

BRAZILIAN PETROLEUM CORP  
Form 6-K  
April 01, 2005

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## SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

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### 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 March, 2005**

**Commission File Number 1-15106**

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### PETRÓLEO BRASILEIRO S.A. - PETROBRAS

(Exact name of registrant as specified in its charter)

### Brazilian Petroleum Corporation - PETROBRAS

(Translation of Registrant's name into English)

**Avenida República do Chile, 65  
20035-900 - Rio de Janeiro, RJ  
Federative Republic of Brazil**  
(Address of principal executive office)

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  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

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**MINUTES OF THE ORDINARY GENERAL MEETING**

The Board of Directors of Petróleo Brasileiro S.A. PETROBRAS summoned the Shareholders to the Ordinary General Meeting held on March 31, 2005, at 3:00 pm in the auditorium of the Company's head office building at Av. República do Chile, nº 65, 1<sup>st</sup> floor, in the City of Rio de Janeiro (RJ), which deliberated upon and approved the following agenda items:

I. Management Report, Financial Statements and Fiscal Council's Opinion for the fiscal year 2004;

II. Capital Expenditure Budget for fiscal year 2005, as follows in R\$:

Direct investments	18.049.662.748
Project Finance	1.472.993.433
Capital increases in subsidiaries and other companies	1.112.136.421
<b>2005 capital expenditures budget</b>	<b>20.634.792.602</b>

Direct investments	14.349.662.748
Capital increases	1.112.136.421

**Own resources** **15.461.799.169**

Direct investments	3.700.000.000
Project finance	1.472.993.433

**Third party resources** **5.172.993.433**

Out of total direct investments, 69% will be used in the Oil and Natural Gas Supply Program, 10% for Oil Refining, 5% for Oil and Oil Products Pipeline Transportation, 3% for Brasil Gás Program, 4% for Research and Technological Development and 9% for other budget-related programs..

III. Distribution of results for the fiscal year 2004 in the form that if follows:

	(million R\$) 2004
Destination Net profits of fiscal year	17.754.171
( - ) Legal reserve	(887.708)
( + ) Reversions	12.096
Adjustments of previous fiscal years	
Reserve re-evaluation	12.096
(-) Adjusted net profits	16.878.559
Suggested Dividend 29,85% R\$ 4,60/share (29,65% in 2003, R\$ 5,15/share)	5.044.074
Interests on own capital	4.386.151
Dividend	657.923
Profits retention reserve	11.670.003
Statutory reserve	164.481
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Difference	12.097

IV. Election of the following as Members of the Board of Directors, Fiscal Council and their respective substitutes:

**BOARD OF DIRECTORS**

**Representing the Majority Shareholders**

Ms. DILMA VANA ROUSSEFF

Mr. ANTONIO PALOCCI FILHO

Mr. JAQUES WAGNER

Mr. JOSÉ EDUARDO DE BARROS DUTRA

Mr. GLEUBER VIEIRA

Mr. ARTHUR ANTONIO SENDAS

Mr. CLAUDIO LUIZ DA SILVA HADDAD

**Representing the Minority Ordinary Shareholders**

Mr. FABIO COLLETTI BARBOSA

**Representing the Preferred Shareholders**

Mr. JORGE GERDAU JOHANNPETER

**FISCAL COUNCIL**

**Representing the Majority Shareholders**

Mr. MARCUS PEREIRA AUCÉLIO as Member and Mr. EDUARDO COUTINHO GUERRA as deputy.

Mr. TÚLIO LUIZ ZAMIM as Member and Mr. OSVALDO PETERSEN FILHO as deputy.

Ms. DENISE MARIA AYRES DE ABREU as Member and Mr. EDSON FREITAS DE OLIVEIRA as deputy.

**Representing the Ordinary Shareholders**

Mr. NELSON ROCHA AUGUSTO as Member and Ms. MARIA AUXILIADORA ALVES DA SILVA as deputy.

**Representing the Preferred Shareholders**

Ms. MARIA LUCIA DE OLIVEIRA FALCÓN as Member and Mr. CELSO BARRETO NETO as deputy.

V. Election of the Ms. DILMA VANA ROUSSEFF as Chairman of the Administration Board as per art. 18 of the Company's Bylaws;

VI. Establishing the global remuneration of the administrators and the effective members of the audit committee at R\$ 6.900.000,00 (six million and nine hundred a thousand Real), in the period understood between April of 2005 and March of 2006, inclusive, in the case of the Executive Board, of monthly honorary fees, vacation gratuity, Christmas bonus (13<sup>o</sup> wage) as well as their participation in the profits pursuant to Articles 41 and 56 of the Company's Bylaws.

Rio de Janeiro, March 31, 2005.

José Eduardo de Barros Dutra  
President of Petrobras

## SIGNATURE

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: March 31, 2005

PETRÓLEO BRASILEIRO S.A--PETROBRAS

By: /s/ José Sergio Gabrielli de  
Azevedo

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**José Sergio Gabrielli de  
Azevedo  
Chief Financial Officer and  
Investor Relations Director**

## FORWARD-LOOKING STATEMENTS

This press release may contain forward-looking statements. These statements are statements that are not historical facts, and are based on management's current view and estimates of future economic circumstances, industry conditions, company performance and financial results. The words "anticipates", "believes", "estimates", "expects", "plans" and similar expressions, as they relate to the company, are intended to identify forward-looking statements. Statements regarding the declaration or payment of dividends, the implementation of principal operating and financing strategies and capital expenditure plans, the direction of future operations and the factors or trends affecting financial condition, liquidity or results of operations are examples of forward-looking statements. Such statements reflect the current views of management and are subject to a number of risks and uncertainties. There is no guarantee that the expected events, trends or results will actually occur. The statements are based on many assumptions and factors, including general economic and market conditions, industry conditions, and operating factors. Any changes in such assumptions or factors could cause actual results to differ materially from current expectations.

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Linotype also provides cash awards to its employees based on length of service. At December 31, 2007 and 2006, the balance accrued for such benefits totaled \$99 thousand and \$75 thousand, respectively, and is included in accrued pension benefits in the accompanying consolidated balance sheets.

The assumptions used to determine the accrued pension benefits (obligations) were as follows:

	2007	2006
Weighted-average Discount Rate	5.5%	4.5%
Weighted-average Rate of Compensation Increase	2.0%	2.0%
Rate of Inflation	2.0%	1.75%

The most recent actuarial valuation of the plan was performed as of December 31, 2007. The measurement dates are December 31, 2007 for 2007 and December 31, 2006 and August 1, 2006 for 2006.



Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****9. Employee Benefit Plans (continued)**

The following table reflects the total future expected benefit payments to plan participants. These payments have been estimated based on the same assumptions used to measure the Company's benefit obligation at year end.

<b>Expected Future Benefit Payments:</b>	
2008	\$ 70
2009	80
2010	84
2011	90
2012	104
2013-2017	833

**10. Related-Party Transactions**

On July 28, 2006, we acquired 80.01% of the capital stock of China Type Design, which is described in more detail in Note 3. At the time of this acquisition, we had a 19.99% ownership interest in China Type Design and did not have the ability to exert significant influence over its operations. Accordingly, prior to the acquisition the results of operations of China Type Design were accounted for using the cost method of accounting. We received dividend income of \$0.5 million and \$0.1 million from China Type Design during the period January 1, 2006 to July 27, 2006 and the year ended December 31, 2005, respectively.

We paid consulting fees to China Type Design for font design services, which are included in research and development expense in the accompanying consolidated statements of operations. For the period January 1, 2006 to July 27, 2006 and the year ended December 31, 2005, consulting fees to China Type Design totaled approximately, \$0.7 million and \$0.7 million, respectively.

We also paid royalties to China Type Design for font sales, which are included in our cost of revenue in the accompanying consolidated statements of operations. In the period January 1, 2006 to July 27, 2006 and the year ended December 31, 2005, we incurred approximately \$0.1 million and \$0.2 million, respectively for royalty expenses to China Type Design.

