

PARAMETRIC TECHNOLOGY CORP
Form DEF 14A
January 26, 2012
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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

SCHEDULE 14A

(Rule 14a-101)

Proxy Statement Pursuant to Section 14(a) of the

Securities Exchange Act of 1934

Filed by the Registrant Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Confidential, For Use of the Commission Only (as permitted by Rule 14a-6(e)(2))

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

PARAMETRIC TECHNOLOGY CORPORATION

(Name of Registrant as Specified in Its Charter)

(Name of Person(s) Filing Proxy Statement, if Other Than the Registrant)

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(3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11 (set forth the amount on which the filing fee is calculated and state how it was determined):

(4) Proposed maximum aggregate value of transaction:

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Fee paid previously with preliminary materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing.

(1) Amount previously paid:

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(3) Filing party:

(4) Date filed:

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PARAMETRIC TECHNOLOGY CORPORATION

140 KENDRICK STREET

NEEDHAM, MASSACHUSETTS 02494

NOTICE OF ANNUAL MEETING OF STOCKHOLDERS

We will hold the Annual Meeting of Stockholders of Parametric Technology Corporation at the time and location stated below.

Wednesday, March 7, 2012

8:00 a.m., local time

Parametric Technology Corporation

140 Kendrick Street

Needham, MA 02494

At this year's Annual Meeting, we will ask you to:

Elect three directors to serve for the next three years;

Approve the compensation of our named executive officers;

Approve an amendment to our Articles of Organization authorizing us to change our corporate name to PTC; and

Confirm the selection of PricewaterhouseCoopers LLP as PTC's independent registered public accounting firm for the current fiscal year.

We will also consider action on any other matter that may be properly brought before the meeting.

You may vote at the Annual Meeting if you were a PTC stockholder at the close of business on January 6, 2012.

Whether or not you expect to attend the meeting, we encourage you to vote your shares in advance of the meeting. You may vote your shares by internet, by telephone or, if you have requested a proxy card, by mail.

By Order of the Board of Directors

AARON C. VON STAATS

Secretary

Needham, Massachusetts

January 26, 2012

Directions to Parametric Technology Corporation

From the North:

Rte. 95 South (128 South) to exit 19B (Highland Ave. exit). At the light take a left onto Hunting Road. Follow to the next set of lights and go left onto Kendrick Street. PTC is located approximately 1/8th mile on the right hand side.

From the South:

Rte. 95 North (128 North) to Exit 18, right onto Great Plain Ave. Take a right onto Greendale Ave. At the light take a right onto Kendrick Street. PTC is located approximately 1/8th mile on the right hand side.

From the East:

Mass Pike West to Rte. 95 South (128 South) to exit 19B (Highland Ave. exit). At the light take a left onto Hunting Road. Follow to the next set of lights and go left onto Kendrick Street. PTC is located approximately 1/8th mile on the right hand side

From the West:

Mass Pike East to Rte. 95 South (128 South) to exit 19B (Highland Ave. exit). At the light take a left onto Hunting Road. Follow to the next set of lights and go left onto Kendrick Street. PTC is located approximately 1/8th mile on the right hand side.

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PROXY STATEMENT FOR THE PARAMETRIC TECHNOLOGY CORPORATION

2012 ANNUAL MEETING OF STOCKHOLDERS

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

Notice of Internet Availability of Proxy Materials. We are making this proxy statement and our annual report available to stockholders at www.proxyvote.com. On January 26, 2012, we will begin mailing to our stockholders a notice containing instructions on how to access and review this proxy statement and our annual report at that website. The notice also instructs you how you may submit your proxy over the Internet. If you would like to receive a printed copy of our proxy materials, you should follow the instructions for requesting those materials included in the notice.

Why This Proxy Statement Was Provided to You. As a stockholder, you have the right to attend and vote at the Parametric Technology Corporation 2012 Annual Meeting of Stockholders. If you attend the Annual Meeting, you may vote your shares directly. Whether or not you attend, you may vote by proxy, by which you direct another person to vote your shares at the meeting on your behalf. The PTC Board of Directors is soliciting your proxy to encourage your participation in voting at the meeting and to obtain your support for the proposals presented. The proxy statement explains the proposals to be voted on at the Annual Meeting.

