VON STAATS AARON C
Form 4
November 14, 2005

FORM 4

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

Check this box if no longer subject to Section 16. Form 4 or Form 5 obligations may continue. *See* Instruction 1(b).

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934, Section 17(a) of the Public Utility Holding Company Act of 1935 or Section 30(h) of the Investment Company Act of 1940

OMB APPROVAL
OMB Number: 3235-0287
Expires: January 31, 2005
Estimated average burden hours per response... 0.5

(Print or Type Responses)

1. Name and Address of Reporting Person *
VON STAATS AARON C

(Last) (First) (Middle)

C/O PARAMETRIC TECHNOLOGY CORP, 140 KENDRICK ST

(Street)

NEEDHAM, MA 02494

(City) (State) (Zip)

2. Issuer Name **and** Ticker or Trading Symbol
PARAMETRIC TECHNOLOGY CORP [PMTC]

3. Date of Earliest Transaction (Month/Day/Year)
11/09/2005

4. If Amendment, Date Original Filed(Month/Day/Year)

5. Relationship of Reporting Person(s) to Issuer

(Check all applicable)

_____ Director _____ 10% Owner
__X__ Officer (give title below) _____ Other (specify below)
SVP, General Counsel and Clerk

6. Individual or Joint/Group Filing(Check Applicable Line)
_X_ Form filed by One Reporting Person
___ Form filed by More than One Reporting Person

Table I - Non-Derivative Securities Acquired, Disposed of, or Beneficially Owned

1.Title of Security (Instr. 3)	2. Transaction Date (Month/Day/Year)	2A. Deemed Execution Date, if any (Month/Day/Year)	3. Transaction Code (Instr. 8)		4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5)			5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4)	6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4)	7. Nature of Indirect Beneficial Ownership (Instr. 4)
			Code	V	Amount	(A) or (D)	Price			
Common Stock	11/09/2005		A		26,656 (1)	A	$ 0	110,455	D	
Common Stock	11/09/2005		A		100,000 (2)	A	$ 0	210,455	D	

Reminder: Report on a separate line for each class of securities beneficially owned directly or indirectly.

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SEC 1474 (9-02)

Table II - Derivative Securities Acquired, Disposed of, or Beneficially Owned
(*e.g.*, puts, calls, warrants, options, convertible securities)

1. Title of Derivative Security (Instr. 3)	2. Conversion or Exercise Price of Derivative Security	3. Transaction Date (Month/Day/Year)	3A. Deemed Execution Date, if any (Month/Day/Year)	4. Transaction Code (Instr. 8)		5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4, and 5)		6. Date Exercisable and Expiration Date (Month/Day/Year)		7. Title and Amount of Underlying Securities (Instr. 3 and 4)		8. Price of Derivative Security (Instr. 5)	9. Nu Deriv Secur Bene Own Follo Repo Trans (Instr
				Code	V	(A)	(D)	Date Exercisable	Expiration Date	Title	Amount or Number of Shares		

Reporting Owners

Reporting Owner Name / Address	Relationships			
	Director	10% Owner	Officer	Other
VON STAATS AARON C C/O PARAMETRIC TECHNOLOGY CORP 140 KENDRICK ST NEEDHAM, MA 02494			SVP, General Counsel and Clerk	

Signatures

Christopher J. MacKrell pursuant to power of attorney filed July 29, 2005	11/14/2005
**Signature of Reporting Person	Date

Explanation of Responses:

* If the form is filed by more than one reporting person, *see* Instruction 4(b)(v).

** Intentional misstatements or omissions of facts constitute Federal Criminal Violations. *See* 18 U.S.C. 1001 and 15 U.S.C. 78ff(a).

(1) Restricted stock award that is subject to certain performance criteria under the Company's executive incentive performance plan for 2006 (the "2006 Metrics"). The restrictions on the shares that are finally earned under these criteria lapse on the later of November 9, 2006 or the date the Compensation Committee determines the 2006 Metrics have been achieved.

(2) Restricted stock award. 50% of each award is subject to the same performance criteria used to determine the reporting person's fiscal 2006 restricted stock award bonus under the Company's executive incentive performance plan (the "2006 Metrics"). Shares earned under these criteria are then subject to time based restrictions that lapse as to one-third of such shares on each of (i) the later of November 9, 2006 or the date the Compensation Committee determines the 2006 Metrics have been achieved, (ii) November 9, 2007 and (iii) November 9, 2008. The remaining 50% of each award is subject to time based restrictions that lapse as to 16,667 shares on November 9, 2006, 16,667 shares on November 9, 2007 and 16,666 shares on November 9, 2008.

Note: File three copies of this Form, one of which must be manually signed. If space is insufficient, *see* Instruction 6 for procedure.
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Exercise Price per Share

Warrants Exercised

Total Shares Issued

Proceeds Received

(Dollars in thousands)
August 29, 2012

$
11.57

3,862,422

1,998,547

$
—

February 15, 2012

20.00

3,700,000

1,077,744

—

April 7, 2010

4.94

2,500,000

2,500,000

12,350

We have determined that all of our common stock warrants should be classified within the stockholders' equity section of the accompanying consolidated balance sheets based on the conclusion that the above-noted warrants are indexed to our common stock and are exercisable only into our common stock. As of September 30, 2012, there are no outstanding warrants to purchase shares of our common stock.

17. Stock-Based Compensation

We recognize stock-based compensation expense over the requisite service period. Our share-based awards are accounted for as equity instruments. The amounts included in the consolidated statements of operations relating to stock-based compensation are as follows (dollars in thousands):

	2012	2011	2010
Cost of product and licensing	$137	$36	$28
Cost of professional services and hosting	26,409	27,814	11,043
Cost of maintenance and support	956	2,186	756
Research and development	29,565	24,289	9,381
Selling and marketing	54,281	43,264	38,152
General and administrative	63,233	49,707	40,779
Total	$174,581	$147,296	$100,139

Included in stock-based compensation for the year ended September 30, 2012 and 2011 is $46.3 million and $35.1 million, respectively, of expense related to awards that will be made as part of the annual bonus plan to employees which is included in accrued expenses at September 30, 2012 and 2011. The annual bonus pool is determined by management and approved by the Compensation Committee of the Board of Directors based on financial performance targets approved at the beginning of the year. If these targets are achieved, the awards will be settled in shares based on the total bonus earned and the grant date fair value of the shares awarded to each employee.

Stock Options

We have share-based award plans under which employees, officers and directors may be granted stock options to purchase our common stock, generally at fair market value. Our plans do not allow for options to be granted at below fair market value, nor can they be re-priced at any time. Options granted under our plans become exercisable over various periods, typically 2 to 4 years and have a maximum term of 10 years. We have also assumed options and option plans in connection with certain of our acquisitions. These stock options are governed by the plans and agreements that they were originally issued under, but are now exercisable for shares of our common stock.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The table below summarizes activity relating to stock options for the years ended September 30, 2012, 2011 and 2010:

	Number of Shares	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term	Aggregate Intrinsic Value(1)
Outstanding at September 30, 2009	13,553,866	$7.48		
Granted	1,200,000	$13.81		
Exercised	(3,433,701)	$5.39		
Forfeited	(350,884)	$13.65		
Expired	(266,044)	$16.26		
Outstanding at September 30, 2010	10,703,237	$8.44		
Granted	1,000,000	$16.44		
Exercised	(3,866,544)	$6.23		
Forfeited	(90,813)	$12.75		
Expired	(64,161)	$15.03		
Outstanding at September 30, 2011	7,681,719	$10.48		
Assumed in the acquisition of Vlingo	345,319	$7.57		
Exercised	(1,803,647)	$7.40		
Forfeited	(79,781)	$8.78		
Expired	(4,330)	$8.72		
Outstanding at September 30, 2012	6,139,280	$11.24	3.1 years	$83.8 million
Exercisable at September 30, 2012	5,994,586	$11.29	3.0 years	$81.6 million
Exercisable at September 30, 2011	6,565,907			
Exercisable at September 30, 2010	9,137,554			

(1) The aggregate intrinsic value on this table was calculated based on the positive difference, if any, between the closing market value of our common stock on September 30, 2012 ($24.89) and the exercise price of the underlying options.

