or any other security device, of assets of a Related Person (including without limitation any voting securities of a subsidiary of such Related Person) constituting a Substantial Part of such Related Person, to the corporation and/or one or more Subsidiaries, (iv) the issuance or transfer of any securities (other than by way of a pro rata distribution to all shareholders) of the corporation or a Subsidiary to a Related Person which, when aggregated with all prior issuances and transfers to such Related Person of securities of the corporation or such Subsidiary during the preceding 365 days, constitutes five percent (5%) or more of the outstanding class or series of securities of the corporation or such Subsidiary, (v) the acquisition by the corporation or a Subsidiary of any securities issued by a Related Person if, after giving effect thereto, the corporation and its Subsidiaries would own an aggregate of one percent (1%) or more of (A) the outstanding shares of any class or series of any security issued by the Related Person or (B) the outstanding principal amount of any class or series of any debt security issued by the Related Person (for purposes of such calculation, the corporation and its Subsidiaries shall be deemed to own at the time of such calculation any such equity or debt securities of the Related Person that may then or thereafter be acquired (x) upon the exercise of any options, warrants or other rights then owned by the corporation or a Subsidiary or (y) upon the conversion or exchange of any other security then owned by the corporation or a Subsidiary); (vi) any recapitalization or reorganization that would have the effect, directly or indirectly, of increasing the voting power of a Related Person, and (vii) any agreement, contract or other arrangement providing for any of the transactions described in this definition of a Business Combination.

(d) "Continuing Director" means, as to any Related Person, any member of the Board of Directors who (i) is unaffiliated with and is not the Related Person and (ii) was a member

of the Board of Directors either on the Effective Date or prior to the time that the Related Person became a Related Person, and any successor of a Continuing Director who is unaffiliated with the Related Person and who is recommended to succeed a Continuing Director by a majority of Continuing Directors then on the Board of Directors.

(e) "Disinterested Shares" means, as to any Related Person, shares of Voting Stock held by shareholders other than such Related Person.

(f) "Fair Market Value" means: (i) in the case of stock, the highest closing sale price during the thirty (30) day period immediately preceding and including the date in question of a share of such stock on the Composite Tape for securities listed on the New York Stock Exchange, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the thirty (30) day period preceding and including the date in question on the National Association of Securities Dealers, Inc. Automated Quotation System or any other quotation reporting system then in general use, or, if no such quotations are available, the Fair Market Value on the date in question of a share of such stock as determined by the Continuing Directors in good faith, which determination shall be final; and (ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Continuing Directors in good faith, which determination shall be final. In making such determinations, the Board may rely in good faith upon the books of account or other records of the corporation or statements prepared by its officers or by independent accountants or by an appraiser selected with reasonable care by the Board.

(g) "Related Person" means and includes an individual, corporation, partnership or other person or entity, or any group of two or more of any of the foregoing that have agreed to act together, which, together with its or their Affiliates and Associates, Beneficially Owns, in the aggregate, five percent (5%) (the "Threshold Percentage") or more of the outstanding Voting Stock, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity; provided, however, that the term "Related Person" shall not include any individual, corporation, partnership or other person, entity or group which beneficially owned on March 15, 1987 five percent (5%) or more of the fully diluted capital stock of ECAD, Inc., a California corporation ("Excluded Person") or any Affiliate or Associate of an Excluded Person.

(h) "Subsidiary" means any corporation in which the corporation owns, directly or indirectly, securities which entitle the corporation to elect a majority of the board of directors of such corporation or which otherwise give to the corporation the power to control such corporation.

(i) "Substantial Part" means more than ten percent (10%) of the fair market value of the total consolidated assets of the corporation in question and its subsidiaries as of the end of its most recent fiscal year ending prior to the time the determination is being made.

(j) "Voting Stock" means all outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors of the corporation, and each

reference to a percentage or portion of shares of Voting Stock shall refer to such percentage or portion of the votes entitled to be cast by such shares.

2. VOTE REQUIRED FOR CERTAIN BUSINESS COMBINATIONS.

Except as otherwise expressly provided in Section 3 of this Article VIII, in addition to any affirmative vote required by law or by any other provision of this Restated Certificate of Incorporation, and in addition to any voting rights granted to or held by holders of Preferred Stock, the approval or authorization of any Business Combination shall require (~~A~~a) the affirmative vote of the holders of not less than ~~sixty six percent (66%)~~a majority of the outstanding shares of Voting Stock, voting together as a single class (the "~~66%~~ Voting Requirement") and (b) the affirmative vote of the holders of a majority of the Disinterested Shares. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any securities exchange or otherwise.

3. EXCEPTIONS.

(a) Section 2 of this Article VIII shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as may be required by law, by any voting rights granted to or held by holders of Preferred Stock and by any other provision of this Restated Certificate of Incorporation, if the Business Combination shall have been approved by a majority of the Continuing Directors, even if the Continuing Directors do not constitute a quorum of the entire Board of Directors, it being understood that this condition shall not be capable of satisfaction unless there is at least one Continuing Director.

(b) The ~~66%~~ Voting Requirement of Section 2 of this Article VIII shall not be applicable to any particular Business Combination in which shareholders of the corporation, in one or more transactions, are to receive cash, securities or other property in exchange for their shares of capital stock of the corporation, and such Business Combination shall require only such affirmative vote as may be required by law, by any voting rights granted to or held by holders of Preferred Stock and by any other provisions of this Restated Certificate of Incorporation, if all of the following conditions are met:

(i) The aggregate amount of cash plus the Fair Market Value as of the date of the consummation of the Business Combination of any consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following:

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid or agreed to be paid by the Related Person for any shares of Common Stock acquired by it (1) within the period of two (2) years immediately prior to and including the date of the most recent public announcement of the proposal of the Business Combination (the "Announcement Date") or (2) in the transaction or series of transactions in which it became a Related Person, whichever is higher, or

(B) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Related Person became a Related Person (such latter date is referred to as the "Determination Date"), whichever is higher; and

(ii) The aggregate amount of the cash plus the Fair Market Value as of the date of the consummation of the Business Combination of any consideration other than cash to be received per share by holders of shares of any of a particular class or series of outstanding capital stock, other than Common Stock, shall be at least equal to the highest of the following (it being intended that the requirements of this paragraph (b)(ii) of this Section 3 shall be required to be met with respect to every class or series of outstanding capital stock other than Common Stock whether or not the Related Person has previously acquired any shares of that particular class or series of capital stock):

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid or agreed to be paid by the Related Person for any shares of such class or series of capital stock acquired by it (1) within the period of two (2) years immediately prior to and including the Announcement Date or (2) in the transaction or series of transactions in which it became a Related Person, whichever is higher, or

(B) (if applicable) the redemption price of the shares of such class or series, or if such shares have no redemption price, the highest amount per share which such class or series was entitled to receive upon liquidation, dissolution or winding up of the corporation as of the Announcement Date or the Determination Date, whichever is higher; or

(C) the Fair Market Value per share of such class or series on the Announcement Date or on the Determination Date, whichever is higher; and

(iii) The consideration to be received by holders of a particular class or series of outstanding capital stock (including, without limitation, Common Stock) shall be in cash or in the same form as the Related Person has previously paid for shares of such class or series of capital stock. If the Related Person has paid for shares of any class or series of capital stock with varying forms of consideration, the form of consideration for such class or series of capital stock shall be either cash or the form used to acquire the largest number of shares of such class or series of capital stock previously acquired by the Related Person; and

(iv) The Business Combination is approved by the affirmative vote of the holders of a majority of the Disinterested Shares. The price determined in accordance with paragraph (b)(i) and (b)(ii) of this Section 3 shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

4. DETERMINATION OF COMPLIANCE.

A majority of the total number of Continuing Directors shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article VIII, including, without limitation: (a) whether a person

is a Related Person. (b) the number of shares of capital stock a person Beneficially Owns, (c) whether a person is an Affiliate or Associate of another, (d) whether the applicable conditions set forth in paragraph (b) of Section 3 of this Article VIII have been met with respect to any Business Combination, and (e) whether the proposed transaction is a Business Combination. A majority of the Continuing Directors shall have the further power to interpret all of the other terms and provisions of this Article VIII.