In addition, we received royalty income from China Type Design for font sales, which is included in revenue in the accompanying consolidated statements of operations. In the period January 1, 2006 to July 27, 2006 and the year ended December 31, 2005, we recognized royalty income from China Type Design of approximately \$14 thousand and \$21 thousand, respectively.

**11. Income Taxes**

The components of domestic and foreign income before the provision for income taxes are as follows (in thousands):

	<b>2007</b>	<b>2006</b>	<b>2005</b>
U.S	\$ 6,010	\$ 8,558	\$ 10,030
Foreign	7,886	4,425	1,775
<b>Total income before income tax provision</b>	<b>\$ 13,896</b>	<b>\$ 12,983</b>	<b>\$ 11,805</b>



Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****11. Income Taxes (continued)**

The components of the income tax provision are as follows (in thousands):

	2007	December 31, 2006	2005
<b>Current</b>			
State and local	\$ 424	\$ 323	\$ 174
U.S. Federal	811	1,417	
Foreign jurisdictions	4,645	2,135	1,573
	5,880	3,875	1,747
<b>Deferred</b>			
State and local	4	252	658
U.S. Federal	396	1,752	2,402
Foreign jurisdictions	(1,448)	42	(123)
	(1,048)	2,046	2,937
<b>Total provision</b>	<b>\$ 4,832</b>	<b>\$ 5,921</b>	<b>\$ 4,684</b>

During the year, the Company recognized a tax benefit of \$0.9 million related to stock based compensation, and has recorded a credit to additional paid in capital for this amount. In addition, the Company has reduced goodwill by \$1.9 million related to realization of tax benefits related to acquisitions.

A reconciliation of income taxes computed at federal statutory rates to income tax expense is as follows (dollar amounts in thousands):

	2007		December 31, 2006		2005	
Provision for income taxes at statutory rate	\$ 4,864	35.0%	\$ 4,414	34.0%	\$ 4,132	35.0%
State and local income taxes, net of federal income (tax) benefit	278	2.0%	380	2.9%	540	4.6%
Foreign dividends			1,374	10.6%		
Foreign tax credits			(201)	(1.5)%		
Foreign rate differential	(30)	(0.2)%			(98)	(0.8)%
Effect of German rate change on deferred taxes	(1,427)	(10.3)%				
Stock compensation	1,226	8.8%				
Research credits	(342)	(2.4)%				
Other, net	263	1.9%	(46)	(0.4)%	110	0.9%
<b>Reported income tax provision</b>	<b>\$ 4,832</b>	<b>34.8%</b>	<b>\$ 5,921</b>	<b>45.6%</b>	<b>\$ 4,684</b>	<b>39.7%</b>

For the year ended December 31, 2007, our effective tax rate was 34.8%. The rate is lower than our 2006 effective tax rate, primarily as a result of the impact of the change in tax rates in Germany, from 40% to 30%. This has resulted in a decrease in deferred taxes provided in Germany.



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This has been offset by the tax effect of stock compensation charges for financial reporting purposes that may not result in deductions for tax purposes. In addition, the Company has recognized tax benefits related to research credits in the current year.

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Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****11. Income Taxes (continued)**

Significant components of the Company's deferred tax assets and liabilities consisted of the following (in thousands):

	December 31,	
	2007	2006
Deferred tax assets:		
Compensation related deductions	\$ 174	\$ 617
Foreign reserves and other	19	79
Fixed assets	115	5,125
Tax credit carryforwards	5,958	98
Deferred rent		77
Accrued expenses	20	17
Other		
Subtotal deferred tax assets	6,286	6,013
Valuation allowance	(3,171)	(5,125)
Total deferred income tax assets	\$ 3,115	\$ 888
Deferred tax liabilities:		
Intangible assets	\$ 3,098	\$ 7,769
Goodwill	11,001	5,351
Unrealized gains	5	
Deferred financing costs		976
Other	1,463	368
Total deferred tax liabilities	\$ 15,567	14,464
Net deferred tax liabilities	\$ 12,452	\$ 13,576
Allocated as follows:		
Net deferred income tax assets short-term	1,506	793
Net deferred income tax assets long-term (1)	1,609	
Net deferred income tax liabilities long-term	(15,567)	(14,369)
Net deferred income tax liabilities	\$ (12,452)	\$ (13,576)

(1) Included in other assets in the accompanying consolidated balance sheet.

In assessing the realizability of the deferred tax assets, the primary evidence we considered included the cumulative pre-tax income for financial reporting purposes over the past three years, and the estimated future taxable income based on historical, as well as subsequent interim period operating results. After giving consideration to these factors, we concluded that it was more likely than not that the domestic deferred tax assets would be fully realized, and as a result, no valuation allowance against the domestic deferred tax assets was deemed necessary at December 31,

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2007 and 2006. However, realization of certain other foreign deferred tax assets were not deemed to be more likely than not, and as a result a full valuation allowance against the foreign deferred tax assets was recognized as of December 31, 2006.

We established a valuation allowance of \$5.1 million, in the year ended December 31, 2006, for the potential foreign tax credits that would be generated by Linotype Germany's deferred tax liability related to

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Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****11. Income Taxes (continued)**

various purchase accounting adjustments. As of December 31, 2007 this valuation allowance against these credits is \$3.2 million. The company realized \$0.3 million of these credits in the current year and adjusted goodwill by this amount. In addition, the Company has determined that it is more likely than not that it would realize a benefit of additional credits, or U.S. deductions, equal to a tax benefit of \$1.3 million and recorded an additional reduction of goodwill. We have elected to treat Linotype as a branch for U.S. tax purposes, and therefore are eligible to claim a foreign tax credit for taxes paid to Germany. As a result of the complexity of the U.S. foreign tax credit computation, and the uncertainty related to whether we will be entitled to a foreign tax credit when the related taxes are paid or accrued, we have established a valuation allowance against the remaining balance of these credits.

As a result of the implementation of FIN 48, the Company has classified approximately \$1.4 million to its reserve for uncertain tax positions at December 31, 2007.

The following is a reconciliation of the Company's gross uncertain tax positions at December 31, 2007 (in thousands):

January 1, 2007	\$ 1,663
Increases related to positions taken in prior years	604
Increases related to positions taken in the current year	
Decrease related to positions taken in current year	(599)
December 31, 2007	\$ 1,668

Of this amount of unrecognized tax benefits, approximately \$1 million, if recognized, would result in a reduction of the Company's effective tax rate. As of December 31, 2007, the Company has recorded a liability of \$1.4 million related to uncertain tax positions, in long term liabilities. The balance of the uncertain tax positions relate to deferred tax assets that have been reduced. The Company recognizes interest and penalties as a component of income tax expense. As of December 31, 2007 the Company has accrued approximately \$0.3 million for tax related interest and penalties. The current year tax provision includes a provision of \$0.2 million for interest or \$0.1 million, net of federal benefit.

The Company has foreign tax credit carry forwards of \$1.2 million, which will expire in 2017. In addition, the Company has recorded research credit carry forwards of \$341 thousand, which will expire in 2027.

The Company monitors the undistributed earnings of foreign subsidiaries and, as necessary, provides for income taxes on those earnings that are not deemed permanently invested. As of December 31, 2007, there were no undistributed earnings in our foreign subsidiaries.

The Company is currently subject to audit by the Internal Revenue Service and foreign jurisdictions for the years 2004 through 2007. The Company and its subsidiaries state income tax returns are subject to audit for the years 2004 through 2007.

Cash paid for income taxes during 2007, 2006 and 2005 was \$3.7 million, \$0.2 million, and \$2.0 million, respectively.

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## **Monotype Imaging Holdings Inc.**

### **Notes to consolidated financial statements (continued)**

#### **12. Stockholders Equity**

##### *Initial Public Offering*

We completed our initial public offering on July 30, 2007 issuing 6.5 million shares of our common stock at a price of \$12.00 per share (see Note 1).

