SYNOPSYS INC
Form 4
December 09, 2014

FORM 4

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

OMB APPROVAL

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Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

(Print or Type Responses)

1. Name and Address of Reporting Person *
Logan Joseph W

(Last) (First) (Middle)

700 EAST MIDDLEFIELD ROAD

(Street)

MOUNTAIN VIEW, CA 94043

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
SYNOPSYS INC [SNPS]

3. Date of Earliest Transaction (Month/Day/Year)
12/08/2014

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director
_____ 10% Owner
__X__ Officer (give title below)
_____ Other (specify below)

EVP, Sales & Corp Marketing

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	12/08/2014		F		1,720 (1)	D	$ 43.74	55,700	D	
Common Stock	12/08/2014		F		1,720 (1)	D	$ 43.74	53,980	D	
Common Stock	12/08/2014		F		1,879 (1)	D	$ 43.74	52,101	D	
Common Stock	12/08/2014		M		4,575	A	$ 0	56,676	D	
Common Stock	12/08/2014		M		4,575	A	$ 0	61,251	D	

Common Stock	12/08/2014		M	5,000	A	$ 0	66,251	D

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)	
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares
Restricted Stock Units	$ 0	12/08/2014		D			4,575	12/08/2014	12/08/2014	Common Stock	4,575
Restricted Stock Units	$ 0	12/08/2014		D			4,575	12/08/2014	12/08/2015	Common Stock	4,575
Restricted Stock Units	$ 0	12/08/2014		D			5,000	12/08/2014	12/08/2016	Common Stock	5,000

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
Logan Joseph W 700 EAST MIDDLEFIELD ROAD MOUNTAIN VIEW, CA 94043			EVP, Sales & Corp Marketing	

Signatures

By: Christina Escalante-Dutra pursuant POA For: Joseph W. Logan	12/09/2014
**Signature of Reporting Person	Date

Explanation of Responses:

*	If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).
**	Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).
(1)	These shares were retained by the Company in order to meet the tax withholding obligations of the award holder in connection with the vesting of an installment of the performance restricted stock unit award. The Compensation Committee approved the disposition of shares by the award holder and the amount retained by the Company was not in excess of the amount of the tax liability.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
Potential persons who are to respond to the collection of information contained in this form are not required to respond unless the form displays a currently valid OMB number. ext-align:left;margin-top:2pt;margin-bottom:0pt'>Revenue

$

12,410

$

1,397

$

13,807

$

12,378

$

1,363

$

13,741

Cost of revenue

6,860

508

7,368

6,154

455

6,609

Gross margin

5,550

889

6,439

6,224

908

7,132

Research and development

Explanation of Responses:

2,121

491

2,612

1,863

469

2,332

Selling, general and administrative

3,032

398

3,430

3,122

459

3,581

Severance and transition costs

193

193

Amortization of intangibles

27

18

45

27

18

45

Explanation of Responses:

Income (loss) from operations

$

177

$

(18

)

$

159

$

1,212

$

(38

)

$

1,174

Revenues

Our revenues were $13.8 million in the three months ended March 31, 2008 virtually unchanged from $13.7 million in the three months ended March 31, 2007. The following table sets forth revenues by product line for the three-month periods ended March 31, 2008 and 2007:

	Three Months Ended March 31,	
(In thousands)	**2008**	**2007**
Electronic Assembly		
OEM Sensors	$ 6,831	$ 7,805
SMT Systems	5,579	4,573
Total Electronic Assembly	12,410	12,378
Semiconductor	1,397	1,363
Total	$ 13,807	$ 13,741

Electronic Assembly

Revenues from our electronic assembly OEM sensors for the three months ended March 31, 2008 totaled $6.8 million, down 12% from $7.8 million in the three months ended March 31, 2007. Revenues from our electronic assembly sensors historically have been cyclical in nature, with periods of growth as worldwide capacity is added to support increased consumer demand for electronic products, and new capital equipment is purchased as a result of technology changes in electronic components, such as miniaturization and changing production requirements. These periods of growth have historically been followed by periods of excess capacity and reduced capital spending. Sales of electronic assembly sensors for the three months ended March 31, 2008 remained comparable with sales levels in the fourth quarter of 2007, after peaking in the third quarter of 2007. We believe sales of electronic assembly sensors will slow somewhat further in the second quarter of 2008, reflecting the anticipated impact of a sluggish global economy and a mild cyclical slowdown in the market for automated pick and place equipment.