You have one vote for each share of common stock that you owned at the close of business on the record date, January 6, 2012. On that date, there were 118,619,524 shares of our common stock outstanding. Common stock is our only class of voting stock.

How You May Vote by Proxy. You may vote by proxy using the Internet or the telephone by following the instructions on your notice or your proxy card, as applicable. If you requested a printed set of materials, you may also vote by mail by signing, dating and returning the proxy card.

Please note that there are separate telephone and Internet arrangements depending on whether you are a registered stockholder (that is, if you hold your stock in your own name) or you hold your shares in street name (that is, in the name of a brokerage firm or bank that holds your securities account). In either case, you must follow the procedures described on your notice or proxy card.

When you vote, you are giving your proxy to the individuals we have designated to vote your shares at the meeting as you direct. If you do not make specific choices, they will vote your shares to:

elect the directors nominated by the Board;

approve the compensation of our named executive officers;

approve the amendment to our Articles of Organization to permit the Board of Directors, in its discretion, to change the name of the company to PTC with an appropriate corporate indicator selected by the Board; and

confirm the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm.

If any matter not listed in the Notice of Meeting is properly presented at the Annual Meeting, they will vote your shares in accordance with their best judgment. As of the date hereof, we knew of no matters that needed to be acted on at the meeting other than as discussed in this proxy statement.

Whether you plan to attend the Annual Meeting or not, we encourage you to vote promptly. Voting promptly will not affect your right to attend the Annual Meeting. If you wish to vote at the Annual Meeting despite having voted previously, you may do so by following the procedure described below under **Revoking Your Proxy** and **How You May Vote in Person**.

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Revoking Your Proxy. You may change your vote after you have voted as described below.

Registered Stockholders. You may revoke your proxy by following any of these procedures:

If you voted by Internet or telephone, vote again using the Internet or telephone (which will supersede your earlier vote); or

If you voted by executing a proxy card, send in another signed proxy card with a later date; or

Send a letter revoking your proxy to PTC's Secretary at the address indicated on page 57 under Stockholder Proposals and Nominations, or

Attend the Annual Meeting, notify us in writing that you are revoking your proxy and vote in person.

Street Name Holders. You must follow the procedures required by the brokerage firm or bank through which you hold your shares to revoke your proxy. You should contact that firm directly for more information on those procedures.

How You May Vote in Person. You may attend the Annual Meeting and vote by ballot. If your shares are held in street name, you must bring an account statement or letter from the brokerage firm or bank showing that you were the beneficial owner of the shares on January 6, 2012 in order to be admitted to the meeting. If you are not the holder of record, you will need to obtain a legal proxy from the holder of record in order to be able to vote at the Annual Meeting.

Votes Required; Effect of Abstentions and Broker Non-Votes.

The directors elected at the meeting will be the directors receiving the highest number of votes.

The advisory vote on the compensation of our named executive officers may be approved by the affirmative vote of a majority of the votes cast.

The proposal to amend our Articles of Organization to change our corporate name to PTC may be approved by the affirmative vote of a majority of our shares outstanding.

Confirmation of the selection of PricewaterhouseCoopers LLP may be approved by the affirmative vote of a majority of the votes cast.

If you abstain from voting on a proposal, or if your broker or bank does not vote on any proposal because it has not received instructions from you and is not permitted to vote in its discretion (a broker non-vote), it will count as a vote against the proposal to amend our Articles of Organization but will not count as a vote for or against any other proposal. Brokers cannot vote in their discretion on the proposals to elect directors or to approve the compensation of our executive officers described in the first two bullets above.

Voting and Tabulation of the Votes are Confidential. We keep all the proxies, ballots and voting tabulations confidential. The Inspectors of Election will forward to management any written comments that you make on the proxy card without providing your name.

Disclosure of Voting Results. We will provide the voting results on our website at www.ptc.com following the Annual Meeting and in a Current Report on Form 8-K filed with the Securities and Exchange Commission within four business days after the Annual Meeting.

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Costs of Soliciting Proxies. PTC will pay all the costs of soliciting proxies. In addition to mailing the notices and providing these proxy materials, our directors and employees may solicit proxies by telephone, fax or other electronic means of communication, or in person. We will reimburse banks, brokers, nominees and other fiduciaries for the expenses they incur in forwarding the proxy materials to you. In addition, we may retain The Proxy Advisory Group, LLC to assist us with the solicitation of proxies for customary compensation.