ARTICLE IX

In addition to any affirmative vote required by applicable law and any voting rights granted to or held by the holders of Preferred Stock, any alteration, amendment, repeal or rescission (any "Change") of Article VIII or this Article IX of this Restated Certificate of Incorporation must be approved either (i) by a majority of the authorized number of directors and, if one or more Related Persons exist, by a majority of the directors who are Continuing Directors with respect to all Related Persons, or (ii) by the affirmative vote of the holders of not less than ~~sixty six percent (66%)~~a majority of the outstanding Voting Stock of the corporation and, if the Change is proposed by or on behalf of a Related Person or a director affiliated with a Related Person, by the affirmative vote of the holders of a majority of the Disinterested Shares. Subject to the foregoing, the corporation reserves the right to amend, alter, repeal or rescind any provision contained in this Restated Certificate of Incorporation in the manner now or hereafter prescribed by law.

**Exhibit B**

Company Proposal

**PROPOSED DRAFT OF PROPOSAL [__]: AMENDMENTS TO THE COMPANY'S RESTATED CERTIFICATE OF INCORPORATION TO ELIMINATE SUPERMAJORITY VOTE REQUIREMENTS FOR SPECIFIED CORPORATE ACTIONS**

Cadence is requesting that Cadence stockholders approve amendments to our Restated Certificate of Incorporation (the "Charter") to eliminate supermajority vote requirements and implement a majority of outstanding voting stock voting standard for specified corporate actions. Our Charter currently requires certain corporate actions to be approved by a vote of not less than 66% of the outstanding voting stock. The proposed amendments would replace all supermajority voting provisions in the Charter that apply to the Company's common stock with a majority of the outstanding voting shares standard.

Article VIII of the Charter requires certain "business combinations" (as defined therein) with or involving a "related person," *i.e.*, a person or entity that, individually or with others, beneficially owns 5% or more of the Company's outstanding voting stock, to be approved by the holders of not less than 66% of outstanding voting stock and by the affirmative vote of the holders of a majority of the "disinterested shares" (as defined therein), unless the business combination is approved by the continuing directors who are unaffiliated with the related person. The 66% vote requirement does not apply if certain fair price conditions are met.

Article IX of the Charter requires amendments of Article VIII of the Charter and Article IX of the Charter to be approved by (i) a majority of the authorized number of directors and if a "related person" exists, by a majority of the continuing directors who are unaffiliated with the related person; or (ii) the affirmative vote of the holders of not less than 66% of outstanding voting stock and if the change is proposed by or on behalf of a related person or a director affiliated with a related person, by the affirmative vote of the holders of a majority of the disinterested shares.

Cadence has reviewed the protections offered by the Delaware General Corporation Law (the "DGCL") and has determined that Cadence continues to be subject to and benefit from Section 203 of the DGCL. Pursuant to Section 203 of the DGCL, once a stockholder reaches a 15% ownership threshold, such stockholder is prohibited for a period of three years from consummating a broad range of business combination transactions with Cadence, unless (a) the business combination is approved in advance by the Board, (b) the Board approved the transaction which resulted in the stockholder becoming a 15% owner, (c) the business combination is approved by holders of two-thirds or more of the outstanding voting stock not held by such stockholder, or (d) upon consummation of the transaction that resulted in the stockholder becoming a 15% owner, the stockholder owned at least 85% of the outstanding shares of voting stock of Cadence outstanding at the time the transaction commenced (with some exclusions). Though there are differences between the vote requirements under Article VIII and Section 203, the Board believes that Section 203 and Article VIII of the Charter (as amended pursuant to this Proposal [ ]) provide Cadence with appropriate protection from unfair acquisition attempts.

Our Board recognizes that many stockholders believe that a majority vote requirement will provide stockholders with a greater voice in expressing their views on matters impacting a corporation. On the recommendation of the Corporate Governance and Nominating Committee, and based on the careful review of the advantages and disadvantages retaining or replacing the vote required under Articles VIII and IX of the Charter as described above, the Board has determined that amending the vote requirements as described above is in the best interests of Cadence and its stockholders (the "Amendments"). In furtherance thereof, the Board has approved, and recommends that stockholders approve, this Proposal [__] to implement the Amendments.

The Amendments are set forth in Appendix [A] to this proxy statement with deletions indicated by strike-outs and additions indicated by underlining, and the summary of the Amendments contained in this Proposal [__] is qualified by the full text of the proposed Amendments in Appendix [A].

## VOTING INFORMATION AND BOARD RECOMMENDATION

**The Board recommends a vote FOR this proposal to amend the Company's Restated Certificate of Incorporation to eliminate supermajority vote requirements for specified corporate actions.**

Approval of this Proposal [__] requires the affirmative vote of holders of not less than 66% of the outstanding voting stock of Cadence. Abstentions and broker non-votes will have the effect of votes against the Proposal. If this Proposal [__] is approved by stockholders, the Board has authorized the officers of Cadence to file with the Delaware Secretary of State a certificate of amendment to our Charter incorporating the Amendments set forth in Appendix [__]. The Amendments will become effective on the date the certificate of amendment is filed with the Delaware Secretary of State (or at such later effective date set forth in the certificate of amendment). If Proposal [__] is not approved by the requisite vote, the Amendments will not be implemented and the current vote requirements set forth in Articles VIII and IX of the Charter will remain in place.

***Appendix A***

**PROPOSED AMENDMENTS TO ARTICLE VIII AND ARTICLE IX OF CADENCE'S RESTATED CERTIFICATE OF INCORPORATION**

ARTICLE VIII

1. DEFINITIONS.

For the purposes of this Article VIII and the following Article IX:

(a) "Affiliate" and "Associate" have the meanings set forth in Rule 12b-2 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on March 15, 1987.

(b) "Beneficially Owns" has the meaning set forth in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect on March 15, 1987.

(c) "Business Combination" means (i) any merger, consolidation, combination or reorganization of the corporation or a Subsidiary with or into a Related Person or of a Related Person with or into the corporation or a Subsidiary, (ii) any sale, lease, exchange, transfer, liquidation or other disposition (in one transaction or a series of transactions), including without limitation, a mortgage or any other security device, of assets of the corporation and/or one or more Subsidiaries (including without limitation any voting securities of a Subsidiary) constituting a Substantial Part of the corporation, to a Related Person, (iii) any sale, lease, exchange, transfer, liquidation or other disposition (in one transaction or a series of transactions), including without limitation, a mortgage or any other security device, of assets of a Related Person (including without limitation any voting securities of a subsidiary of such Related Person) constituting a Substantial Part of such Related Person, to the corporation and/or one or more Subsidiaries, (iv) the issuance or transfer of any securities (other than by way of a pro rata distribution to all shareholders) of the corporation or a Subsidiary to a Related Person which, when aggregated with all prior issuances and transfers to such Related Person of securities of the corporation or such Subsidiary during the preceding 365 days, constitutes five percent (5%) or more of the outstanding class or series of securities of the corporation or such Subsidiary, (v) the acquisition by the corporation or a Subsidiary of any securities issued by a Related Person if, after giving effect thereto, the corporation and its Subsidiaries would own an aggregate of one percent (1%) or more of (A) the outstanding shares of any class or series of any security issued by the Related Person or (B) the outstanding principal amount of any class or series of any debt security issued by the Related Person (for purposes of such calculation, the corporation and its Subsidiaries shall be deemed to own at the time of such calculation any such equity or debt securities of the Related Person that may then or thereafter be acquired (x) upon the exercise of any options, warrants or other rights then owned by the corporation or a Subsidiary or (y) upon the conversion or exchange of any other security then owned by the corporation or a Subsidiary); (vi) any recapitalization or reorganization that would have the effect, directly or indirectly, of increasing the voting power of a Related Person, and (vii) any agreement, contract or other arrangement providing for any of the transactions described in this definition of a Business Combination.

