

Edgar Filing: PARAMETRIC TECHNOLOGY CORP - Form 8-K

PARAMETRIC TECHNOLOGY CORP

Form 8-K

November 09, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 8-K

CURRENT REPORT PURSUANT
TO SECTION 13 OR 15(D) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of report (Date of earliest event reported) November 3, 2006

Parametric Technology Corporation
(Exact Name of Registrant as Specified in Its Charter)

Massachusetts
(State or Other Jurisdiction of Incorporation)

0-18059
(Commission File Number)

04-2866152
(IRS Employer Identification No.)

140 Kendrick Street
Needham, Massachusetts
(Address of Principal Executive Offices)

02494-2714
(Zip Code)

(781) 370-5000
(Registrant's Telephone Number, Including Area Code)

(Former Name or Former Address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions (see General Instruction A.2. below):

Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)

Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)

Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))

Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Item 1.01 Entry into a Material Definitive Agreement

Adoption of Executive Incentive Performance Plan for Fiscal 2007.

On November 3, 2006, the Compensation Committee of PTC's Board of Directors established, pursuant to the Company's Executive Incentive Performance Plan, target incentive bonus amounts for its executive officers, including its Chief Executive Officer, for the 2007 fiscal year performance period (the "2007 EIP"). Under the 2007 EIP, the Committee determined that each participating officer's fiscal 2007 incentive bonus would be comprised of shares of performance-based

Edgar Filing: PARAMETRIC TECHNOLOGY CORP - Form 8-K

restricted stock, the restrictions on which will lapse based on achievement of the specified performance metrics, and an upside bonus payable in cash based on achievement of additional specified performance metrics.

The executive officers designated to participate in the 2007 EIP and the number of shares of restricted stock granted to each officer under the 2007 EIP are set forth below:

| Name | Shares Restricted Stock Granted |
|---|------------------------------------|
| C. Richard Harrison, Chief Executive Officer & President | 37,615 |
| Cornelius F. Moses, Executive Vice President and Chief Financial Officer | 16,121 |
| James E. Heppelmann, Executive Vice President, Software Solutions and Chief Technology Officer | 16,121 |
| Barry F. Cohen, Executive Vice President, Strategic Services & Partners | 16,121 |
| Paul J. Cunningham, Executive Vice President, Sales | 16,121 |
| Anthony DiBona, Executive Vice President, Maintenance | 12,091 |
| Aaron C. von Staats, Senior Vice President and General Counsel | 9,404 |

Under the 2007 EIP, the restrictions on the shares of restricted stock will lapse only if PTC achieves specified minimum revenue and operating margin results (the "Threshold Performance Metrics"). If the Threshold Performance Metrics are achieved, the restrictions on 50% of each officer's shares of restricted stock will lapse on the later of November 9, 2007 or the date the Compensation Committee determines the Threshold Performance Metrics have been achieved. If the Threshold Performance Metrics are not achieved, all shares granted under the 2007 EIP will be forfeited.

The restrictions on up to an additional 25% of an officer's shares of restricted stock will lapse to the extent PTC achieves a second specified revenue metric (the "Revenue Target") and the restrictions on up to the other 25% of an officer's shares of restricted stock will lapse to the extent PTC achieves a second specified operating margin (the "Margin Target" and together with the Revenue Target, the "Target Performance Metrics"). In each case, the portion of the additional 25% of the shares of restricted stock with respect to which the restrictions will lapse increases proportionately based on PTC's achievement of the Revenue Target or the Margin Target, as applicable, with the restrictions on the full 25% of the respective shares of restricted stock lapsing if PTC achieves the Revenue Target or the Margin Target, as applicable. If and to the extent the Revenue Target and the Margin Target are achieved, the restrictions on each officer's shares of restricted stock will lapse on the later of November 9, 2007 or the date the Compensation Committee determines the Revenue Target and the Margin Target have been achieved.

In order to provide an additional performance incentive, if PTC exceeds the Target Performance Metrics, each officer would become eligible for an additional specified cash bonus (the "Upside Bonus"). The portion of the Upside Bonus payable would increase proportionately based on PTC's achievement of additional specified upside performance metrics (the "Upside Performance Metrics") above the Target

Edgar Filing: PARAMETRIC TECHNOLOGY CORP - Form 8-K

2

Performance Metrics. The full amount of the Upside Bonus would not be paid unless the Upside Performance Metrics were achieved. The full amount of the Upside Bonus for which each of the executive officers is eligible is set forth below.

| Name | Maximum Upside Bonus |
|---|-------------------------|
| C. Richard Harrison, Chief Executive Officer & President | \$350,000 |
| Cornelius F. Moses, Executive Vice President and Chief Financial Officer | \$150,000 |
| James E. Heppelmann, Executive Vice President, Software Solutions and Chief Technology Officer | \$150,000 |
| Barry F. Cohen, Executive Vice President, Strategic Services & Partners | \$150,000 |
| Paul J. Cunningham, Executive Vice President, Sales | \$150,000 |
| Anthony DiBona, Executive Vice President, Maintenance | \$112,500 |
| Aaron C. von Staats, Senior Vice President and General Counsel | \$87,500 |

3

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Parametric Technology Corporation

Date: November 9, 2006

By: /s/ Aaron C. von Staats

Aaron C. von Staats
Senior Vice President, General Counsel
and Clerk

4