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Stockholders Sharing the Same Surname and Address. In some cases, stockholders holding their shares in a brokerage or bank account who share the same surname and address and have not given contrary instructions received only one copy of the notice. This practice is designed to reduce duplicate mailings and save printing and postage costs as well as natural resources. If you would like to have a separate copy of the notice or our annual report and/or proxy statement mailed to you or to receive separate copies of future mailings, please submit your request to the address or phone number that appears on your notice or proxy card. We will deliver such additional copies promptly upon receipt of such request.

In other cases, stockholders receiving multiple copies at the same address may wish to receive only one. If you would like to receive only one copy but now receive more than one, please submit your request to the address or phone number that appears on your notice or proxy card.

Additional Questions. If you have any questions about the Annual Meeting or your ownership of PTC common stock, please contact PTC Investor Relations by telephone at (781) 370-5000 or e-mail at IR@ptc.com.

Obtaining a Copy of Our Annual Report on Form 10-K

A copy of our Annual Report on Form 10-K for the year ended September 30, 2011 was made available with this proxy statement.

You may obtain another copy of our Annual Report on Form 10-K free of charge:

on our website at www.ptc.com,

on the SEC's website at www.sec.gov, or

**by contacting PTC Investor Relations at:
Investor Relations**

Parametric Technology Corporation

140 Kendrick Street

Needham, MA 02494-2714

Phone: (781) 370-5000

Email: ir@ptc.com

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Upon the recommendation of the Corporate Governance Committee, the Board of Directors has nominated three current directors Donald Grierson, James Heppelmann and Renato Zambonini for new three-year terms expiring at the 2015 Annual Meeting and recommends that you vote for their election.

Certain biographic and other information about each of the nominees appears in the table below. Also discussed are the experience, qualifications and skills of each of directors that led the Corporate Governance Committee and the Board to conclude that the nominee should serve as a director of the company. Information about their holdings of PTC stock is set forth in *Stock Owned by Directors and Officers* on page 23.

Additional information with respect to the Corporate Governance Committee's process for selecting and evaluating director nominees, including the search for, and selection of, Mr. Zambonini, is described under *The Corporate Governance Committee* on page 14. There were no nominations for director by PTC stockholders.

Class I Directors	Director Since	Term Expires
Donald K. Grierson, age 77 Chief Executive Officer (Retired), ABB Vetco International, an oil services business. Mr. Grierson was Chief Executive Officer and President of ABB Vetco Gray, Inc. from September 2002 to November 2004 and from 1991 to March 2001. Mr. Grierson served as Executive Director of ABB Vetco Gray, Inc. from March 2001 to September 2002.	1987	2012

As a former chief executive officer, Mr. Grierson has significant leadership, management and operating experience, as well as financial, strategic and corporate governance expertise. He also has a deep understanding of the manufacturing industry generally (the key industry served by PTC's products). Given his tenure as a director PTC since 1987, Mr. Grierson has extensive knowledge of PTC's business and the markets in which PTC operates. As Lead Independent Director since 2010, Mr. Grierson has been instrumental in developing Board meeting agendas and serving as a liaison between and among the directors and management.

Mr. Grierson attended 100% of the meetings of the Board and of the committees on which he serves during his current term.

James E. Heppelmann, age 47 President and Chief Executive Officer of PTC since October 2010. Mr. Heppelmann was President and Chief Operating Officer of PTC from March 2009 to September 2010, Executive Vice President and Chief Product Officer of PTC from February 2003 to February 2009, and Executive Vice President, Software Solutions and Chief Technology Officer of PTC from June 2001 to January 2003. Mr. Heppelmann joined PTC in 1998.	2008	2012
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Through his positions with PTC and through his significant prior experience in the product development software industry (including as founder and President of Windchill Technology, which was acquired by PTC), Mr. Heppelmann has gained significant leadership, management and operating experience, extensive knowledge of PTC's products and services and of the markets in which PTC competes, and technical, financial, strategic and marketing expertise. In his first year as President and Chief Executive Officer of PTC, PTC achieved its highest

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revenue year in the company's history and improved operating margins, Mr. Heppelmann established a management team to support his vision and drive for excellence, and he was instrumental in identifying and achieving the successful acquisition of MKS Inc., a key strategic acquisition for PTC in 2011.

