

BOSTON PROPERTIES INC
 Form 424B5
 August 09, 2011
Table of Contents

**Filed Pursuant to Rule 424(b)(5)
 Registration Statement No. 333-176157**

CALCULATION OF REGISTRATION FEE

Title of Securities Being Registered	Proposed Maximum Aggregate Offering Price	Amount of Registration Fee
Common Stock, par value \$0.01 per share	\$ 600,000,000	\$(1)
Preferred Stock Purchase Rights ⁽²⁾	N/A	N/A

- (1) The securities offered pursuant to this prospectus supplement represent a portion of the \$1,853,552,500 of securities registered on the registration statement to which this prospectus supplement relates that represent unsold securities that had been previously registered and for which the registration fee had been previously paid. Accordingly, no registration fee is due upon the filing of this prospectus supplement.
- (2) This prospectus supplement also relates to the rights to purchase shares of Series E Junior Participating Cumulative Preferred Stock of the registrant, which are attached to all shares of common stock issued, pursuant to the terms of the registrant's Shareholder Rights Agreement dated June 18, 2007. Until the occurrence of prescribed events, the rights are not exercisable, are evidenced by the certificates for the common stock and will be transferred with and only with such common stock.

Table of Contents

PROSPECTUS SUPPLEMENT

(To Prospectus dated August 9, 2011)

\$600,000,000

Boston Properties, Inc.

Common Stock

We previously entered into separate sales agency financing agreements, each dated as of June 2, 2011, with each of BNY Mellon Capital Markets, LLC, Deutsche Bank Securities Inc., J.P. Morgan Securities LLC, Merrill Lynch, Pierce, Fenner & Smith Incorporated, and Morgan Stanley & Co. LLC (collectively, the Sales Agents) relating to offers and sales of shares of our common stock. In accordance with the terms of the sales agency financing agreements, we may offer and sell up to \$600,000,000 of our common stock from time to time through the Sales Agents, as our agents for the offer and sale of the common stock.

The common stock will be offered at market prices prevailing at the time of sale. Each respective Sales Agent will be entitled to compensation not to exceed 2.0% of the gross sales price of all shares of common stock sold through it.

Our common stock is listed on the New York Stock Exchange, or NYSE, under the symbol BXP. On August 8, 2011, the last reported sale price of our common stock as reported on the NYSE was \$89.10 per share.

Investing in our common stock involves risks that are described in documents incorporated by reference in this prospectus supplement and the accompanying prospectus. See the Risk Factors section on page S-3 of this prospectus supplement, beginning on page 18 of our most recent Annual Report on Form 10-K and beginning on page 73 of our most recent Quarterly Report on Form 10-Q.

Neither the Securities and Exchange Commission nor any state securities commission has approved or disapproved of these securities or passed on the adequacy or accuracy of this prospectus supplement or the accompanying prospectus. Any representation to the contrary is a criminal offense.

BNY Mellon Capital Markets, LLC BofA Merrill Lynch Deutsche Bank Securities

J.P. Morgan Morgan Stanley

The date of this prospectus supplement is August 9, 2011.

Table of Contents

You should rely only on the information contained or incorporated by reference in this prospectus supplement and the accompanying prospectus. We have not, and the Sales Agents have not, authorized any other person to provide you with different or additional information. If anyone provides you with different or additional information, you should not rely on it. We are not, and the Sales Agents are not, making an offer to sell the shares in any jurisdiction where the offer or sale is not permitted. You should assume that the information appearing in this prospectus supplement and the accompanying prospectus, including the documents incorporated herein by reference, is accurate only as of their respective dates. Our business, financial condition, results of operations and prospects may have changed since those dates. When we or any of the Sales Agents deliver this prospectus supplement or the accompanying prospectus or make a sale pursuant to this prospectus supplement or the accompanying prospectus, neither we nor such Sales Agents are implying that the information is current as of the date of the delivery or sale.

TABLE OF CONTENTS**Prospectus Supplement**

<u>Prospectus Supplement Summary</u>	S-1
<u>Risk Factors</u>	S-3
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	S-3
<u>Use of Proceeds</u>	S-4
<u>Plan of Distribution</u>	S-5
<u>Legal Matters</u>	S-7
<u>Experts</u>	S-7

Prospectus

<u>Prospectus Summary</u>	1
<u>Risk Factors</u>	4
<u>Cautionary Statement Regarding Forward-Looking Statements</u>	4
<u>Where You Can Find More Information</u>	6
<u>Information Incorporated by Reference</u>	6
<u>Use of Proceeds</u>	7
<u>Description of Debt Securities</u>	8
<u>Description of Guarantees</u>	27
<u>Description of Common Stock of Boston Properties, Inc.</u>	27
<u>Description of Preferred Stock of Boston Properties, Inc.</u>	31
<u>Description of Stock Purchase Contracts of Boston Properties, Inc.</u>	37
<u>Description of Depositary Shares of Boston Properties, Inc.</u>	37
<u>Description of Warrants of Boston Properties, Inc.</u>	40
<u>Limits on Ownership of Boston Properties, Inc. Common Stock</u>	41
<u>Important Provisions of Delaware Law, Boston Properties, Inc.'s Certificate of Incorporation and Bylaws and Other Governance Documents</u>	44
<u>Legal Ownership and Book Entry Issuance</u>	48
<u>United States Federal Income Tax Considerations</u>	53
<u>Selling Security Holders</u>	74
<u>Plan of Distribution</u>	74
<u>Legal Matters</u>	79
<u>Experts</u>	79

This prospectus supplement is a supplement to the accompanying prospectus. If information in this prospectus supplement is inconsistent with the prospectus, this prospectus supplement will apply and supersede the information in the prospectus. It is important for you to read and carefully consider all information contained in this prospectus supplement and the accompanying prospectus. You should also read and carefully consider the information in the documents to which we have referred you in Information Incorporated by Reference.