As of September 30, 2012, the total unamortized fair value of stock options was $1.7 million with a weighted average remaining recognition period of 1.9 years. A summary of weighted-average grant-date (including assumed options) fair value and intrinsic value of stock options exercised is as follows:

	2012	2011	2010
Weighted-average grant-date fair value per share	$14.38	$6.13	$5.90
Total intrinsic value of stock options exercised (in millions)	$30.9	$53.0	$36.1

We use the Black-Scholes option pricing model to calculate the grant-date fair value of an award. The fair value of the assumed unvested stock options was calculated using a lattice model. The fair value of the stock options granted and unvested options assumed from acquisitions were calculated using the following weighted-average assumptions:

	2012	2011	2010
Dividend yield	0.0 %	0.0 %	0.0 %

Expected volatility	46.6	%	46.1	%	50.9	%
Average risk-free interest rate	1.5	%	1.2	%	2.4	%
Expected term (in years)	3.5		4.1		4.2	

The dividend yield of zero is based on the fact that we have never paid cash dividends and have no present intention to pay cash dividends. Expected volatility is based on the historical volatility of our common stock over the period commensurate with the expected life of the options and the historical implied volatility from traded options with a term of 180 days or greater. The risk-free interest rate is derived from the average U.S. Treasury STRIPS rate during the period, which approximates the rate in

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

effect at the time of grant, commensurate with the expected life of the instrument. We estimate the expected term of options granted based on historical exercise behavior.

Restricted Awards

We are authorized to issue equity incentive awards in the form of Restricted Awards, including Restricted Units and Restricted Stock, which are individually discussed below. Unvested Restricted Awards may not be sold, transferred or assigned. The fair value of the Restricted Awards is measured based upon the market price of the underlying common stock as of the date of grant, reduced by the purchase price of $0.001 per share of the awards. The Restricted Awards generally are subject to vesting over a period of two to four years, and may have opportunities for acceleration for achievement of defined goals. We also issued certain Restricted Awards with vesting solely dependent on the achievement of specified performance targets. The fair value of the Restricted Awards is amortized to expense over the awards' applicable requisite service periods using the straight-line method. In the event that the employees' employment with the Company terminates, or in the case of awards with only performance goals, if those goals are not met, any unvested shares are forfeited and revert to the Company.

Restricted Units are not included in issued and outstanding common stock until the shares are vested and released. The table below summarizes activity relating to Restricted Units:

	Number of Shares Underlying Restricted Units — Contingent Awards	Number of Shares Underlying Restricted Units — Time-Based Awards
Outstanding at September 30, 2009	2,840,673	8,755,330
Granted	1,698,743	4,693,440
Earned/released	(950,253)	(4,800,175)
Forfeited	(721,323)	(853,481)
Outstanding at September 30, 2010	2,867,840	7,795,114
Granted	1,779,905	5,167,589
Earned/released	(1,312,136)	(4,977,397)
Forfeited	(380,430)	(699,188)
Outstanding at September 30, 2011	2,955,179	7,286,118
Granted	3,092,062	6,341,627
Earned/released	(1,057,207)	(5,474,799)
Forfeited	(319,754)	(412,334)
Outstanding at September 30, 2012	4,670,280	7,740,612
Weighted average remaining recognition period of outstanding Restricted Units	1.7 years	1.9 years
Unearned stock-based compensation expense of outstanding Restricted units	$87.1 million	$130.8 million
Aggregate intrinsic value of outstanding Restricted Units(1)	$116.2 million	$192.8 million

(1)

The aggregate intrinsic value on this table was calculated based on the positive difference between the closing market value of our common stock on September 30, 2012 ($24.89) and the exercise price of the underlying Restricted Units.

A summary of weighted-average grant-date fair value, including those assumed in respective periods, and intrinsic value of all Restricted Units vested is as follows:

	2012	2011	2010
Weighted-average grant-date fair value per share	$25.11	$18.74	$13.15
Total intrinsic value of shares vested (in millions)	$156.7	$116.0	$91.3

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Restricted Stock is included in the issued and outstanding common stock in these financial statements at the date of grant. There was no restricted stock activity in fiscal 2011 or 2010. The table below summarizes activity relating to Restricted Stock for fiscal 2012:

	Number of Shares Underlying Restricted Stock	Weighted Average Grant Date Fair Value
Outstanding at October 1, 2011	—	$—
Granted	750,000	$25.80
Outstanding at September 30, 2012	750,000	$25.80

The purchase price for vested Restricted Stock is $0.001 per share. As of September 30, 2012, unearned stock-based compensation expense related to all unvested Restricted Stock is $13.6 million and the expense will be recognized over a weighted-average remaining period of 2.1 years.

In order to satisfy our employees' withholding tax liability as a result of the vesting of Restricted Awards, we have historically repurchased shares upon the employees' vesting. Similarly, in order to satisfy our employees' withholding tax liability as a result of the release of our employees' Restricted Units, including units released related to acquisitions, we have historically canceled a portion of the common stock upon the release. In fiscal 2012, we withheld payroll taxes totaling $52.0 million relating to 2.2 million shares of common stock that were repurchased or canceled. Based on our estimate of the Restricted Awards that will vest or be released in fiscal 2013, and further assuming that one-third of these Restricted Awards would be repurchased or canceled to satisfy the employee's withholding tax liability (such amount approximating the tax rate of our employees), we would have an obligation to pay cash relating to approximately 1.7 million shares during fiscal 2013.

1995 Employee Stock Purchase Plan

Our 1995 Employee Stock Purchase Plan ("the Plan"), as amended and restated on January 29, 2010, authorizes the issuance of a maximum of 10,000,000 shares of common stock in semi-annual offerings to employees at a price equal to the lower of 85% of the closing price on the applicable offering commencement date or 85% of the closing price on the applicable offering termination date. Stock-based compensation expense for the employee stock purchase plan is recognized for the fair value benefit accorded to participating employees. At September 30, 2012, we have reserved 2,875,661 shares for future issuance. A summary of the weighted-average grant-date fair value, shares issued and total stock-based compensation expense recognized related to the Plan are as follows:

	2012	2011	2010
Weighted-average grant-date fair value per share	$6.84	$4.63	$3.80
Total shares issued (in millions)	0.8	0.9	1.0
Total stock-based compensation expense (in millions)	$4.6	$3.7	$3.5

The fair value of the purchase rights granted under this plan was estimated on the date of grant using the Black-Scholes option-pricing model that uses the following weighted-average assumptions, which were derived in a manner similar to those discussed above relative to stock options:

	2012		2011		2010	
Dividend yield	0.0	%	0.0	%	0.0	%
Expected volatility	42.8	%	35.7	%	38.7	%
Average risk-free interest rate	0.2	%	0.1	%	0.2	%
Expected term (in years)	0.5		0.5		0.5	

18. Commitments and Contingencies

Operating Leases

We have various operating leases for office space around the world. In connection with many of our acquisitions, we assumed facility lease obligations. Among these assumed obligations are lease payments related to office locations that were vacated by

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

certain of the acquired companies prior to the acquisition date (Note 13). Additionally, certain of our lease obligations have been included in various restructuring charges (Note 14). The following table outlines our gross future minimum payments under all non-cancelable operating leases as of September 30, 2012 (dollars in thousands):

Year Ending September 30,	Operating Leases	Other Contractual Obligations Assumed	Total
2013	$28,056	$2,496	$30,552
2014	23,160	2,499	25,659
2015	20,538	2,502	23,040
2016	18,691	1,037	19,728
2017	15,320	—	15,320
Thereafter	14,380	—	14,380
Total	$120,145	$8,534	$128,679

At September 30, 2012, we have subleased certain office space that is included in the above table to third parties. Total sublease income under contractual terms is $5.3 million and ranges from approximately $0.7 million to $1.6 million on an annual basis through February 2016.