Mr. Heppelmann attended 100% of the meetings of the Board during his current term.

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	Director Since	Term Expires
Class I Directors		
Renato Zambonini , age 65	2011	2012
President and Chief Executive Officer (Retired) of Cognos Incorporated, a global leader in corporate performance management solutions. Mr. Zambonini was Chief Executive Officer of Cognos from April 2002 to June 2004, President and Chief Executive Officer of Cognos from September 1995 to April 2002, and President of Cognos from January 1993 to September 1995.		

Mr. Zambonini has served as a director at CA, Inc. since 2005. Mr. Zambonini served as a director of Cognos Incorporated from 1994 to 2008, and as its Chairman of the Board from 2004 to 2008. He also served as a director at Reynolds and Reynolds Inc. from 2004 to 2007 and at Emergis Inc. from 2005 to 2008.

In his position as Chief Executive Officer of Cognos, Mr. Zambonini is credited with having led Cognos's transformation from a specialized business intelligence software tools provider to a global leader in corporate performance management solutions, demonstrating significant leadership and strategic vision. In addition, as result of his experiences at Cognos and as a director of other software companies, Mr. Zambonini has demonstrated leadership, management and operating experience, a deep understanding of software technology and the software industry, and significant financial, strategic and corporate governance expertise.

Mr. Zambonini attended 100% of the meetings of the Board during his current term.

The Board of Directors recommends that you vote FOR the election of Donald Grierson, James Heppelmann and Renato Zambonini as Class I directors.

PROPOSAL 2: ADVISORY VOTE ON COMPENSATION OF OUR NAMED EXECUTIVE OFFICERS

We are seeking your advisory vote on the compensation of our Chief Executive Officer, our Chief Financial Officer, and our other most highly compensated executive officers named in the Summary Compensation Table on page 43 (collectively, our named executive officers). This say-on-pay proposal gives our stockholders the opportunity to express their views on our named executive officers' compensation. This vote is not intended to address any specific item of compensation, but rather the overall compensation of our named executive officers. We ask that you support the compensation of our named executive officers as disclosed in Compensation Discussion and Analysis beginning on page 25 and the tables and related disclosures contained in the Executive Compensation section beginning of page 43.

Why You Should Approve the Compensation of Our Named Executive Officers

Our compensation programs are designed to pay for performance. As described in Compensation Discussion and Analysis beginning on page 25, the compensation of our named executive officers is heavily weighted toward at-risk performance-based pay. For 2011, 52% of our CEO's compensation and 48% of our other named executive officers' compensation was performance-based, while our peer group companies provided an average of only 39% performance-based compensation to their CEOs and only 41% performance-based compensation to their other named executive officers. Moreover, our compensation programs are designed so that if the performance-based compensation is earned in full, total compensation earned by the executives will be between the second and third quartiles of the compensation paid by our peer group.

For 2011, the executives' performance-based equity compensation was tied to achievement of an increase of approximately 20% in non-GAAP operating margin dollars over 2010 and their annual cash incentive plan bonus was tied to achievement of an increase of approximately 30% in non-GAAP operating margin dollars over 2010.

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Because PTC achieved an approximately 30% increase in non-GAAP operating margin dollars, the executives earned 100% of their performance-based equity for 2011, but earned only between 96% and 98% (depending on the executive) of their annual incentive bonus, thus earning approximately 99% of their target annual compensation for achievement of approximately 99% of the performance-based compensation plan.

Our compensation programs are designed to align our executives' interests with our stockholders' interests. The time-based and performance-based equity awards that comprise a substantial portion of our executives' annual compensation are subject to vesting over three years. Moreover, our executives are required to maintain certain levels of ownership of PTC stock (which amount excludes options and unvested equity). These two elements serve to align our executives' interests with those of our stockholders in the long-term value of PTC stock.

Our compensation programs are designed to be fair and competitive. Our Compensation Committee is comprised only of independent directors and retains an independent compensation consultant to advise it on appropriate compensation practices.

Additional Information about Our Executive Compensation Programs

Additional information about our executive compensation programs, including additional best practices we maintain, our compensation philosophy, and a discussion of how we establish pay amounts, is discussed in Compensation Disclosure and Analysis beginning on page 25.