As used herein, the terms we, us, our, Boston Properties or the Company refer to Boston Properties, Inc., individually or together with its subsidiaries, including Boston Properties Limited Partnership and our predecessors.

Table of Contents

PROSPECTUS SUPPLEMENT SUMMARY

About Our Company

We are a fully integrated, self-administered and self-managed real estate investment trust, or REIT, and one of the largest owners and developers of Class A office properties in the United States.

We conduct substantially all of our business through our subsidiary, Boston Properties Limited Partnership, or BPLP. We are the sole general partner and, at June 30, 2011, the owner of approximately 87.5% of the economic interests in BPLP.

Our properties are concentrated in five markets Boston, Washington, DC, midtown Manhattan, San Francisco and Princeton, NJ. At June 30, 2011, we owned or had interests in 152 commercial real estate properties, aggregating approximately 42.1 million net rentable square feet, including eight properties under construction totaling approximately 3.4 million net rentable square feet. In addition, we had structured parking for approximately 43,539 vehicles containing approximately 14.7 million square feet. At June 30, 2011, our properties consisted of:

146 office properties, including 127 Class A office properties (including six properties under construction) and 19 Office/Technical properties;

one hotel;

three retail properties; and

two residential properties (both of which are under construction).

At June 30, 2011, we owned or controlled undeveloped land parcels totaling approximately 511.6 acres. In addition, we have a noncontrolling interest in the Boston Properties Office Value-Added Fund, L.P. which we refer to as the Value-Added Fund, which is a strategic partnership with two institutional investors through which we have pursued the acquisition of value-added investments in assets within our existing markets. Our investments through the Value-Added Fund are not included in our portfolio information or any other portfolio level statistics. At June 30, 2011, the Value-Added Fund had investments in 24 buildings comprised of an office property in Chelmsford, Massachusetts and office complexes in Mountain View, California.

We consider Class A office properties to be centrally located buildings that are professionally managed and maintained, attract high-quality tenants and command upper-tier rental rates, and that are modern structures or have been modernized to compete with newer buildings. We consider Office/Technical properties to be properties that support office, research and development, laboratory and other technical uses. Our definitions of Class A Office and Office/Technical properties may be different than those used by other companies.

Our principal executive office is located at 800 Boylston Street, Suite 1900, Boston, Massachusetts 02199-8103 and our telephone number is (617) 236-3300.

Table of Contents

The Offering

Common stock offered by us	Up to \$600,000,000.
Use of proceeds	We will contribute the net proceeds from this offering to BPLP in exchange for a number of common units of BPLP equal to the number of shares of our common stock issued. BPLP will use the net proceeds for general business purposes, which may include investment opportunities and debt reduction. See Use of Proceeds on page S-4 of this prospectus supplement for additional information.
NYSE symbol	BXP
Transfer Agent and Registrar	Computershare Trust Company, N.A.

Table of Contents

RISK FACTORS

You should carefully consider the risks described in the documents incorporated by reference in this prospectus supplement and the accompanying prospectus, including (i) our Annual Report on Form 10-K for the year ended December 31, 2010, (ii) our Quarterly Reports on Form 10-Q for the quarterly periods ended March 31, 2011 and June 30, 2011 and (iii) documents we file with the Securities and Exchange Commission after the date of this prospectus supplement and which are deemed incorporated by reference in this prospectus supplement before making an investment decision. These risks are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by the materialization of any of these risks. The trading price of our securities could decline due to the materialization of any of these risks, and you may lose all or part of your investment.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus supplement and the accompanying prospectus, including the documents that we incorporate by reference, contain forward-looking statements within the meaning of the federal securities laws. We caution investors that any such forward-looking statements are based on beliefs and assumptions made by, and information currently available to, our management. When used, the words anticipate, believe, estimate, expect, intend, may, might, plan, project, result, should, will and similar expressions which do not relate solely to history are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected by the forward-looking statements. We caution you that while forward-looking statements reflect our good-faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. Accordingly, investors should use caution in relying on forward-looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

the continuing impact of high unemployment and other macroeconomic trends, which is having and may continue to have a negative effect on the following, among other things:

the fundamentals of our business, including overall market occupancy, tenant space utilization, and rental rates;

the financial condition of our tenants, many of which are financial, legal and other professional firms, our lenders, counterparties to our derivative financial instruments and institutions that hold our cash balances and short-term investments, which may expose us to increased risks of default by these parties; and

the value of our real estate assets, which may limit our ability dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis;

general risks affecting the real estate industry (including, without limitation, the inability to enter into or renew leases, dependence on tenants' financial condition, and competition from other developers, owners and operators of real estate);

failure to manage effectively our growth and expansion into new markets and sub-markets or to integrate acquisitions and developments successfully;

the ability of our joint venture partners to satisfy their obligations;