Revenues from our SMT systems products increased by 22% to $5.6 million in the three months ended March 31, 2008 from $4.6 million in the three months ended March 31, 2007. Sales of SMT system products were positively impacted in the first quarter of 2008 by new products and enhancements, including our new Flex Ultra HR AOI inspection system. Sales of AOI inspection systems increased by $.8 million or 59% when compared to the same period of 2007. In addition, we believe that increased use of outsourcing for circuit board assembly, production difficulties associated with smaller component sizes, increased production speeds and increased cost pressure on companies manufacturing circuit boards has caused increased demand for our inspection equipment.

Export revenue from electronic assembly sensors and SMT systems totaled $11.7 million or 95% of revenue in both the three months ended March 31, 2008 and the three months ended March 31, 2007. The international markets of China and the rest of Asia, Japan and Europe account for a significant portion of the production capability of capital equipment for the manufacturing of electronics, the primary market for our electronic assembly sensor and SMT system product lines. An increasing proportion of our sales have been to international customers as manufacturing of electronic components has migrated offshore, particularly to China and other areas of Asia.

Semiconductor

Revenues from semiconductor products totaled $1.4 million in both the three months ended March 31, 2008 and the three months ended March 31, 2007.

Our wafer mapping and frame grabber products are relatively mature. We anticipate that future growth in our semiconductor revenues exclusive of changes related to capital procurement cycles will come from our new WaferSense products. WaferSense is a family of wireless, wafer like precision measurement tools for in-situ setup, calibration and process optimization in semiconductor processing equipment. We are currently working on, or recently introduced, several new additions to the WaferSense product line, including additional leveling sensors, along with new gapping, teaching and vibration sensors. Sales of WaferSense products totaled $.3 million in the three months ended March 31, 2008 compared to $.1 million in the three months ended March 31, 2007.

Export revenue as a percentage of total semiconductor revenue was 40% in the three months ended March 31, 2008 compared to 27% in the three months ended March 31, 2007. The increase in export revenue as a percentage of total semiconductor revenue in the three months ended March 31, 2008 compared to the three months ended March 31, 2007 is due to higher sales of WaferSense products, particularly in Asia and lower sales of wafer mapping sensors, which do not generate significant export revenue.

Gross Margin

Electronic Assembly

Gross margin as a percentage of electronic assembly sales was 45% in the three months ended March 31, 2008, compared to 50% in the three months ended March 31, 2007. The reduction in gross margin percentage during the three months ended March 31, 2008 was due to increased sales of low margin sensor products and additional price pressure on our SMT system products. During the three months ended March 31, 2008, sales of our new fifth generation LNC 60 sensor for Juki increased significantly. This product carries a lower gross margin than the previous generation product we supply to them. In addition, our sales mix was more heavily weighted than normal toward lower margin fiducial camera products. Finally, we continued to experience intense price pressure on our SMT system products, particularly in Asia and on our SE 300 Ultra solder paste inspection system.

Planned cost reductions for the new fifth generation LNC 60 sensor late in 2008, combined with increased volume as Juki utilizes this sensor in new platforms, will improve the economics of this product in future periods. With respect to our systems products, and particularly our solder paste inspection machines, we anticipate pricing pressures for the balance of 2008 due to additional competition in the marketplace for solder paste inspection. Our next-generation solder paste inspection system, which incorporates a cost-reduced platform, is scheduled for introduction in this year s second half. We believe this new cost reduced platform, which will replace our current SE 300 Ultra product, should relieve some of the margin pressure, while also enabling continued revenue growth.

