PRUDENTIAL PLC
Form 6-K
October 01, 2002

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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 6-K

REPORT OF FOREIGN PRIVATE ISSUER

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act of 1934

For the month of September, 2002

PRUDENTIAL PUBLIC LIMITED COMPANY

(Translation of registrant's name into English)

LAURENCE POUNTNEY HILL,
LONDON, EC4R OHH, ENGLAND
(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover Form 20-F or Form 40-F.

Form 20-F /x/   Form 40-F / /

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes / /   No /x/

If "Yes" is marked, indicate below the file number assigned to the registrant in connection with Rule 12g3-2(b): 82-______

Enclosures:

Acquisition of shares, agreed by UKLA, using agreed % of the quarterly payment of board and committee fees to the non-executive directors.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Date: 30 September 2002

PRUDENTIAL PUBLIC LIMITED COMPANY

By: /s/ JOHN PRICE

John Price
Deputy Group Secretary

SCHEDULE 11

NOTIFICATION OF INTERESTS OF DIRECTORS AND CONNECTED PERSONS

1.
Name of company

Prudential plc

2.
Name of director

Sir David Barnes, Robert Rowley, Julia Ann Burdus, Alexander Stewart, Lambertus Becht and Roberto Mendoza

3.
Please state whether notification indicates that it is in respect of holding of the shareholder named in 2 above or in respect of a non-beneficial interest or in the case of an individual holder if it is a holding of that person's spouse or children under the age of 18 or in respect of a non-beneficial interest

Directors named above

4.
Name of the registered holder(s) and, if more than one holder, the number of shares held by each of them (if notified)

Sir David Barnes
Robert Rowley
Julia Ann Burdus
Alexander Stewart
Roberto Mendoza
Lambertus Becht

5.
Please state whether notification relates to a person(s) connected with the director named in 2 above and identify the connected person(s)

N/A

6.
Please state the nature of the transaction. For PEP transactions please indicate whether general/single co PEP and if discretionary/non discretionary

Acquisition of shares, agreed by UKLA, using agreed % of the quarterly payment of board and committee fees to the non-executive directors

7.
Number of shares/amount of stock acquired

Sir David Barnes 1044 shares
Robert Rowley 1260 shares
Julia Ann Burdus 1259 shares
Alexander Stewart 1259 shares

Roberto Mendoza 1152 shares
Lambertus Becht 1259 shares

8.

Percentage of issued class

Sir David Barnes Less than 0.00005%
Robert Rowley Less than 0.00006%
Julia Ann Burdus Less than 0.00006%
Alexander Stewart Less than 0.00006%
Roberto Mendoza Less than 0.00006%
Lambertus Becht Less than 0.00006%

9.

Number of shares/amount of stock disposed

N/A

10.

Percentage of issued class

N/A

11.

Class of security

Shares of 5p each

12.

Price per share

£3.445

13.

Date of transaction

30 September 2002

14.

Date company informed

30 September 2002

15.

Total holding following this notification

Sir David Barnes (6,399 shares)
Robert Rowley (25,142 shares)
Julia Ann Burdus (5,774 shares)
Alexander Stewart (17,569 shares)
Roberto Mendoza (45,070 shares)
Lambertus Becht (11,444 shares)

16.

Total percentage holding of issued class following this notification

Sir David Barnes Less than 0.0003%
Robert Rowley Less than 0.001%

Julia Ann Burdus Less than 0.0003%
Alexander Stewart 0.0009%
Roberto Mendoza Less than 0.002%
Lambertus Becht Less than 0.0006%

If a director has been granted options by the company please complete the following boxes.

17.
Date of grant

N/A

18.
Period during which or date on which exercisable

N/A

19.
Total amount paid (if any) for grant of the option

N/A

20.
Description of shares or debentures involved: class, number

N/A

21.
Exercise price (if fixed at time of grant) or indication that price is to be fixed at time of exercise

N/A

22.
Total number of shares or debentures over which options held following this notification

N/A

23.
Any additional information

24.
Name of contact and telephone number for queries

Trish Standaloft, 020 7548 3807

25.
Name and signature of authorised company official responsible for making this notification

John Price, Deputy Group Secretary, 020 7548 3805

Date of Notification

30 September 2002

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ited and its subsidiaries and affiliates worldwide.