S-3

Table of Contents

risks and uncertainties affecting property development and construction (including, without limitation, construction delays, cost overruns, inability to obtain necessary permits and public opposition to such activities);

risks associated with the availability and terms of financing and the use of debt to fund acquisitions and developments, including the impact of higher interest rates on the cost and/or availability of financing;

risks associated with forward interest rate contracts and the effectiveness of such arrangements;

risks associated with downturns in the national and local economies, increases in interest rates, and volatility in the securities markets;

risks associated with actual or threatened terrorist attacks;

costs of compliance with the Americans with Disabilities Act and other similar laws;

potential liability for uninsured losses and environmental contamination;

risks associated with our potential failure to qualify as a REIT under the Internal Revenue Code of 1986, as amended;

possible adverse changes in tax and environmental laws;

the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results;

risks associated with possible state and local tax audits;

risks associated with our dependence on key personnel whose continued service is not guaranteed; and

the other risk factors identified in our most recently filed Annual Report on Form 10-K, including those described under the caption Risk Factors.

The risks set forth above are not exhaustive. Other sections of this prospectus supplement and the accompanying prospectus, including the documents that we incorporate by reference, may include additional factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all risk factors, nor can it assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to our most recent Annual Report on Form 10-K and our Quarterly Reports on Form 10-Q for future periods and Current Reports on Form 8-K as we file them with the Securities and Exchange Commission, and to other materials we may furnish to the public from time to time through Forms 8-K or otherwise, for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements. We expressly disclaim any responsibility to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events, or otherwise, and you should

not rely upon these forward-looking statements after the date of this prospectus supplement.

USE OF PROCEEDS

We will contribute the net proceeds from this offering to BPLP in exchange for a number of common units of BPLP equal to the number of shares of our common stock issued. BPLP intends to use the net proceeds for general business purposes, which may include investment opportunities and debt reduction.

Pending the uses described above, we may invest the net proceeds in short-term, interest-bearing, investment-grade securities.

S-4

Table of Contents

PLAN OF DISTRIBUTION

We have entered into separate sales agency financing agreements, each dated as of June 2, 2011, with each of the Sales Agents under which we may issue and sell up to an aggregate of \$600,000,000 of our common stock from time to time through the Sales Agents, as our agents for the offer and sale of the shares, for a period of up to three years. The sales, if any, of the common stock under a sales agency financing agreement will be made in at the market offerings as defined in Rule 415 of the Securities Act of 1933, including sales made directly on the NYSE, the existing trading market for our common stock, or sales made to or through a market maker or through an electronic communications network. In addition, our common stock may be offered and sold by such other methods, including privately negotiated transactions, as we and any Sales Agent agree to in writing.

From time to time during the term of the sales agency financing agreements, we may deliver an issuance notice to one of the Sales Agents specifying the length of the selling period (not to exceed five trading days), the amount of common stock to be sold (the aggregate sales price of such shares not to exceed \$150,000,000 during any selling period without such Sales Agent's prior written consent) and the minimum price below which sales may not be made. Upon receipt of an issuance notice from us, and subject to the terms and conditions of the respective sales agency financing agreements, each Sales Agent agrees to use its commercially reasonable efforts consistent with its normal trading and sales practices to sell such shares on such terms. We or any such Sales Agent may suspend the offering of our common stock at any time upon proper notice to the other, upon which the selling period will immediately terminate. Settlement for sales of our common stock will occur on the third trading day following the date on which any sales were made, unless we agree otherwise with the relevant Sales Agent. The obligation of any Sales Agent under its respective sales agency financing agreement to sell shares pursuant to any issuance notice is subject to a number of conditions, which such Sales Agent reserves the right to waive in its sole discretion.

We will pay each respective Sales Agent commissions not to exceed an aggregate of 2.0% of the gross sales price of all shares sold through it as agent under its sales agency financing agreement. We have also agreed to reimburse the Sales Agents for their reasonable documented out-of-pocket expenses, including fees and expenses of counsel, in connection with the sales agency financing agreements; provided that we are not required to reimburse the Sales Agents for more than \$50,000 of such fees and expenses of counsel.

Sales of our common stock as contemplated by this prospectus supplement will be settled through the facilities of the Depository Trust Company or by such other means as we and the Sales Agents may agree upon.

In connection with the sale of our common stock hereunder, the Sales Agents may each be deemed to be an underwriter within the meaning of the Securities Act of 1933, and the compensation paid to the Sales Agents may be deemed to be underwriting commissions or discounts. We have agreed to indemnify the Sales Agents against certain civil liabilities, including liabilities under the Securities Act of 1933.

The Sales Agents have determined that our common stock is an actively-traded security excepted from the requirements of Rule 101 of Regulation M under the Securities Exchange Act of 1934 by Rule 101(c)(1) under that Act. If a Sales Agent or we have reason to believe that the exemptive provisions set forth in Rule 101(c)(1) of Regulation M under the Securities Exchange Act of 1934 are not satisfied, that party will promptly notify the other and sales of common stock under the sales agency financing agreement will be suspended until that or other exemptive provisions have been satisfied in the judgment of the Sales Agent and us.

The offering of our common stock pursuant to any sales agency financing agreement will terminate upon the earlier of (1) the sale of the maximum aggregate amount of our common stock subject to the sales agency financing agreements, (2) the third anniversary of the date of such sales agency financing agreement or (3) the termination of such sales agency financing agreement by either us or the respective Sales Agent at any time in the respective party's sole discretion.

