



## **CORPORATE GOVERNANCE GUIDELINES**

The Board of Directors of PTC Inc. (the "Company") believes that a fundamental ingredient of business success and corporate ethical conduct is quality corporate governance. Accordingly, the Board of Directors has adopted these Corporate Governance Guidelines.

### **SELECTION AND COMPOSITION OF BOARD OF DIRECTORS**

#### **Board Membership**

At least a majority of members of the Board of Directors (the "Board") shall qualify as "Independent" in accordance with the applicable Independence Rules. The Corporate Governance Committee of the Board is responsible for periodically reviewing the skills and characteristics of individual Board members as well as the composition of the Board as a whole. This review will include assessment of members' independence under the Independence Rules, as well as consideration of individual skills, experience and perspective which will contribute to the Company's success.

For purposes of these Guidelines, "Independence Rules" means the applicable independence rules of the Nasdaq Stock Market and, in the case of membership on a committee of the Board, any additional independence provisions of the Nasdaq Stock Market and the Securities Exchange Act of 1934 that may be applicable to membership on such committee.

#### **Conflicts and Other Boards**

Board members must be able to dedicate the time and resources sufficient for the diligent performance of their duties on the Company's behalf and should not hold positions that conflict with their responsibilities to the Company. Accordingly, a director shall consult the Chairman of the Board before accepting an invitation to serve on the board of another company.

Sitting on the Board of Directors of a public company is a significant responsibility, and the Board believes that it is prudent that members of the Company's Board limit the number of public company boards on which they serve. The following limits apply to the Company's Board of Directors, unless a majority of the independent members of the Board approve otherwise: (1) a director may not serve on the boards of more than four (4) other public companies or, if the member is an active chief executive officer of another public company, on the boards of more than two (2) other public companies; and (2) the Company's Chief Executive Officer may not serve on the boards of more than two (2) other public companies.

A person may not serve as a member of the PTC Board of Directors or the PTC Compensation Committee if such service creates a compensation interlock (that is, if a PTC executive officer serves as a director or member of the compensation committee of any entity at which the person is an executive officer).

### **Selection of New Directors**

The Board is ultimately responsible for presenting director nominees for election by the stockholders. The Board, however, delegates to the Corporate Governance Committee responsibility for identifying, evaluating and nominating candidates for director positions. The Board believes the board of directors should neither be too small to maintain the needed expertise and independence nor too large to function efficiently. The Corporate Governance Committee periodically reviews the appropriate size and mix of the Board in light of its current composition and the Company's future objectives.

### **Annual Election of Directors**

All directors shall be subject to election by the stockholders each year.

### **Consequences of Failure of Director to Receive Majority of Votes for Election**

Any director that receives a greater number of "Withhold" votes than votes "For" election in an uncontested election is required to promptly tender such director's resignation from the Board. The Board has adopted a [Majority Voting Policy](#) that sets forth the process the Board will follow in determining whether to accept such resignation and for publicly disclosing such decision.

### **Chairman of the Board; Lead Independent Director**

The Board may appoint a Chairman of the Board at its discretion. The Chairman need not meet the Independence Rules. If the Chairman is not Independent, the Board shall appoint a Lead Independent Director that meets the Independence Rules. The Board has adopted a [Lead Independent Director Charter](#) that establishes the responsibilities of such Lead Independent Director if one is appointed.

### **Director Term Limits**

The Board does not believe it should establish term limits for directors. While term limits could result in the addition of new directors who could contribute new ideas and viewpoints, term limits hold the disadvantage of forcing the loss of the contribution of directors who over time have developed increased insight into the Company and its operations. The Board believes that an ongoing process of review of the needs and the skills and experience of existing Board members will ensure appropriate membership on the Board, without arbitrarily forcing the removal of valuable directors.

## Retirement Policy

The Board does not believe that it should establish a mandatory retirement age for directors or otherwise mandate the retirement of directors based on factors that are not directly related to a director's capacity to serve effectively. Instead, director qualifications will be reviewed periodically by the Corporate Governance Committee to ensure that qualified directors are nominated for membership on the Board.

