

Parametric Technology Corporation

Compensation Committee Charter

Purpose and Goals

The Compensation Committee is appointed by the Board of Directors to assist the Board in fulfilling its responsibilities relating to the compensation of Company personnel. The Committee has overall responsibility for approving, administering and evaluating the compensation of executive officers of the Company as well as the Company's equity compensation plans for all employees.

The Committee's goals in exercising these responsibilities are generally to align compensation with the Company's performance, to ensure that the Company's compensation programs are designed to attract, retain and motivate high quality executives, and to promote the Company's objectives and shareholder interests. The Committee shall review and approve corporate goals and objectives relevant to compensation, evaluate the performance of the Company and the executives in light of those goals and objectives, and approve compensation levels and features based on this evaluation and on such other factors as the Committee may consider relevant.

Membership

The Committee shall be comprised of at least two members of the Board. The composition of the Committee shall comply with all such independence requirements as apply from time to time under the listing standards of the Nasdaq National Market, Section 16 of the Securities Act of 1934 and the rules promulgated thereunder, and applicable provisions of the Internal Revenue Code, subject to such available exceptions as the Board may approve.

Duties and Responsibilities

The Committee shall have the following primary duties and responsibilities, and shall perform any other activities consistent with this Charter, the Company's By-Laws and governing law as the Committee and the Board deem appropriate or necessary:

- The Committee shall review and approve the compensation arrangements of the Chief Executive Officer and the other executive officers of the Company, including without limitation base salary, incentive bonuses and awards, and employment agreements, in each case as and when appropriate.
- The Committee shall make recommendations to the Board concerning adopting and amending incentive compensation plans for executive officers and equity compensation plans for all employees.
- The Committee shall fix and determine awards to officers and employees of stock or stock options pursuant to any of the Company's equity compensation plans from time to time in effect and exercise such other power and authority as may be permitted or

required under such plans. The Committee may provide for the delegation of these functions as permitted by the respective plans and applicable law.

- The Committee shall produce an annual report on executive compensation for inclusion in the Company's proxy statement.
- The Committee shall periodically review and make recommendations to the Board and/or the Nominating & Corporate Governance Committee with respect to the compensation of directors, including Board and committee retainers, meeting fees, equity-based compensation, and such other forms of compensation as the Committee may consider appropriate.

Procedures

The Committee shall meet as frequently as circumstances require. The Committee shall meet in executive session to determine the compensation of the Chief Executive Officer and at such other times as it deems appropriate. The Committee may ask members of management or others to attend meetings and provide pertinent information as necessary.

The Committee shall make periodic reports to the Board.

The Committee shall have the authority to retain and terminate compensation advisors to assist it in any aspect of the evaluation of director, CEO or executive officer compensation or on any other subject relevant to the Committee's responsibilities.

The Committee shall periodically conduct an evaluation of the Committee's performance as compared to the requirements of this Charter and undertake a review the adequacy of this Charter and recommend any proposed changes to the Board for approval.

22-July-2003