

PALO ALTO INVESTORS  
Form SC 13D/A  
January 13, 2004

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SCHEDULE 13D

Under the Securities Exchange Act of 1934  
(Amendment No. 2)

Centra Software, Inc.

—

(Name of Issuer)

Common Stock

—

(Title of Class of Securities)

15234X103

—

(CUSIP Number)

Carolyn R. Gorman, Esq.

Shartsis Friese & Ginsburg LLP

One Maritime Plaza, 18th Floor

San Francisco, CA 94111

(415) 421-6500

—  
(Name, Address and Telephone Number of Person  
Authorized to Receive Notices and Communications)

December 11, 2003

—  
(Date of Event Which Requires Filing of this Statement)

If the filing person has previously filed a statement on Schedule 13G to report the acquisition that is the subject of this Schedule 13D, and is filing this schedule because of sections 240.13d-1(e), 240.13d-1(f) or 140.13d-1(g), check the following box. [ ]

Note:

Schedules filed in paper format shall include a signed original and five copies of the schedule, including all exhibits. See section 240.13d-7 for other parties to whom copies are to be sent.

\* The remainder of this cover page shall be filled out for a reporting person's initial filing on this form with respect to the subject class of securities, and for any subsequent amendment containing information which would alter the disclosures provided in a prior cover page.

The information required in the remainder of this cover page shall not be deemed to be "filed" for the purpose of Section 18 of the Securities Exchange Act of 1934 ("Act") or otherwise subject to the liabilities of that section of the Act but shall be subject to all other provisions of the Act (however, see the Notes).

—  
1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

William Leland Edwards

—  
2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)  X

(b)    

3. SEC Use Only

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4. Source of Funds (See Instructions) PF as to 3,000 Shares  
 OO as to 66,571 shares  
 AF as to 1,240,234 shares

—  
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e) \_\_\_\_\_

—  
 6. Citizenship or Place of Organization U.S.A.

Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power N9,571
	8. Shared Voting Power I,240,234
	9. Sole Dispositive Power N9,571
	10. Shared Dispositive Power I,240,234

11. Aggregate Amount Beneficially Owned by Each Reporting Person I,309,805

—  
 12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions) \_\_\_\_\_

—  
 13. Percent of Class Represented by Amount in Row (11) L.86%

—  
 14. Type of Reporting Person (See Instructions) IN

—  
 1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Palo Alto Investors, LLC

—

2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)  X

(b)  —

3. SEC Use Only  —

4. Source of Funds (See Instructions)  AF

—

5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)  —

—

6. Citizenship or Place of Organization  California

Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power <u> H </u>
	8. Shared Voting Power <u> I,240,234 </u>
	9. Sole Dispositive Power <u> H </u>
	10. Shared Dispositive Power <u> I,240,234 </u>

11. Aggregate Amount Beneficially Owned by Each Reporting Person  I,240,234

—

12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)  —

—

13. Percent of Class Represented by Amount in Row (11)  L.61%

—

14. Type of Reporting Person (See Instructions)  OO, IA

—

—  
 1. Names of Reporting Persons. I.R.S. Identification Nos. of above persons (entities only).

Palo Alto Investors

—  
 2. Check the Appropriate Box if a Member of a Group (See Instructions)

(a)

(b)

3. SEC Use Only

4. Source of Funds (See Instructions) AF

—  
 5. Check if Disclosure of Legal Proceedings Is Required Pursuant to Items 2(d) or 2(e)

—  
 6. Citizenship or Place of Organization California

Number of Shares Beneficially Owned by Each Reporting Person With	7. Sole Voting Power H
	8. Shared Voting Power I,240,234
	9. Sole Dispositive Power H
	10. Shared Dispositive Power I,240,234

11. Aggregate Amount Beneficially Owned by Each Reporting Person I,240,234

—  
 12. Check if the Aggregate Amount in Row (11) Excludes Certain Shares (See Instructions)

—  
13. Percent of Class Represented by Amount in Row (11)L.61%

—  
14. Type of Reporting Person (See Instructions) CO  
—

#### Item 1. Security and Issuer

This statement relates to shares of Common Stock (the "Stock") of Centra Software, Inc. (the "Issuer"). The principal executive office of the Issuer is located at 430 Bedford Street, Lexington, MA 02420.