(d) "Continuing Director" means, as to any Related Person, any member of the Board of Directors who (i) is unaffiliated with and is not the Related Person and (ii) was a member of the Board of Directors either on the Effective Date or prior to the time that the Related Person became a Related Person, and any successor of a Continuing Director who is unaffiliated with the Related Person and who is recommended to succeed a Continuing Director by a majority of Continuing Directors then on the Board of Directors.

(e) "Disinterested Shares" means, as to any Related Person, shares of Voting Stock held by shareholders other than such Related Person.

(f) "Fair Market Value" means: (i) in the case of stock, the highest closing sale price during the thirty (30) day period immediately preceding and including the date in question of a share of such stock on the Composite Tape for securities listed on the New York Stock Exchange, or, if such stock is not quoted on the Composite Tape, on the New York Stock Exchange, or if such stock is not listed on such Exchange, on the principal United States securities exchange registered under the Securities Exchange Act of 1934 on which such stock is listed, or, if such stock is not listed on any such exchange, the highest closing bid quotation with respect to a share of such stock during the thirty (30) day period preceding and including the date in question on the National Association of Securities Dealers, Inc. Automated Quotation System or any other quotation reporting system then in general use, or, if no such quotations are available, the Fair Market Value on the date in question of a share of such stock as determined by the Continuing Directors in good faith, which determination shall be final; and (ii) in the case of property other than cash or stock, the fair market value of such property on the date in question as determined by the Continuing Directors in good faith, which determination shall be final. In making such determinations, the Board may rely in good faith upon the books of account or other records of the corporation or statements prepared by its officers or by independent accountants or by an appraiser selected with reasonable care by the Board.

(g) "Related Person" means and includes an individual, corporation, partnership or other person or entity, or any group of two or more of any of the foregoing that have agreed to act together, which, together with its or their Affiliates and Associates, Beneficially Owns, in the aggregate, five percent (5%) (the "Threshold Percentage") or more of the outstanding Voting Stock, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity; provided, however, that the term "Related Person" shall not include any individual, corporation, partnership or other person, entity or group which beneficially owned on March 15, 1987 five percent (5%) or more of the fully diluted capital stock of ECAD, Inc., a California corporation ("Excluded Person") or any Affiliate or Associate of an Excluded Person.

(h) "Subsidiary" means any corporation in which the corporation owns, directly or indirectly, securities which entitle the corporation to elect a majority of the board of directors of such corporation or which otherwise give to the corporation the power to control such corporation.

(i) "Substantial Part" means more than ten percent (10%) of the fair market value of the total consolidated assets of the corporation in question and its subsidiaries as of the end of its most recent fiscal year ending prior to the time the determination is being made.

(j) "Voting Stock" means all outstanding shares of capital stock of the corporation entitled to vote generally in the election of directors of the corporation, and each reference to a percentage or portion of shares of Voting Stock shall refer to such percentage or portion of the votes entitled to be cast by such shares.

2. VOTE REQUIRED FOR CERTAIN BUSINESS COMBINATIONS.

Except as otherwise expressly provided in Section 3 of this Article VIII, in addition to any affirmative vote required by law or by any other provision of this Restated Certificate of Incorporation, and in addition to any voting rights granted to or held by holders of Preferred Stock, the approval or authorization of any Business Combination shall require (~~A~~a) the affirmative vote of the holders of not less than ~~sixty six percent (66%)~~a majority of the outstanding shares of Voting Stock, voting together as a single class (the "~~66%~~ Voting Requirement") and (b) the affirmative vote of the holders of a majority of the Disinterested Shares. Such affirmative vote shall be required notwithstanding the fact that no vote may be required, or that a lesser percentage may be specified, by law or in any agreement with any securities exchange or otherwise.

3. EXCEPTIONS.

(a) Section 2 of this Article VIII shall not be applicable to any particular Business Combination, and such Business Combination shall require only such affirmative vote as may be required by law, by any voting rights granted to or held by holders of Preferred Stock and by any other provision of this Restated Certificate of Incorporation, if the Business Combination shall have been approved by a majority of the Continuing Directors, even if the Continuing Directors do not constitute a quorum of the entire Board of Directors, it being understood that this condition shall not be capable of satisfaction unless there is at least one Continuing Director.

(b) The ~~66%~~ Voting Requirement of Section 2 of this Article VIII shall not be applicable to any particular Business Combination in which shareholders of the corporation, in one or more transactions, are to receive cash, securities or other property in exchange for their shares of capital stock of the corporation, and such Business Combination shall require only such affirmative vote as may be required by law, by any voting rights granted to or held by holders of Preferred Stock and by any other provisions of this Restated Certificate of Incorporation, if all of the following conditions are met:

(i) The aggregate amount of cash plus the Fair Market Value as of the date of the consummation of the Business Combination of any consideration other than cash to be received per share by holders of Common Stock in such Business Combination shall be at least equal to the higher of the following:

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid or agreed to be paid by the Related Person for any shares of Common Stock acquired by it (1) within the period of two (2) years immediately prior to and including the date of the most recent public announcement of the proposal of the Business Combination (the "Announcement Date")

or (2) in the transaction or series of transactions in which it became a Related Person, whichever is higher, or

(B) the Fair Market Value per share of Common Stock on the Announcement Date or on the date on which the Related Person became a Related Person (such latter date is referred to as the "Determination Date"), whichever is higher; and

(ii) The aggregate amount of the cash plus the Fair Market Value as of the date of the consummation of the Business Combination of any consideration other than cash to be received per share by holders of shares of any of a particular class or series of outstanding capital stock, other than Common Stock, shall be at least equal to the highest of the following (it being intended that the requirements of this paragraph (b)(ii) of this Section 3 shall be required to be met with respect to every class or series of outstanding capital stock other than Common Stock whether or not the Related Person has previously acquired any shares of that particular class or series of capital stock):

(A) (if applicable) the highest per share price (including any brokerage commissions, transfer taxes and soliciting dealers' fees) paid or agreed to be paid by the Related Person for any shares of such class or series of capital stock acquired by it (1) within the period of two (2) years immediately prior to and including the Announcement Date or (2) in the transaction or series of transactions in which it became a Related Person, whichever is higher, or

(B) (if applicable) the redemption price of the shares of such class or series, or if such shares have no redemption price, the highest amount per share which such class or series was entitled to receive upon liquidation, dissolution or winding up of the corporation as of the Announcement Date or the Determination Date, whichever is higher; or

(C) the Fair Market Value per share of such class or series on the Announcement Date or on the Determination Date, whichever is higher; and

(iii) The consideration to be received by holders of a particular class or series of outstanding capital stock (including, without limitation, Common Stock) shall be in cash or in the same form as the Related Person has previously paid for shares of such class or series of capital stock. If the Related Person has paid for shares of any class or series of capital stock with varying forms of consideration, the form of consideration for such class or series of capital stock shall be either cash or the form used to acquire the largest number of shares of such class or series of capital stock previously acquired by the Related Person; and

(iv) The Business Combination is approved by the affirmative vote of the holders of a majority of the Disinterested Shares. The price determined in accordance with paragraph (b)(i) and (b)(ii) of this Section 3 shall be subject to appropriate adjustment in the event of any stock dividend, stock split, combination of shares or similar event.