Semiconductor

Gross margin as a percentage of sales were 64% in the three months ended March 31, 2008 and 67% in the three months ended March 31, 2007. The decrease in gross margin as a percentage of sales in 2008, compared to 2007, is due to a slight change in product mix with our highest margin wafer mapping sensors representing a smaller percentage of total semiconductor revenue. In addition, revenue from our lower margin leveling sensor products was up in 2008 compared to 2007.

Operating Expenses

We believe continued investment in research and development of new products, coupled with continued investment and development of our sales channels, is critical to future growth and profitability. We maintain research and development and sales and marketing expenses at relatively high levels, even during periods of downturn in our electronic assembly and semiconductor capital equipment markets, as we continue to fund development of important new products, and continue to invest in our sales channels and develop new sales territories. We are continually evaluating existing and new research and development projects, and may elect to increase or decrease expenditures based on an assessment of the future revenue and profit potential of these projects.

In February 2008, we announced our intention to move our systems related research and development and manufacturing operations to Singapore. Research and development will be transitioned to Singapore by the end of 2008, with the transition of systems related manufacturing scheduled for completion by mid 2009. The move will enable us to become more responsive to the needs of our growing base of Asian SMT systems customers, permit core optical engineering resources in Minneapolis to work on anticipated new OEM and end user inspection opportunities, and attain future cost savings. We estimate costs associated with the transition in 2008 of up to $2.0 million. We anticipate costs of approximately $650,000 related to the Singapore transition for the three months ended June 30, 2008. We anticipate future annual research and development savings from this transition of approximately $1.5-$2.0 million per year starting in 2009.

During the three months ended March 31, 2008, transition costs related to our move to Singapore totaled approximately $250,000, including $193,000 of costs classified as severance and transition, with the remaining costs being classified as research and development in our statement of operations.

Electronic Assembly

Research and development expenses were $2.1 million or 17% of revenue in the three months ended March 31, 2008 and $1.9 million or 15% of revenue in the three months ended March 31, 2007. The 14% increase in research and development expenses in 2008 compared to 2007, was due to increased contract labor and prototype expense for further R&D investment in our SMT inspection system products, primarily our next-generation solder paste inspection system which is scheduled for introduction in this year s second half. We believe this new cost-reduced platform, which replaces our current SE 300 Ultra product, should relieve some of the margin pressure and also provide continued revenue growth. Our research and development efforts are also creating new technologies for both OEM and end user markets which we believe will lower the cost of inspection and provide faster production through-put speeds, better ease of use, and improved resolution for inspecting progressively smaller electronic components.

Selling, general and administrative expenses were $3.0 million or 24% of revenue in the three months ended March 31, 2008, virtually unchanged from $3.1 million or 25% of revenue in the three months ended March 31, 2007. The slight 3% decrease in selling, general and administrative expenses in 2008, compared to 2007, was due to lower costs for sales commissions to third party sales representatives, variable compensation and trade shows, offset by higher costs for system sales demonstrations.

Semiconductor

Research and development expenses were $.5 million or 35% of revenue in the three months ended March 31, 2008, compared to $.5 million or 34% of revenue in the three months ended March 31, 2007. During 2008 and 2007, research and development efforts were primarily focused on development of new products for the semiconductor market, including enhancements to the WaferSense auto leveling sensor (ALS) first introduced in late 2004 and extensions to the WaferSense family of products, including new gapping, teaching and vibration sensors.

Selling, general and administrative expenses were $.4 million or 28% of revenue in the three months ended March 31, 2008 and $.5 million or 34% of revenue in the three months ended March 31, 2007. The 13% decrease in selling, general and administrative expenses in the three months ended March 31, 2008, compared to the three months ended March 31, 2007, was due to a small reduction in general and administrative headcount occurring in the three months ended March 31, 2007.

Severance and Transition Costs

Severance and transition costs related to our electronic assembly segment in the three months ended March 31, 2008 include $101,000 of costs for severance and $92,000 of costs for recruitment. Additional costs for severance, recruitment and other expenses are anticipated in 2008 as we transition our systems related research and development and manufacturing to Singapore. We estimate total costs associated with the transition to Singapore in 2008 of up to $2.0 million. Some portion of these costs are expected to be classified as severance and transition in our statement of operations, with the remainder classified as research and development.