##### *Capital Stock*

###### *Convertible Redeemable Preferred Stock*

In November 2004, Imaging Holdings Corporation ( IHC ) entered into a stock purchase agreement (the Stock Agreement ), and various employee investment agreements, under which IHC sold an aggregate of 5,826,750 shares of Convertible Redeemable Preferred Stock ( CRPS ) to certain investors and employees for a total of \$58.3 million. In May 2005, IHC issued an additional 19,405 shares of CRPS for \$15.46 per share.

In August 2005, all outstanding shares of common stock and CRPS of IHC were converted into an equivalent number of shares of the Company. Under the terms of the conversion, holders of CRPS received \$8.26 per share converted, and the per share liquidation preference was reduced by this amount. The total cash paid to the holders of CRPS of \$48.3 million was financed by the proceeds from amendments to the Credit Facilities (see Note 7). The relative equity interests of our stockholders remained unchanged following this recapitalization.

At December 31, 2006 we had authorized 5,994,199 share of convertible redeemable preferred stock, or CRPS with a par value of \$0.01 per share. CRPS held senior rank in all respects to all other classes or series of capital stock of the Company.

The significant rights, preferences and privileges of the CRPS were as follows:

*Voting:* The holders of CRPS were entitled to the number of votes equal to the number of shares of common stock into which they were convertible. In addition, voting together as a separate class, they were entitled to elect two members of the Board of Directors of the Company.

*Dividends:* Each holder was entitled to receive dividends at such times and in such amounts as were received by the holders of outstanding shares of common stock, pro rata based on the number of shares of common stock held by each, determined on an as-if-converted basis. Such dividends were not cumulative.

*Liquidation:* Upon a liquidation, holders of the CRPS would receive the greater of \$1.74 per share plus any declared but unpaid dividends, and such amount as they would have received if they had converted the CRPS into shares of our common stock and redeemable preferred stock ( RPS ) prior to such liquidation.

*Redemption:* At any time on or after November 5, 2010, the holders of not less than a two-thirds interest could elect to have redeemed up to 50.0% of the originally issued and outstanding shares of CRPS held by each holder at such time. Additionally, at any time on or after November 5, 2011, the holders of not less than a two-third interest could elect to have redeemed the remaining percentage up to 100.0% of originally issued and outstanding shares of CRPS held by each holder at such time. The redemption price was to be the greater of \$1.74, plus any declared but unpaid dividends, and the fair market value of the CRPS.

In connection with our initial public offering, on July 30, 2007 all of the outstanding CRPS or 5,840,354 shares, converted into 23,361,416 shares of common stock and 5,840,354 shares of redeemable preferred stock.



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## Monotype Imaging Holdings Inc.

### Notes to consolidated financial statements (continued)

#### 12. Stockholders Equity (continued)

The conversion resulted in approximately \$64.6 million being reclassified to the capital accounts of the Company, and approximately \$9.7 million being reclassified to redeemable preferred stock. At December 31, 2007 we had no authorized CRPS.

##### *Redeemable Preferred Stock*

At December 31, 2006 we had authorized 5,994,199 share of redeemable preferred stock, or RPS, with a par value of \$0.01 per share. In connection with our initial public offering, our outstanding CRPS was converted into 5,840,354 shares of RPS. Also in accordance with our initial public offering and in accordance with the redemption features of our RPS, all of those RPS shares were redeemed at \$1.653 per share. We used approximately \$9.7 million in proceeds from the initial public offering to redeem all of the shares of RPS. At December 31, 2007 we had no authorized RPS.

The significant rights, preferences and privileges of the RPS were as follows:

*Voting:* The holders of outstanding shares of RPS, voting together as a separate class, were entitled to elect one member of the Board of Directors. Holders of RPS were not entitled to vote on other matters, except to the extent required by law.

*Dividends:* The holders of outstanding shares of RPS were entitled to receive, before any dividends shall be paid to any holders of common stock, cumulative dividends at the rate of two percent (2%) per annum per share of RPS from the date of issue. Dividends shall accrue daily in arrears and be compounded quarterly, whether or not such dividends were declared by the Board of Directors and paid.

*Liquidation:* Upon a liquidation event, holders of outstanding shares of RPS would receive \$1.653 per share, plus any accumulated but unpaid dividends.

*Redemption:* At any time on or after November 5, 2010, the holders of not less than a two-thirds interest could elect to have redeemed up to fifty percent (50%) of the originally issued and outstanding shares of RPS held by each holder at such time. Additionally, at any time on or after November 5, 2011, holders of not less than a two-thirds interest could elect to have redeemed the remaining percentage up to 100% of the originally issued and outstanding shares of RPS held by each holder at such time.

##### *Preferred Stock*

At December 31, 2007, we had authorized 10,000,000 shares of preferred stock with a par value of \$0.001 per share. At December 31, 2006, none was authorized. There were no outstanding shares of preferred stock at December 31, 2007 or 2006.

##### *Common Stock*

At December 31, 2007 and December 31, 2006, we had authorized 250,000,000 shares and 40,000,000 shares, respectively, of common stock with a par value of \$0.001 per share.

Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****12. Stockholders' Equity (continued)***Accumulated other comprehensive income*

The following table provides the components of accumulated other comprehensive income (loss):

	Foreign Currency Translation Adjustment	SFAS No. 158 Pension Liability	Accumulated Other Comprehensive Income (Loss)
Balance at December 31, 2005	\$ (48)	\$	\$ (48)
Current year change, net of tax of \$368 and \$26 for foreign currency translation and SFAS No. 158, respectively	581	41	622
Balance at December 31, 2006	533	41	574
Current year change, net of tax of \$1,095 and \$140 for foreign currency translation and SFAS No. 158, respectively	1,719	328	2,047
Balance at December 31, 2007	\$ 2,252	\$ 369	\$ 2,621

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Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****13. Net income (loss) per share**

The following table presents a reconciliation of the numerator and denominator used in the calculation of basic and diluted net income (loss) per share under the two class method (in thousands, except per share data):

	Year Ended December 31,		
	2007	2006	2005
<b>Numerator:</b>			
Net income, as reported	\$ 9,064	\$ 7,062	\$ 7,121
Less: Accretion	(34,086)	(24,387)	(5,514)
Net income (loss) available to shareholders	\$ (25,022)	\$ (17,325)	\$ 1,607
<b>Allocation of net income (loss):</b>			
<b>Basic:</b>			
Net income (loss) available for common shareholders	\$ (25,022)	\$ (17,325)	\$ 92
Net income available for preferred shareholders			1,515
Net income (loss)	\$ (25,022)	\$ (17,325)	\$ 1,607
<b>Diluted:</b>			
Net income (loss)	\$ (25,022)	\$ (17,325)	\$ 1,607
Less: Dividends on redeemable preferred stock			(193)
Net income (loss) available for common shareholders	\$ (25,022)	\$ (17,325)	\$ 1,414
<b>Denominator:</b>			
Weighted-average shares of common stock outstanding	17,099,950	3,756,636	3,620,124
Less: Weighted-average shares of unvested restricted common stock outstanding	(925,785)	(1,405,280)	(2,202,640)
Weighted-average number of common shares used in computing basic net income (loss) per common share	16,174,165	2,351,356	1,417,484
Weighted-average shares of common stock outstanding	17,099,950	3,756,636	3,620,124
Less: Weighted-average shares of unvested restricted common stock outstanding	(925,785)	(1,405,280)	
Weighted-average number of convertible preferred stock			23,349,108
Weighted-average number of common shares issuable upon exercise of outstanding stock options, based on the treasury stock method			452,084
Weighted-average number of common shares used in computing diluted net income (loss) per common share	16,174,165	2,351,356	27,421,316
<b>Computation of net income (loss) per common share:</b>			
<b>Basic:</b>			
Net income (loss) applicable to common shareholders	\$ (25,022)	\$ (17,325)	\$ 92