## Notification of Director Change in Employment Status

It is the Board's policy that each member of the Board shall notify the Chairman of the Board of Directors in the event of a change in the director's employment status. In the event of a change in employment status of the Chairman of the Board of Directors, the Chairman will notify all members of the Corporate Governance Committee of such change. Along with such notification, the director shall provide the Board with an offer of the director's resignation from the Company's Board of Directors for the Board's consideration, which the Board may accept or reject as circumstances warrant.

## DIRECTOR RESPONSIBILITIES AND COMMITTEES

### Director Responsibilities

Directors must exercise their business judgment, consistent with their fiduciary duties, to act in a manner they reasonably believe is in the best interests of the Company and its stockholders. In fulfilling that responsibility, directors may ask such questions and conduct such investigations as they deem appropriate, and may request the assistance of outside advisors. The Board may reasonably rely on the information provided to them by the Company's senior executives and outside advisors and auditors.

### Conflicts

With respect to any matter under discussion by the Board or a committee, directors must disclose to the Board any potential conflicts of interest they may have and, if appropriate, refrain from voting on a matter in which they may have a conflict.

### Attendance at Meetings

Directors are expected to regularly attend Board meetings and meetings of committees on which they serve, to spend the time needed to prepare for such meetings and to meet as frequently as they deem necessary to properly discharge their responsibilities.

## Committees of the Board

The Board will establish committees from time to time to facilitate and assist in the execution of its responsibilities. These committees shall generally address issues that, because of their complexity and technical nature, level of detail and time requirements or because of proper corporate governance principles, are more effectively addressed at committee meetings rather than at larger board meetings.

The Board will have at all times the following standing committees: an Audit Committee, a Compensation Committee and a Corporate Governance Committee (which committee shall have responsibility for director nominations). All of the members of these committees will be independent directors within the meaning of the Independence Rules. Committee members and committee chairs will be appointed by the Board upon the recommendation of the Corporate Governance Committee.

Each of the foregoing standing committees will have its own written charter. The charters will set forth the purpose, authority and responsibilities of the committees, committee structure and provide for periodic reports by the committee to the Board. The charters of each standing committee will be reviewed periodically by the respective committee and the Board, with a view toward maximizing the efficient functioning of these committees.

The Board may, from time to time, establish or maintain additional committees as it deems appropriate and delegate to such committees such authority permitted by applicable laws and the Company's By-Laws.

## Meetings

Board Meetings. The Chairman of the Board and, if applicable, the Lead Independent Director, will determine the frequency and length of Board meetings in consultation with other members of the Board. It is the Board's view that regular meetings at appropriate intervals are desirable for the performance of the Board's responsibilities. In addition to regularly scheduled meetings, additional unscheduled meetings may be called upon appropriate notice at any time to address any special needs.

Committee Meetings. The Chairman of each committee, in consultation with the committee members, the Board and senior management, will determine the frequency and length of the committee meetings consistent with any requirements set forth in the committee's charter. The agendas and meeting minutes of the committees will be shared with the full Board. Any director that is not a member of a particular committee may attend any committee meetings with the concurrence of the committee Chairman.

Attendance by PTC Employees by Invitation. The Board may request that PTC executives and other PTC employees that do not serve on the Board attend all

or any portion of a Board or committee meeting and will schedule presentations by such employees who can provide additional insight based on their involvement in the matter or their particular expertise.

## **Agendas**

Agendas and other information are important to the Board's understanding of the business to be conducted at a Board or committee meeting. The Chairman of the Board, the Lead Independent Director, if applicable, and the Chairman of each committee (as the case may be) shall, in consultation with the appropriate directors and management, develop the agenda for each meeting. Agendas and accompanying materials should be distributed in writing to the directors before the meeting, and directors should review these materials in advance of the meeting. Each Board member is free to suggest the inclusion of items on the agenda and each Board member is free to raise subjects that are not on the agenda for that meeting.

## **Executive Sessions**

It is the Board's view that it is important that the Board of Directors meet in sessions both with and without management present. Accordingly, the outside directors will meet in regular executive sessions and, in accordance with Nasdaq Stock Market Rules, the independent directors will meet in executive sessions not less than twice a year.