Total rent expense charged to operations was approximately $26.4 million, $23.5 million and $20.5 million for the years ended September 30, 2012, 2011 and 2010, respectively.

Litigation and Other Claims

Like many companies in the software industry, we have, from time to time, been notified of claims that we may be infringing, or contributing to the infringement of, the intellectual property rights of others. These claims have been referred to counsel, and they are in various stages of evaluation and negotiation. If it appears necessary or desirable, we may seek licenses for these intellectual property rights. There is no assurance that licenses will be offered by all claimants, that the terms of any offered licenses will be acceptable to us or that in all cases the dispute will be resolved without litigation, which may be time consuming and expensive, and may result in injunctive relief or the payment of damages by us.

We do not believe that the final outcome of the above litigation matters will have a material adverse effect on our financial position and results of operations. However, even if our defense is successful, the litigation could require significant management time and will be costly. Should we not prevail, our operating results, financial position and cash flows could be adversely impacted.

Guarantees and Other

We include indemnification provisions in the contracts we enter into with customers and business partners. Generally, these provisions require us to defend claims arising out of our products' infringement of third-party intellectual property rights, breach of contractual obligations and/or unlawful or otherwise culpable conduct. The indemnity obligations generally cover damages, costs and attorneys' fees arising out of such claims. In most, but not all cases, our total liability under such provisions is limited to either the value of the contract or a specified, agreed upon amount. In some cases our total liability under such provisions is unlimited. In many, but not all, cases, the term of the indemnity provision is perpetual. While the maximum potential amount of future payments we could be required to make under all the indemnification provisions is unlimited, we believe the estimated fair value of these provisions is minimal due to the low frequency with which these provisions have been triggered.

We indemnify our directors and officers to the fullest extent permitted by law. These agreements, among other things, indemnify directors and officers for expenses, judgments, fines, penalties and settlement amounts incurred by such persons in their capacity as a director or officer of the company, regardless of whether the individual is serving in any such capacity at the time the liability or expense is incurred. Additionally, in connection with certain acquisitions we have agreed to indemnify the former officers and members of the boards of directors of those companies, on similar terms as described above, for a period of six years from the acquisition date. In certain cases we purchase director and officer insurance policies related to these obligations, which fully cover the six year periods. To the extent that we do not purchase a director and officer insurance policy for the full period of any contractual indemnification, we would be required to pay for costs incurred, if any, as described above.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

19. Pension and Other Post-Retirement Benefits

Defined Contribution Plan

We have established a retirement savings plan under Section 401(k) of the Internal Revenue Code (the “401(k) Plan”). The 401(k) Plan covers substantially all of our U.S. employees who meet minimum age and service requirements, and allows participants to defer a portion of their annual compensation on a pre-tax basis. Effective July 1, 2003, Company match of employee’s contributions was established. We match 50% of employee contributions up to 4% of eligible salary. Employees who were hired prior to April 1, 2004 were 100% vested into the plan as soon as they started to contribute to the plan. Employees hired on or after April 1, 2004, vest one-third of the contribution annually over a three-year period. Our contributions to the 401(k) Plan totaled $4.6 million, $3.6 million and $3.3 million for fiscal 2012, 2011 and 2010, respectively. We make contributions to various other plans in certain of our foreign operations, total contributions to these plans are not material.

Defined Benefit Pension Plans

In accordance with the provisions set forth in ASC 715, Compensation — Retirement Benefits, we recognized the funded status, which is the difference between the fair value of plan assets and the projected benefit obligations, of our postretirement benefit plans in the consolidated balance sheets with a corresponding adjustment to accumulated other comprehensive income (loss), net of tax. These amounts in accumulated other comprehensive income (loss) will be subsequently recognized as net periodic pension expense.

In connection with our acquisition of Dictaphone in March 2006, we assumed the defined benefit pension plans for former Dictaphone employees located in the United Kingdom and Canada. These two pension plans are closed to new participants. In fiscal 2012, we announced a plan to terminate our Canadian pension plan. Once we have obtained regulatory approvals, we expect to purchase annuities to benefit the remaining plan participants, and settle our liabilities. We expect any gain or loss related to the settlement will not be material. In connection with our acquisition of SVOX in June 2011, we assumed an additional defined benefit pension plan for employees in Switzerland.

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The following table shows the changes in fiscal 2012 and 2011 in the projected benefit obligation, plan assets and funded status of the defined benefit pension plans (dollars in thousands):

	Pension Benefits	
	2012	2011
Change in Benefit Obligations:		
Benefit obligation at beginning of period	$31,577	$25,067
Acquisitions	—	11,149
Service cost	654	294
Interest cost	1,353	1,343
Curtailment gain	(393)	(356)
Actuarial loss (gain)	3,357	(3,944)
Currency exchange rate changes	594	(738)
Benefits paid	(2,923)	(1,238)
Benefit obligation at end of period	34,219	31,577
Change in Plan Assets:		
Fair value of plan assets, beginning of period	$28,253	$19,750
Acquisitions	—	9,062
Actual return on plan assets	3,142	14
Employer contributions	1,600	1,206
Employee contributions	230	128
Currency exchange rate changes	679	(669)
Benefits paid	(2,923)	(1,238)
Fair value of plan assets, end of period	30,981	28,253
Funded status at end of period	$(3,238)	$(3,324)

The amounts recognized in our consolidated balance sheets consisted of the following (dollars in thousands):

	Pension Benefits	
	2012	2011
Other assets	$70	$107
Other liabilities	(3,308)	(3,431)
Net liability recognized	$(3,238)	$(3,324)

The amounts recognized in accumulated other comprehensive loss as of September 30, 2012 consisted of the following (dollars in thousands):

	Pension Benefits
Actuarial loss recognized in accumulated other comprehensive loss	$4,398

The following represents the amounts included in accumulated other comprehensive loss on the consolidated balance sheet as of September 30, 2012 that we expect to recognize in earnings during fiscal 2013 (dollars in thousands):

	Pension Expense

Actuarial loss	$183

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

Included in the table below are the amounts relating to our UK and Swiss pension plans, which have accumulated benefit obligations and projected benefit obligations in excess of plan assets (dollars in thousands):

	Pension Benefits	
	2012	2011
Aggregate projected benefit obligations	$30,397	$28,525
Aggregate accumulated benefit obligations	29,922	28,017
Aggregate fair value of plan assets	27,090	25,094

The components of net periodic benefit cost of the pension plans were as follows (dollars in thousands):

	Pension Benefits	
	2012	2011
Service cost	$654	$294
Interest cost	1,353	1,343
Expected return on plan assets	(1,428)	(1,212)
Curtailment gain	(393)	(356)
Employee contributions	(230)	—
Amortization of unrecognized loss	97	261
Net periodic pension cost	$53	$330

Plan Assumptions:

Weighted-average assumptions used in developing the net periodic benefit cost for the pension plans were as follows:

	Pension Benefits	
	2012	2011
Discount rate	4.6%	4.8%
Average compensation increase	2.0%	2.0%
Expected rate of return on plan assets	4.9%	5.5%

The weighted average discount rate used in developing the benefit obligations was 3.7% and 4.4% at September 30, 2012 and 2011, respectively.