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Weighted-average number of common shares used in computing basic net income (loss) per common share	16,174,165	2,351,356	1,417,484
Net income (loss) per share applicable to common shareholders	\$ (1.55)	(7.37)	\$ 0.07
Diluted:			
Net income (loss) applicable to common shareholders	\$ (25,022)	\$ (17,325)	\$ 1,414
Weighted-average number of common shares used in computing diluted net income (loss) per common share	16,174,165	2,351,356	27,421,316
Net income (loss) per share applicable to common shareholders	\$ (1.55)	\$ (7.37)	\$ 0.05

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Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****13. Net income (loss) per share (continued)**

The following common share equivalents and unvested restricted shares have been excluded from the computation of diluted weighted-average shares outstanding, for the periods indicated, as their effect would have been anti-dilutive:

	Year Ended December 31,		
	2007	2006	2005
Convertible redeemable preferred stock		23,370,124	
Unvested restricted shares	925,785	1,405,280	
Options	1,322,142	940,972	27,797
Convertible notes payable		170,960	

**14. Stock Compensation Plans**

In November 2004, the Company's stockholders approved the 2004 Stock Option and Grant Plan (the 2004 Award Plan). The 2004 Award Plan provides long-term incentives and rewards to full-time and part-time officers, directors, employees, consultants, advisors and other key persons (collectively, Key Persons) who are responsible for, or contribute to, the management, growth or profitability of the Company. Options and stock grants issued under the 2004 Award Plan generally vest over a four year period and expire ten years from the date of grant. The Company has granted incentive stock options, nonqualified stock options and restricted stock awards under the 2004 Award Plan. As of December 31, 2007, 2,591,204 options and 2,810,403 restricted stock awards have been granted under the 2004 Option Plan. There will be no future grants of awards from the 2004 Award Plan. Pursuant to the terms of our 2004 Award Plan, we have the right to repurchase unvested restricted shares from employees upon their termination, and it is generally our policy to do so. In the year ended December 31, 2007 we repurchased 12,358 shares of unvested restricted stock in accordance with the 2004 Award Plan.

In March 2007, the Company's Board of Directors approved the adoption of the Company's 2007 Stock Option and Incentive Plan (2007 Award Plan), and the 2007 Award Plan was subsequently approved by stockholders in May 2007 and became effective on July 24, 2007. The 2007 Award Plan permits the Company to make grants of incentive stock options, non-qualified stock options, stock appreciation rights, deferred stock awards, restricted stock awards, unrestricted stock awards, cash-based awards and dividend equivalent rights to Key Persons. The Company has reserved 4,383,560 shares of common stock for issuance of awards under the 2007 Award Plan after giving effect to a 4-for-1 stock split effective July 5, 2007 (Note 2), and subject to adjustment for any stock split, dividend or other change in the Company's capitalization. In addition, shares that are forfeited or cancelled from awards under the 2004 Award Plan or the 2007 Award Plan will be available for future grants under the 2007 Award Plan. Stock options granted under the 2007 Award Plan have a maximum term of ten years from the date of grant and generally vest over four years. Option awards granted under the 2007 Award Plan must have an exercise price of no less than the fair market value of the common stock on the date of grant. As of December 31, 2007, 125,483 options and 13,559 restricted stock awards have been granted under the 2007 Option Plan. Pursuant to the terms of our 2007 Award Plan, we automatically reacquire any unvested restricted shares at their original price from the grantee upon termination of employment. In the year ended December 31, 2007, we did not repurchase any shares of our common stock pursuant to the 2007 Award Plan.

Of the 437,462 restricted stock awards granted during 2007, 197,554 were granted to a consultant in connection with China Type Design and is subject to variable accounting in accordance with EITF Issue No. 96-18, *Accounting for Equity Instruments That Are Issued to Other Than Employees for Acquiring, or in Conjunction with Selling Goods or Services* and SFAS 123R.

Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****14. Stock Compensation Plans (continued)***Share Based Compensation*

The following presents the impact of share based compensation expense on our condensed consolidated statements of operations (in thousands):

	Year Ended December 31,	
	2007	2006
Marketing and selling	\$ 476	\$ 128
Research and development	2,875	78
General and administrative	906	234
Total share based compensation	\$ 4,257	\$ 440

Included in our share based compensation expense in the year ended December 31, 2007, was \$2.6 million of expense on the shares of restricted common stock that were issued upon the conversion of the China Type Design promissory notes (see Note 7) which is included in research and development in the accompanying consolidated statements of operations.

As of December 31, 2007, the Company had \$5.3 million of unrecognized compensation expense related to employees and directors unvested stock option awards and restricted share awards that are expected to be recognized over a weighted average period of 3.0 years.

*Stock Option Awards*

Stock option activity for the year ended December 31, 2007 is presented below:

	Number of Shares	Weighted- Average Exercise Price per Share	Aggregate Intrinsic Value (1) (in thousands)	Weighted- Average Remaining Contractual Life (in Years)
Outstanding at December 31, 2006	2,313,376	3.39		
Granted	280,883	11.89		
Exercised	(212,333)	1.25		
Cancelled	(46,157)	5.26		
Outstanding at December 31, 2007	2,335,769	\$ 4.57	\$ 24,777	8.2
Exercisable at December 31, 2007	942,843	\$ 2.88	\$ 11,589	7.9
Vested and expected to vest at December 31, 2007 (2)	2,279,077	\$ 4.54	\$ 24,240	

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- (1) The aggregate intrinsic value is calculated as the positive difference between the exercise price of the underlying options and the quoted price of our shares of common stock on December 31, 2007.
- (2) Represents the number of vested options as of December 31, 2007, plus the number of unvested options expected to vest as of December 31, 2007, based on the unvested options outstanding at December 31, 2007, adjusted for estimated forfeitures.

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Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****14. Stock Compensation Plans (continued)**

Options granted during the 2007 period prior to our IPO on July 25, 2007 and during the year ended December 31, 2006 were as follows:

Accounting Grant Date	Legal Grant Date (1)	Number of Shares	Exercise Price Per Share (1)	Fair Value of Common Stock (2)	Accounting Grant Date Intrinsic Value of Options (3)
February 16, 2006	February 16, 2006	86,952	\$ 1.70	\$ 1.70	\$
October 3, 2006	July 14, 2006	67,356	\$ 4.07	\$ 6.50	\$ 2.43
October 24, 2006	September 30, 2006	992,600	\$ 6.43	\$ 6.97	\$ 0.54
January 10, 2007	December 31, 2006	89,000	\$ 8.50	\$ 8.82	\$ 0.32
May 10, 2007	March 31, 2007	15,556	\$ 11.35	\$ 12.19	\$ 0.84
August 2, 2007	June 30, 2007	50,844	\$ 13.25	\$ 12.00	\$

(1) The exercise price was based on a contemporaneous valuation as of each legal grant date. The legal grant date is the date on which the compensation committee of the Board of Directors authorized the option grants with exercise prices equal to the fair market value of our common stock as of that date, to be finalized upon completion of a valuation report in the future.

(2) For accounting purposes, the grant date for stock options cannot precede the date on which all of the necessary approvals were obtained and the key terms of the grant were known. Accordingly, the Company uses the date on which the compensation committee of our Board of Directors receives and approves the applicable valuation report as the grant date for accounting purposes. The fair value of the common stock at the accounting grant date was determined by straight-line interpolation of the fair value of the common stock per the valuation reports preceding and following the accounting grant date.

(3) The intrinsic value of the options on the accounting grant date represents the increase in fair value of our common stock during the period of time between the legal and the accounting grant dates.

Both the legal and accounting dates of options granted after our initial public offering on July 25, 2007 were the same as we had a readily available value of our common stock on the particular grant dates as traded on the NASDAQ Global Market.

The aggregate intrinsic value of exercised options in the years ended December 31, 2007, 2006 and 2005 was \$2.6 million, \$61 thousand and \$54 thousand, respectively.