## **Risk Oversight**

The Board takes its oversight responsibilities with respect to the risks facing the Company seriously. In furtherance of its risk oversight of the Company's ethics and compliance program, the full Board shall receive periodic reports from the Company's Chief Compliance Officer, not less than once a year, on the operation and effectiveness of the Company's ethics and compliance program.

## **Attendance at Annual Meeting of Stockholders**

The Board believes that it is important that all members of the Board attend the Annual Meeting of Stockholders and all directors are expected to do so.

## **Code of Business Conduct and Ethics**

Members of the Board are expected to adhere to the Company's [Code of Business Conduct and Ethics](#) to the extent applicable in connection with his or her activities relating to the Company and to lead by example by exhibiting ethical behavior. This obligation includes adherence to the Company's policies with respect to conflicts of interest, confidentiality (which shall include information provided to directors in connection with meetings of the Board and its committees and discussed at such meetings), trading in PTC stock, and respect for and compliance with applicable laws.

## Speaking on behalf of the Company

The Board believes that management speaks for the Company. Individual Board members may, from time to time, meet or otherwise communicate on the Company's behalf with third parties. It is expected that Board members will do this with the advance knowledge of management. All such communications with third parties will be undertaken in compliance with Regulation FD and all other applicable laws and regulations.

## BOARD COMPENSATION AND PERFORMANCE

### Director Compensation

The Board is responsible for establishing director compensation. The Board believes that directors should be fairly compensated for undertaking the responsibilities associated with serving as a director. At the same time, director compensation should be consistent with market practices generally.

The Board delegates to the Corporate Governance Committee responsibility for periodically assessing market practices for director compensation. The Board will review director compensation at least as often as annually.

### Director Stock Ownership Requirements

The Board believes that the interests of the directors should be aligned with the interests of stockholders. Accordingly, the Board has adopted a [Director Stock Ownership Policy](#) that requires each non-employee director to own PTC stock valued at not less than 5x their annual cash retainer. (The Board has also adopted an [Executive Stock Ownership Policy](#).)

### Performance Evaluations

The Board, with assistance from the Corporate Governance Committee, will conduct an annual self-evaluation to determine whether the Board and its committees are functioning effectively. The Board will discuss the evaluation to determine what action, if any, could improve Board and committee performance.

### Orientation and Continuing Education

Directors are expected to keep abreast of the Company's business and markets. Accordingly, a continuing education process for directors is maintained. This process includes written materials on the Company's products, businesses, markets and initiatives; meetings with and presentations by senior management; and regular updates on relevant legal, accounting and governance matters by both internal and external advisors. The Board, or the Company at the Board's

direction, will establish, or identify and provide access to, appropriate orientation programs, sessions or materials for newly elected directors.

The Board believes that additional professional director continuing education can be valuable to directors. Accordingly, the Company will reimburse directors for the expenses associated with participating in such continuing education programs.

## **CEO EVALUATION & SUCCESSION PLANNING**

The Board shall establish performance objectives annually for the CEO. In addition, the Board shall receive regular updates from management concerning the Company's progress toward achieving corporate goals.

The Board delegates to the Compensation Committee responsibility for evaluating the CEO's compensation, which evaluation includes review of the CEO's performance against the annual performance objectives for the year.

The Board has charged the Corporate Governance Committee with developing and maintaining a CEO succession plan in order to ensure continuity of leadership for the Company. The plan is periodically reassessed to maintain alignment with the Company's evolving business strategy and corporate objectives.

## **ACCESS TO MANAGEMENT AND ADVISORS**

Each director is encouraged to keep informed of the affairs of the Company between board meetings through direct contact with members of senior management. Each director shall have complete access to any such employee.

The Board and each Board committee shall have the power to hire legal, accounting, financial or other advisors as they may deem necessary in their best judgment, without the need to obtain the prior approval of any officer of the Company. The Secretary of the Company will arrange for payment of the appropriate invoices of any such third party.

## **PERIODIC REVIEW OF GUIDELINES**

The Board, with the assistance of the Corporate Governance Committee, shall review these Corporate Governance Guidelines not less than once a year to determine whether any changes are appropriate.