Investments in Delaware Investments Closed-End Municipal Bond Funds are not and will not be deposits with or liabilities of Macquarie Bank Limited ABN 46 008 583 542 and its holding companies, including their subsidiaries or related companies (Macquarie Group), and are subject to investment risk, including possible delays in repayment and loss of income and capital invested. No Macquarie Group company guarantees or will guarantee the performance of the Funds, the repayment of capital from the Funds, or any particular rate of return.

Sector/State allocations

As of September 30, 2011

Sector designations may be different than the sector designations presented in other Fund materials.

Delaware Investments
Colorado Municipal Income Fund, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	**96.73%**
Corporate-Backed Revenue Bond	1.17%
Education Revenue Bonds	12.12%
Electric Revenue Bonds	7.27%
Healthcare Revenue Bonds	12.75%
Housing Revenue Bonds	2.64%
Lease Revenue Bonds	5.06%
Local General Obligation Bonds	10.72%
Pre-Refunded Bonds	14.59%
Special Tax Revenue Bonds	14.76%
State General Obligation Bonds	5.45%
Transportation Revenue Bonds	4.83%
Water & Sewer Revenue Bonds	5.37%
Short-Term Investments	**1.43%**
Total Value of Securities	**98.16%**
Receivables and Other Assets Net of Liabilities	**1.84%**
Total Net Assets	**100.00%**

Delaware Investments
Minnesota Municipal Income Fund II, Inc.

Sector	Percentage of Net Assets
Municipal Bonds	**99.07%**
Corporate-Backed Revenue Bonds	5.86%
Education Revenue Bonds	9.41%
Electric Revenue Bonds	7.43%
Healthcare Revenue Bonds	20.12%
Housing Revenue Bonds	7.87%
Lease Revenue Bonds	6.19%
Local General Obligation Bonds	9.85%
Pre-Refunded/Escrowed to Maturity Bonds	20.43%
Special Tax Revenue Bonds	5.05%
State General Obligation Bond	0.93%
Transportation Revenue Bonds	5.00%
Water & Sewer Revenue Bond	0.93%
Short-Term Investments	**0.42%**
Total Value of Securities	**99.49%**
Receivables and Other Assets Net of Liabilities	**0.51%**
Total Net Assets	**100.00%**

(continues)

Sector/State allocations

As of September 30, 2011

Sector designations may be different than the sector designations presented in other Fund materials.

Delaware Investments
National Municipal Income Fund

Sector	Percentage of Net Assets
Municipal Bonds	**87.19%**
Corporate-Backed Revenue Bonds	10.70%
Education Revenue Bonds	13.80%
Electric Revenue Bonds	2.70%
Healthcare Revenue Bonds	15.15%
Housing Revenue Bonds	1.18%
Lease Revenue Bonds	4.92%
Local General Obligation Bonds	4.66%
Pre-Refunded Bonds	3.48%
Special Tax Revenue Bonds	12.93%
State General Obligation Bonds	3.42%
Transportation Revenue Bonds	9.38%
Water & Sewer Revenue Bonds	4.87%
Short-Term Investments	**11.71%**
Total Value of Securities	**98.90%**
Receivables and Other Assets Net of Liabilities	**1.10%**
Total Net Assets	**100.00%**

State	(as a % of fixed income investments)
Alaska	1.22%
Arizona	30.26%
California	6.71%
Colorado	1.48%
Delaware	0.63%
Florida	6.38%
Georgia	1.04%
Guam	0.51%
Hawaii	0.39%
Illinois	1.37%
Iowa	0.74%
Kansas	0.21%
Louisiana	1.19%
Maine	0.42%
Maryland	1.39%
Massachusetts	1.81%
Michigan	0.47%
Minnesota	4.81%
Missouri	1.68%
New Hampshire	0.44%
New Jersey	1.64%
New Mexico	0.70%
New York	8.33%
Ohio	1.63%
Oregon	0.19%
Pennsylvania	12.89%
Puerto Rico	6.39%
Texas	3.64%
Virginia	0.74%
Wyoming	0.35%
Washington D.C.	0.35%
Total	**100.00%**