Effect of Say-on-Pay Vote

This say-on-pay vote, which is required by Section 14A of the Securities Exchange Act of 1934, is advisory only and is not binding on the company, the Compensation Committee or our Board of Directors. Although the vote is advisory, we, our Compensation Committee and our Board of Directors value the opinions of our stockholders and expect to take the outcome of this vote into account when considering future compensation arrangements for our executive officers. We will hold such a vote each year.

Board Recommendation

The Board of Directors recommends that you vote FOR the approval of the compensation of our named executive officers.

PROPOSAL 3: APPROVE AN AMENDMENT TO OUR ARTICLES OF ORGANIZATION TO PERMIT US TO CHANGE OUR NAME TO PTC

We are generally known as PTC to our customers around the world. We are now seeking stockholder approval to amend our Articles of Organization to change the legal name of the company from Parametric Technology Corporation to PTC with an appropriate corporate indicator, such as Corporation or Inc., selected by the Board. Accordingly, the name could be changed to PTC Inc., PTC Corporation or a similar name. If the stockholders approve this amendment to our Articles, the Board of Directors may, in its discretion, effect the name change at any time.

Reasons for the Proposed Name Change

Since 2000, when we adopted PTC as the company brand, we have spent a significant amount of time and effort building the PTC brand. PTC is our registered trademark in the U.S. and other countries. However, our efforts to build and establish public awareness of the PTC brand are undermined because we are required to use our legal name in many situations. Changing our legal name to PTC will reinforce our efforts to build and establish the PTC brand.

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When we named the company Parametric Technology Corporation in 1985, it reflected the significant advance made by PTC in the area of parametric CAD modeling with our Pro/ENGINEER® software solution. Since that time our business has evolved and we now offer solutions that enable our customers to create digital product content, collaborate with others in the product development process, control product content, automate product development processes, configure products and product content, and communicate product information to people and systems across the extended enterprise and the design, supply and services chain. In recognition of the fact that our business had become broader than parametric modeling, we adopted PTC as the company brand in 2000. We are now seeking to change the legal name of the company to reflect who we have become, the software company known as PTC.

Effect of the Proposed Name Change

If effected, the name change will also cause PTC's CUSIP number to change. (The CUSIP number is a number assigned to PTC common stock to facilitate identification of the stock for trading purposes.)

Stockholders Holding PTC Stock in Street Name. Banks, brokers and other nominees will be instructed to effect the name change and the CUSIP change in the accounts of their customers holding PTC common stock in street name (i.e., through a bank, broker or other nominee).

Registered Stockholders. Registered stockholders who hold their shares in certificate form are not required to do anything; new certificates will be issued when the old certificates are surrendered in connection with a transfer.

Stockholders should not destroy their stock certificate(s) and should not submit any certificate(s) to us.

Procedure for Effecting the Name Change

If the stockholders approve this proposal, the Board of Directors intends to implement the name change. To do so, we will file Articles of Amendment with the Secretary of the Commonwealth of Massachusetts to amend Article 1 of PTC's current Articles of Organization to state the new name. The name change will become effective on the date of filing the Articles of Amendment. However, notwithstanding approval of this proposal by the stockholders, the Board of Directors may subsequently determine in its discretion that changing our name is not in PTC's best interests and may abandon the proposal without further action by the stockholders.

Board Recommendation

The Board of Directors recommends that you vote FOR the proposal to amend PTC's Articles of Organization to effect a name change from Parametric Technology Corporation to PTC with an appropriate corporate indicator selected by the Board.

PROPOSAL 4: CONFIRM THE SELECTION OF PRICEWATERHOUSECOOPERS LLP AS OUR INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM FOR 2012

We are asking stockholders to confirm the selection by the Audit Committee of the Board of Directors of PricewaterhouseCoopers LLP, a registered public accounting firm, as PTC's independent registered public accounting firm for the fiscal year ending September 30, 2012.

PricewaterhouseCoopers LLP served as our independent auditor for the fiscal year ended September 30, 2011. Information about PricewaterhouseCoopers LLP appears under Information about Our Independent Registered Public Accounting Firm. Although stockholder confirmation of the selection of PricewaterhouseCoopers LLP is not required by law or our by-laws, and although this vote will not be binding on PTC, the Board of Directors believes that it is advisable to give stockholders an opportunity to provide guidance on this selection. If this confirmation is not received, the Board will request that the Audit Committee reconsider its selection of PricewaterhouseCoopers LLP.

