

PARAMETRIC TECHNOLOGY CORP
Form DEF 14A
January 23, 2013
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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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No fee required

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(1) Title of each class of securities to which transaction applies:

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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.

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(1) Amount previously paid:

(2) Form, schedule or registration statement no.:

(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 6, 2013

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 an increase in the number of shares authorized for issuance under our 2000 Equity Incentive Plan;

Approve the compensation of our named executive officers (say-on-pay); and

Confirm the selection of PricewaterhouseCoopers LLP as our 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 7, 2013.

Please vote your shares in advance of the meeting, even if you plan to attend the meeting. Your broker will not be able to vote your shares with respect to the election of directors, the increase in shares under the equity incentive plan or the say on pay vote unless you have given your broker specific instructions to do so. 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 23, 2013

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). Follow directions for those coming from the North.

From the West:

Mass Pike East to Rte. 95 South (128 South) to exit 19B (Highland Ave. exit). Follow directions for those coming from the North.

Important Notice of the Internet Availability of Proxy Materials

The Proxy Statement and our 2012 Annual Report are available to stockholders at www.proxyvote.com.

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PROXY STATEMENT FOR THE PARAMETRIC TECHNOLOGY CORPORATION

2013 ANNUAL MEETING OF STOCKHOLDERS

INFORMATION ABOUT THE ANNUAL MEETING AND VOTING

We made this proxy statement available to stockholders on January 23, 2013.

Why This Proxy Statement Was Provided to You. As a stockholder, you have the right to attend and vote at the Annual Meeting of Stockholders. If you attend the 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 7, 2013. On that date, there were 119,708,403 shares of our common stock outstanding. Common stock is our only class of voting stock.

Proposals to be Voted on at the Meeting. The proposals scheduled to be voted on at the meeting and the Board's recommendations for how you should vote on each of the proposals are set forth below.

Proposal	Board Recommendation
Elect three directors to serve for the next three years.	FOR
Approve an increase in the number of shares authorized for issuance under our 2000 Equity Incentive Plan.	FOR
Approve the compensation of our named executive officers.	FOR
Confirm the selection of PricewaterhouseCoopers LLP as our independent registered public accounting firm for the current fiscal year.	FOR

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 proposed increase in the number of shares under the 2000 Equity Incentive Plan may be approved by the affirmative vote of a majority of the votes cast.

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

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 not count as a vote for or against any proposal. Brokers cannot vote in their discretion on the proposals to elect directors, approve an increase in the number of shares under the 2000 Equity Incentive Plan, or approve the compensation of our executive officers.

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.

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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 in accordance with the

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Board's recommendations as set forth above. 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**.

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 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 or bank 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 7, 2013 in order to vote at 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.

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.

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.

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, 2012 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 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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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 or materials. This practice reduces duplicate mailings and saves printing and postage costs and 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.

Stockholders receiving multiple copies at the same address may request that they receive only one. To do so, 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.

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Upon the recommendation of the Corporate Governance Committee, the Board of Directors has nominated three current directors – Thomas Bogan, Michael Porter and Robert Schechter – as Class II directors for new three-year terms expiring at the 2016 Annual Meeting.

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.

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. Bogan, is described under – The Corporate Governance Committee – on page 10. There were no nominations for director by PTC stockholders.

Class II Directors	Director Since	Term Expires
Thomas F. Bogan , age 61 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.	2011	2013

Mr. Bogan brings to the Board senior leadership and operational experience in the software industry as a result of his experience at Rational Software. 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.

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

Michael E. Porter , age 65 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.	1995	2013
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As a professor of competitive strategy at Harvard Business School and a leading expert in the business strategy field, Professor Porter brings significant strategic expertise to the Board. As a director of PTC since 1995, Professor Porter has extensive knowledge of PTC’s business.

Professor Porter was a director of Thermo Fisher Scientific Inc. from July 2001 to May 2012.

Mr. Porter attended over 85% of the meetings of the Board during his current term (missing one special meeting due to a prior engagement) and 100% of the meetings of the committee on which he serves during his current term.

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	Director Since	Term Expires
Class II Directors		
Robert P. Schechter , age 64	2009	2013

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.

Mr. Schechter was a director of 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.