4. DETERMINATION OF COMPLIANCE.

A majority of the total number of Continuing Directors shall have the power and duty to determine, on the basis of information known to them after reasonable inquiry, all facts necessary to determine compliance with this Article VIII, including, without limitation: (a) whether a person is a Related Person. (b) the number of shares of capital stock a person Beneficially Owns, (c) whether a person is an Affiliate or Associate of another, (d) whether the applicable conditions set forth in paragraph (b) of Section 3 of this Article VIII have been met with respect to any Business Combination, and (e) whether the proposed transaction is a Business Combination. A majority of the Continuing Directors shall have the further power to interpret all of the other terms and provisions of this Article VIII.

ARTICLE IX

In addition to any affirmative vote required by applicable law and any voting rights granted to or held by the holders of Preferred Stock, any alteration, amendment, repeal or rescission (any "Change") of Article VIII or this Article IX of this Restated Certificate of Incorporation must be approved either (i) by a majority of the authorized number of directors and, if one or more Related Persons exist, by a majority of the directors who are Continuing Directors with respect to all Related Persons, or (ii) by the affirmative vote of the holders of not less than ~~sixty-six percent (66%)~~a majority of the outstanding Voting Stock of the corporation and, if the Change is proposed by or on behalf of a Related Person or a director affiliated with a Related Person, by the affirmative vote of the holders of a majority of the Disinterested Shares. Subject to the foregoing, the corporation reserves the right to amend, alter, repeal or rescind any provision contained in this Restated Certificate of Incorporation in the manner now or hereafter prescribed by law.

**JOHN CHEVEDDEN**

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January 25, 2018

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**# 2 Rule 14a-8 Proposal**
**Cadence Design Systems, Inc. (CDNS)**
**Simple Majority Vote**
**John Chevedden**

Ladies and Gentlemen:

This is in regard to the December 21, 2018 no-action request.

The company cites Commission Release No. 34-20091 (Aug. 16, 1983). The company said that this Release had the rationale of "because proponents had been successfully avoiding exclusion by submitting proposals that deviated from existing company policy by only a few words."

Now the company incorrectly claims that excluding 100% of its Series A Preferred Stock from any implementation at all is just like a change of a "few words."

The company in effect claims that since the proposal had the words
"so that *each* voting requirement in our charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated, and replaced …" (emphasis added)
meant to exclude its Series A Preferred Stock from any implementation at all.

This is to request that the Securities and Exchange Commission allow this resolution to stand and be voted upon in the 2019 proxy.

Sincerely,

John Chevedden

cc: James J. Cowie <jcowie@cadence.com

[CDNS: Rule 14a-8 Proposal, November 18, 2018]
[This line and any line above it – *Not* for publication.]

**Proposal [4] – Simple Majority Vote**

RESOLVED, Shareholders request that our board take each step necessary so that each voting requirement in our charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.

Shareholder proposals such as this have taken a leadership role in improving the corporate governance rules of hundreds of companies. Shareholder proposals on this topic have won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. The proponents of these proposals included Ray T. Chevedden and William Steiner. These votes would have been higher than 74% to 88% if all shareholders had equal access to independent proxy voting advice.

Currently a 1%-minority can frustrate the will of our 66%-shareholder majority on certain issues in an election in which 67% of shares cast ballots.

Please vote yes:
**Simple Majority Vote – Proposal [4]**
[The above line – *Is* for publication.]

**JOHN CHEVEDDEN**

***

***

December 27, 2018

Office of Chief Counsel
Division of Corporation Finance
Securities and Exchange Commission
100 F Street, NE
Washington, DC 20549

**# 1 Rule 14a-8 Proposal**
**Cadence Design Systems, Inc. (CDNS**
**Simple Majority Vote**
**John Chevedden**

Ladies and Gentlemen:

This is in regard to the December 21, 2018 no-action request.

The company did not explain how a ballot item needing a 67%-vote of shares outstanding can be approved if 67% of shares outstanding cast ballots and 66% of shares outstanding vote yes (page 9).

This is to request that the Securities and Exchange Commission allow this resolution to stand and be voted upon in the 2019 proxy.

Sincerely,

John Chevedden

cc: James J. Cowie <jcowie@cadence.com

[CDNS: Rule 14a-8 Proposal, November 18, 2018]
[This line and any line above it – *Not* for publication.]

**Proposal [4] – Simple Majority Vote**

RESOLVED, Shareholders request that our board take each step necessary so that each voting requirement in our charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.

Shareholder proposals such as this have taken a leadership role in improving the corporate governance rules of hundreds of companies. Shareholder proposals on this topic have won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. The proponents of these proposals included Ray T. Chevedden and William Steiner. These votes would have been higher than 74% to 88% if all shareholders had equal access to independent proxy voting advice.

Currently a 1%-minority can frustrate the will of our 66%-shareholder majority on certain issues in an election in which 67% of shares cast ballots.

Please vote yes:
**Simple Majority Vote – Proposal [4]**
[The above line – *Is* for publication.]

SIDLEY

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December 21, 2018

Via Electronic Mail to: *shareholderproposals@sec.gov*

U.S. Securities and Exchange Commission
Division of Corporation Finance
Office of Chief Counsel
100 F Street, N.E.
Washington, D.C. 20549

Re: Cadence Design Systems, Inc. - Exclusion of Stockholder Proposal submitted by John Chevedden

Ladies and Gentlemen:

We are writing on behalf of our client, Cadence Design Systems, Inc. ("Cadence" or the "Company"), regarding a stockholder proposal and statement in support thereof (collectively, the "Stockholder Proposal") received from John Chevedden (the "Proponent") for inclusion in the proxy statement to be distributed to the Company's stockholders in connection with the 2019 annual meeting of stockholders (the "Proxy Materials").

The Company respectfully requests that the staff of the Division of Corporation Finance (the "Staff") of the Securities and Exchange Commission (the "Commission" or the "SEC") advise the Company that it will not recommend any enforcement action to the Commission if the Company excludes the Stockholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(10) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), on the basis that the Company has substantially implemented the Stockholder Proposal, or, alternatively, pursuant to Rule 14a-8(i)(3) of the Exchange Act, on the basis that the Stockholder Proposal is materially false and misleading in violation of Rule 14a-9 of the Exchange Act.

Pursuant to Rule 14a-8(j) of the Exchange Act and Staff Legal Bulletin No. 14D (Nov. 7, 2008) ("SLB 14D"), the Company is submitting this letter, together with the Stockholder Proposal and related attachments, to the Commission via email to *shareholderproposals@sec.gov* (in lieu of mailing paper copies), with copies of this letter and the attachments provided concurrently to the Proponent. (We respectfully remind the Proponent that pursuant to Rule 14a-8(k), a copy of any additional correspondence to the Commission or the Staff with respect to the Stockholder

Proposal should be furnished to the Company concurrently and request that the Proponent do so by directing it to the attention of the undersigned counsel.) This submission is occurring no later than 80 calendar days before the Company intends to file its definitive Proxy Materials with the Commission on or about March 22, 2019.