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Statements of net assets

Delaware Investments Colorado Municipal Income Fund, Inc.
September 30, 2011 (Unaudited)

		Principal Amount	Value
Municipal Bonds 96.73%			
Corporate-Backed Revenue Bond 1.17%			
	Public Authority for Colorado Energy Natural Gas Revenue Series 2008 6.50% 11/15/38	$ 750,000	$ 806,250
			806,250
Education Revenue Bonds 12.12%			
	Colorado Educational & Cultural Facilities Authority Revenue		
	(Bromley Charter School Project) 5.25% 9/15/32 (SGI)	1,000,000	986,840
	(Johnson & Wales University Project) Series A 5.00% 4/1/28 (SGI)	3,000,000	2,887,439
	(Littleton Charter School Project) 4.375% 1/15/36 (ASSURED GTY)	1,200,000	1,013,064
	(Student Housing - Campus Village Apartments) 5.00% 6/1/23	1,065,000	1,137,282
	Colorado State Board of Governors Revenue (University Enterprise System) Series A 5.00% 3/1/39	700,000	739,697
	University of Colorado Enterprise Systems Revenue Series A 5.375% 6/1/38	750,000	815,168
	Western State College 5.00% 5/15/34	750,000	792,525
			8,372,015
Electric Revenue Bonds 7.27%			
	Colorado Springs Utilities System Improvement Revenue Series C 5.50% 11/15/48	750,000	825,405
	Platte River Power Authority Revenue Series HH 5.00% 6/1/28	1,500,000	1,661,294
	Puerto Rico Electric Power Authority Revenue		
	Series TT 5.00% 7/1/37	685,000	684,452
	Series WW 5.50% 7/1/38	300,000	308,394
	Series XX 5.25% 7/1/40	750,000	761,243
	Series ZZ 5.25% 7/1/26	750,000	782,273
			5,023,061
Healthcare Revenue Bonds 12.75%			
	Aurora Hospital Revenue (Children s Hospital Association Project) Series A 5.00% 12/1/40	500,000	502,585
	Colorado Health Facilities Authority Revenue		
	(Catholic Health Initiatives)		
	Series A 5.00% 7/1/39	750,000	762,720
	Series C-1 5.10% 10/1/41 (AGM)	1,000,000	1,023,229
	Series D 6.125% 10/1/28	750,000	846,263
	(Evangelical Lutheran Good Samaritan Society)		
	5.25% 6/1/23	1,000,000	1,036,749
	Series A 6.125% 6/1/38	750,000	757,808
	(Sisters of Charity of Leavenworth Health System) 5.00% 1/1/40	750,000	754,733
	(Total Long-Term Care) Series A 6.00% 11/15/30	400,000	414,896