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The Board of Directors recommends that you CONFIRM the selection of PricewaterhouseCoopers LLP as PTC's independent registered public accounting firm.

Representatives of PricewaterhouseCoopers LLP are expected to be present at our Annual Meeting. They will have the opportunity to make a statement if they so desire and will also be available to respond to appropriate questions from stockholders.

OTHER MATTERS

The Board of Directors does not know of any other matters to come before the meeting. If any other matters are properly presented to the Annual Meeting, the persons named in the voting instruction or proxy card will vote, or otherwise act, in accordance with their judgment on such matters.

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Our Board of Directors is divided into three classes with staggered three-year terms. Messrs. Grierson, Heppelmann and Zambonini have been nominated for reelection as Class I directors at this Annual Meeting as described on page 4. The Class II and III directors named in the table below will continue in office following the Annual Meeting. Information about director holdings of PTC stock is set forth in **Stock Owned by Directors and Officers** on page 23.

	Director Since	Term Expires
Class II Directors		
Thomas F. Bogan, age 60	2011	2013

Venture Partner of Greylock Partners, a venture capital firm, since January 2010, and a Partner of Greylock Partners from May 2004 to December 2009. Prior to that, Mr. Bogan was President of Rational Software Corporation, an S&P 500 enterprise software company, from 2000 to 2003, and Chief Operating Officer of Rational Software Corporation from 1999 to 2000. Mr. Bogan also serves as Chairman of the Board of Directors of Citrix Systems, Inc.

As a result of his experience at Rational Software, Mr. Bogan has demonstrated significant leadership and operational experience in the software industry. In addition, his experience at Rational in Application Lifecycle Management (ALM) is an asset as PTC integrates MKS, an ALM company acquired by PTC in 2011. Mr. Bogan also has significant strategic expertise as a result of his experience at Rational and as a venture capital investor at Greylock Partners, and significant financial and accounting expertise as a result of his positions as a financial officer in public and private companies and positions in public accounting earlier in his career. Mr. Bogan also has corporate governance expertise as a result of his position as Chairman of the Board of Directors of Citrix.

Michael E. Porter, age 64	1995	2013
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Bishop William Lawrence University Professor based at Harvard Business School. Professor Porter has been a Professor at Harvard Business School since 1973 and has been a University Professor since 2001. He is also a director of Thermo Fisher Scientific Inc.

As a professor of competitive strategy at Harvard Business School and a leading expert in the business strategy field, Professor Porter has significant strategic expertise. As a director of PTC since 1995, Professor Porter has extensive knowledge of PTC's business.

Robert P. Schechter, age 63	2009	2013
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Chief Executive Officer (Retired), NMS Communications Corporation, a provider of hardware and software solutions for the communications industry. Mr. Schechter served as Chairman and Chief Executive Officer of NMS from 1995 to 2008.

As a result of his experience at NMS and at other companies in the software and technology industries, Mr. Schechter has significant leadership, management, international operating and sales and marketing experience, as well as significant corporate governance expertise. He also has significant financial and accounting expertise as a result of those experiences and as a former Partner at Coopers & Lybrand LLP and Chairman of its North East Region High Tech Practice.

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Mr. Schechter was a director the following public companies for the periods stated: Unica Corporation, January 2005
October 2010; Soapstone Networks, Inc., June 2003 July 2009; Moldflow Corporation, January 2000 June 2008;
MapInfo Corporation, May 2002 April 2007.

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	Director Since	Term Expires
Class III Directors		
C. Richard Harrison, age 56	1994	2014

Executive Chairman of PTC since October 2010. Before that he held the following positions with PTC: Chairman and Chief Executive Officer from March 2009 to October 2010; Chief Executive Officer and President from March 2000 to March 2009; and President and Chief Operating Officer from August 1994 to March 2000. Mr. Harrison joined PTC in 1989.

As Chief Executive Officer, Mr. Harrison led a successful turnaround of PTC and positioned PTC for future success. As a result of the positions he has held with PTC, Mr. Harrison has extensive leadership, management and operating experience, a deep knowledge of PTC's products, services and business and the markets in which PTC competes, as well as significant financial, sales and marketing expertise.