#### Item 2. Identity and Background

The persons filing this statement and the persons enumerated in Instruction C of Schedule 13D and, where applicable, their respective places of organization, general partners, directors, executive officers and controlling persons, and the information regarding them, are as follows:

(a) William Leland Edwards, Palo Alto Investors, LLC ("PAI LLC") and Palo Alto Investors ("PAI Corp", and collectively, the "Filers").

(b) The business address of the Filers is  
470 University Avenue, Palo Alto, CA 94301

(c) Present principal occupation or employment of the Filers and the name, principal business and address of any corporation or other organization in which such employment is conducted:

PAI LLC is an investment adviser registered with the Securities and Exchange Commission. PAI LLC is investment adviser to individual client accounts and is the general partner of and investment adviser to investment limited partnerships. The sole manager of PAI LLC is PAI Corp. Mr. Edwards is the president and controlling shareholder of PAI Corp and the president and principal member of PAI LLC.

(d) During the last five years, none of the Filers has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors).

(e) During the last five years, none of the Filers was a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting or mandating activities subject to, federal or state securities laws or finding any violation with respect to such laws.

(f) Mr. Edwards is a United States citizen.

#### Item 3. Source and Amount of Funds or Other Consideration

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The source and amount of funds used in purchasing the Stock were as follows:

<u>Purchaser</u>	<u>Source of Funds</u>	<u>Amount</u>
William Leland Edwards	Personal Funds and Partnership Distribution	\$6,257
PAI LLC	Funds Under Management	\$3,905,912

Item 4. Purpose of Transaction

The Stock was acquired for investment. After investing in the Issuer, the Filers communicated with the Board of Directors regarding concerns about the Issuer's share price and suggestions for increasing shareholder value. Mr. Edwards intends to continue monitoring and communicating with the Issuer about the Stock's performance and the Issuer's responses to the price and may consider other actions in the best interests of the advisory clients of PAI LLC.

Item 5. Interest in Securities of the Issuer

(a), (b), (d) The beneficial ownership of the Stock of each Filer at the date hereof is reflected on that Filer's cover page. PAI LLC is an investment adviser with the power to invest in, vote and dispose of the Stock on behalf of its clients. Its clients have the right to receive or the power to direct the receipt of dividends from, or the proceeds from the sale of, the Stock. No single client holds more than 5% of the outstanding Stock. Mr. Edwards is the president and controlling shareholder of PAI Corp, the sole manager of PAI LLC, and is the president and principal member of PAI LLC. As such, PAI LLC, PAI Corp, and Mr. Edwards share beneficial ownership of all shares of Stock held in client accounts. In addition, Mr. Edwards owns Stock of the Issuer in personal accounts, as indicated on the cover page. PAI Corp, PAI LLC and Mr. Edwards constitute a group as defined in Rule 13d-5(b)(1), but are not members of a group with any person not included on this Schedule 13D.

(c) PAI LLC, on behalf of its client accounts, effected the following transactions in the Stock on the dates indicated, and such transactions are the only transactions in the Stock by the Filers since the last amendment to this Schedule 13D. All transactions were effected in the open market unless otherwise indicated.

Name	Purchase or Sale	Date	Number of Shares	Price Per Share
PAI LLC	S	12/5/03	75,000	\$4.1506
	S	12/9/03	5,000	\$4.065

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	S	12/10/03	130,000		\$4.0785
	S	12/11/03	70,000		\$4.0814

Item 6. Contracts, Arrangement, Understandings or Relationships with Respect to Securities of the Issuer

PAI LLC is the general partner of investment partnerships pursuant to Agreements of Limited Partnership that grant to PAI LLC the authority, among other things, to invest the funds of such investment partnerships in the Stock, to vote and dispose of the Stock and to file this statement on behalf of such limited partnerships. Pursuant to such Agreements of Limited Partnership, the general partner of such investment partnerships is entitled to allocations based on assets under management and realized and unrealized gains.

Item 7. Material to Be Filed as Exhibits

None. Agreement Regarding Joint Filing of Statement on Schedule 13D or 13G was previously filed.

SIGNATURES

After reasonable inquiry and to the best of my knowledge, I certify that the information set forth in this statement is true, complete and correct.

Dated: January 13, 2004

PALO ALTO INVESTORS, LLC

By: Palo Alto Investors, a California corporation,  
Manager

/s/ William L. Edwards

By: /s/ William L. Edwards, President

PALO ALTO INVESTORS

, a California corporation

By: /s/ William L. Edwards