Asset Allocation and Investment Strategy:

The percentages of the fair value of pension plan assets actually allocated and targeted for allocation, by asset category, at September 30, 2012 and September 30, 2011, were as follows (dollars in thousands):

	Actual		Target	
Asset Category	2012	2011	2012	2011
Equity securities	41%	41%	29%	32%
Debt securities	52%	52%	65%	63%
Real estate and other	7%	7%	6%	5%
Total	100%	100%	100%	100%

The plan administrators have updated the target investment allocation to reflect changes in the participant population and have approved a plan to redistribute the investments over time. The weighted average expected long-term rate of return for the plan assets is 4.9%. The expected long-term rate of return on plan assets is determined based on a variety of considerations, including established asset allocation targets and expectations for those asset classes, historical returns of the plans’ assets and other market considerations. We invest our pension assets with the objective of achieving a total rate of return, over the long term, sufficient to fund future pension obligations and to minimize future pension contribution requirements. All of the assets are invested

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

in funds offered to institutional investors that are similar to mutual funds in that they provide diversification by holding various debt and equity securities.

The fair value of total pension plan assets by major category at September 30, 2012 is as follows:

	September 30, 2012
Equity securities	$12,741
Debt securities	15,996
Real estate and other	2,244
Total pension assets	$30,981

The assets are all invested in funds which are not quoted on any active market and are valued based on the underlying debt and equity investments and their individual prices at any given time, and thus are classified as Level 2 within the fair value hierarchy as defined in ASC 820 and described in Note 12.

Employer Contributions:

We expect to contribute $1.4 million to our pension plans in fiscal 2013, primarily made up of the minimum funding requirement associated with our UK pension.

Estimated Future Benefit Payments:

The following benefit payments, which reflect expected future service, as appropriate, are expected to be paid (dollars in thousands):

Year Ending September 30,	Pension Benefits
2013	$1,233
2014	1,264
2015	1,278
2016	1,275
2017	1,272
2018-2022	6,843
Total	$13,165

20. Income Taxes

The components of income (loss) before income taxes are as follows (dollars in thousands):

	Year Ended September 30,		
	2012	2011	2010
Domestic	$(85,897)	$10,197	$(15,543)
Foreign	151,199	19,820	14,478

Income (loss) before income taxes	$65,302	$30,017	$(1,065)

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NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The components of the (benefit) provision for income taxes are as follows (dollars in thousands):

	Year Ended September 30, 2012	2011	2010
Current:			
Federal	$(10,967)	$11,846	$(1,634)
State	4,626	6,810	2,484
Foreign	16,055	17,013	13,442
	9,714	35,669	14,292
Deferred:			
Federal	(131,889)	(37,453)	7,052
State	(7,317)	(243)	942
Foreign	(12,341)	(6,194)	(4,252)
	(151,547)	(43,890)	3,742
(Benefit) provision for income taxes	$(141,833)	$(8,221)	$18,034
Effective income tax rate	(217.2)%	(27.4)%	(1,693.3)%

The (benefit) provision for income taxes differed from the amount computed by applying the federal statutory rate to our income (loss) before income taxes as follows (dollars in thousands):

	2012	2011	2010
Federal tax provision (benefit) at statutory rate	$22,856	$10,506	$(373)
State tax, net of federal benefit	(1,569)	4,182	3,059
Foreign tax rate and other foreign related tax items	(42,087)	2,831	(2,274)
Stock-based compensation	11,870	6,459	3,185
Non-deductible expenditures	5,862	10,965	509
Change in U.S. and foreign valuation allowance	(145,644)	(44,792)	10,217
Executive compensation	4,585	3,946	4,063
Other	2,294	(2,318)	(352)
(Benefit) provision for income taxes	$(141,833)	$(8,221)	$18,034

The most significant item impacting the fiscal 2012 effective tax rate to vary from the U.S. statutory rate of 35% is the $145.6 million benefit from releasing the valuation allowance. This includes a net decrease in the valuation allowance of $75.1 million resulting from our acquisitions during fiscal 2012, driven primarily by Transcend and Quantim, for which a net deferred tax liability was recorded in purchase accounting at the time of the acquisitions, resulting in a release of our valuation allowance. This also includes a tax benefit of $70.5 million in connection with the release of the U.S. and certain foreign valuation allowances by the end of fiscal year 2012, described in more detail below. The effective income tax rate was also impacted by our foreign operations which are subject to a significantly lower tax rate than the U.S. statutory tax rate.

Included in fiscal 2011 benefit for income taxes is a decrease in the valuation allowance of $34.7 million related to a tax benefit in connection with the Equitrac acquisition for which a net deferred tax liability was recorded in purchase accounting. Additionally, we have released a $10.6 million valuation allowance associated with a previously acquired intangible asset which has been changed from an indefinite life asset to a finite life asset during fiscal 2011.

Included in fiscal 2010 provision for income taxes is an increase in the valuation allowance of $7.0 million related to the un-benefited losses in the U.K. subsequent to the December 2009 acquisition of SpinVox. Additionally, tax benefits were recorded for the favorable settlements of a $1.1 million U.S. federal tax audit contingency related to our acquisition of eCopy and a $1.0 million state tax penalty contingency related to our acquisition of eScription. We also recorded a $1.1 million U.S. federal tax benefit related to certain tax loss carrybacks resulting from a tax law change and a $1.1 million tax benefit resulting from certain international research and development credits.

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NUANCE COMMUNICATIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

The cumulative amount of undistributed earnings of our foreign subsidiaries amounted to $211.9 million at September 30, 2012. We have not provided any additional federal or state income taxes or foreign withholding taxes on the undistributed earnings; as such earnings have been indefinitely reinvested in the business. Based on our business plan, we expect the cash held overseas will continue to be used for our international operations and therefore do not anticipate repatriating these funds. An estimate of the tax consequences from the repatriation of these earnings is not practicable at this time resulting from the complexities of the utilization of foreign tax credits and other tax assets.

Deferred tax assets (liabilities) consist of the following at September 30, 2012 and 2011 (dollars in thousands):

	2012	2011
Deferred tax assets:		
Net operating loss carryforwards	$237,273	$258,179
Federal and state credit carryforwards	22,840	10,727
Capitalized research and development costs	5,347	22,910
Accrued expenses and other reserves	55,323	48,882
Deferred revenue	13,888	38,294
Deferred compensation	43,078	35,968
Other	4,422	6,365
Total deferred tax assets	382,171	421,325
Valuation allowance for deferred tax assets	(89,404)	(274,807)
Net deferred tax assets	292,767	146,518
Deferred tax liabilities:		
Depreciation	(26,802)	(11,610)
Convertible debt	(62,012)	(12,000)
Acquired intangibles	(256,939)	(189,138)
Net deferred tax liabilities	$(52,986)	$(66,230)
Reported as:		
Short-term deferred tax asset	$87,564	$—
Long-term deferred tax asset	20,064	5,999
Long-term deferred tax liability	(160,614)	(72,229)
Net deferred tax liabilities	$(52,986)	$(66,230)

As of September 30, 2012, we had no valuation allowance against our U.S. deferred tax assets and we had $89.4 million of valuation allowance against the majority of our international deferred tax assets. At September 30, 2011, all of our U.S. deferred tax assets had a full valuation allowance totaling $172.7 million and our international deferred tax assets had a valuation allowance totaling $102.1 million.