Cash received from option exercises under all share-based payment arrangements for the years ended December 31, 2007, 2006 and 2005 was \$266 thousand, \$8 thousand and \$0 thousand, respectively. A tax benefit of approximately \$0.9 million was realized from option exercises during the year ended December 31, 2007. Option exercises will result in the issuance of new shares of common stock.

Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****14. Stock Compensation Plans (continued)***Unvested Share Awards*

Unvested share activity for the year ended December 31, 2007 is presented below:

	Shares	Weighted-Average Grant Date Fair Value Per Share
Unvested shares outstanding at December 31, 2006	1,016,428	\$ 0.22
Granted	437,462	1.43
Vested	(615,413)	0.45
Forfeited	(12,358)	0.00
Unvested shares outstanding at December 31, 2007	826,119	\$ 0.69

**15. Segment Reporting**

We view our operations and manage our business as one segment: the development, marketing and licensing of technologies and fonts. Factors used to identify our single segment include the financial information available for evaluation by our chief operating decision maker in making decisions about how to allocate resources and assess performance. While our technologies and services are sold into two principal markets, OEM and creative professional, expenses and assets are not formally allocated to these market segments, and operating results are assessed on an aggregate basis to make decisions about the allocation of resources. The following table presents revenue for our two major markets (in thousands):

	Year Ended December 31,		
	2007	2006	2005
OEM	\$ 72,612	\$ 64,268	\$ 59,073
Creative Professional	32,540	21,936	14,703
Total	\$ 105,152	\$ 86,204	\$ 73,776

*Geographic segment information*

The Company attributes revenues to geographic areas based on the location of our subsidiary receiving such revenue. For example, licenses may be sold to large international companies which may be headquartered in Asia for instance, but the sales are received and recorded by our subsidiary located in the United States. This revenue is therefore reflected in the United States totals in the table below. We market our products and services through offices in the US and our wholly-owned subsidiaries and affiliates in the United Kingdom, Germany, Hong Kong, and Japan. The following summarizes revenue by location:

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	2007		Year Ended December 31, 2006		2005	
	Sales	% of Total	Sales	% of Total	Sales	% of Total
	(In thousands, except percentages)					
United States	\$ 32,873	31.3%	\$ 37,050	43.0%	\$ 45,821	62.1%
Asia	40,823	38.8	33,732	39.1	19,935	27.0
United Kingdom	12,171	11.6	8,653	10.0	8,020	10.9
Germany	19,285	18.3	6,769	7.9		
<b>Total</b>	<b>\$ 105,152</b>	<b>100.0%</b>	<b>\$ 86,204</b>	<b>100.0%</b>	<b>\$ 73,776</b>	<b>100.0%</b>

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Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****15. Segment Reporting (continued)**

Long-lived assets, which include property, plant and equipment and intangibles, but exclude other assets, goodwill, long-term investments and deferred tax assets, are attributed to geographic areas in which Company assets reside and is shown below (in thousands):

	December 31,	
	2007	2006
Long-lived assets:		
United States	\$ 86,609	\$ 96,297
Asia	1,020	1,021
United Kingdom	62	52
Germany	17,045	15,984
 Total	 \$ 104,736	 \$ 113,354

**16. Commitments and Contingencies***Operating Leases*

We conduct operations in facilities under operating leases expiring through 2012. In accordance with the lease terms, we pay real estate taxes and other operating costs. The Company's future minimum payments under non-cancelable operating leases as of December 31, 2007, are approximately as follows (in thousands):

<b>Years ending December 31:</b>	
2008	\$ 1,037
2009	988
2010	945
2011	267
2012	7
 Total	 \$ 3,244

Rent expense charged to operations was approximately \$1.6 million, \$ 1.2 million, and \$1.1 million for the years ended December 31, 2007, 2006 and 2005, respectively.

*License Agreements*

We license fonts and related technology from third parties for development and resale purposes, and certain of our license agreements provide for minimum annual payments. As of December 31, 2007, we had the following minimum commitments under such license agreements (in thousands):

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Years ending December 31:	
2008	\$ 900
2009	900
2010	100
2011	100
2012	
	\$ 2,000

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**Monotype Imaging Holdings Inc.**

**Notes to consolidated financial statements (continued)**

**16. Commitments and Contingencies (continued)**

***Legal Proceedings***

***Adobe Systems, Incorporated***

On October 30, 2006 Adobe filed an action in the United States District Court of the Northern District of California against Linotype alleging that Linotype breached its obligations under agreements between Linotype and Adobe by failing to pay all royalties due under those agreements, submitting inaccurate royalty reports, and using the fonts licensed under those agreements improperly and without authorization. Adobe requested unspecified money damages, a declaratory judgment, costs and attorneys' fees. On November 9, 2007, Adobe dismissed the case without prejudice.

At December 31, 2004, we had a lawsuit pending against Adobe alleging that Adobe had breached its license agreement with the Company. In April 2005, we entered into a settlement agreement with Adobe which provided for cross-licensing arrangements. No payments to Adobe were required and all proceedings were dismissed.

***Bitstream, Inc.***

At December 31, 2004, we had a lawsuit pending against Bitstream, a competitor of ours, alleging copyright infringement by Bitstream. In July 2005, the courts ruled in favor of Bitstream, who then filed a motion for recovery of its attorneys' fees and costs. We believed it was probable that Bitstream would prevail, and accordingly, \$0.5 million of accrued legal fees were recognized and included in accrued expenses in the accompanying consolidated balance sheets as of December 31, 2005. In June 2006, we paid the settlement of \$0.5 million.

***Licensing Warranty***

Under our standard license agreement with OEMs, we warrant that the licensed technologies are free of infringement claims of intellectual property rights and will meet the specifications as defined in the licensing agreement for a one-year period. Under the licensing agreements, liability for such indemnity obligations is limited, generally to the total arrangement fee; however, exceptions have been made on a case-by-case basis, increasing the maximum potential liability to agreed upon amounts at the time the contract is entered into. We have never incurred costs payable to a customer or business partner to defend lawsuits or settle claims related to these warranties, and as a result, management believes the estimated fair value of these warranties is minimal. Accordingly, there are no liabilities recorded for these warranties as of December 31, 2007 and 2006.

Table of Contents**Monotype Imaging Holdings Inc.****Notes to consolidated financial statements (continued)****17. Supplementary Financial Data (Unaudited)**

(in thousands, except share amounts)

	Three Months Ended							
	December 31, 2007	September 30, 2007	June 30, 2007	March 31, 2007	December 31, 2006	September 30, 2006	June 30, 2006	March 31, 2006
Revenue	\$ 27,514	\$ 26,172	\$ 25,756	\$ 25,710	\$ 25,448	\$ 22,786	\$ 19,504	\$ 18,466
Cost of revenue	1,736	1,999	2,223	2,747	1,753	2,327	2,093	2,132
Cost of revenue Amortization of acquired technology	844	844	844	844	842	829	675	675
Marketing and selling	5,374	4,694	4,607	4,531	4,474	4,250	3,164	3,043
Research and development	4,862	6,079	3,847	4,049	4,086	3,802	2,997	2,928
General and administrative	4,314	3,836	3,919	3,536	4,439	2,067	1,789	1,817
Amortization of intangible assets	1,803	1,792	1,788	1,779	1,797	1,663	1,614	1,613
Total costs and expenses	18,933	19,244	17,228	17,486	17,391	14,938	12,332	12,208
Income from operations	8,581	6,928	8,528	8,224	8,057	7,848	7,172	6,258
Interest expense	3,106	3,981	5,328	5,344	5,216	6,411	3,929	4,131
Interest income	(83)	(56)	(45)	(21)	(59)	(30)	(66)	(16)
Loss on extinguishment of debt		2,958						
Other income, net	(953)	(956)	(111)	(127)	(1,155)	(699)	(588)	(722)
Total other expenses	2,070	5,927	5,172	5,196	4,002	5,682	3,275	3,393
Income before provision (benefit) for income taxes	6,511	1,001	3,356	3,028	4,055	2,166	3,897	2,865
Provision (benefit) for income taxes	2,536	(523)	1,371	1,448	1,458	1,784	1,528	1,151
Net income	\$ 3,975	\$ 1,524	\$ 1,985	\$ 1,580	\$ 2,597	\$ 382	\$ 2,369	\$ 1,714
Income (loss) per common share:								
Basic	\$ 0.12	\$ (0.09)	\$ (4.95)	\$ (4.35)	\$ (2.77)	\$ (2.77)	\$ (0.83)	\$ (0.68)
Diluted	\$ 0.11	\$ (0.09)	\$ (4.95)	\$ (4.35)	\$ (2.77)	\$ (2.77)	\$ (0.83)	\$ (0.68)
Weighted average number of common shares outstanding:								
Basic	33,298,065	25,248,387	2,925,388	2,786,916	2,625,380	2,440,192	2,268,776	2,079,716
Diluted	35,460,824	25,248,387	2,925,388	2,786,916	2,625,380	2,440,192	2,268,776	2,079,716