	Colorado Springs Hospital Revenue Refunding 6.25% 12/15/33	750,000	782,408
	Denver Health & Hospital Authority Revenue (Recovery Zone Facilities) 5.625% 12/1/40	750,000	719,873
	University of Colorado Hospital Authority Revenue Series A		
	5.00% 11/15/37	500,000	501,710
	6.00% 11/15/29	650,000	703,515
			8,806,489
Housing Revenue Bonds 2.64%			
	Colorado Housing & Finance Authority (Single Family Mortgage - Class 1) Series A 5.50% 11/1/29 (FHA) (VA) (HUD)	425,000	438,018
	Puerto Rico Housing Finance Authority Subordinated-Capital Fund Modernization		
	5.125% 12/1/27	1,000,000	1,045,040
	5.50% 12/1/18	300,000	342,579
			1,825,637
Lease Revenue Bonds 5.06%			
	Aurora Certificates of Participation Refunding Series A 5.00% 12/1/30	630,000	671,467
	Glendale Certificates of Participation 5.00% 12/1/25 (SGI)	1,500,000	1,573,275
	Puerto Rico Public Buildings Authority Revenue (Guaranteed Government Facilities) Series M-2 5.50% 7/1/35 (AMBAC)	700,000	758,296
	Regional Transportation District Certificates of Participation Series A 5.375% 6/1/31	460,000	492,177
			3,495,215
Local General Obligation Bonds 10.72%			
	Adams & Arapahoe Counties Joint School District #28J (Aurora) 6.00% 12/1/28	600,000	702,852
	Arapahoe County Water & Wastewater Public Improvement District Series A 5.125% 12/1/32 (NATL-RE)	635,000	641,058
	Boulder, Larimer & Weld Counties St. Vrain Valley School District No. Re-1J 5.00% 12/15/33	750,000	814,860

(continues)

Statements of net assets

Delaware Investments Colorado Municipal Income Fund, Inc.

Municipal Bonds (continued)

Local General Obligation Bonds (continued)

Bowles Metropolitan District
5.00% 12/1/33 (AGM)

Denver City & County
(Better Denver & Zoo)
Series A 5.00% 8/1/25

Denver City & County School District #1
Series A 5.00% 12/1/29

Jefferson County School District #R-1
5.25% 12/15/24

Rangely Hospital District
6.00% 11/1/26

Sand Creek Metropompany has prepared the accompanying unaudited condensed consolidated financial statements on the same basis as its audited financial statements,

The Company s revenue is derived from software licenses, maintenance fees related to the Company s software licenses, and professional services.

Recent Accounting Pronouncements

In September 2006, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards (SFAS) No. 157,

In May 2008, the FASB issued SFAS No. 162, The Hierarchy of Generally Accepted Accounting Principles (SFAS 162). This standard identifi

In December 2007, the FASB issued SFAS No. 141 (revised), Business Combinations (SFAS 141(R)). SFAS 141(R) changes the accounting fo

In February 2007, the FASB issued SFAS No. 159, The Fair Value Option for Financial Assets and Financial Liabilities Including an Amendmen

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adopt SFAS 159 on January 1, 2008. The adoption of SFAS 159 did not have a material effect on the Company s consolidated financial statements.

2. INVESTMENTS AND FAIR VALUE MEASUREMENTS

Investments

As of September 30, 2008 and December 31, 2007, the amortized cost and fair value of the Company s marketable securities consisted of the followi

(in thousands)
Short-term investments:
Government sponsored enterprises
Corporate bonds
Municipal bonds
Short-term investments

(in thousands)
Short-term investments:
Government sponsored enterprises
Corporate bonds
Municipal bonds
Foreign bonds
Short-term investments

Fair Value Measurements

SFAS 157 clarifies that fair value is an exit price, representing the amount that would be received to sell an asset or paid to transfer a liability in an or

The Company s investments are classified within Level 1 or Level 2 of the fair value hierarchy because they are valued using quoted market prices, o

The fair value hierarchy of the Company s marketable securities at fair value in connection with our adoption of SFAS 157 is as follows:

(in thousands)

Short-term investments:	
Government sponsored enterprises	
Corporate bonds	
Municipal bonds	
Total short-term investments:	

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3. TRADE ACCOUNTS RECEIVABLE, NET OF ALLOWANCES

Trade accounts receivable balances, which consist of billed and unbilled amounts, were $33.3 million and $45.9 million as of September 30, 2008 and

4. ACQUISITION

On March 21, 2008, the Company acquired certain assets of privately held Focus Technology Group, Inc. and a related entity (collectively, Focus)

5. ACCRUED EXPENSES

Accrued expenses consist of the following:

(in thousands)
Accrued other taxes
Dividends payable
Accrued income taxes
Repurchases of common stock unsettled
Accrued other
Balance at the end of period

6. DEFERRED REVENUE

Deferred revenue consists of the following:

(in thousands)
Software license
Maintenance
Professional services and other
Balance at the end of period

Deferred software license revenue typically results from customer specific acceptance provisions, subscriptions, multiple-element arrangements that a

7. COMMITMENTS AND CONTINGENCIES

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As of September 30, 2008, the Company had material commitments for contractor services and payments under operating leases. The Company s pri

Rent expense under operating leases is recognized on a straight-line basis to account for scheduled rent increases and tenant improvement incentives.