Table of Contents

We have agreed not to directly or indirectly sell, offer to sell, contract to sell, grant any option to sell or otherwise dispose of, our common stock or securities convertible into or exchangeable for our common stock, warrants or any rights to purchase or acquire our common stock for a period beginning on the first trading day prior to the delivery of any issuance notice to any of the Sales Agents and ending on the first trading day following the settlement date for our common stock sold pursuant to the applicable issuance notice, without the prior written consent of such respective Sales Agent. This consent may be given at any time without public notice. The restriction described in this paragraph does not apply to:

common stock we offer or sell pursuant to the sales agency financing agreement;

common stock we issue upon the exercise of an option or a warrant or the conversion or exchange of a security outstanding before the first trading day prior to the delivery of any issuance notice to any of the Sales Agents;

the grant of options to purchase shares of common stock or the issuance of common stock, units of limited partnership in BPLP or any securities convertible into or exchangeable for our common stock that we issue to employees, officers, directors, advisors or consultants pursuant to any current or future director or employee equity or benefit plan;

common stock purchased or sold under any current or future dividend reinvestment and stock purchase plan;

common stock or units of limited partnership in BPLP issued upon redemption or exchange of units of limited partnership in BPLP;
or

common stock or any securities convertible into or exchangeable for our common stock we issue in full or partial consideration in connection with future acquisitions or strategic investments.

Certain of the Sales Agents and their affiliates have engaged in, and may in the future engage in, commercial banking, derivatives, financial advisory and investment banking transactions and services and other commercial transactions and services in the ordinary course of business with us or our affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions.

Certain affiliates of the Sales Agents are lenders and/or agents under our \$750 million unsecured credit facility and our mortgage indebtedness and construction loan facilities and those of our unconsolidated joint ventures and other affiliates. To the extent that proceeds from any sales pursuant to the sales agency financing agreements are used to repay debt owed to such affiliates, such affiliates of the agents may be receiving proceeds of this offering. Certain of the Sales Agents and their affiliates have acted, and may in the future act, as counterparties to rate lock agreements, interest rate swaps or other hedging transactions entered into by us or our unconsolidated joint ventures and other affiliates. We also lease space in our properties to certain of the Sales Agents and their affiliates.

Table of Contents

LEGAL MATTERS

Goodwin Procter LLP, Boston, Massachusetts, will pass upon certain matters relating to this offering for us. Certain legal matters will be passed upon for the Sales Agents by Skadden, Arps, Slate, Meagher & Flom LLP, New York, New York.

EXPERTS

The financial statements and management's assessment of the effectiveness of internal control over financial reporting (which is included in Management's Report on Internal Control over Financial Reporting) incorporated in the accompanying prospectus as supplemented by this prospectus supplement by reference to Boston Properties, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010 have been so incorporated in reliance on the report of PricewaterhouseCoopers LLP, an independent registered public accounting firm, given on the authority of said firm as experts in auditing and accounting.

S-7

Table of Contents

Prospectus

BOSTON PROPERTIES, INC.

Debt Securities

Guarantees

Common Stock

Preferred Stock

Stock Purchase Contracts

Depositary Shares

Warrants

BOSTON PROPERTIES LIMITED PARTNERSHIP

Debt Securities

Guarantees

Boston Properties, Inc. may offer to sell from time to time debt securities, common stock, preferred stock, stock purchase contracts, and warrants. Preferred stock purchase rights may be attached to shares of common stock of Boston Properties, Inc. The debt securities of Boston Properties, Inc. may be convertible into common stock or preferred stock of Boston Properties, Inc. and may be guaranteed by Boston Properties Limited Partnership. The preferred stock of Boston Properties, Inc. may either be sold separately or represented by depositary shares and may be convertible into common stock or preferred stock of another series. Boston Properties Limited Partnership may offer to sell from time to time debt securities, which may be exchangeable for common stock or for preferred stock of Boston Properties, Inc. and may be guaranteed by Boston Properties, Inc. Selling security holders may from time to time offer to sell debt securities, guarantees, common stock, preferred stock, stock purchase contracts, and warrants of Boston Properties, Inc. under this prospectus.

The debt securities, common stock, preferred stock, stock purchase contracts, depositary shares and warrants of Boston Properties, Inc. and the debt securities of Boston Properties Limited Partnership may be offered separately or together, in multiple series, in amounts, at prices and on terms that will be set forth in one or more prospectus supplements to this prospectus. Boston Properties Limited Partnership may guarantee the payment of principal of, premium, if any, and interest on debt securities issued by Boston Properties, Inc. to the extent and on the terms described herein and in the applicable prospectus supplement to this prospectus. Boston Properties, Inc. may guarantee the payment of principal of, premium, if any, and interest on debt securities issued by Boston Properties Limited Partnership to the extent and on the terms described herein and in the applicable prospectus supplement to this prospectus.

This prospectus describes some of the general terms that may apply to these securities and the general manner in which they may be offered. Each time any of Boston Properties, Inc., Boston Properties Limited Partnership or selling security holders sells securities, a prospectus supplement will be provided that will contain specific information about the terms of any securities offered and the specific manner in which the securities will be offered and the identity of any selling security holders. The prospectus supplement will also contain information, where appropriate, about material United States federal income tax consequences relating to, and any listing on a securities exchange of, the securities covered by the prospectus supplement. The prospectus supplement may add to, update or change the information in this prospectus. You should read this prospectus and any prospectus supplement carefully before you invest in our securities. This prospectus may not be used to sell securities unless accompanied by a prospectus supplement.