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*6,000,000 shares*

*Common stock*

**Prospectus**

, 2008

**JPMorgan**

**Banc of America Securities LLC**

**William Blair & Company**

**Canaccord Adams**

**Jefferies & Company**

**Needham & Company, LLC**

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## PART II

### INFORMATION NOT REQUIRED IN PROSPECTUS

**Item 13. Other expenses of issuance and distribution.**

The following table sets forth the costs and expenses, other than the underwriting discount, payable by us in connection with the sale of common stock being registered. All amounts are estimated except the SEC registration fee and the FINRA filing fee.

	<b>Amount to be paid</b>
SEC registration fee	\$ 3,960
FINRA filing fee	\$ 10,574
Printing and mailing	\$ 200,000
Legal fees and expenses	\$ 400,000
Accounting fees and expenses	\$ 400,000
Miscellaneous	\$ 5,466
 Total	 \$ 1,020,000

**Item 14. Indemnification of directors and officers.**

Section 145(a) of the Delaware General Corporation Law provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the corporation), because he or she is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the person in connection with such action, suit or proceeding, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation and, with respect to any criminal action or proceeding, had no reasonable cause to believe his or her conduct was unlawful.

Section 145(b) of the Delaware General Corporation Law provides, in general, that a corporation may indemnify any person who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the corporation to procure a judgment in its favor because the person is or was a director, officer, employee or agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise, against expenses (including attorneys' fees) actually and reasonably incurred by the person in connection with the defense or settlement of such action or suit if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of the corporation, except that no indemnification shall be made with respect to any claim, issue or matter as to which he or she shall have been adjudged to be liable to the corporation unless and only to the extent that the Court of Chancery or other adjudicating court determines that, despite the adjudication of liability but in view of all of the circumstances of the case, he or she is fairly and reasonably entitled to indemnity for such expenses which the Court of Chancery or other adjudicating court shall deem proper.

Section 145(g) of the Delaware General Corporation Law provides, in general, that a corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or

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agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation, partnership, joint venture, trust or other enterprise against any liability asserted against such person and incurred by such person in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify the person against such liability under Section 145 of the Delaware General Corporation Law.

Article VII of our Amended and Restated Certificate of Incorporation, as amended to date (the Charter ), provides that no director of our company shall be personally liable to us or our stockholders for monetary damages for any breach of fiduciary duty as a director, except for liability (1) for any breach of the director's duty of loyalty to us or our stockholders, (2) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (3) in respect of unlawful dividend payments or stock redemptions or repurchases, or (4) for any transaction from which the director derived an improper personal benefit. In addition, our Charter provides that if the Delaware General Corporation Law is amended to authorize the further elimination or limitation of the liability of directors, then the liability of a director of our company shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended.

Article VII of the Charter further provides that any repeal or modification of such article by our stockholders or an amendment to the Delaware General Corporation Law will not adversely affect any right or protection existing at the time of such repeal or modification with respect to any acts or omissions occurring before such repeal or modification of a director serving at the time of such repeal or modification.

Article V of our Amended and Restated By-Laws, as amended to date (the By-Laws ), provides that we will indemnify each of our directors and officers and, in the discretion of our board of directors, certain employees, to the fullest extent permitted by the Delaware General Corporation Law as the same may be amended (except that in the case of an amendment, only to the extent that the amendment permits us to provide broader indemnification rights than the Delaware General Corporation Law permitted us to provide prior to such the amendment) against any and all expenses, judgments, penalties, fines and amounts reasonably paid in settlement that are incurred by the director, officer or such employee or on the director's, officer's or employee's behalf in connection with any threatened, pending or completed proceeding or any claim, issue or matter therein, to which he or she is or is threatened to be made a party because he or she is or was serving as a director, officer or employee of our company, or at our request as a director, partner, trustee, officer, employee or agent of another corporation, partnership, limited liability company, joint venture, trust, employee benefit plan, foundation, association, organization or other legal entity, if he or she acted in good faith and in a manner he or she reasonably believed to be in or not opposed to the best interests of our company and, with respect to any criminal proceeding, had no reasonable cause to believe his or her conduct was unlawful. Article V of the By-Laws further provides for the advancement of expenses to each of our directors and, in the discretion of our board of directors, to certain officers and employees.

In addition, Article V of the By-Laws provides that the right of each of our directors and officers to indemnification and advancement of expenses shall be a contract right and shall not be exclusive of any other right now possessed or hereafter acquired under any statute, provision of the Charter or By-Laws, agreement, vote of stockholders or otherwise. Furthermore, Article V of the By-Laws authorizes us to provide insurance for our directors, officers and employees, against any liability, whether or not we would have the power to indemnify such person against such liability under the Delaware General Corporation Law or the provisions of Article V of the By-Laws.

We have entered into indemnification agreements with each of our directors and certain of our executive officers. These agreements provide that we will indemnify each of our directors and certain of our executive officers to the fullest extent permitted by law. In addition, our stockholders agreement provides

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indemnification to TA Associates and D.B. Zwirn, and their associated investment funds, for damages, expenses, or losses arising out of, based upon or by reason of any third party or governmental claims relating to their status as a security holder, creditor, director, officer, agent, representative or controlling person of us, or otherwise relating to their involvement with Monotype. There is also an indemnification provision in the stockholders agreement that survives following its termination for so long as any person nominated by TA Associates is a member of our board of directors.

We also maintain a general liability insurance policy which covers certain liabilities of directors and officers of our company arising out of claims based on acts or omissions in their capacities as directors or officers.

In connection with their investment in us, we entered into a stockholders agreement, dated as of November 5, 2004, with TA Associates and D.B. Zwirn. Most provisions of the stockholders agreement terminated upon the closing of our initial public offering. However, surviving provisions include our covenant to indemnify TA Associates and D.B. Zwirn, including their associated investment funds, subject to exceptions, for damages, expenses or losses arising out of, based upon or by reason of any breach of a covenant or agreement made by us in the stockholders agreement, any third party or governmental claims relating to their status as a security holder, creditor, director, agent, representative or controlling person of us, or otherwise relating to their involvement with us. This covenant continues until the expiration of the applicable statute of limitations. We have also covenanted to maintain directors and officers liability insurance for so long as any person nominated by TA Associates, as two-thirds holder, is a member of our board of directors.

In any underwriting agreement we enter into in connection with the sale of common stock being registered hereby, the underwriters will agree to indemnify, under certain conditions, us, our directors, our officers and persons who control us within the meaning of the Securities Act, against certain liabilities.