As of September 30, 2008, the Company s known contractual obligations were as follows:

Contractual obligations: (in thousands)
Purchase commitments (1)
FIN 48 liability (2)
Operating lease obligations (3)
Total

(1) Relates to commitments for contractor services, of which approximately

(2) Total contractual obligations include the Company s liability for unrecog

(3) Includes deferred rent of approximately $0.3 million included in accrued

8. COMPREHENSIVE INCOME

SFAS No. 130, Reporting Comprehensive Income, establishes rules for the reporting and display of comprehensive income and its components. C

(in thousands)
Comprehensive income:
Net income
Other comprehensive income:
Unrealized (loss) gain on securities, net of tax
Foreign currency translation adjustments
Comprehensive income

9. STOCK-BASED COMPENSATION

The Company accounts for stock-based compensation expense in accordance with SFAS No. 123(R), Share-Based Payment (SFAS 123(R)), wh

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The following table summarizes stock-based compensation as reflected in the Company s unaudited condensed consolidated statements of income:

Stock Options

The fair value of stock options was estimated on the date of grant using a Black-Scholes option valuation model with the following weighted-average

Expected volatility (1)
Weighted-average grant date fair value
Expected term in years (2)
Risk-free interest rate (3)
Expected annual dividend yield (4)

Expected volatility (1)
Weighted-average grant date fair value
Expected term in years (2)
Risk-free interest rate (3)
Expected annual dividend yield (4)

(1) The expected volatility for each grant is determined based on the average
(2) The expected option term for each grant is determined based on the histor
(3) The risk-free interest rate is based on the yield of zero-coupon U.S. Treas
(4) The expected annual dividend yield is based on the weighted-average of t

Beginning in December 2007, the Company began issuing options that allow for the settlement of vested stock options on a net share basis (net settl

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employee will not surrender any cash or shares upon exercise. Rather, the Company will withhold the number of shares to cover the option exercise p

The following table summarizes the combined stock option activity under the Company s stock option plans for the nine months ended September 3

Options outstanding as of January 1, 2008
Granted
Modified (cash settled to net settled)
Exercised
Cancelled
Outstanding as of September 30, 2008
Weighted-average exercise price, as of September 30, 2008
Ending vested and expected to vest as of September 30, 2008
Weighted-average exercise price of options vested and expected to vest, as of September 30, 2008
Ending exercisable as of September 30, 2008
Weighted-average exercise price of options exercisable, as of September 30, 2008

As of September 30, 2008, the Company had approximately $2.0 million of unrecognized stock-based compensation expense related to the unvested

Restricted Stock Units

The fair value of RSUs is based on the closing price of the Company s common stock on the grant date, less the present value of expected dividends,

During the fourth quarter of 2007, the Company s Board of Directors approved a change to its equity compensation program allowing the election b

Nonvested as of January 1, 2008
Granted
Vested
Forfeited
Nonvested as of September 30, 2008
Ending vested and expected to vest as of September 30, 2008
Ending exercisable as of September 30, 2008

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The RSUs granted in connection with the 2008 CICP will vest 100% on March 13, 2009, the CICP payout date. Vesting is contingent upon threshold

10. EARNINGS PER SHARE

Basic earnings per share is computed using the weighted-average number of common shares outstanding during the period. Diluted earnings per shar

(in thousands, except per share amounts)
Basic
Net income
Weighted average common shares outstanding
Earnings per share, basic
Diluted
Net income
Weighted average common shares outstanding
Effect of assumed exercise of stock options, RSUs and warrants
Weighted average common shares outstanding, assuming dilution
Earnings per share, diluted
Outstanding options, RSUs, and warrants excluded as impact would be an