Deferred tax assets are reduced by a valuation allowance if, based on the weight of available positive and negative evidence, it is more likely than not that some portion or all of the deferred tax assets will not be realized. During 2012, the valuation allowance for deferred tax assets was decreased by $185.4 million. This primarily related to the recognition of $145.6 million of benefit in the year. This includes a release of valuation allowance of $75.1 million as a result of tax benefits recorded in connection with our acquisitions during the period for which a net deferred tax liability was established in purchase accounting. In addition, by the end of fiscal 2012, our U.S. operations had pre-tax income adjusted for permanent differences in items of income and expense for the most recent three-year period. We concluded that this record of cumulative profitability in recent years and our business plan showing continued profitability provided assurance that our future tax benefits more likely than not will be realized. Accordingly, by the end of fiscal 2012 , we made a determination that it is more likely than not that certain of our deferred taxes, primarily in the U.S., will be realized which resulted in a release of $70.5 million of our valuation allowance.

The majority of foreign deferred tax assets relate to net operating losses, the use of which may not be available as a result of limitations on the use of acquired losses. With respect to these foreign losses, there is no assurance that they will be used given

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NUANCE COMMUNICATIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

the current assessment of the limitations on their use or our current projection of future taxable income in the entities for which these losses relate. Based on our analysis, we have concluded that it is not more likely than not that the majority of our foreign deferred tax assets can be realized and therefore a valuation allowance has been assigned to these deferred tax assets. If we are subsequently able to utilize all or a portion of the foreign deferred tax assets for which a valuation allowance has been established, then we may be required to recognize these deferred tax assets through the reduction of the valuation allowance which could result in a material benefit to our results of operations in the period in which the benefit is determined.

At September 30, 2012 and 2011, we had U.S. federal net operating loss carryforwards of $629.3 million and $499.6 million, respectively, of which $181.1 million and $148.0 million, respectively, relate to tax deductions from stock-based compensation which will be recorded as additional paid-in-capital when realized. At September 30, 2012 and 2011, we had state net operating loss carryforwards of $183.1 million and $191.6 million, respectively. The net operating loss and credit carryforwards are subject to an annual limitation due to the ownership change limitations provided by the Internal Revenue Code of 1986 and similar state tax provisions. At September 30, 2012 and 2011, we had foreign net operating loss carryforwards of $420.4 million and $447.0 million, respectively. These carryforwards will expire at various dates beginning in 2013 and extending through 2030, if not utilized.

At September 30, 2012 and 2011, we had federal research and development carryforwards of $16.3 million and $17.7 million, respectively. At September 30, 2012 and 2011, we had state research and development credit carryforwards of $4.7 million and $6.4 million, respectively.

Uncertain Tax Positions

In accordance with the provisions of ASC 740-10, Income Taxes, we establish reserves for tax uncertainties that reflect the use of the comprehensive model for the recognition and measurement of uncertain tax positions. Under the comprehensive model, reserves are established when we have determined that it is more likely than not that a tax position will or will not be sustained and at the greatest amount for which the result is more likely than not.

The aggregate changes in the balance of our gross unrecognized tax benefits were as follows (dollars in thousands):

	September 30,	
	2012	2011
Balance, beginning of year	$14,935	$12,819
Increases for tax positions taken during current period	555	1,268
Increases for interest and penalty charges	1,127	848
Increases for acquisitions	1,925	—
Decreases for tax settlements and lapse in statutes	(1,160)	—
Balance, at end of year	$17,382	$14,935

As of September 30, 2012, $17.4 million of the unrecognized tax benefits, if recognized, would impact our effective tax rate. We do not expect a significant change in the amount of unrecognized tax benefits within the next 12 months. We recognized interest and penalties related to uncertain tax positions in our provision for income taxes and had accrued $3.5 million of such interest and penalties as of September 30, 2012.

We are subject to U.S. federal income tax, various state and local taxes, and international income taxes in numerous jurisdictions. The federal, state and foreign tax returns are generally subject to tax examinations for the tax years ended in 2008 through 2012.

21. Subsequent Events

Debt Issuance

On October 22, 2012, we issued $350.0 million aggregate principal amount of our 5.375% Senior Notes due 2020 (the "Notes"). The Notes were issued pursuant to an indenture agreement dated August 14, 2012 related to our 700.0 million aggregate principal amount of 5.375% Senior Notes due 2020 issued in the fourth quarter of fiscal 2012. Total proceeds, net of issuance

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NUANCE COMMUNICATIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

costs, were $353.3 million. On October 31, 2012, we used $143.5 million of the net proceeds to pay the term loans maturing in March 2013.

Acquisition

On October 1, 2012, we acquired J.A. Thomas and Associates, the nation's premier provider of physician-oriented, clinical documentation improvement programs for the healthcare industry, for approximately $265.0 million, of which $240.0 million was paid in cash at the closing, and the remaining $25.0 million is payable in cash or shares of our common stock, at our election, on the second anniversary of the closing date, subject to certain adjustments and conditions, including the requirement that certain key executives not terminate their employment with Nuance or have their employment terminated for certain reasons. This remaining amount will be recorded as compensation expense over the required employment period.

22. Segment and Geographic Information and Significant Customers

We follow the provisions of ASC 280, Segment Reporting, which established standards for reporting information about operating segments. ASC 280 also established standards for disclosures about products, services and geographic areas. Operating segments are defined as components of an enterprise for which separate financial information is available and evaluated regularly by the chief operating decision maker in deciding how to allocate resources and in assessing performance. Our chief operating decision maker ("CODM") is the Chief Executive Officer of the Company.

We have identified four reportable segments as defined by ASC 280-50-1 based on the level of financial information regularly reviewed by the CODM in allocating resources and assessing performance of each segment; Healthcare, Mobile and Consumer, Enterprise and Imaging.

The Healthcare segment is primarily engaged in voice and language processing for healthcare information management offered both by licensing and on-demand. The Mobile and Consumer segment is primarily engaged in sales of voice and language solutions that are embedded in a device (such as a cell phone, car or tablet computer) or installed on a personal computer. Our Enterprise segment offers voice and language solutions by licensing as well as on-demand solutions hosted by us that are designed to help companies better support, understand and communicate with their customers. The Imaging segment sells document capture and print management solutions that are embedded in copiers and multi-function printers as well as packaged software for document management.

Segment profit is an important measure used for evaluating performance and for decision-making purposes. Segment profit reflects the direct controllable costs of each segment together with an allocation of sales and corporate marketing expenses, and certain research and development project costs that benefit multiple product offerings. Segment profit represents income from operations excluding stock-based compensation, amortization of intangible assets, acquisition-related costs, net, restructuring and other charges, net, costs associated with intellectual property collaboration agreements, other income (expense), net and certain unallocated corporate expenses. Segment profit includes an adjustment for acquisition-related revenues and cost of revenues which includes revenue from acquisitions that would have otherwise been recognized but for the purchase accounting treatment of these transactions. We believe that these adjustments allow for more complete comparisons to the financial results of the historical operations.