Boston Properties, Inc., Boston Properties Limited Partnership or selling security holders may offer the securities directly to investors, through agents designated from time to time by Boston Properties, Inc. or Boston Properties Limited Partnership, or to or through underwriters or

Edgar Filing: BOSTON PROPERTIES INC - Form 424B5

dealers. If any agents, underwriters, or dealers are involved in the sale of any of the securities, their names, and any applicable purchase price, fee, commission or discount arrangement with, between or among them will be set forth, or will be calculable from the information set forth, in an accompanying prospectus supplement. For more detailed information, see Plan of Distribution on page 74. We will not receive any of the proceeds from the sale of securities by the selling security holders.

The common stock of Boston Properties, Inc. is listed on the New York Stock Exchange under the symbol BXP. On August 8, 2011, the last reported sale price of our common stock on the New York Stock Exchange was \$89.10 per share.

Investing in our securities involves various risks. See Risk Factors beginning on page 4 as well as the risk factors contained in documents we file with the Securities and Exchange Commission and which are incorporated by reference in this prospectus.

Neither the Securities and Exchange Commission nor any other regulatory body has approved or disapproved of these securities or passed upon the accuracy or adequacy of this prospectus. Any representation to the contrary is a criminal offense.

Prospectus dated August 9, 2011.

Table of Contents

TABLE OF CONTENTS

<u>PROSPECTUS SUMMARY</u>	1
<u>RISK FACTORS</u>	4
<u>CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS</u>	4
<u>WHERE YOU CAN FIND MORE INFORMATION</u>	6
<u>INFORMATION INCORPORATED BY REFERENCE</u>	6
<u>USE OF PROCEEDS</u>	7
<u>DESCRIPTION OF DEBT SECURITIES</u>	8
<u>DESCRIPTION OF GUARANTEES</u>	27
<u>DESCRIPTION OF COMMON STOCK OF BOSTON PROPERTIES, INC.</u>	27
<u>DESCRIPTION OF PREFERRED STOCK OF BOSTON PROPERTIES, INC.</u>	31
<u>DESCRIPTION OF STOCK PURCHASE CONTRACTS OF BOSTON PROPERTIES, INC.</u>	37
<u>DESCRIPTION OF DEPOSITARY SHARES OF BOSTON PROPERTIES, INC.</u>	37
<u>DESCRIPTION OF WARRANTS OF BOSTON PROPERTIES, INC.</u>	40
<u>LIMITS ON OWNERSHIP OF BOSTON PROPERTIES, INC. COMMON STOCK</u>	41
<u>IMPORTANT PROVISIONS OF DELAWARE LAW, BOSTON PROPERTIES, INC. S CERTIFICATE OF INCORPORATION AND BYLAWS AND OTHER GOVERNANCE DOCUMENTS</u>	44
<u>LEGAL OWNERSHIP AND BOOK-ENTRY ISSUANCE</u>	48
<u>UNITED STATES FEDERAL INCOME TAX CONSIDERATIONS</u>	53
<u>SELLING SECURITY HOLDERS</u>	74
<u>PLAN OF DISTRIBUTION</u>	74
<u>LEGAL MATTERS</u>	79
<u>EXPERTS</u>	79

Table of Contents

PROSPECTUS SUMMARY

About this Prospectus

This prospectus is part of a shelf registration statement that we have filed under the Securities Act of 1933, as amended (the Securities Act), with the Securities and Exchange Commission (the SEC). By using a shelf registration statement, Boston Properties, Inc. and/or selling security holders are registering an unspecified amount of debt securities, common stock, preferred stock, stock purchase contracts, depositary shares and warrants, and may sell such securities, at any time and from time to time, in one or more offerings. By using a shelf registration statement, Boston Properties Limited Partnership is registering an unspecified amount of debt securities and may sell such debt securities, at any time and from time to time, in one or more offerings. The registration statement also registers the possible guarantee by Boston Properties Limited Partnership of debt securities to be issued by Boston Properties, Inc. and the possible guarantee by Boston Properties, Inc. of debt securities to be issued by Boston Properties Limited Partnership.

As used in this prospectus and the registration statement on Form S-3 of which this prospectus is a part, unless the context otherwise requires, the terms we, us, and our refer to Boston Properties, Inc., a Delaware corporation organized in 1997, individually or together with its subsidiaries, including Boston Properties Limited Partnership, a Delaware limited partnership, and our predecessors. Boston Properties Limited Partnership is the entity through which Boston Properties, Inc. conducts substantially all of its business and owns substantially all of its assets. In addition, we sometimes refer to Boston Properties Limited Partnership as the Operating Partnership or BPLP, and Boston Properties, Inc. as the Company or BXP.

You should rely only on the information contained in this prospectus and the accompanying prospectus supplement or incorporated by reference in these documents. No dealer, salesperson or other person is authorized to give any information or to represent anything not contained or incorporated by reference in this prospectus or the accompanying prospectus supplement. If anyone provides you with different, inconsistent or unauthorized information or representations, you must not rely on them. This prospectus and the accompanying prospectus supplement are an offer to sell only the securities offered by these documents, but only under circumstances and in jurisdictions where it is lawful to do so. The information contained in this prospectus or any prospectus supplement is current only as of the date on the front of those documents.