Interest and Other

Interest income and other primarily includes interest earned on investments and gains and losses associated with foreign currency transactions. Interest income and other decreased slightly during the three months ended March 31, 2008 compared to the same period in 2007 due to lower rates of interest earned on invested funds. We anticipate that interest income will continue to decline on a sequential quarterly basis throughout 2008 as investments mature and available funds are re-invested at lower rates of interest. Also, the balance of invested funds may decline in 2008 due to common stock repurchases, further reducing interest income.

Provision for Income Taxes and Effective Income Tax Rate

We recorded a tax provision at a full rate of tax, approximating an estimated annual effective tax rate of 37% in the three months ended March 31, 2008, compared to an estimated annual effective tax rate of 33.5% in the three months ended March 31, 2007. The increase in the effective tax rate in the three months ended March 31, 2008 was principally due to elimination of the federal income tax credit for research and development activities. Discrete items impacting the effective tax rate in the three months ended March 31, 2008 and 2007 were inconsequential.

Order Rate and Backlog

Our orders totaled $12.4 million in the three month period ended March 31, 2008 compared to $12.9 million in the three month period ended December 31, 2007 and $12.4 million in the three month period ended March 31, 2007. Backlog totaled $4.7 million at March 31, 2008, $6.1 million at December 31, 2007 and $5.6 million at March 31, 2007. The scheduled shipment (or estimated timing of revenue for systems recognized upon acceptance) for backlog at March 31, 2008 is as follows:

(In thousands)	**Backlog**
2nd Quarter 2008	$4,070
3rd Quarter 2008 and after	604
Total backlog	$4,674

LIQUIDITY AND CAPITAL RESOURCES

Our cash and cash equivalents decreased by $7.5 million in the three month period ended March 31, 2008, primarily because of $1.1 million of cash used for operating activities, including working capital changes, $.1 million of cash used for capital purchases and patent costs, $3.9 million of cash used for common stock repurchases and purchases of $2.3 million of marketable securities, net of maturities. Our cash and cash equivalents fluctuate in part because of maturities of marketable securities and investment of cash balances resulting from those maturities or from other sources of cash in addition to marketable securities. Accordingly, we believe the combined balances of cash and marketable securities provide a more reliable indication of our available liquidity. Our combined balances of cash and marketable securities decreased $4.9 million to $47.7 million as of March 31, 2008 from $52.6 million as of December 31, 2007.

We used $1.1 million of cash for operations in the three months ended March 31, 2008. Cash used for operations primarily included net income of $.5 million, which included $.7 million of net non-cash expenses for depreciation and amortization, provisions for inventory obsolescence and doubtful accounts, foreign currency transactions and stock compensation expense. Changes in operating assets and liabilities included increases in accounts receivable of $.3 million, inventories of $.5 million, other assets of $.6 million, decreases in accrued expenses of $.6 million and decreases in advance customer payments of $.3 million. Increases in accounts receivable resulted from a slight increase in the time required to collect individual customer payments, following a significant improvement in collections in the fourth quarter of 2007. Inventories were up due to a shift in the mix of products sold in the three months ending March 31, 2008 from what was originally anticipated at the start of the quarter, resulting in higher inventory balances. Other assets were higher because of rent deposits for our new facility in Singapore and more value added and income tax receivables. The $.6 million decrease in accrued expenses resulted from payment of 2007 annual incentive compensation during the three months ended March 31, 2008. The decrease in advance customer payments is due to recognition of revenue for a sale that was partially paid prior to the first quarter of 2008.

We used $.1 million of cash for operations in the three months ended March 31, 2007. Cash used by operations primarily included net income of $1.2 million, which included $.7 million of net non-cash expenses, increases in accounts payable of $.8 million and increases in advance customer payments of $.9 million. The cash generated from these activities was more than offset by increases in accounts receivable of $.5 million, inventories of $1.8 million and decreases in accrued expenses of $1.1 million.