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NUANCE COMMUNICATIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

We do not track our assets by operating segment. Consequently, it is not practical to show assets by operating segment nor depreciation by operating segment. The following table presents segment results along with a reconciliation of segment profit to income (loss) before income taxes (dollars in thousands):

	Year Ended September 30,		
	2012	2011	2010
Segment revenues(a):			
Healthcare	$669,354	$526,804	$449,270
Mobile and Consumer	508,256	393,343	309,480
Enterprise	332,034	296,373	296,170
Imaging	228,421	177,418	140,750
Total segment revenues	1,738,065	1,393,938	1,195,670
Acquisition related revenue	(86,556)	(75,197)	(76,722)
Total consolidated revenue	1,651,509	1,318,741	1,118,948
Segment profit:			
Healthcare	314,862	269,357	227,417
Mobile and Consumer	227,641	170,918	120,022
Enterprise	90,846	63,276	82,266
Imaging	91,585	69,116	55,641
Total segment profit	724,934	572,667	485,346
Corporate expenses and other, net	(102,847)	(100,288)	(88,035)
Acquisition-related revenues and costs of revenue adjustment	(77,856)	(64,724)	(63,447)
Non-cash stock based compensation	(174,581)	(147,296)	(100,139)
Amortization of intangible assets	(155,450)	(143,330)	(135,577)
Acquisition-related costs, net	(58,746)	(21,866)	(30,611)
Restructuring and other charges, net	(8,268)	(22,862)	(17,891)
Costs associated with IP collaboration agreements	(21,000)	(19,750)	(16,729)
Other expense, net	(60,884)	(22,534)	(33,982)
Income (loss) before income taxes	$65,302	$30,017	$(1,065)

(a) Segment revenues differ from reported revenues due to certain revenue adjustments related to acquisitions that would otherwise have been recognized but for the purchase accounting treatment of the business combinations. Segment revenues also include revenue that the business would have otherwise recognized had we not acquired intellectual property and other assets from the same customer. These revenues are included to allow for more complete comparisons to the financial results of historical operations and in evaluating management performance.

No country outside of the United States provided greater than 10% of our total revenue. Revenue, classified by the major geographic areas in which our customers are located, was as follows (dollars in thousands):

	2012	2011	2010
United States	$1,175,158	$963,688	$802,049
International	476,351	355,053	316,899

Total	$1,651,509	$1,318,741	$1,118,948

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NUANCE COMMUNICATIONS, INC.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS — (Continued)

No country outside of the United States held greater than 10% of our long-lived or total assets. Our long-lived assets, including intangible assets and goodwill, were located as follows (dollars in thousands):

	September 30, 2012	September 30, 2011
United States	$3,161,995	$2,431,038
International	935,739	809,328
Total	$4,097,734	$3,240,366

23. Quarterly Data (Unaudited)

The following information has been derived from unaudited consolidated financial statements that, in the opinion of management, include all recurring adjustments necessary for a fair statement of such information (dollars in thousands, except per share amounts):

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2012					
Total revenue	$360,643	$390,341	$431,744	$468,781	$1,651,509
Gross profit	$225,771	$249,669	$273,844	$297,296	$1,046,580
Net income	$9,340	$890	$79,264	$117,641	$207,135
Net income per share:					
Basic	$0.03	$0.00	$0.26	$0.38	$0.67
Diluted	$0.03	$0.00	$0.25	$0.36	$0.65
Weighted average common shares outstanding:					
Basic	304,011	305,282	306,766	309,307	306,371
Diluted	320,536	322,642	320,559	322,424	320,822

In the quarter ended September 30, 2012, we recorded a tax benefit of $97.1 million which included $70.5 million in connection with the release of the U.S. and certain foreign valuation allowances as well as $26.6 million in connection with the establishment of a net deferred tax liability in purchase accounting related to our acquisition of Quantim. See Note 20 for additional discussion.

	First Quarter	Second Quarter	Third Quarter	Fourth Quarter	Year
2011					
Total revenue	$303,829	$318,962	$328,909	$367,041	$1,318,741
Gross profit	$186,907	$193,789	$207,865	$230,356	$818,917
Net income (loss)	$(9)	$1,735	$41,621	$(5,109)	$38,238
Net income (loss) per share:					
Basic	$0.00	$0.01	$0.14	$(0.02)	$0.13

Diluted	$0.00	$0.01	$0.13	$(0.02)	$0.12
Weighted average common shares outstanding:					
Basic	298,633	300,937	303,100	306,541	302,277
Diluted	298,633	314,756	317,802	306,541	315,960

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Item 9. Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Item 9A. Controls and Procedures

Disclosure Controls and Procedures

Our management, with the participation of our Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of our disclosure controls and procedures. Our disclosure controls and procedures are designed (i) to ensure that information required to be disclosed by us in the reports that we file or submit under the Exchange Act is recorded, processed and summarized and reported within the time periods specified in the SEC's rules and forms and (ii) to ensure that information required to be disclosed in the reports we file or submit under the Exchange Act is accumulated and communicated to our management, including our Chief Executive Officer and Chief Financial Officer, to allow timely decisions regarding required disclosure. Based on that evaluation, our Chief Executive Officer and Chief Financial Officer concluded that, as of September 30, 2012, our disclosure controls and procedures were effective.

Management Report on Internal Control Over Financial Reporting

Management is responsible for establishing and maintaining adequate internal control over financial reporting, as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934, as amended. Our internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external reporting purposes in accordance with generally accepted accounting principles. Our internal control over financial reporting includes those policies and procedures that:

- pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of our assets;
- provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that our receipts and expenditures are being made only in accordance with authorizations of our management and directors; and,
- provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of our assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions and that the degree of compliance with the policies or procedures may deteriorate.

Management has assessed the effectiveness of our internal control over financial reporting as of September 30, 2012, utilizing the criteria set forth in Internal Control — Integrated Framework issued by the Committee of Sponsoring Organizations of the Treadway Commission ("COSO"). Based on the results of this assessment, management (including our Chief Executive Officer and our Chief Financial Officer) has concluded that, as of September 30, 2012, our internal control over financial reporting was effective.

The attestation report concerning the effectiveness of our internal control over financial reporting as of September 30, 2012 issued by BDO USA, LLP, an independent registered public accounting firm, appears in Item 8 of this Annual Report on Form 10-K.

Changes in Internal Controls Over Financial Reporting

There have been no changes in our internal controls over financial reporting during the fourth quarter of fiscal 2012 that have materially affected, or are reasonably likely to materially affect, our internal controls over financial reporting.

Item 9B. Other Information

None.

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PART III

Certain information required by Part III is omitted from this Annual Report on Form 10-K since we intend to file our definitive Proxy Statement for our next Annual Meeting of Stockholders, pursuant to Regulation 14A of the Securities Exchange Act of 1934, as amended (the "Proxy Statement"), within 120 days of the end of the fiscal year covered by this report, and certain information to be included in the Proxy Statement is incorporated herein by reference.

Item 10. Directors, Executive Officers and Corporate Governance

The information required by this item concerning our directors is incorporated by reference to the information set forth in the section titled "Election of Directors" in our Proxy Statement. Information required by this item concerning our executive officers is incorporated by reference to the information set forth in the section entitled "Executive Compensation, Management and Other Information" in our Proxy Statement. Information regarding Section 16 reporting compliance is incorporated by reference to the information set forth in the section entitled "Section 16(a) Beneficial Ownership Reporting Compliance" in our Proxy Statement.

Our Board of Directors adopted a Code of Business Conduct and Ethics for all of our directors, officers and employees on February 24, 2004. Our Code of Business Conduct and Ethics can be found at our website: www.nuance.com. We will provide to any person without charge, upon request, a copy of our Code of Business Conduct and Ethics. Such a request should be made in writing and addressed to Investor Relations, Nuance Communications, Inc., 1 Wayside Road, Burlington, MA 01803.

To date, there have been no waivers under our Code of Business Conduct and Ethics. We will post any waivers, if and when granted, of our Code of Business Conduct and Ethics on our website at www.nuance.com.

Item 11. Executive Compensation

The information required by this item regarding executive compensation is incorporated by reference to the information set forth in the section titled "Executive Compensation, Management and Other Information" in our Proxy Statement.

