

PARAMETRIC TECHNOLOGY CORPORATION AUDIT COMMITTEE CHARTER

The audit committee is a committee appointed each year by the board of directors. Its primary function is to assist the board in fulfilling its oversight responsibilities for accounting and financial reporting compliance, including reviewing the financial information provided to the stockholders and others, the Corporation's accounting policies, disclosure controls and procedures and internal accounting and financial controls, and the audit process.

Oversight of Independent Accountant

The independent accountant shall be ultimately accountable to the board of directors and its audit committee, as representatives of the stockholders. In this connection, the audit committee, as a committee of the board, shall be directly responsible for the appointment (and where appropriate, replacement), evaluation and compensation of the work of the independent accountant, including resolving any disagreements between management and the independent accountant regarding financial reporting. The committee shall receive direct reports from the independent accountant. The committee shall be responsible for approving, in advance, all auditing services and permitted non-audit services provided by the independent accountant.

The audit committee shall also be responsible for overseeing the independence of the independent accountant. In this connection, the audit committee shall receive from the independent accountant a formal written statement delineating all relationships between the independent accountant and the Corporation, consistent with Independence Standards Board Standard No. 1, and shall actively engage in a dialogue with the independent accountant with respect to any disclosed relationships or services that may impact its objectivity and independence and take, or recommend that the full board of directors take, appropriate action regarding the independence of the independent accountant.

In the course of its appointment of the independent accountant, the audit committee will, at least once every three years, evaluate the tenure of the independent accountant's service, the quality of its engagements and the associated costs to determine if independent accountant rotation is advisable.

Responsibilities for Accounting and Financial Reporting Compliance

The audit committee's role is one of oversight, and it is recognized that the Corporation's management is responsible for preparing the financial statements and that the independent accountant is responsible for auditing those financial statements.

The following functions shall be the common recurring activities of the audit committee in carrying out its oversight function. These functions are set forth as a guide and may be varied from time to time as appropriate in the circumstances. In meeting its responsibilities, the audit committee is expected to:

1. Provide an open avenue of communication between the independent accountant and the board of directors.

2. Inquire of management and the independent accountant about significant risks or exposures with respect to accounting methods and financial practices and assess the steps management has taken to minimize such risk to the Corporation.

3. Consider, in consultation with the independent accountant, the audit scope and plan of the independent accountant.

4. Review with the independent accountant the coordination of audit effort to assure completeness of coverage and reduction of redundant efforts.

5. Monitor the adequacy and effectiveness of the Corporation's internal controls and internal auditing procedures, including computerized information system controls and security, and consider and review with the independent accountant:

a. Such adequacy and effectiveness and how the Corporation's financial systems and controls compare with industry practices;

b. Any significant deficiencies in the design or operation of those controls that could adversely affect the Corporation's ability to record, process, summarize and report financial data;

c. Any fraud, whether or not material, that involves management or other employees who have a significant role in the Corporation's internal controls; and

d. Any related significant findings and recommendations of the independent accountant and internal auditing personnel together with management's responses thereto.

6. Regarding the Corporation's accounting practices:

a. Review with the independent accountant the acceptability and quality of the Corporation's accounting principles and policies, as contemplated by Statement of Auditing Standards No. 61, and discuss with the independent accountant how the Corporation's accounting policies compare with those in the industry;

b. Review with management and the independent accountant the Corporation's critical accounting policies and practices, and the accounting estimates resulting from the application thereof;

c. Discuss with the independent accountant all alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, the ramifications of use of such alternative disclosures and treatments, and the treatment preferred by the independent accountant; and

d. Discuss with the independent accountant periodically whether all material correcting adjustments identified by the outside auditor in accordance with generally accepted accounting principles and the rules of the SEC are reflected in the Corporation's financial statements.

7. Review with management and the independent accountant any material financial or other arrangements of the Corporation that do not appear on the Corporation's financial statements and any transactions or courses of dealing with third parties that are significant in size or involve terms or other aspects that differ from those likely to be negotiated with independent parties, and which arrangements or transactions are relevant to an understanding of the Corporation's financial statements.

8. Review with management quarterly and at the completion of the annual examination:

a. The independent accountant's audit of the Corporation's financial statements and limited review in accordance with Statement of Accounting Standards No. 71 of financial statements included in the Corporation's quarterly SEC reports;

b. Any significant changes required in the independent accountant's audit plan; and

c. Other matters related to the conduct of the audit, which are to be communicated to the committee under generally accepted auditing standards.

9. Review with the independent accountant all material communications between the independent accountant and management, such as any management letter or schedule of unadjusted differences.

10. Consider and review with management:

a. Significant findings during the year and management's responses thereto; and

b. Any difficulties encountered by the independent accountant in the course of its audit, including any restrictions on the scope of work or access to required information and any serious difficulties or disputes with management encountered during the course of the audit.

11. Review legal and regulatory matters that may have a material impact on the financial statements, related Corporation compliance policies, and programs and reports received from regulators.

12. Meet with the independent accountant and management in separate executive sessions to discuss any matters that the committee or these groups believe should be discussed privately with the audit committee.

13. Recommend to the board whether, based on the reviews and discussions referred to above, the financial statements should be included in the Corporation's Annual Report on Form 10-K.

14. Oversee the Corporation's disclosure controls and procedures.

15. Perform such other functions as assigned by law, the Corporation's charter or by-laws, or the board of directors.

Related Party Transactions and Complaint Procedures

The committee shall review and approve all related-party transactions involving the Corporation.

Any issue of significant financial misconduct shall be brought to the attention of the audit committee for its consideration. The committee shall establish procedures for (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters and (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

Meetings and Authority

The audit committee shall meet at least six times per year or more frequently as circumstances require. The committee may ask members of management or others to attend meetings and provide pertinent information as necessary.

The committee shall report committee actions to the board of directors with such recommendations as the committee may deem appropriate, and shall make recommendations to the board of directors with respect to initiating investigations into any matters within the committee's scope of responsibilities.

In discharging its oversight role, the audit committee shall have the authority to investigate any matter brought to its attention with full access to all books, records, facilities and personnel of the Corporation, to engage independent counsel and other advisers, and to determine the compensation to be paid such counsel and advisers by the Corporation, as it determines necessary to carry out its duties.

Membership

The audit committee shall consist of at least three members of the board who shall meet all applicable regulatory and exchange requirements of independence and financial expertise. Audit committee members and the committee chairman shall be designated annually by the full board of directors and shall serve at the pleasure of the board.

Review of Charter

This audit committee charter shall be reviewed and reassessed for adequacy annually by the audit committee.

08-December-2004