11. INCOME TAXES

There were no material changes to the amount of unrecognized tax benefits during the year ended December 31, 2007 or in the first nine months of 20

The Company files income tax returns in the U.S. federal and state jurisdictions and foreign jurisdictions. Generally, the Company is no longer subjec

12. SEGMENT REPORTING

The Company currently operates in one operating segment rules-based business process management, or BPM, software. The Company derives subs

(dollars in thousands)
U.S.
United Kingdom
Other Europe

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Other

The following table summarizes the Company s concentration of credit risk associated with customers accounting for more than 10% of the Compan

Total Revenue

Customer A

Trade Receivables

Customer B

Customer C

Customer D

Customer E

Long and short-term license installments

Customer A

Customer F

Customer G

Customer H

Customer I

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Item 2. Management s Discussion and Analysis of Financial Condition and Results of Operations

Forward-Looking Statements

This Quarterly Report on Form 10-Q contains or incorporates forward-looking statements within the meaning of section 27A of the Securities Act of

We encourage you to carefully review the risk factors we have identified in Item 1A of Part II of this Quarterly Report on Form 10-Q and in Item 1A

Business Overview

We develop and license rules-based business process management (BPM) software and provide professional services, maintenance, and training re

Our customers typically request professional services and training to assist them in implementing our products. Almost all of our customers also purc

Our license revenue from new license signings is primarily derived from our PegaRULES Process Commander (PRPC) software and related soluti

Our revenue is derived from software licenses, maintenance fees related to our software licenses, and professional services. Revenue from software li

Historically, our revenue has fluctuated quarter to quarter. The recent financial crisis in the global capital markets and the current negative global eco

Critical accounting policies and estimates

Management s Discussion and Analysis of Financial Condition and Results of Operations is based upon the condensed consolidated financial statem

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financial statements. The significant accounting policies that we believe are the most critical to aid in fully understanding and evaluating our reported

There have been no changes in our critical accounting policies or significant accounting estimates as disclosed in our Annual Report on Form 10-K fo

Results of Operations

(dollars in thousands)
Total revenue
Gross profit
Total operating expenses
Income before provision for income taxes

The increases in our total revenue during the third quarter and nine months ended September 30, 2008 compared to the same periods in 2007 were ge

Total operating expenses increased during the third quarter and nine months ended September 30, 2008 compared to the same periods in 2007 due to

The decrease in income before provision for income taxes during the third quarter ended September 30, 2008 compared to the same period in 2007 w

The increase in income before provision for income taxes during the nine months ended September 30, 2008 compared to the same period in 2007 wa

Historically, our revenues have fluctuated quarter to quarter and have been higher in the second half of the year. Due to the current volatile and adver

Revenue

(dollars in thousands)
License revenue
Perpetual licenses
Term licenses
Subscription
Total License revenue

n/m = not meaningful

The aggregate value of payments for non-cancellable term licenses increased to $74.6 million as of September 30, 2008 compared to $33.9 million as

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The aggregate value of license signings in the third quarter of 2008 was significantly greater than in the third quarter of 2007 and in each of the first a

Subscription revenue primarily relates to our arrangements that include a right to unspecified future products and is recognized ratably over the econ

(dollars in thousands)	
Maintenance revenue	
Maintenance	

The increase in maintenance revenue in the third quarter and nine months ended September 30, 2008 compared to the same periods in 2007 was due t

(dollars in thousands)	
Professional services	
Consulting services	
Training	
Total Professional services	

Professional services are primarily consulting services related to new license implementations. The increase in consulting services revenue for the thi

(dollars in thousands)	
Gross Profit	
Software license	
Maintenance	
Professional services	
Total gross profit	
Maintenance gross margin	
Professional services gross margin	

Increases in software license gross profit were due to increases in license revenue as there were no significant associated direct costs.