### **Item 15. Recent sales of unregistered securities.**

During the past three years, we have sold and issued the following unregistered securities:

- (1) On June 15, 2005, IHC sold 19,405 shares of IHC convertible preferred stock, convertible into 19,405 shares of its redeemable preferred stock and 77,620 shares of common stock to Ms. Arthur and her two sons, for an aggregate purchase price of \$300,001.
- (2) On August 24, 2005, in connection with a recapitalization transaction and debt refinancing, all of the holders of shares of common stock of IHC exchanged their shares for shares of common stock of the registrant. The registrant did not receive any consideration for this transaction.
- (3) On August 24, 2005, in connection with a recapitalization transaction and debt refinancing, all of the holders of shares of preferred stock of IHC exchanged their shares for shares of convertible preferred stock of the registrant. The registrant did not receive any consideration for this transaction.
- (4) On August 24, 2005, in connection with a recapitalization transaction and debt refinancing, all of the holders of restricted stock of IHC exchanged their restricted stock for shares of restricted stock of the registrant. The registrant did not receive any consideration for this transaction.
- (5) On July 28, 2006, we issued promissory notes in connection with our acquisition of China Type Design in the aggregate amount of \$600,000, which converted together with any unpaid interest, into 415,903 shares of our restricted common stock upon the closing of our initial public offering.



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(6) Since November 5, 2004 until March 31, 2007, we granted, under our 2004 Option Plan, an aggregate of 2,138,360 options to purchase shares of our common stock to certain of our officers and employees at exercise prices ranging from \$0.01 to \$11.35 per share. Since November 5, 2004 until March 31, 2007, we granted, under our 2004 Option Plan, an aggregate of 2,326,500 shares of restricted stock to certain of our officers and employees at exercise prices ranging from \$0.01 to \$1.453 per share.

(7) On March 26, 2006, we issued 60,000 restricted shares of our common stock at a price of \$1.695 per share to Mr. Simone, as director compensation.

(8) On September 30, 2006, we granted options to purchase 402,000 shares of our common stock, under our 2004 Option Plan, at an exercise price of \$6.43 per share to certain of our officers and directors.

(9) On June 30, 2007, we granted options to purchase 50,844 shares of our common stock at a price of \$13.25 per share under our 2004 Option Plan and issued 8,000 restricted shares of our common stock to certain of our employees at a price of \$0.003 per share.

The sales of securities described in items (1) through (5), (7) and (8) above were deemed to be exempt from registration pursuant to Section 4(2) of the Securities Act and Regulation D promulgated thereunder as transactions by an issuer not involving a public offering. The issuances of the securities described in items (6) and (9) above were deemed to be exempt from registration pursuant to either Rule 701 promulgated under the Securities Act as transactions pursuant to compensatory benefit plans approved by the registrant's board of directors or Section 4(2) of the Securities Act as transactions by an issuer not involving a public offering.

The recipients of securities in each of these transactions represented their intention to acquire the securities for investment only and not with a view to or for sale in connection with any distribution thereof and appropriate legends were affixed to the share certificates and instruments issued in such transactions. All recipients either received adequate information about us or had adequate access, through their relationship with us, to information about us. There were no underwriters employed in connection with any of the transactions set forth in Item 6.

**Item 16. Exhibit and financial statement schedules.**

(a) Exhibits

See the Exhibit Index on the page immediately preceding the exhibits for a list of exhibits filed as part of this registration statement on Form S-1, which Exhibit Index is incorporated herein by reference.

(b) Financial Statement Schedules.

All schedules have been omitted because they are not applicable.

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**Item 17. Undertakings.**

(a) The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act of 1933, the information omitted from the form of Prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4), or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective.

(2) For the purpose of determining any liability under the Securities Act of 1933, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

(b) Insofar as indemnification for liabilities arising under the Securities Act of 1933 may be permitted to directors, officers and controlling persons of the registrant pursuant to the foregoing provisions, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Act and will be governed by the final adjudication of such issue.

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## Signatures

Pursuant to the requirements of the Securities Act of 1933, the registrant has duly caused this Amendment No. 3 to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in the City of Woburn, Commonwealth of Massachusetts, on June 3, 2008.

**MONOTYPE IMAGING HOLDINGS INC.**

By: /s/ DOUGLAS J. SHAW  
Douglas J. Shaw

*President and Chief Executive Officer*

Signature	Title
/s/ DOUGLAS J. SHAW  Douglas J. Shaw	President, Chief Executive Officer and Director ( <i>Principal Executive Officer</i> )
/s/ JACQUELINE D. ARTHUR  Jacqueline D. Arthur	Senior Vice President, Chief Financial Officer, Treasurer and Assistant Secretary ( <i>Principal Financial Officer</i> )
/s/ ALEX N. BRAVERMAN  Alex N. Braverman	Vice President, Finance ( <i>Principal Accounting Officer</i> )
*	Chairman of the Board
Robert M. Givens  *	Director
A. Bruce Johnston  *	Director
Roger J. Heinen, Jr.  *	Director
Pamela F. Lenehan  *	Director
Jonathan W. Meeks  *	Director
Peter J. Simone	

\*By: /s/ DOUGLAS J. SHAW

Douglas J. Shaw

Attorney-in-fact

S-1

**Table of Contents****Exhibit index**

<b>Exhibit number</b>	<b>Description</b>
1.1*	Form of Underwriting Agreement
3.1(5)	Amended and Restated Certificate of Incorporation of the Registrant
3.2(4)	Amended and Restated By-Laws of the Registrant
4.1(5)	Specimen Stock Certificate
4.2(1)	Registration Rights Agreement by and among Monotype Imaging Holdings Corp., the Investors and the Management Stockholders named therein, dated as of November 5, 2004
4.3(1)	Stockholders Agreement by and among Monotype Imaging Holdings Corp., the Management Stockholders and the Investors named therein, dated as of November 5, 2004
4.4*	Amendment No. 1 to Registration Rights Agreement, dated March 31, 2008
5.1	Opinion of Goodwin Procter LLP
10.1(1)	2004 Stock Option and Grant Plan
10.2(1)	Form of Non-Qualified Option Agreement under the 2004 Stock Option and Grant Plan
10.3(1)	Form of Incentive Stock Option Agreement under the 2004 Stock Option and Grant Plan
10.4(1)	Form of Restricted Stock Agreement under the 2004 Stock Option and Grant Plan
10.5(3)	2007 Stock Option and Incentive Plan
10.6(3)	Form of Non-Qualified Option Agreement under the 2007 Stock Option and Incentive Plan
10.7(3)	Form of Incentive Stock Option Agreement under the 2007 Stock Option and Incentive Plan
10.8(3)	Form of Restricted Stock Agreement under the 2007 Stock Option and Incentive Plan
10.9*	Form of Director Restricted Stock Award Agreement under the 2007 Stock Option and Incentive Plan
10.10(7)	Employment agreement by and between the Monotype Imaging Inc. and Alex N. Braverman, dated as of January 3, 2008
10.11(1)	Employment agreement by and between the Monotype Imaging Inc. and David L. McCarthy, dated as of November 5, 2004
10.12(1)	Employment agreement by and between the Monotype Imaging Inc. and John L. Seguin, dated as of November 5, 2004
10.13(1)	Employment agreement by and between the Monotype Imaging Inc. and Douglas J. Shaw, dated as of November 5, 2004
10.14(1)	Employment agreement by and between the Monotype Imaging Inc. and Jacqueline D. Arthur, dated as of May 16, 2005
10.15(1)	Employment agreement by and between the Monotype Imaging Inc. and Janet M. Dunlap, dated as of September 25, 2006
10.16(3)	Service agreement by and between the Monotype Imaging Inc. and Frank Wildenberg, dated as of January 24, 2007
10.17(1)	Form of Indemnification Agreement between Monotype Imaging Inc. and certain of its Directors and Officers
10.18(3)	Lease, dated as of January 5, 2005, between Acquiport Unicorn, Inc. and Monotype Imaging, Inc., as amended
10.19(1)	Lease, dated as of April 6, 2006, between 6610, LLC and Monotype Imaging, Inc.
10.20(9)	First Amendment to Lease dated as of April 6, 2006, between 6610, LLC and Monotype Imaging, Inc.