## THE STOCKHOLDER PROPOSAL

The Stockholder Proposal provides in pertinent part as follows:

> ***Proposal [4] – Simple Majority Vote***
>
> *RESOLVED, Shareholders request that our board take each step necessary so that each voting requirement in our charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.*
>
> *Shareholder proposals such as this have taken a leadership role in improving the corporate governance rules of hundreds of companies. Shareholder proposals on this topic have won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. The proponents of these proposals included Ray T. Chevedden and William Steiner. These votes would have been higher than 74% to 88% if all shareholders had equal access to independent proxy voting advice.*
>
> *Currently a 1%-minority can frustrate the will of our 66%-shareholder majority on certain issues in an election in which 67% of shares cast ballots.*

Copies of the Proposal and related correspondence with Mr. Chevedden (excluding copies of Rule 14a-8 and selected Staff Legal Bulletins that the Company provided to Mr. Chevedden along with the notice of deficiency) are set forth in Exhibit A.

## BACKGROUND

Cadence's Restated Certificate of Incorporation (the "Charter") and the Amended and Restated Bylaws (the "Bylaws") set forth the following four actions that may require a vote that is greater than a majority of votes cast for and against – referred to in the Stockholder Proposal as a "simple majority":

- Article IV, Section 10 of the Charter requires amendments to the Charter that would alter, change or repeal any of the preferences, powers or special rights given to the Series

A Preferred Stock so as to affect the Series A Preferred Stock adversely to be approved by the affirmative vote of two-thirds of the outstanding shares of Series A Preferred Stock, voting separately as a class. As of the date of this letter, Cadence has no outstanding shares of Series A Preferred Stock.

- Article V of the Charter provides that stockholders holding a majority of the corporation's outstanding voting stock have the power to adopt, amend or repeal the Bylaws. The Board of Directors of the Company (the "Board") also has the power to adopt, amend or repeal the Bylaws, except as such power may be expressly limited by Bylaws adopted by the stockholders. A similar provision is included in the Bylaws Article IX, Section 9.1.

- Article VIII of the Charter requires certain "business combinations" (as defined therein) with or involving a "related person" (as defined therein) to be approved by the holders of not less than 66% of outstanding voting stock and by the affirmative vote of the holders of a majority of the "disinterested shares" (as defined therein), unless the business combination is approved by the continuing directors who are unaffiliated with the related person. The 66% voting requirement does not apply if certain fair price conditions are met.

- Article IX of the Charter requires certain amendments (i.e., amendments of Articles VIII (as discussed above) and IX (amendment provision)) to be approved by (i) a majority of the authorized number of directors and if a "related person" exists, by a majority of the continuing directors who are unaffiliated with the related person; or (ii) the affirmative vote of the holders of not less than 66% of outstanding voting stock and if the change is proposed by or on behalf of a related person or a director affiliated with a related person, by the affirmative vote of the holders of a majority of the disinterested shares.

On or about February 5, 2019, the Board is expected to approve and recommend for approval by stockholders the replacement of all supermajority provisions in the Charter that apply to the Company's common stock (i.e., those set forth in Articles VIII and IX of the Charter that require a vote of not less than 66% of the outstanding voting stock) with a majority of the outstanding voting stock standard (the "Amendments").

Because the Amendments require stockholder approval to become effective, when the Board takes action to approve the Amendments, the Board expects to concurrently approve the agenda for the 2019 Annual Meeting of Stockholders, which will include seeking stockholder approval of the Amendments (the "Company Proposal", which may take the form of more than one ballot item for voting by stockholders). The Board expects to recommend that stockholders vote "for" the Amendments. If the Amendments receive the requisite stockholder approval, the supermajority voting requirements in the Charter pertaining to the Company's common stock will be removed.

By the time the Proxy Materials are filed, the Board will have approved the Amendments and the

Company Proposal, and the Company plans to include the Company Proposal in the Proxy Materials. We are submitting this letter before the Board has approved the Amendments and the Company Proposal in order to address the timing requirements of Rule 14a-8(j). Once formal action has been taken by the Board to adopt the Amendments and the Company Proposal, the Company will notify the Staff that these actions have been taken and provide the full text of the Amendments and the Company Proposal for which the Company will be seeking stockholder approval.

## BASES FOR EXCLUSION

**The Stockholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(10) Because the Company Has Substantially Implemented the Stockholder Proposal**

The purpose of the Rule 14a-8(i)(10) exclusion is to "avoid the possibility of stockholders having to consider matters which have already been favorably acted upon by management." Commission Release No. 34-12598 (July 7, 1976). While the exclusion was originally interpreted to allow exclusion of a stockholder proposal only when the proposal was "'fully' effected" by the company, the Commission has revised its approach to the exclusion over time to allow for exclusion of proposals that have been "substantially implemented." Commission Release No. 34-20091 (Aug. 16, 1983) and Commission Release No. 40018 (May 21, 1998) (the "1998 Release"). In applying this standard, the Staff has noted that, "a determination that the [c]ompany has substantially implemented the proposal depends upon whether [the company's] particular policies, practices and procedures compare favorably with the guidelines of the proposal." *Texaco, Inc*. (Mar. 6, 1991, recon. denied Mar. 28, 1991). In addition, when a company can demonstrate that it already has taken actions that address the "essential objective" of a stockholder proposal, the Staff has concurred that the proposal has been "substantially implemented" and may be excluded as moot, even where the company's actions do not precisely mirror the terms of the stockholder proposal.

The Staff has consistently concurred in exclusion of proposals similar to the Stockholder Proposal under Rule 14a-8(i)(10) where such proposals have sought elimination of provisions requiring "a greater than simple majority vote," including in situations where the company replaces a supermajority vote with, and/or retains an existing voting standard based on, a majority of shares outstanding. Many of these letters have been granted where the Board lacks unilateral authority to amend the company's charter documents, but where the company intends to submit appropriate amendments for stockholder approval that replace supermajority voting standards. For example, in *State Street Corporation* (Mar. 5, 2018), the Staff concurred in exclusion under Rule 14a-8(i)(10) of a proposal similar to the Stockholder Proposal where the company (a) replaced supermajority voting provisions applicable to the company's common stock with a majority of the outstanding shares standard, and (b) retained existing provisions requiring (i) a majority of outstanding shares for bylaw amendments and director removals, and (ii) more than a majority vote of holders of the company's series of preferred shares. Similarly, in *The Goodyear Tire & Rubber Company* (Jan. 19, 2018), the Staff concurred in exclusion