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

The Board of Directors recommends that you vote FOR the election of Thomas F. Bogan, Michael E. Porter and Robert P. Schechter as Class II directors.

Table of Contents**INFORMATION ABOUT OUR DIRECTORS AND OUR BOARD****Our Directors**

Our Board of Directors is divided into three classes with staggered three-year terms. Messrs. Bogan, Porter and Schechter have been nominated for reelection as Class II directors at this Annual Meeting as described above. The Class I 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.

	Director Since	Term Expires
Class III Directors		
James E. Heppelmann , age 48	2008	2014

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.

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 (2011), PTC achieved its then highest revenue year in the company's history and improved operating margins. He has also established a management team to support his vision and drive for excellence. Mr. Heppelmann was instrumental in identifying and achieving the successful acquisitions of Servigistics, Inc. and MKS Inc., key strategic acquisitions for PTC in fiscal 2013 and 2011.

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

Paul A. Lacy , age 65	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 at 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.

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

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	Director Since	Term Expires
Class I Directors		
Donald K. Grierson, age 78	1987	2015

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.

Mr. Grierson has significant leadership, management and operating experience, as well as financial, strategic and corporate governance expertise as a result of his service as the chief executive officer of ABB Vetco International and ABB Vetco Gray. 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 Chairman of the Board and the former Lead Independent Director, 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.

Renato M. Zambonini, age 66	2011	2015
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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. We believe this experience is a valuable asset as PTC has undergone a similar transformation from a CAD tools provider to an enterprise software company. 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 and the committees on which he serves during his current term.

Independence

Our Board of Directors has determined that all of our directors except 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) 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 that would impact their

independence.

Table of Contents**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 2012 and all directors attended all meetings held during their terms except for Professor Porter who was unable to attend one special meeting 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 2012 Annual Meeting of Stockholders.

Communications with the Board

Stockholders may send communications to the Board of Directors in the manner described in [Contact Information](#) and [Contact the Board](#) on the Investor Relations page of our website, www.ptc.com.

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.

Each of the committees acts under a written charter, which charters are available on the Investor Relations page of our website at www.ptc.com.

Committee Composition

	Audit	Compensation	Corporate Governance	Corporate Development
Donald Grierson I				
Thomas Bogan I				
James Heppelmann				
Paul Lacy I				
Michael Porter				
Robert Schechter I				
Renato Zambonini I				
Number of Meetings	10	6	4	1

I = Independent | = Chair | = Member | = Audit Committee Financial Expert

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.

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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

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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.

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, Mr. Bogan and Mr. Lacy qualify as Audit Committee Financial Experts, as defined by the SEC. All members attended all meetings held during their terms.

The Compensation Committee

The Compensation Committee establishes the compensation levels for our executive officers and oversees our employee compensation programs, including the corporate bonus programs. This includes setting corporate goals and objectives relevant to compensation of executive officers and evaluating performance against those goals and objectives. The Committee is also responsible for administering our equity compensation plans. It also reviews and makes recommendations to the Board with respect to director compensation.

All Committee members are independent directors under The NASDAQ Global Select Market listing requirements. All members attended all meetings held during their terms.

Outside Advisors; Role of the Compensation Consultant. The Committee may engage compensation consultants or other advisors to provide information and advice to the Committee. The costs of such engagements are paid by PTC.

The Committee engaged Pearl Meyer & Partners, LLC as its independent compensation consultant for 2012. The Committee has assessed the independence of Pearl Meyer and determined that Pearl Meyer is independent of PTC and has no relationships that could create a conflict of interest with PTC. As part of its assessment, the Committee considered the fact that Pearl Meyer does not provide any other services to PTC and consults with PTC's management only as necessary to provide the services described below. PTC paid \$331,901 to Pearl Meyer & Partners for services performed for the Committee during 2012 and purchased one survey from Pearl Meyer for \$850 in 2012.

Pearl Meyer provides a range of services to the Committee to support the Committee's agenda and obligations, including providing legislative and regulatory updates, peer group compensation data so that the Committee can set compensation for executives, advice on the structure and competitiveness of our compensation programs, and advice on the consistency of our programs with our executive compensation philosophy. Pearl Meyer attends Committee meetings, reviews compensation data with the Committee, a