We used $2.5 million of cash for investing activities in the three months ended March 31, 2008 compared to $10.7 million of cash used for investing activities in the three months ended March 31, 2007. Changes in the level of investment in marketable securities resulting from purchases and maturities of those securities used $2.3 million of cash in 2008 and $10.4 million of cash in 2007. We used $.1 million of cash for the purchase of fixed assets and capitalized patent costs in the three months ended March 31, 2008, compared to using $.2 million of cash for fixed assets and capitalized patent costs during the same period of 2007.

Financing activities used $3.9 million of cash in the three months ended March 31, 2008, primarily for common stock repurchases. Financing activities generated $.4 million of cash from the exercise of stock options, including excess tax benefits from the exercise of those options, in the three months ended March 31, 2007. Additional repurchases of common stock are presently expected to be a significant use of cash for the remainder of 2008.

A table of our contractual obligations was provided in Item 7 in our Annual Report on Form 10-K for the fiscal year ended December 31, 2007. During the three months ended March 31, 2008 we entered into a lease agreement for a new facility in Singapore. The lease provides for a 3 year term commencing May 15, 2008, annual rent of approximately $350,000 and a two year renewal option. Costs for initial leasehold improvements and equipment related to the new Singapore facility are estimated at $275,000. There have been no other significant changes to our contractual obligations in the three months ended March 31, 2008 and we have not entered into any other material commitments for capital expenditures. Purchase commitments for inventory can vary based on the volume of revenue and resulting inventory requirements.

Our cash, cash equivalents and marketable securities totaled $47.7 million at March 31, 2008. We believe that our available balances of cash, cash equivalents and marketable securities, coupled with anticipated cash flow from operations, will be adequate to fund anticipated repurchases of common stock, costs related to our new operations and facility in Singapore and any other cash flow needs for the foreseeable future.

At March 31, 2008, we did not have any relationships with unconsolidated entities or financial partnerships, such as entities often referred to as structured finance or special purpose entities, which would have been established for the purpose of establishing off-balance sheet arrangements or other contractually narrow or limited purposes. As such, we are not exposed to the financing, liquidity, market or credit risk that could arise if we had engaged in such relationships.

OTHER FACTORS

We believe that inflation has not had any significant effect on operations. All of our international export sales are negotiated, invoiced and paid in U.S. dollars. Accordingly, although currency fluctuations do not significantly affect our revenue and income, they can influence the price competitiveness of our products and the willingness of existing and potential customers to purchase our products and the decreasing value of the dollar relative to foreign currencies has helped our competitive position in intensely price competitive Asian markets.

FAIR VALUE MEASUREMENTS

In September 2006, the FASB issued Statement of Financial Accounting Standards (SFAS) No. 157 Fair Value Measurements , which defines fair value, establishes a framework for measuring fair value in generally accepted accounting principles (GAAP), and expands disclosures about fair value measurements. SFAS No. 157 will apply whenever another standard requires (or permits) assets or liabilities to be measured at fair value. The standard does not expand the use of fair value to any new circumstances, and was effective for fiscal years beginning after December 31, 2007. The FASB has provided a one year deferral for certain non-financial assets and liabilities. We adopted SFAS 157 effective January 1, 2008, for all financial assets and liabilities that were not deferred. The adoption of SFAS 157 for our financial assets and liabilities had no impact on our financial position or results of operations. We do not expect the standard to have a material impact on our consolidated results of operations and financial condition when fully adopted in 2009.

In accordance with SFAS No. 157, we value our cash equivalents and marketable securities based on a three-level fair value hierarchy. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1). The next highest priority is based on quoted prices for similar assets or liabilities in active markets or quoted prices for identical or similar assets or liabilities in non-active markets or other observable inputs (Level 2). The lowest priority is given to unobservable inputs (Level 3).