Item 12. Security Ownership of Certain Beneficial Owners and Management and Related Stockholders Matters

The information required by this item regarding security ownership of certain beneficial owners and management is incorporated by reference to the information set forth in the sections titled "Security Ownership of Certain Beneficial Owners and Management" and "Equity Compensation Plan Information" in our Proxy Statement.

Item 13. Certain Relationships and Related Transactions, and Director Independence

It is the policy of the Board that all transactions required to be reported pursuant to Item 404 of Regulation S-K be subject to approval by the Audit Committee of the Board. In furtherance of relevant NASDAQ rules and our commitment to corporate governance, the charter of the Audit Committee provides that the Audit Committee shall review and approve any proposed related party transactions including, transactions required to be reported pursuant to Item 404 of Regulation S-K for potential conflict of interest situations. The Audit Committee reviews the material facts of all transactions that require the committee's approval and either approves or disapproves of the transaction. In determining whether to approve a transaction, the Audit Committee will take into account, among other factors it deems appropriate, whether the transaction is on terms no less favorable than terms generally available to an unaffiliated third-party under the same or similar circumstances.

The additional information required by this item regarding certain relationships and related party transactions is incorporated by reference to the information set forth in the sections titled “Transactions with Related Persons” and “Corporate Governance-Board Independence” in our Proxy Statement.

Item 14. Principal Accountant Fees and Services

The information required by this section is incorporated by reference from the information in the section entitled “Ratification of Appointment of Independent Registered Public Accounting Firm” in our Proxy Statement.

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PART IV

Item 15. Exhibits and Financial Statement Schedules

(a) The following documents are filed as a part of this Report:
(1) Financial Statements — See Index to Financial Statements in Item 8 of this Report.
(2) Financial Statement Schedules — All schedules have been omitted as the requested information is inapplicable or the information is presented in the financial statements or related notes included as part of this Report.
(3) Exhibits — See Item 15(b) of this Report below.
(b) Exhibits.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this Annual Report on Form 10-K to be signed on its behalf by the undersigned, thereunto duly authorized.

NUANCE COMMUNICATIONS, INC.

By: /s/ Paul A. Ricci
Paul A. Ricci
Chief Executive Officer and Chairman of the Board

Pursuant to the requirements of the Securities Exchange Act of 1934, this Annual Report on Form 10-K has been signed by the following persons in the capacities and on the dates indicated.
POWER OF ATTORNEY

KNOW ALL PERSONS BY THESE PRESENTS, that each individual whose signature appears below constitutes and appoints Paul A. Ricci and Thomas L. Beaudoin, and each of them acting individually, as his or her true and lawful attorneys-in-fact and agents, each with full power of substitution and resubstitution, for him or her and in his or her name, place and stead, in any and all capacities, to sign any and all amendments to this Annual Report on Form 10-K and to file the same with all exhibits thereto, and all documents in connection therewith, with the Securities and Exchange Commission, granting unto said attorneys-in-fact and agents, and each of them, full power and authority to do and perform each and every act and thing requisite and necessary to be done, as fully to all intents and purposes as he or she might or could do in person, and hereby ratifying and confirming all that said attorneys-in-fact and agents or any of them, or their or his substitute or substitutes, may lawfully do or cause to be done by virtue hereof. This power of attorney may be executed in counterparts.

Date: November 28, 2012	/s/ Paul A. Ricci Paul A. Ricci, Chief Executive Officer and Chairman of the Board (Principal Executive Officer)
Date: November 28, 2012	/s/ Thomas L. Beaudoin Thomas L. Beaudoin, Executive Vice President and Chief Financial Officer (Principal Financial Officer)
Date: November 28, 2012	/s/ Daniel D. Tempesta Daniel D. Tempesta, Chief Accounting Officer and Corporate Controller (Principal Accounting Officer)
Date: November 28, 2012	/s/ Robert J. Frankenberg Robert J. Frankenberg, Director
Date: November 28, 2012	/s/ Patrick T. Hackett Patrick T. Hackett, Director

Explanation of Responses:

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	/s/ William H. Janeway
Date: November 28, 2012	William H. Janeway, Director
	/s/ Mark R. Laret
Date: November 28, 2012	Mark R. Laret, Director
	/s/ Katharine A. Martin
Date: November 28, 2012	Katharine A. Martin, Director
	/s/ Mark Myers
Date: November 28, 2012	Mark Myers, Director
	/s/ Philip Quigley
Date: November 28, 2012	Philip Quigley, Director
	/s/ Robert G. Teresi
Date: November 28, 2012	Robert G. Teresi, Director

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EXHIBIT INDEX

Exhibit Index	Exhibit Description	Incorporated by Reference				Filed Herewith
		Form	File No.	Exhibit	Filing Date	
2.1	Agreement for the acquisition of the entire issued share capital of SpinVox Limited, the substitution of Foxtrot Acquisition Limited as the issuer of a debt instrument issued by SpinVox Limited, and the release and cancellation of such debt instrument in consideration of shares in Foxtrot Acquisition Limited dated December 29, 2009	8-K	0-27038	2.1	1/5/2010	
2.2	Agreement for the acquisition of shares in Foxtrot Acquisition Limited and the payment of certain sums to the Mezzanine Lenders and other parties dated December 29, 2009	8-K	0-27038	2.2	1/5/2010	
2.3	Share Purchase Agreement, dated as of June 6, 2011, by and among Nuance, Ruetli Holding Corporation, the shareholders of SVOX and smac partners GmbH, as the shareholder representative.	10-Q	0-27038	2.1	8/9/2011	
2.4	Agreement and Plan of Merger, dated as of May 10, 2011, by and among Nuance, Ellipse Acquisition Corporation, Equitrac Corporation, U.S. Bank National Association, as escrow agent, and Cornerstone Equity Investors, LLC, as the stockholder representative.	10-Q	0-27038	2.2	8/9/2011	
2.5	Agreement and Plan of Merger dated as of October 6, 2011, by and among Nuance Communications, Inc., Sonic Acquisition Corporation, Swype, Inc., and Adrian Smith, as shareholder representative.	8-K	0-27038	2.1	10/7/2011	
2.6	Agreement and Plan of Merger among Nuance Communications, Inc., Vertigo Acquisition Corporation, Vlingo Corporation, U.S. Bank National Association, as Escrow Agent, and Stockholder Representative, dated December 16, 2011	8-K	0-27038	2.1	6/7/2012	
2.7	Agreement and Plan of Merger, dated as of March 6, 2012, by and among Nuance Communications, Inc., Townsend Merger Corporation and Transcend Services, Inc.	8-K	0-27038	2.1	3/7/2012	
3.1	Amended and Restated Certificate of Incorporation of the Registrant.	10-Q	0-27038	3.2	5/11/2001	
3.2	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of the Registrant.	10-Q	0-27038	3.1	8/9/2004	
3.3	Certificate of Ownership and Merger.	8-K	0-27038	3.1	10/19/2005	
3.4	Amended and Restated Bylaws of the Registrant.	8-K	0-27038	3.1	11/13/2007	
3.5		S-3	333-142182	3.3	4/18/2007	