under Rule 14a-8(i)(10) where the company had, in a prior year and in response to a similar stockholder proposal, replaced the supermajority provisions with majority of the votes cast and majority of the votes entitled to be cast standards, and retained provisions requiring supermajority voting by holders of preferred shares. In addition, in *Eli Lilly and Company* (Jan. 8, 2018), the Staff concurred in exclusion under Rule 14a-8(i)(10) of proposals similar to the Stockholder Proposal. In granting no-action relief, the Staff noted that the company "will provide shareholders at its 2018 annual meeting with an opportunity to approve amendments to its articles of incorporation that, if approved, will remove all supermajority voting requirements in the Company's articles of incorporation and bylaws that are applicable to the Company's common stockholders," and where the company proposed replacing the supermajority provisions with either majority of the votes cast and majority of the votes entitled to be cast standards. *See also AbbVie Inc.* (Feb. 16, 2018) (in which the Staff concurred in exclusion under Rule 14a-8(i)(10) of a proposal similar to the Stockholder Proposal where the company replaced supermajority voting provisions that applied to the company's common stock with a lower majority voting standard, and where the Staff noted that the company "will provide shareholders at its 2018 annual meeting with an opportunity to approve amendments to its certificate of incorporation that, if approved, will remove all supermajority voting requirements in the Company's certificate of incorporation and bylaws"); *T. Rowe Price Group, Inc.* (Jan. 17, 2018) (in which the Staff concurred in exclusion under Rule 14a-8(i)(10) of a proposal similar to the Stockholder Proposal where the company replaced supermajority voting provisions that applied to the company's common stock with a lower majority voting standard, and where the Staff noted that the company "will provide shareholders at its 2018 annual meeting with an opportunity to approve amendments to its charter that, if approved, will remove the only supermajority voting requirement in the Company's charter and bylaws"); *Dover Corporation* (Dec. 15, 2017) (in which the Staff concurred in exclusion of a proposal under Rule 14a-8(i)(10) requesting the elimination of all voting requirements in the company's charter and bylaws that call for "a greater than simple majority vote," where the Staff noted that the company "will provide shareholders at its 2018 annual meeting with an opportunity to approve amendments to its certificate of incorporation, which, if approved, will eliminate the only two supermajority voting provisions in the Company's governing documents"); *QUALCOMM Incorporated* (Dec. 8, 2017) (in which the Staff concurred in exclusion of a proposal under Rule 14a-8(i)(10) requesting the elimination of all voting requirements in the company's charter and bylaws that call for "a greater than simple majority vote," where the Staff noted that the company "will provide shareholders at its 2018 annual meeting with an opportunity to approve amendments to its certification [sic] of incorporation that, if approved, will remove all supermajority voting requirements in the Company's certificate of incorporation and bylaws"); *The Southern Company* (Feb. 24, 2017) (in which the Staff concurred in exclusion of a proposal under Rule 14a-8(i)(10) requesting the elimination of all voting requirements in the company's charter and bylaws that call for "a greater than simple majority vote," where the Staff noted that the company "will provide shareholders at its 2017 annual meeting with an opportunity to approve an amendment to its certificate of incorporation, approval of which will result in replacement of the only supermajority voting provisions in Southern's governing documents with a simple majority voting requirement"); *AECOM* (Nov. 1, 2016) (in which the Staff concurred in

exclusion of a proposal under Rule 14a-8(i)(10) requesting the elimination of all voting requirements in the company's charter and bylaws that call for "a greater than simple majority vote," where the Staff noted that the company will provide stockholders "with an opportunity to approve an amendment to its certificate of incorporation, approval of which will result in the removal of the lone supermajority voting provision in AECOM's governing documents"); *OGE Energy Corp.* (Mar. 2, 2016) (in which the Staff concurred in exclusion of a proposal under Rule 14a-8(i)(10) requesting the elimination of all voting requirements in the company's charter and bylaws that call for "a greater than simple majority vote," where the Staff noted that the company will provide stockholders with an opportunity to approve amendments to the company's charter, which would replace each provision that calls for a supermajority vote with a majority vote requirement); and *The Progressive Corporation* (Feb. 18, 2016) (in which the Staff concurred in exclusion of a proposal under Rule 14a-8(i)(10) requesting the elimination of all voting requirements in the company's charter and bylaws that call for "a greater than simple majority vote," where the Staff noted that the company "will provide shareholders at Progressive's 2016 annual meeting with an opportunity to approve amendments to Progressive's articles of incorporation," where such amendments would replace supermajority voting provisions with "majority of voting securities," "majority of outstanding common shares," and "majority of outstanding voting preference shares" voting requirements).

The Staff also has consistently granted no-action requests pursuant to Rule 14a-8(i)(10) in circumstances where a company notifies the Staff that it intends to exclude a stockholder proposal on the basis that the board of directors is expected to take action that will substantially implement the proposal, and the company follows its initial submission with a supplemental notification to the Staff confirming that such action had been taken, including in the context of requests to eliminate supermajority voting requirements, as in *State Street Corporation* (Mar. 5, 2018), *AbbVie Inc.* (Feb. 16, 2018), *The Southern Company* (Feb. 24, 2017), *OGE Energy Corp*. (Mar. 2, 2016), and *The Progressive Corporation* (Feb. 18, 2016). Consistent with this precedent, and as previously noted, the Company will notify the Staff once formal action has been taken by the Board to adopt the Amendments and the Company Proposal for which the Company will be seeking stockholder approval.

The Stockholder Proposal requests that the "board take each step necessary so that each voting requirement in [the company's] charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws." However, the Stockholder Proposal's supporting statement that provides that "[c]urrently a 1%-minority can frustrate the will of our 66%-shareholder majority on certain issues in an election in which 67% of shares cast ballots" makes clear that the primary focus and essential objective is the removal of supermajority voting provisions (i.e., those that require a vote of not less than 66% of the outstanding voting stock). As described above, the Amendments would replace all supermajority provisions in the Charter that apply to the Company's common stock (i.e., those

that require a vote of not less than 66% of the outstanding voting stock) with a majority of the outstanding voting stock standard. While the Company will retain its existing Charter and Bylaw provisions that require a majority of the outstanding shares with respect to stockholder-approved Bylaw amendments, provisions requiring a majority of outstanding shares have consistently been viewed by the Staff as implementing similar stockholder proposals seeking to eliminate supermajority provisions and/or eliminate "a greater than simple majority vote." *See, e.g., State Street Corporation* (Mar. 5, 2018); *The Goodyear Tire & Rubber Company* (Jan. 19, 2018); and *Eli Lilly and Company* (Jan. 8, 2018).

In addition, the Company will retain its existing Charter provisions set forth in Articles VIII and IX that require approval of certain business combinations and certain Charter amendments by a majority of "disinterested shares" (as defined in the Charter). As discussed in the prior paragraph, the Stockholder Proposal's supporting statement makes clear that the primary focus and essential objective of the Stockholder Proposal is the removal of supermajority voting provisions (i.e., those that require a vote of not less than 66% of the outstanding voting stock) -- and not on removing provisions that require a majority vote of a subset of stockholders. Like the approval of a majority of outstanding shares, these provisions compare favorably with the guidelines of the Stockholder Proposal and are consistent with its essential objective.

The only supermajority provision not addressed by the Company in the Amendments is that which requires Charter amendments that would alter, change or repeal any of the preferences, powers or special rights given to the Series A Preferred Stock so as to affect the Series A Preferred Stock adversely to be approved by the affirmative vote of two-thirds of the outstanding shares of the Series A Preferred Stock, voting separately as a class. We do not believe the focus of the Stockholder Proposal is preferred shares, however, and retaining these provisions would not prevent the Company's contemplated changes from satisfying the essential objective of the Stockholder Proposal. Further, the Staff has on a number of occasions concurred in exclusion under Rule 14a-8(i)(10) of proposals similar to the Stockholder Proposal where companies have eliminated supermajority voting provisions applicable to votes of the companies' common shares, but have retained supermajority voting provisions related to holders of the company's preferred shares. *See, e.g., State Street Corporation* (Mar. 5, 2018); *The Goodyear Tire & Rubber Company* (Jan. 19, 2018); *Eli Lilly and Company* (Jan. 8, 2018); *Korn/Ferry International* (July 6, 2017); and *The Progressive Corporation* (Feb. 18, 2016). *See also Exxon Mobil* (Mar. 21, 2011) (in which the Staff concurred in exclusion under Rule 14a-8(i)(10) of a proposal requesting that, "each shareholder voting requirement impacting [the] company, that calls for a greater than simple majority vote, be changed to a majority of the votes cast for and against standard" where the company's charter and bylaws contained no supermajority voting requirement, except for a two-thirds voting requirement for preferred shares to amend the company's charter).