About Boston Properties, Inc. and Boston Properties Limited Partnership

Boston Properties, Inc. is a fully integrated, self-administered and self-managed real estate investment trust, or REIT, and one of the largest owners and developers of Class A office properties in the United States. Our properties are concentrated in five markets Boston, Washington, DC, midtown Manhattan, San Francisco and Princeton, NJ. Boston Properties, Inc. conducts substantially all of its business through Boston Properties Limited Partnership. Boston Properties, Inc. is the sole general partner and, at June 30, 2011, the owner of approximately 87.5% of the economic interests in Boston Properties Limited Partnership.

At June 30, 2011, we owned or had interests in 152 commercial real estate properties, aggregating approximately 42.1 million net rentable square feet, including eight properties under construction totaling approximately 3.4 million net rentable square feet. In addition, we had structured parking for approximately 43,539 vehicles containing approximately 14.7 million square feet. At June 30, 2011, our properties consisted of:

146 office properties, including 127 Class A office properties (including six properties under construction) and 19 Office/Technical properties;

one hotel;

three retail properties; and

two residential properties (both of which are under construction).

At June 30, 2011, we owned or controlled undeveloped land parcels totaling approximately 511.6 acres. In addition, we have a noncontrolling interest in the Boston Properties Office Value-Added Fund, L.P. which we refer to as the Value-Added Fund, which is a strategic partnership

with two institutional investors through which

Table of Contents

We have pursued the acquisition of value-added investments in assets within our existing markets. Our investments through the Value-Added Fund are not included in our portfolio information or any other portfolio level statistics. At June 30, 2011, the Value-Added Fund had investments in 24 buildings comprised of an office property in Chelmsford, Massachusetts and office complexes in Mountain View, California.

We consider Class A office properties to be centrally located buildings that are professionally managed and maintained, attract high-quality tenants and command upper-tier rental rates, and that are modern structures or have been modernized to compete with newer buildings. We consider Office/Technical properties to be properties that support office, research and development, laboratory and other technical uses. Our definitions of Class A Office and Office/Technical properties may be different than those used by other companies.

Our principal executive office is located at 800 Boylston Street, Suite 1900, Boston, Massachusetts 02199-8103 and our telephone number is (617) 236-3300.

Additional information regarding Boston Properties, Inc. and Boston Properties Limited Partnership, including audited financial statements and descriptions of Boston Properties, Inc. and Boston Properties Limited Partnership, is contained in the documents incorporated by reference in this prospectus. See [Where You Can Find More Information](#) on page 6 of this prospectus.

Ratios of Earnings to Fixed Charges

The following table sets forth Boston Properties, Inc.'s historical ratio of earnings to fixed charges for the periods indicated:

	Six Months Ended June 30, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Ratio of Earnings to Fixed Charges	1.40	1.29	1.58	1.78	4.55	4.00

The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. Earnings consist of income from continuing operations before income (loss) from unconsolidated joint ventures, plus gains on sales of real estate, amortization of interest capitalized, distributions from unconsolidated joint ventures, and fixed charges, minus interest capitalized and preferred distributions of consolidated subsidiaries. Fixed charges consist of interest expensed, interest capitalized and preferred distributions of consolidated subsidiaries.

The following table sets forth Boston Properties Limited Partnership's historical ratio of earnings to fixed charges for the periods indicated:

	Six Months Ended June 30, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Ratio of Earnings to Fixed Charges	1.43	1.32	1.62	1.83	4.80	4.33

The ratios of earnings to fixed charges were computed by dividing earnings by fixed charges. Earnings consist of income from continuing operations before income (loss) from unconsolidated joint ventures, plus gains on sales of real estate, amortization of interest capitalized, distributions from unconsolidated joint ventures, and fixed charges, minus interest capitalized. Fixed charges consist of interest expensed and interest capitalized.

Table of Contents**Ratios of Earnings to Combined Fixed Charges and Preferred Dividends/Distributions**

The following table sets forth Boston Properties, Inc.'s historical ratios of earnings to combined fixed charges and preferred dividends for the periods indicated:

	Six Months Ended June 30, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Ratio of Earnings to Combined Fixed Charges and Preferred Distributions	1.40	1.29	1.58	1.78	4.55	4.00

The ratios of earnings to combined fixed charges and preferred dividends were computed by dividing earnings by combined fixed charges and preferred dividends on securities of Boston Properties, Inc. There were no preferred securities of Boston Properties, Inc. outstanding for the periods presented. Earnings consist of income from continuing operations before income (loss) from unconsolidated joint ventures, plus gains on sales of real estate, amortization of interest capitalized, distributions from unconsolidated joint ventures, and fixed charges, minus interest capitalized and preferred distributions of consolidated subsidiaries. Combined fixed charges and preferred dividends consist of interest expensed, interest capitalized, preferred distributions of consolidated subsidiaries and preferred dividends on securities of Boston Properties, Inc. There were no preferred securities of Boston Properties, Inc. outstanding for the periods presented.