	Certificate of Amendment of the Amended and Restated Certificate of Incorporation of the Registrant, as amended.				
4.1	Specimen Common Stock Certificate.	8-A	0-27038	4.1	12/6/1995
4.2	Indenture, dated as of August 13, 2007, between Nuance Communications, Inc. and U.S. Bank National Association, as Trustee (including form of 2.75% Convertible Subordinated Debentures due 2027).	8-K	0-27038	4.1	8/17/2007
4.3	Third Amended and Restated Stockholders Agreement, dated as of January 29, 2009, by and among Nuance Communications, Inc., Warburg Pincus Private Equity VIII, L.P., Warburg Pincus Netherlands Private Equity VIII C.V. I, and WP-WPVIII Investors, L.P., Warburg Pincus Private Equity X, L.P. and Warburg Pincus X Partners, L.P.	10-Q	0-27038	4.1	2/9/2009

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Exhibit Index	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
4.4	Indenture, dated as of October 24, 2011, by and between Nuance Communications, Inc. and U.S. Bank National Association	8-K	0-27038	4.1	10/24/2011	
4.5	Indenture, dated August 14, 2012, among Nuance Communications, Inc., the guarantors party thereto and U.S. Bank National Association, relating to the 5.375% Senior Notes due 2020.	8-K	0-27038	4.1	8/14/2012	
10.1	Form of Indemnification Agreement.	S-8	333-108767	10.1	9/12/2003	
10.2	Stand Alone Stock Option Agreement Number 1, dated as of August 21, 2000, by and between the Registrant and Paul A. Ricci.*	S-8	333-49656	4.3	11/9/2000	
10.3	Caere Corporation 1992 Non-Employee Directors' Stock Option Plan.*	S-8	333-33464	10.4	3/29/2000	
10.4	1993 Incentive Stock Option Plan, as amended.*	S-1	333-100647	10.17	10/21/2002	
10.5	1995 Employee Stock Purchase Plan, as amended and restated on December 1, 2009.*	14A	0-27038	Annex B	12/18/2009	
10.6	Amended and Restated 1995 Directors' Stock Option Plan, as amended.*	14A	0-27038	Annex B	12/8/2010	
10.7	1997 Employee Stock Option Plan, as amended.*	S-1	333-100647	10.19	10/21/2002	
10.8	1998 Stock Option Plan.*	S-8	333-74343	99.1	3/12/1999	
10.9	Amended and Restated 2000 Stock Option Plan.*	S-8	0-27038	4.1	2/6/2012	
10.10	2000 NonStatutory Stock Option Plan, as amended.*	S-8	333-108767	4.1	9/12/2003	
10.11	ScanSoft 2003 Stock Plan.*	S-8	333-108767	4.3	9/12/2003	
10.12	Nuance Communications, Inc. 2001 Nonstatutory Stock Option Plan.*	S-8	333-128396	4.1	9/16/2005	
10.13	Nuance Communications, Inc. 2000 Stock Plan.*	S-8	333-128396	4.2	9/16/2005	
10.14	Nuance Communications, Inc. 1998 Stock Plan.*	S-8	333-128396	4.3	9/16/2005	
10.15	Nuance Communications, Inc. 1994 Flexible Stock Incentive Plan.*	S-8	333-128396	4.4	9/16/2005	
10.16	Mobeus Corporation 2006 Share Incentive Plan*	S-8	0-23038	4.1	6/29/2012	
10.17	Form of Restricted Stock Purchase Agreement.*	10-K/A	0-27038	10.17	12/15/2006	
10.18	Form of Restricted Stock Unit Purchase Agreement.*	10-K/A	0-27038	10.18	12/15/2006	
10.19	Form of Stock Option Agreement.*	10-K/A	0-27038	10.19	12/15/2006	
10.20	2005 Severance Benefit Plan for Executive Officers.*	10-Q	0-27038	10.1	5/10/2005	
10.21	Officer Short-term Disability Plan.*	10-Q	0-27038	10.2	5/10/2005	
10.22	Letter, dated May 23, 2004, from the Registrant to Steven Chambers regarding certain employment matters.*	10-Q	0-27038	10.2	8/9/2004	
10.23	Increase Joinder, dated as of August 24, 2007, by and among Nuance Communications, Inc. and the other parties identified therein, to the Amended and Restated Senior Secured Credit Facility dated as of April 5, 2007.	8-K	0-27038	10.1	8/30/2007	

10.24	Letter, dated June 3, 2008, from the Registrant to Thomas L. Beaudoin regarding certain employment matters.	10-K	0-27038	10.39	12/1/2008

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Exhibit Index	Exhibit Description	Incorporated by Reference Form	File No.	Exhibit	Filing Date	Filed Herewith
10.25	Amended and Restated Stock Plan.*	8-K	0-27038	99.1	2/5/2009	
10.26	Amended and Restated Employment Agreement, dated as of June 23, 2009, by and between Nuance Communications, Inc. and Paul Ricci.*	8-K	0-27038	99.1	6/26/2009	
10.27	Letter, dated March 29, 2010, to Janet Dillione regarding certain employment matters.*	10-Q	0-27038	10.1	8/9/2010	
10.28	Letter, dated September 9, 2010, to Bruce Bowden regarding certain employment matters.*	10-Q	0-27038	10.1	2/9/2011	
10.29	Amendment Agreement, dated as of July 7, 2011, among Nuance Communications, the Lenders party thereto, UBS AG, Stamford Branch, as administrative agent and as collateral agent, Citigroup Global Markets Inc. as sole lead arranger and sole book runner and the other parties thereto from time to time to the Credit Agreement.	10-Q	0-27038	10.1	7/7/2011	
10.30	Amended and Restated Credit Agreement, dated as of July 7, 2011 among Nuance, UBS AG, Stamford Branch, as administrative agent, Citicorp North America, Inc., as syndication agent, Credit Suisse Securities (USA) LLC, as documentation agent, Citigroup Global Markets Inc. and UBS Securities LLC, as joint lead arrangers, Credit Suisse Securities (USA) LLC and Banc Of America Securities LLC as co-arrangers, and Citigroup Global Markets Inc., UBS Securities LLC and Credit Suisse Securities (USA) LLC as joint bookrunners.	10-Q	02-7308	10.2	7/7/2011	
10.31	Letter dated March 14, 2011 to Bill Nelson regarding certain employment matters.*	10-Q	02-7308	10.1	8/9/2011	
10.32	Purchase Agreement, dated as of October 18, 2011, by and between Nuance Communications, Inc. and Morgan Stanley & Co. LLC, as representative of the initial purchasers named therein.	8-K	0-27038	10.1	10/24/2011	
10.33	Employment Agreement dated November 11, 2011 between the Registrant and Paul Ricci.*	10-Q	0-27038	10.2	2/9/2012	
10.34	Purchase Agreement, dated August 9, 2012, by and among Nuance Communications, Inc., the guarantors party thereto and Barclays Capital Inc.	8-K	02-7038	10.1	8/14/2012	
14.1	Registrant's Code of Business Conduct and Ethics.	10-K	0-27038	14.1	3/15/2004	
21.1	Subsidiaries of the Registrant.					X
23.1	Consent of BDO USA, LLP.					X
24.1	Power of Attorney. (See Signature Page).					X
31.1	Certification of Chief Executive Officer Pursuant to Rule 13a-14(a) or 15d-14(a).					X
31.2	Certification of Chief Financial Officer Pursuant to Rule 13a-14(a) or 15d-14(a).					X

32.1	Certification Pursuant to 18 U.S.C. Section 1350.	X
101	The following materials from Nuance Communications, Inc.'s Annual Report on Form 10-K for the fiscal year ended September 30, 2012, formatted in XBRL (Extensible Business Reporting Language): (i) the Consolidated Statements of Operations, (ii) the Consolidated Balance Sheets, (iii) the Consolidated Statements of Stockholders' Equity and Comprehensive Loss, (iv) the Consolidated Statements of Cash Flows, and (v) Notes to Consolidated Financial Statements.	X

* Denotes management compensatory plan or arrangement