Paul A. Lacy, age 64	2009	2014
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President (Retired), Kronos Incorporated, a global enterprise software company. Mr. Lacy served as President and Secretary of Kronos from May 2006 through June 2008. Prior to that, Mr. Lacy served as President, Chief Financial and Administrative Officer, Treasurer and Secretary of Kronos from November 2005 through April 2006, and as Executive Vice President and Chief Financial and Administrative Officer of Kronos from April 2002 through October 2005.

During his tenure as President and the Chief Financial Officer of Kronos, Kronos grew from a \$26 million hardware company into a \$662 million public global enterprise software company and Mr. Lacy gained significant public company software experience. As a result of his experience at Kronos, Mr. Lacy possesses demonstrated leadership, management and operating experience and significant financial, accounting and corporate governance expertise.

Independence

Our Board of Directors has determined that all of our directors except Mr. Harrison (our Executive Chairman), Mr. Heppelmann (our President and Chief Executive Officer) and Professor Porter (who has a consulting agreement with PTC as described in Transactions with Related Persons on page 21) are independent directors as defined in The NASDAQ Global Select Market listing standards. None of the independent directors, to our knowledge, had any business, financial, family or other type of relationship with PTC or its management other than as a director and stockholder.

Board Meetings and Attendance at the Annual Meeting

PTC's Board currently schedules five regular meetings during each fiscal year, but will meet more often if necessary. The Board met seven times during 2011 and all directors attended all meetings held during their terms except for one director who was unable to attend a special meeting (not regularly scheduled) due to a prior commitment. We expect that each director will attend the Annual Meeting of Stockholders each year, barring other significant commitments or special circumstances. All of the directors attended the 2011 Annual Meeting of Stockholders.

Communications with the Board

Stockholders may send communications to the Board of Directors in the manner described in IR Contacts on the Investor Relations page of our website, www.ptc.com.

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The Committees of the Board

The Board has four standing committees:

the Audit Committee,

the Compensation Committee,

the Corporate Governance Committee, and

the Corporate Development Committee.

The Audit Committee

The Audit Committee assists our Board in fulfilling its oversight responsibilities for accounting and financial reporting compliance. This includes reviewing the financial information provided to stockholders and others, PTC's accounting policies, disclosure controls and procedures, internal accounting and financial controls, and the audit process. The Committee meets with management and with our independent registered public accounting firm to discuss our financial reporting policies and procedures, our internal control over financial reporting, the results of the independent auditor's examinations, PTC's critical accounting policies and the overall quality of PTC's financial reporting, and the Committee reports on such matters to our Board. The Committee meets with the independent auditor with and without PTC management present.

The Committee is directly responsible for the appointment (and, if appropriate, replacement), evaluation and compensation of the independent auditor. The Committee reviews the independent auditor's performance in conducting the annual financial statement audit and the audit of our internal control over financial reporting, assesses the independence of the auditor, and reviews the auditor's fees. The Committee is also responsible for pre-approving audit and non-audit related services that may be performed by the independent auditor. Further information about the services and fees of PricewaterhouseCoopers LLP, our independent auditor, is provided in [Information about Our Independent Registered Public Accounting Firm](#).

The Audit Committee acts under a written charter, which is available on the Investor Relations page of our website at www.ptc.com. Messrs. Schechter (Chairman), Lacy and Grierson currently serve as members of the Audit Committee. All committee members are independent directors under both SEC rules and the listing requirements of The NASDAQ Global Select Market governing the qualifications of members of the Audit Committee, and none of them has ever been an employee of PTC or any of its subsidiaries. The Board of Directors has determined that Mr. Schechter and Mr. Lacy qualify as Audit Committee Financial Experts, as defined by the SEC. The Audit Committee met ten times during 2011 and all members attended all meetings held during their terms.

Report of the Audit Committee

In fulfilling its responsibilities, the Audit Committee:

reviewed and discussed the audited financial statements for 2011 with management and with PricewaterhouseCoopers LLP;

discussed with PricewaterhouseCoopers LLP the matters required to be discussed by the statement on Auditing Standards No. 61, as amended (AICPA, *Professional Standards*, Vol. 1. AU section 380), as adopted by the Public Company Accounting Oversight Board in Rule 3200T;

discussed with PricewaterhouseC