Consistent with the line of precedent cited above, the Company believes that it will have substantially implemented the Stockholder Proposal before it files its Proxy Materials. In this regard, the Amendments compare favorably with the guidelines of the Stockholder Proposal and

more than satisfy its essential objective; notwithstanding that the Amendments do not precisely track the Stockholder Proposal's terms. Because the Amendments require stockholder approval, once the Board approves the Company Proposal, and includes the Company Proposal in the Proxy Materials for stockholder consideration, the Board will have taken all steps necessary and within its power and will have substantially implemented the Stockholder Proposal. For all of these reasons, the Company believes the Stockholder Proposal may be excluded under Rule 14a-8(i)(10).

**The Stockholder Proposal May Be Excluded Pursuant to Rule 14a-8(i)(3) Because It Is Materially False and Misleading in Violation of Rule 14a-9**

Rule 14a-8(i)(3) permits a company to exclude all or portions of a stockholder proposal "[i]f the proposal or supporting statement is contrary to any of the Commission's proxy rules, including Rule 14a-9, which prohibits materially false or misleading statements in proxy soliciting materials." Specifically, Rule 14a-9 provides that no solicitation may be made by means of any proxy materials "containing any statement which, at the time and in the light of the circumstances under which it is made, is false or misleading with respect to any material fact, or which omits to state any material fact necessary in order to make the statements therein not false or misleading or necessary to correct any statement in any earlier communication with respect to the solicitation of a proxy for the same meeting or subject matter which has become false or misleading." The Commission has determined that a proposal may be excluded pursuant to Rule 14a-8(i)(3) where "neither the stockholders voting on the proposal, nor the company in implementing the proposal (if adopted), would be able to determine with any reasonable certainty exactly what actions or measures the proposal requires" and where "the company demonstrates objectively that a factual statement is materially false or misleading." Staff Legal Bulletin No. 14B (Sept. 15, 2004). The Staff also has noted that a proposal may be materially misleading as vague and indefinite when the "meaning and application of terms and conditions. … in the proposal would have to be made without guidance from the proposal and would be subject to differing interpretations," such that, "any action ultimately taken by the company upon implementation [of the proposal] could be significantly different from the actions envisioned by stockholders voting on the proposal." *See Fuqua Industries, Inc*. (Mar. 12, 1991).

The Staff has previously concurred in the exclusion of stockholder proposals similar to the Stockholder Proposal pursuant to Rule 14a-8(i)(3) in cases where the proposals contained statements that were "materially false or misleading." *See, e.g., JPMorgan Chase & Co.* (Mar. 11, 2014, recon. denied Mar. 28, 2014) (in which the Staff concurred in exclusion under Rule 14a-8(i)(3) of a simple majority voting proposal as vague and indefinite where the company argued, among other things, that the proposal misrepresented the company's vote counting standard for electing directors, the company's practices in following Staff guidance under Rule 14a-8(i)(12), and the company's treatment of abstention votes); *General Electric Company* (Jan. 6, 2009) (in which the Staff concurred in exclusion under Rule 14a-8(i)(3) of a proposal regarding director service on board committees as false and misleading where the proposal repeatedly referred to "withheld" votes and incorrectly implied that the company offered

stockholders the ability to withhold votes in elections of directors); *Johnson & Johnson* (Jan. 31, 2007) (in which the Staff concurred in exclusion of a proposal under Rule 14a-8(i)(3) as materially false or misleading where the proposal involved an advisory vote to approve the company's compensation committee report but contained misleading implications about the contents of the report in light of SEC disclosure requirements).

As in *JPMorgan Chase & Co.*, *General Electric Company*, and *Johnson & Johnson*, the Stockholder Proposal contains statements that are materially false and misleading to stockholders and which concern the fundamental subject of the Stockholder Proposal – the Company's supermajority voting requirements. Notably, the Stockholder Proposal states that, "a 1%-minority can frustrate the will of our 66%-shareholder majority on certain issues in an election in which 67% of shares cast ballots." This is false. Holders of 1% of the Company's shares do not have any such "power" to block an action otherwise approved by the Company's stockholders. Saying that, "[c]urrently a 1%-minority can frustrate the will…" of the Company's other stockholders implies that approving the Stockholder Proposal will change this result. Not only is such an implication incorrect, the Company's stockholders have no such "power" in the first instance. In fact, there exists no action that the holders of 1% of the Company's outstanding shares could cause the Company to take or prevent the Company from taking. Only if the Company had a more-than 99% supermajority voting requirement would this assertion be accurate, and the Company has no such voting requirement. To suggest that a "1%-minority" can frustrate the will of the Company's other stockholders is materially false and misleading.

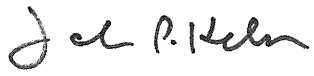
As a result of the above-described misrepresentations, which go to the heart of what stockholders would be asked to vote on, the Stockholder Proposal is fundamentally defective. Accordingly, the Company believes that the Stockholder Proposal may properly be excluded under Rule 14a-8(i)(3) as materially false and misleading in violation of Rule 14a-9.

## CONCLUSION

Based on the foregoing, the Company respectfully requests that the Staff concur that it will take no action if the Company excludes the Stockholder Proposal from its Proxy Materials pursuant to Rule 14a-8(i)(10), on the basis that the Company has substantially implemented the Stockholder Proposal, or, alternatively, pursuant to Rule 14a-8(i)(3), on the basis that the Stockholder Proposal is materially false and misleading in violation of Rule 14a-9.

We would be happy to provide you with any additional information and answer any questions that you may have regarding this subject. If you have any questions regarding this request or desire additional information, please contact the undersigned by phone at (312) 853-7097 or by email at jkelsh@sidley.com.

Very truly yours,



John P. Kelsh

Attachments

cc: James J. Cowie
John Chevedden

**Exhibit A**
**(see attached)**

John Chevedden
***

Mr. James J. Cowie
Cadence Design Systems, Inc. (CDNS)
2655 Seely Avenue
Building 5
San Jose, California 95134

Dear Mr. Cowie,

This Rule 14a-8 proposal is respectfully submitted in support of the long-term performance of our company.

This Rule 14a-8 proposal is intended as a low-cost method to improve company performance – especially compared to the substantial capitalization of our company.

This proposal is for the annual shareholder meeting. Rule 14a-8 requirements will be met including the continuous ownership of the required stock value until after the date of the respective shareholder meeting and presentation of the proposal at the annual meeting. This submitted format, with the shareholder-supplied emphasis, is intended to be used for definitive proxy publication.

Your consideration and the consideration of the Board of Directors is appreciated in support of the long-term performance of our company. Please acknowledge receipt of this proposal by email to ***
***

Sincerely,

John Chevedden

November 18, 2018
Date

cc: Alan Lindstrom <investor_relations@cadence.com
Senior Group Director
Investor Relations
PH: 408-944-7100

[CDNS: Rule 14a-8 Proposal, November 18, 2018]
[This line and any line above it – *Not* for publication.]

**Proposal [4] – Simple Majority Vote**

RESOLVED, Shareholders request that our board take each step necessary so that each voting requirement in our charter and bylaws (that is explicit or implicit due to default to state law) that calls for a greater than simple majority vote be eliminated, and replaced by a requirement for a majority of the votes cast for and against applicable proposals, or a simple majority in compliance with applicable laws. If necessary this means the closest standard to a majority of the votes cast for and against such proposals consistent with applicable laws.