Our professional services gross margin in the third quarter and nine months ended September 30, 2007 benefitted from higher utilization of our profe

Operating expenses

(dollars in thousands)	
Selling and marketing	
Selling and marketing	
As a percent of total revenue	
Selling and marketing headcount	

Selling and marketing expenses include compensation, benefit, and other headcount-related expenses associated with selling and marketing personnel

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related expenses associated with higher headcount and higher sales commissions. For the third quarter of 2008, compensation and benefit expenses in

(dollars in thousands)
Research and development
Research and development
As a percent of total revenue
Research and development headcount

Research and development expenses include compensation, benefit, contracted services, and other labor-related expenses associated with research and

(dollars in thousands)
General and administrative
General and administrative
As a percent of total revenue
General and administrative headcount

General and administrative expenses include compensation, benefit, and other headcount-related expenses associated with the finance, legal, corporat

Stock-based compensation

In accordance with Statement of Financial Accounting Standards (SFAS) No. 123(R), Share-Based Payment (SFAS 123(R)), we recognize s

(dollars in thousands)
Stock-based compensation expense:
Cost of revenue
Selling and marketing
Research and development
General and administrative
Total stock-based compensation before tax
Income tax benefit
Net stock-based compensation expense

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The increases in stock-based compensation expense in the third quarter and nine months ended September 30, 2008 compared to the same periods in

Interest income and Other income

(dollars in thousands)	
Installment receivable interest income	
Other interest income, net	
Other income (expense), net	
Interest income and other	

n/m = not meaningful

The decrease in interest income in the third quarter and nine months ended September 30, 2008 compared to the same periods in 2007 was primarily

Other income (expense), net, consists primarily of foreign currency exchange gains and losses and realized gains and losses on the sale of our investm

Provision for income taxes

Income before income taxes	
Provision for income taxes	
Net Income	
Reported Tax Rate	
(Benefit) Provision from discrete items	

The provision for income taxes represents current and future amounts owed for federal, state, and foreign taxes. During the third quarter of 2008 and

The decrease in the effective tax rate during the third quarter and nine months ended September 30, 2008 compared to the same periods in 2007 was

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The determination of the provision for income tax expense, deferred tax assets and liabilities and related valuation allowance involves judgment. As a

Liquidity and capital resources

(in thousands)
Cash flows provided by (used in)
Operating activities
Investing activities
Financing activities
Effect of exchange rate on cash
Net increase (decrease) in cash and cash equivalents
Cash and cash equivalents
Short-term investments
Total cash, cash equivalents and short-term investments

We have funded our operations primarily from cash flows provided by operations. As of September 30, 2008, we had cash, cash equivalents and shor

We believe that our current cash, cash equivalents, short-term investments, and cash flow from operations will be sufficient to fund our business for a

Cash flows provided by operating activities

Cash flows provided by operating activities during the first nine months of 2008 increased to $32.9 million compared to $18.1 million in the first nine

Cash flows used in investing activities

Net cash flows used in investing activities during the first nine months of 2008 and 2007 were primarily for purchases of marketable debt securities o

In March 2008, we paid approximately $0.8 million to acquire certain assets of privately held Focus Technology Group, Inc. and a related entity (coll

Cash flows (used in) provided by financing activities

Net cash flows used in financing activities during the first nine months of 2008 were primarily for repurchases of our common stock and the payment

The following table is a summary of our repurchase activity under all of our repurchase programs during the first nine months of 2008 and 2007:

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(dollars in thousands)
Authorizations as of January 1,
New Authorizations
Expirations
Repurchases paid
Repurchases unsettled
Authorization remaining as of September 30,

These share repurchases partially offset the shares issued and proceeds received under our various share-based compensation plans in the first nine mo

On May 30, 2006, our Board of Directors approved a quarterly cash dividend of $0.03 per share, beginning with the second quarter ended June 30, 20

Contractual Obligations

As of September 30, 2008, we had material commitments for purchases of customer support and consulting services, and payments under operating le

As of September 30, 2008, our known contractual obligations were as follows:

Contractual obligations: (in thousands)
Purchase commitments (1)
FIN 48 liability (2)
Operating lease obligations (3)
Total

(1) Relates to commitments for contractor services, of which approximately
(2) Total contractual obligations include approximately $10.1 million of unre
(3) Includes deferred rent of approximately $0.3 million included in accrued

The following table summarizes the cash receipts due in connection with our existing term license agreements:

As of September 30, (in thousands)
Remainder of 2008
2009
2010
2011
2012
2013 and thereafter
Total
Unearned installment interest income
Total license installments receivable, net

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(1) These amounts have previously been recognized as license revenue, net c

(2) These amounts will be recognized as revenue in the future over the term

Fair Value Inputs

We adopted SFAS No. 157 Fair Value Measurements (SFAS 157) on January 1, 2008. See Note 1 Basis of Presentation and Recent Accounting

We value our investments by using quoted market prices and broker or dealer quotations which are based on third party pricing sources with reasonab

Recent accounting pronouncements

See Note 1 Basis of Presentation and Recent Accounting Pronouncements in the notes to the unaudited condensed consolidated financial statements f

Inflation

Inflation has not had a significant impact on our operating results to date, and we do not expect it to have a significant impact in the future. Our unbill

Significant customers

The following table summarizes our concentration of credit risk associated with customers accounting for more than 10% of our total revenue, outstan

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Item 3. Quantitative and Qualitative Disclosures about Market Risk

Market risk represents the risk of loss that may affect us due to adverse changes in financial market prices and rates. Our market risk exposure is prim

Foreign currency exposure

We derived approximately 39% and 34% of our total revenue from sales to customers based outside of the U.S. during the first nine months of 2008 a

Most of our transactions with customers are invoiced from our offices in the U.S. For those transactions that are denominated in currencies other than

Interest rate exposure

Our balance sheet contains interest bearing assets which have fixed rates of interest. These assets include license installments receivable generated in

License installments receivable bear interest at the rate in effect when the license revenue was recognized, which does not vary throughout the life of

We invest primarily in tax-exempt municipal bonds, government sponsored enterprises and corporate bonds that are fixed rate marketable debt securi

We analyze our investments for impairments on an ongoing basis. Factors considered in determining whether a loss is temporary include the length o

As of September 30, 2008, we did not directly or indirectly hold any auction-rate securities or mortgage-backed securities. As of the date of this filing

Item 4. Controls and Procedures

(a) Evaluation of Disclosure Controls and Procedures.
Our management, with the participation of our Chief Executive Officer, or CEO, and Chief Financial Officer, or CFO, evaluated the effectiveness of

As previously disclosed in Part II, Item 9A. Controls and Procedures in our Annual Report on Form 10-K for the year ended December 31, 2007, our

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ineffective controls over the accounting for certain complex software revenue recognition transactions. As described below, management has taken si

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of

(b) Changes in Internal Control over Financial Reporting.

We implemented changes in our internal control over financial reporting with respect to our material weakness in accounting for certain complex soft

Management s Ongoing Remediation Plan Complex Software Revenue Recognition Transactions

Management has been addressing the material weakness related to accounting for certain complex software revenue recognition transactions and is co

Part II Other Information:

Item 1A. Risk Factors

We encourage you to carefully consider the factors discussed in Part I, Item 1A. Risk Factors in our Annual Report on Form 10-K for the year end

The adverse changes in the global capital markets and economy may negatively impact our sales to, and the collection of receivables from, our fin

Item 2. Unregistered Sales of Equity Securities and Use of Proceeds

The following table sets forth information regarding our repurchases of our common stock during the third quarter of 2008:

Period
7/1/08-7/31/08
8/1/08-8/31/08
9/1/08-9/30/08
Total

(1)

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(2)

Item 6. Exhibits

The exhibits listed in the Exhibit Index immediately preceding such exhibits are filed as part of this report and such Exhibit Index is incorporated her

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Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the under

Date: November 6, 2008

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Exhibit No.
31.1
31.2
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