The following table sets forth Boston Properties Limited Partnership's historical ratios of earnings to combined fixed charges and preferred distributions for the periods indicated:

	Six Months Ended June 30, 2011	Year Ended December 31, 2010	Year Ended December 31, 2009	Year Ended December 31, 2008	Year Ended December 31, 2007	Year Ended December 31, 2006
Ratio of Earnings to Combined Fixed Charges and Preferred Distributions	1.42	1.31	1.61	1.81	4.66	4.03

The ratios of earnings to combined fixed charges and preferred distributions were computed by dividing earnings by combined fixed charges and preferred distributions on securities of Boston Properties Limited Partnership. Earnings consist of income from continuing operations before income (loss) from unconsolidated joint ventures, plus gains on sales of real estate, amortization of interest capitalized, distributions from unconsolidated joint ventures, and fixed charges, minus interest capitalized. Combined fixed charges and preferred distributions consist of interest expensed, interest capitalized and preferred distributions on securities of Boston Properties Limited Partnership.

Table of Contents

RISK FACTORS

You should carefully consider the risks described in the documents incorporated by reference in this prospectus, before making an investment decision. These risks are not the only ones facing our company. Additional risks not presently known to us or that we currently deem immaterial may also impair our business operations. Our business, financial condition or results of operations could be materially adversely affected by the materialization of any of these risks. The trading price of our securities could decline due to the materialization of any of these risks, and you may lose all or part of your investment. This prospectus and the documents incorporated herein by reference also contain forward-looking statements that involve risks and uncertainties. Actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks described in the documents incorporated herein by reference, including (i) our Annual Reports on Form 10-K, (ii) our Quarterly Reports on Form 10-Q and (iii) documents we file with the SEC after the date of this prospectus and which are deemed incorporated by reference in this prospectus.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING STATEMENTS

This prospectus, including the information incorporated by reference into this prospectus, and any accompanying prospectus supplement, contain forward-looking statements within the meaning of the federal securities laws. We caution investors that any forward-looking statements presented in this prospectus or any of the documents incorporated by reference, or which management may make orally or in writing from time to time, are based on beliefs and assumptions made by, and information currently available to, management. When used, the words anticipate, believe, estimate, expect, intend, may, might, plan, project, result, should, will and similar expressions which do not relate to matters are intended to identify forward-looking statements. Such statements are subject to risks, uncertainties and assumptions and are not guarantees of future performance, which may be affected by known and unknown risks, trends, uncertainties and factors that are beyond our control. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those anticipated, estimated or projected by the forward-looking statements. We caution you that while forward-looking statements reflect our good-faith beliefs when we make them, they are not guarantees of future performance and are impacted by actual events when they occur after we make such statements. Accordingly, investors should use caution in relying on forward looking statements, which are based on results and trends at the time they are made, to anticipate future results or trends.

Some of the risks and uncertainties that may cause our actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements include, among others, the following:

the continuing impact of high unemployment and other macroeconomic trends, which is having and may continue to have a negative effect on the following, among other things:

the fundamentals of our business, including overall market occupancy, tenant space utilization, and rental rates;

the financial condition of our tenants, many of which are financial, legal and other professional firms, our lenders, counterparties to our derivative financial instruments and institutions that hold our cash balances and short-term investments, which may expose us to increased risks of default by these parties; and

the value of our real estate assets, which may limit our ability to dispose of assets at attractive prices or obtain or maintain debt financing secured by our properties or on an unsecured basis;

general risks affecting the real estate industry (including, without limitation, the inability to enter into or renew leases, dependence on tenants' financial condition, and competition from other developers, owners and operators of real estate);

Table of Contents

failure to manage effectively our growth and expansion into new markets and sub-markets or to integrate acquisitions and developments successfully;

the ability of our joint venture partners to satisfy their obligations;

risks and uncertainties affecting property development and construction (including, without limitation, construction delays, cost overruns, inability to obtain necessary permits and public opposition to such activities);

risks associated with the availability and terms of financing and the use of debt to fund acquisitions and developments, including the impact of higher interest rates on the cost and/or availability of financing;

risks associated with forward interest rate contracts and the effectiveness of such arrangements;

risks associated with downturns in the national and local economies, increases in interest rates, and volatility in the securities markets;

risks associated with actual or threatened terrorist attacks;

costs of compliance with the Americans with Disabilities Act and other similar laws;

potential liability for uninsured losses and environmental contamination;

risks associated with Boston Properties, Inc.'s potential failure to qualify as a REIT under the Internal Revenue Code of 1986, as amended (the Code);

possible adverse changes in tax and environmental laws;

the impact of newly adopted accounting principles on our accounting policies and on period-to-period comparisons of financial results;

risks associated with possible state and local tax audits;

risks associated with our dependence on key personnel whose continued service is not guaranteed; and

the other risk factors identified in the most recently filed Annual Report on Form 10-K and Quarterly Report on Form 10-Q of each of Boston Properties, Inc. and Boston Properties Limited Partnership, including those described under the caption Risk Factors, and our other reports filed from time to time with the SEC and any prospectus supplement.