Shareholder proposals such as this have taken a leadership role in improving the corporate governance rules of hundreds of companies. Shareholder proposals on this topic have won from 74% to 88% support at Weyerhaeuser, Alcoa, Waste Management, Goldman Sachs, FirstEnergy, McGraw-Hill and Macy's. The proponents of these proposals included Ray T. Chevedden and William Steiner. These votes would have been higher than 74% to 88% if all shareholders had equal access to independent proxy voting advice.

Currently a 1%-minority can frustrate the will of our 66%-shareholder majority on certain issues in an election in which 67% of shares cast ballots.

Please vote yes:
**Simple Majority Vote – Proposal [4]**
[The above line – *Is* for publication.]

Notes:
John Chevedden, *** sponsored this proposal.

Proposal [4] – Means [4] is the placeholder for the company to assign the number in the proxy.

Please note that the title of the proposal is part of the proposal. In the interest of clarity and to avoid confusion the title of this and each other ballot item is requested to be consistent throughout all the proxy materials.

This proposal is believed to conform with Staff Legal Bulletin No. 14B (CF), September 15, 2004 including (emphasis added):

Accordingly, going forward, we believe that it would not be appropriate for companies to exclude supporting statement language and/or an entire proposal in reliance on rule 14a-8(l)(3) in the following circumstances:
• the company objects to factual assertions because they are not supported;
• the company objects to factual assertions that, while not materially false or misleading, may be disputed or countered;
• the company objects to factual assertions because those assertions may be interpreted by shareholders in a manner that is unfavorable to the company, its directors, or its officers; and/or
• the company objects to statements because they represent the opinion of the shareholder proponent or a referenced source, but the statements are not identified specifically as such.
***We believe that it is appropriate under rule 14a-8 for companies to address these objections in their statements of opposition.***

See also: Sun Microsystems, Inc. (July 21, 2005).

Stock will be held until after the annual meeting and the proposal will be presented at the annual meeting.
Please acknowledge this proposal promptly by email ***

SIDLEY

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ONE SOUTH DEARBORN STREET
CHICAGO, IL 60603
+1 312 853 7097
+1 312 853 7036 FAX

JOHN P. KELSH
JKELSH@SIDLEY.COM

AMERICA • ASIA PACIFIC • EUROPE

December 3, 2018

VIA EMAIL AND OVERNIGHT MAIL

John Chevedden
***

Re: Shareholder Proposal for the 2019 Annual Meeting of Cadence Design Systems, Inc.

Dear Mr. Chevedden,

We are writing you on behalf of our client, Cadence Design Systems, Inc. (the "Company"). On November 21, 2018, the Company received by mail a letter from you that was dated November 18, 2018 and postmarked November 19, 2018. Included with your letter was a proposal (the "Proposal"), submitted by you and intended for inclusion in the Company's proxy materials for its 2019 Annual Meeting of Stockholders (the "2019 Annual Meeting").

As you may know, Rule 14a-8 under the Securities Exchange Act of 1934 ("Rule 14a-8") sets forth the legal framework pursuant to which a shareholder may submit a proposal for inclusion in a public company's proxy statement. Rule 14a-8(b) establishes that, in order to be eligible to submit a proposal, a shareholder "must have continuously held at least $2,000 in market value, or 1%, of the company's securities entitled to be voted on the proposal at the meeting for at least one year" by the date on which the proposal is submitted. In addition, under Rule 14a-8(b), you must also provide a written statement that you intend to continue to own the required amount of securities through the date of the 2019 Annual Meeting. If Rule 14a-8(b)'s eligibility requirements are not met, the company to which the proposal has been submitted may, pursuant to Rule 14a-8(f), exclude the proposal from its proxy statement.

The Company's stock records do not indicate that you have been a registered holder of the requisite amount of Company securities for at least one year. Under Rule 14a-8(b), you must therefore prove your eligibility to submit a proposal in one of two ways: (1) by submitting to the Company a written statement from the "record" holder of your stock (usually a broker or bank) verifying that you have continuously held the requisite number of securities entitled to be voted on the Proposal for at least the one-year period prior to and including November 19, 2018, which is the date the Proposal was submitted, along with a written statement from you that you intend to continue ownership of the securities through the date of the 2019 Annual Meeting; or (2) by submitting to the Company a copy of a Schedule 13D, Schedule 13G, Form 3, Form 4 or

Form 5 filed by you with the Securities and Exchange Commission (the "SEC") that demonstrates your ownership of the requisite number of securities as of or before the date on which the one-year eligibility period begins, along with a written statement from you that: (i) you have continuously owned such securities for the one-year period as of the date of the statement and (ii) you intend to continue ownership of the securities through the date of the 2019 Annual Meeting.

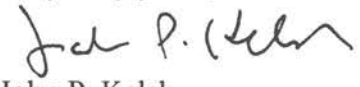
With respect to the first method of proving eligibility to submit a proposal as described in the preceding paragraph, please note that most large brokers and banks acting as "record" holders deposit the securities of their customers with the Depository Trust Company ("DTC"). The staff of the SEC's Division of Corporation Finance (the "Staff") in 2011 issued further guidance on its view of what types of brokers and banks should be considered "record" holders under Rule 14a-8(b). In *Staff Legal Bulletin No. 14F* (October 18, 2011) ("SLB 14F"), the Staff stated, "[W]e will take the view going forward that, for Rule 14a-8(b)(2)(i) purposes, only DTC participants should be viewed as 'record' holders of securities that are deposited at DTC." In 2012, the Staff clarified, as stated in *Staff Legal Bulletin No. 14G* ("SLB 14G"), that a written statement establishing proof of ownership may also come from an affiliate of a DTC participant.

You can confirm whether your broker or bank is a DTC participant or affiliate thereof by checking the DTC participant list, which is available on the DTC's website (currently, at http://dtcc.com/~/media/Files/Downloads/client-center/DTC/numerical.ashx). If your broker or bank is a DTC participant or an affiliate of a DTC participant, then you will need to submit a written statement from your broker or bank verifying that, as of the date the Proposal was submitted, you continuously held the requisite amount of securities for at least one year. If your broker or bank is not on the DTC participant list or is not an affiliate of a broker or bank on the DTC participant list, you will need to ask your broker or bank to identify the DTC participant through which your securities are held and have that DTC participant provide the verification detailed above. You may also be able to identify this DTC participant or affiliate from your account statements because the clearing broker listed on your statement will generally be a DTC participant. If the DTC participant or affiliate knows the broker's holdings but does not know your holdings, you can satisfy the requirements of Rule 14a-8 by submitting two proof of ownership statements verifying that, at the time your Proposal was submitted, the required amount of securities was continuously held for at least one year: (i) one statement from your broker confirming your ownership and (ii) one statement from the DTC participant confirming the broker's ownership.

You have not yet submitted evidence establishing that you satisfy these eligibility requirements. Please note that if you intend to submit such evidence, your response must be postmarked, or transmitted electronically, no later than 14 calendar days from the date you receive this letter. For your reference, copies of Rule 14a-8, SLB 14F and SLB 14G are attached to this letter as Exhibit A, Exhibit B and Exhibit C, respectively.

If you have any questions concerning the above, please do not hesitate to contact the undersigned by phone at (312) 853-7097 or by email at jkelsh@sidley.com.

Very truly yours,



John P. Kelsh

Attachments

cc: James J. Cowie, Senior Vice President, General Counsel & Secretary
Cadence Design Systems, Inc.
2655 Seely Avenue
Building 5
San Jose, California 95134

***