The following table provides information regarding fair value measurements for our cash equivalents and marketable securities as of March 31, 2008 according to the three-level fair value hierarchy:

		Fair Value Measurements at Reporting Date Using		
(in thousands)	**Balance March 31,2008**	**Quoted Prices in Active Markets for Identical Assets (Level 1)**	**Significant Other Observable Inputs (Level 2)**	**Significant Unobservable Inputs (Level 3)**
Cash equivalents	$ 8,875	$	$ 8,875	$

U.S. government and agency obligations	$28,896	$	$28,896	
Corporate debt securities	$3,870	$	$3,870	$
Asset backed securities	$3,517	$	$3,517	$
Equity securities	$110	$110	$	$

Changes in the fair value of these investments for the three months ended March 31, 2008 resulting from our adoption of SFAS 157 had no impact on our consolidated financial statements. Our foreign currency swap agreements are structured to mature on the last day of each quarter. As a result, the fair value associated with these agreements is inconsequential.

In February 2007, the FASB issued Statement No. 159, The Fair Value Option for Financial Assets and Financial Liabilities, which provides companies with an option to report selected financial assets and liabilities at fair value. This standard was effective beginning after December 31, 2007. We elected not to adopt the provisions of SFAS No. 159 in the three months ended March 31, 2008.

RECENT ACCOUNTING DEVELOPMENTS

In December 2007, the FASB issued Statement No. 141R, Business Combinations, which establishes principles for how an acquirer recognizes and measures in its financial statements the identifiable assets acquired and liabilities assumed in a business combination, recognizes and measures the goodwill acquired in a business combination, and determines what information to disclose to enable users of the financial statements to evaluate the nature and financial effects of a business combination. We are required to apply this standard prospectively to business combinations for which the acquisition date is on or after January 1, 2009. Earlier application is not permitted.

In March 2008, the FASB issued Statement No. 161 Disclosures about Derivative Instruments and Hedging Activities which amends and expands Statement No. 133 Accounting for Derivative Instruments and Hedging Activities. SFAS No. 161 requires disclosure of the fair value of derivative instruments and their gains or losses in tabular format, information about credit-risk-related contingent features in derivative agreements, counterparty credit risk, along with strategies and objectives for using derivative instruments. This standard must be applied prospectively for interim periods and fiscal years beginning after November 15, 2008. We are presently analyzing the impact of SFAS No. 161 on our financial statement disclosures.

ITEM 7A QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We invest excess funds not required for current operations in marketable securities. The investment policy for these marketable securities is approved annually by the Board of Directors and administered by management. A third party, approved by our Board of Directors, manages the portfolio at the direction of our management. The investment policy dictates that marketable securities consist of U.S. Government or U.S. Government agency securities, various tax exempt securities or certain approved corporate instruments with effective maturities of five years or less and an average portfolio maturity of not more that 18 months. The policy also provides for investment in certain specified marketable equity securities. As of March 31, 2008 our portfolio of marketable securities had an average term to maturity of 1.4 years. All marketable securities are classified as available for sale and carried at fair value. We estimate that a hypothetical 1% increase in market interest rates would decrease the market value of our marketable securities by approximately $0.5 million. If such a rate increase occurred, our net income would only be impacted if securities were sold prior to maturity.

We enter into foreign currency swap agreements to hedge short-term inter-company financing transactions with our subsidiary in the United Kingdom. These currency swap agreements are structured to mature near the last day of each quarter, and are designated as cash flow hedges. At March 31, 2008, we had one open swap agreement that was purchased on that day. As a result, any unrealized gains or losses as of March 31, 2008 were inconsequential. During the three months ended March 31, 2008, the losses from settlement of foreign currency swap agreements and the transaction gain on the underlying inter-company balance were not significant.

Our foreign currency swap agreements contain credit risk to the extent that our bank counter-parties may be unable to meet the terms of the agreements. We minimize such risk by limiting our counter-parties to major financial institutions. We do not expect material losses as a result of defaults by other parties.