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<b>Exhibit number</b>	<b>Description</b>
10.21(9)	Lease, dated as of February 18, 2008, between 6610, LLC and Monotype Imaging, Inc.
10.22(9)	Lease, dated as of November 14, 2007, between Sachiko Kasai and Monotype Imaging KK
10.23(2)	Lease, dated as of July 10, 2006, between Sun Wah Marine Products (Holdings) Limited and China Type Design Limited
10.24(2)	Lease, dated as of June 13, 1997, between Linotype GmbH and Heidelberger Druckmaschinen AG (English translation)
10.25(2)	Sublease, dated as of July 1, 2006, between Linotype GmbH and Heidelberger Druckmaschinen AG (English translation)
10.26(2)	Lease, dated as of May 24, 2006, between Lake Center Plaza Partners, LLC and Monotype Imaging, Inc.
10.27(3)	Lease, dated as of April 7, 2005, between RAFI (GB) Limited and Monotype Imaging Limited
10.28(2)	Office lease, dated as of December 17, 2006, by and between Sheila L. Ortloff and Monotype Imaging, Inc.
10.29(2)	Stock Purchase Agreement by and among Agfa Corp., Agfa Monotype Corporation and Imaging Acquisition Corporation, dated as of November 5, 2004
10.30(3)	Security Agreement by and among the Grantors (as defined therein) and Wells Fargo Foothill, Inc., dated as of November 5, 2004
10.31(3)	Supplemental No. 1 to the Security Agreement by and among the Grantors (as defined therein) and Wells Fargo Foothill, Inc., dated as of December 28, 2006
10.32(3)	Intercompany Subordination Agreement by and among Monotype Acquisition Corporation, Agfa Monotype Corporation, International Typeface Corporation, Monotype Imaging Holdings Corp., and Wells Fargo Foothill, Inc., dated as of November 5, 2004
10.33(2)	Share Pledge Agreement by and among Monotype Imaging Holdings Corp., Blitz 06-683 GmbH, Wells Fargo Foothill, Inc. and the Lenders (as defined therein), dated as of July 31, 2006
10.34(2)	Joinder and Consent Agreement to and Consent and Waiver Under Credit Agreement, by and among Linotype Corp., Monotype Imaging Holdings Corp., Monotype Imaging, Inc., International Typeface Corporation, the Required Lenders (as defined therein) and Wells Fargo Foothill, Inc., dated as of December 13, 2006
10.35(6)	Amended and Restated Credit Agreement by and among Monotype Imaging Holdings Inc., Imaging Holdings Corp., Monotype Imaging Inc., and International Typeface Corporation, as Borrowers, the Lenders (as defined therein) and Wells Fargo Foothill, Inc., as the Arranger and Administrative Agent, dated as of July 30, 2007
10.36(9)	Joinder to Security Agreement, Guaranty and Intercompany Subordination Agreement, by and among Monotype Imaging Holdings Inc., Imaging Holdings Corp., Monotype Imaging Inc., International Typeface Corporation, Linotype Corp., and Wells Fargo Foothill, Inc., as the Arranger and Administrative Agent, dated as of July 30, 2007
10.37(9)	Supplement No. 2 to the Security Agreement by and among the Grantors (as defined therein) and Wells Fargo Foothill, Inc., dated as of July 30, 2007
10.38(9)	Copyright Security Agreement by and among the Grantors (as defined therein) and Wells Fargo Foothill, Inc., dated as of July 30, 2007
10.39(9)	Trademark Security Agreement by and among the Grantors (as defined therein) and Wells Fargo Foothill, Inc., dated as of July 30, 2007
10.40(9)	Patent Security Agreement by and among the Grantors (as defined therein) and Wells Fargo Foothill, Inc., dated as of July 30, 2007

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<b>Exhibit number</b>	<b>Description</b>
10.41(2)	Intellifont Software and Type Software Agreement dated August 15, 1991 by and between Monotype Imaging Inc. and Lexmark International, Inc., as amended by Addendums No. 1 through 17 and the Letter Addendum dated September 19, 1995 and the Notification of Assignment of Agreement
10.42(10)	Addendums No. 18 through 21 to the Intellifont Software and Type Software Agreement, dated as of August 15, 1991, by and between Monotype Imaging Inc. and Lexmark International, Inc., as amended
10.43(3)	Equity Award Grant Policy
10.44(8)	2007 Incentive Compensation Plan, as amended
10.45(3)	2007 (Sales) Incentive Compensation Plan by and between Monotype Imaging Inc. and David L. McCarthy, dated as of March 6, 2007
10.46(8)	2008 Executive Incentive Compensation Program
10.47(1)	Agreement and Plan of Merger by and among the Registrant, MIHC Merger Sub Inc. and Monotype Imaging Holdings Corp., dated as of August 24, 2005
10.48(1)	Stock Purchase Agreement by and among Monotype Imaging Inc. and certain stockholders of China Type Design Limited, dated as of July 28, 2006
10.49(3)	Purchase Agreement for the Sale of Shares in Linotype GmbH by and among Heidelberger Druckmaschinen Aktiengesellschaft, Blitz 06-683 GmbH and Monotype Imaging Holdings Corp., dated as of August 1, 2006
10.50(9)	Third Amendment to Lease by and between Acquiport Unicorn, Inc. and Monotype Imaging, Inc., dated as of March 4, 2008
10.51(10)	Lease between Tyne Flooring Limited and Agfa Monotype Limited, dated as of July 14, 2004
10.52*	First Amendment to Amended and Restated Credit Agreement by and among Monotype Imaging Holdings Inc., Imaging Holdings Corp., Monotype Imaging Inc., and International Typeface Corporation, as Borrowers, the Lenders (as defined therein) and Wells Fargo Foothill, Inc., as the Arranger and Administrative Agent, dated as of April 17, 2008
10.53*	Lease, dated April 11, 2008, between Elinor GmbH & Co. Apollo KG and Linotype GmbH (English translation)
10.54(11)	Offer letter by and between Monotype Imaging Inc. and Scott Landers dated June 3, 2008
21.1(1)	List of Subsidiaries
23.1	Consent of Independent Registered Public Accounting Firm
23.2	Consent of Goodwin Procter LLP (included in Exhibit 5.1)

- (1) Incorporated by reference to the Company's Registration Statement on Form S-1 (File No. 333-140232) filed with the SEC on January 26, 2007.
- (2) Incorporated by reference to Amendment No. 1 to the Company's Registration Statement on Form S-1 (File No. 333-140232) filed with the SEC on February 8, 2007.
- (3) Incorporated by reference to Amendment No. 2 to the Company's Registration Statement on Form S-1 (File No. 333-140232) filed with the SEC on April 13, 2007.
- (4) Incorporated by reference to Amendment No. 4 to the Company's Registration Statement on Form S-1 (File No. 333-140232) filed with the SEC on July 5, 2007.
- (5) Incorporated by reference to Amendment No. 5 to the Company's Registration Statement on Form S-1 (File No. 333-140232) filed with the SEC on July 10, 2007.
- (6) Incorporated by reference to the Company's Quarterly Report on Form 10-Q filed on September 7, 2007.
- (7) Incorporated by reference to the Company's Current Report on Form 8-K filed on January 4, 2008.
- (8) Incorporated by reference to the Company's Current Report on Form 8-K filed on February 8, 2008.

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(9) Incorporated by reference to the Company's Annual Report on Form 10-K filed on March 27, 2008.

(10) Incorporated by reference to the Company's Annual Report on Form 10-K/A filed on April 22, 2008.

(11) Incorporated by reference to the Company's Current Report on Form 8-K filed on June 4, 2008.

\* Previously filed as an exhibit to this registration statement.

Confidential treatment has been granted as to certain provisions of this Exhibit pursuant to Rule 406 promulgated under the Securities Act of 1934, as amended.

Confidential treatment has been granted as to certain provisions of this Exhibit pursuant to Rule 24b-2 ( Rule 24b-2 ) promulgated under the Securities Exchange Act of 1934, as amended.