ITEM 4 CONTROLS AND PROCEDURES

a. Under the supervision and with the participation of our management, including our Chief Executive Officer and Chief Financial Officer, we evaluated the effectiveness of the design and operation of our disclosure controls and procedures (as defined in Rule 13a-15(e) under the Securities Exchange Act of 1934 (the Exchange Act)). Based upon that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that, as of the end of the period covered by this report, our disclosure controls and procedures were effective in ensuring that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed, summarized and reported within the time periods specified in applicable rules and forms and that such information is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, in a manner that allows for timely decisions regarding required disclosure.

b. During the quarter ended March 31, 2008, there has been no change in our internal control over financial reporting (as defined in Rule 13a-15(f) under the Exchange Act) that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1A RISK FACTORS

We are dependent upon two electronic assembly customers, Assembleon and Juki, for a significant portion of our revenue. Sales to Juki accounted for 28% of our total revenue in 2007, while sales to Assembleon accounted for 20% of our total revenue in 2007.

Assembleon has notified us that they are developing new pick and place technology for future generations of its equipment. We have decided not to pursue new alignment sensor and fiducial cameras for use with this technology. Sales of alignment sensors and fiducial cameras that would be impacted by this decision represented approximately 12% of our total revenue in 2007. We believe that Assembleon s transition away from our alignment sensors and fiducial cameras will not occur until late 2009.

Our results of operations and cash flows would be further negatively impacted if Assembleon or Juki are unsuccessful in selling the products into which our sensors are incorporated, if Assembleon transitions away from our products sooner than expected, or if Juki designs their products to function without our sensors, purchases sensors from other suppliers, or otherwise terminates their relationship with us.

In addition to the other information set forth in this report, you should carefully consider the factors discussed in Part I Item 1A. Risk Factors in our Annual Report on Form 10-K for the year ended December 31, 2007, which could materially affect our business, financial condition or future results. The risks described in our Annual Report on Form 10-K are not the only risks facing our Company. Additional risks and uncertainties not currently known to us or that we currently deem to be immaterial also may adversely affect our business, financial condition and/or operating results.

ITEM 2 UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS

(c) Company Repurchase of Equity Securities

Period	**(a) Total Number of Shares Purchased**	**(b) Average Price Paid per Share**	**(c) Total Number of Shares Purchased as Part of Publicly Announced Plans or Programs (1)**	**(d) Maximum Number of Shares that May Yet Be Purchased Under the Plans or Programs (1)**
January 1, 2008 to January 31, 2008	185,578	$10.37	185,578	169,898
February 1, 2008 to February 29, 2008	111,563	$10.56	111,563	1,058,335
March 1, 2008 to March 31, 2008	75,407	$10.44	75,407	982,928
Total	372,548	$10.44	372,548	982,928

(1) In February 2008, share repurchases of up to 1,000,000 shares were authorized by our board of directors for a period of one year expiring in February 2009. This authorization was in addition to a 500,000 share repurchase authorization adopted by our board in October 2007. The Company adopted a 10b5-1 plan to facilitate the purchase of the shares during periods it might otherwise be prevented by insider trading laws from making such repurchases. Shares were purchased in open market transactions.

ITEM 6 EXHIBITS

10.1: Tenancy Agreement between Brilliant Manufacturing LTD and PTE LTD CyberOptics (Singapore) Private Limited Term 15 May 2008 to 14 May 2011

31.1: Certification of Chief Executive Officer pursuant to Rule 15d-14(a)(17 CFR 240.15d-14(a)) and Section 302 of the Sarbanes Oxley Act of 2002

31.2: Certification of Chief Financial Officer pursuant to Rule 15d-14(a)(17 CFR 240.15d-14(a)) and Section 302 of the Sarbanes Oxley Act of 2002

32: Certification of Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes Oxley Act of 2002

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.

CYBEROPTICS CORPORATION

/s/ Kathleen P. Iverson
By Kathleen P. Iverson, President and CEO
(Principal Executive Officer and Duly Authorized Officer)

/s/ Jeffrey A. Bertelsen
By Jeffrey A. Bertelsen, Chief Financial Officer
(Principal Accounting Officer and Duly Authorized Officer)

Dated: May 8, 2008

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