Edgar Filing: BOSTON PROPERTIES INC - Form 424B5

The risks included herein are not exhaustive, and you should be aware that there may be other factors that could adversely affect our business and financial performance. Moreover, we operate in a very competitive and rapidly changing environment. New risk factors emerge from time to time and it is not possible for management to predict all risk factors, nor can it assess the impact of all risk factors on our business or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statements. Given these risks and uncertainties, investors should not place undue reliance on forward-looking statements as a prediction of actual results. Investors should also refer to the Annual Reports on Form 10-K, Quarterly Reports on Form 10-Q and Current Reports on Form 8-K that are incorporated herein by reference, including those filed in the future, and to other materials we may furnish to the public from time to time through Current Reports on Form 8-K or otherwise for a discussion of risks and uncertainties that may cause actual results, performance or achievements to differ materially from those expressed or implied by forward-looking statements. We expressly disclaim any responsibility to update any forward-looking statements to reflect changes in underlying assumptions or factors, new information, future events, or otherwise, and you should not rely upon these forward-looking statements after the date of this prospectus.

Table of Contents

WHERE YOU CAN FIND MORE INFORMATION

Boston Properties, Inc. and Boston Properties Limited Partnership are subject to the information requirements of the Securities Exchange Act of 1934, as amended (the Exchange Act), and in accordance with the Exchange Act, we file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy any document we file at the SEC's Public Reference Room at 100 F Street, N.E., Washington, D.C. 20549. You may call the SEC at 1-800-SEC-0330 for further information on the operation of the Public Reference Room. Our SEC filings are also available to the public from the SEC's website at <http://www.sec.gov>. In addition, you may read our SEC filings at the offices of the New York Stock Exchange (the NYSE), which is located at 20 Broad Street, New York, New York 10005. Our SEC filings are available at the NYSE because our common stock is listed and traded on the NYSE under the symbol of BXP.

Boston Properties, Inc. has a website located at <http://www.bostonproperties.com>. The information on this website is not a part of this prospectus.

INFORMATION INCORPORATED BY REFERENCE

The SEC allows us to incorporate by reference the information we file with the SEC, which means that we can disclose important information to you by referring you to these documents. The information incorporated by reference is an important part of this prospectus, and information that we file later with the SEC will automatically update and supersede the information already incorporated by reference. The SEC file number of Boston Properties, Inc. is 1-13087 and the SEC file number of Boston Properties Limited Partnership is 0-50209. We are incorporating by reference the documents listed below, which we have already filed with the SEC:

Boston Properties, Inc.'s Annual Report on Form 10-K for the year ended December 31, 2010, filed on February 25, 2011;

Boston Properties Limited Partnership's Annual Report on Form 10-K for the year ended December 31, 2010, filed on February 25, 2011;

Boston Properties, Inc.'s Quarterly Reports on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011, filed on May 9, 2011 and August 8, 2011, respectively;

Boston Properties Limited Partnership's Quarterly Report on Form 10-Q for the quarters ended March 31, 2011 and June 30, 2011, filed on May 9, 2011 and August 8, 2011, respectively;

the description of Boston Properties, Inc. common stock contained in Boston Properties, Inc.'s Registration Statement on Form 8-A, filed on June 12, 1997, including any amendments and reports filed for the purpose of updating such description;

the description of the rights to purchase shares of Series E Junior Participating Cumulative Preferred Stock contained in Boston Properties, Inc.'s Registration Statement on Form 8-A, filed on June 18, 2007, including any amendments and reports filed for the purpose of updating such description;

Boston Properties, Inc.'s Current Reports on Forms 8-K, filed on January 21, 2011, April 1, 2011, May 19, 2011, June 2, 2011 and June 27, 2011 and Item 8.01 of Boston Properties, Inc.'s Current Report on Form 8-K, filed on January 26, 2011;

Boston Properties Limited Partnership's Current Reports on Forms 8-K, filed on January 21, 2011, April 1, 2011, May 19, 2011, June 2, 2011 and June 27, 2011 and Item 8.01 of Boston Properties Limited Partnership's Current Report on Form 8-K, filed on January 26, 2011;

the statements of revenue over certain expenses of the General Motors Building for period from January 1, 2008 through June 8, 2008 (unaudited) and for the year ended December 31, 2007, including the report of independent registered public accounting firm and notes thereto as applicable, contained in Boston Properties, Inc.'s and Boston Properties Limited Partnership's amendments to their current reports on Form 8-K filed on August 12, 2008; and

Table of Contents

the combined statements of revenue over certain expenses of 540 Madison Avenue, Two Grand Central Tower and 125 West 55th Street in New York City for the six months ended June 30, 2008 (unaudited) and for the year ended December 31, 2007, including the report of independent registered public accounting firm and notes thereto as applicable, contained in Boston Properties, Inc.'s and Boston Properties Limited Partnership's amendments to their current reports on Form 8-K filed on October 24, 2008.

All documents filed by Boston Properties Limited Partnership and Boston Properties, Inc. with the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act on or after the date of this prospectus until the earlier of the date on which all of the securities registered hereunder have been sold or this registration statement has been withdrawn shall be deemed incorporated by reference in this prospectus and to be a part of this prospectus from the date of filing of those documents. Upon request, we will provide, without charge, to each person, including any beneficial owner, to whom a copy of this prospectus is delivered a copy of the documents incorporated by reference in this prospectus. You may request a copy of these filings, and any exhibits we have specifically incorporated by reference as an exhibit in this prospectus, by writing or telephoning us at the following:

Boston Properties, Inc.

The Prudential Center

800 Boylston Street, Suite 1900

Boston, Massachusetts 02199-8103

Attention: Investor Relations

(617) 236-3300

This prospectus is part of a registration statement we filed with the SEC. We have incorporated exhibits into the registration statement. You should read the exhibits carefully for provisions that may be important to you.

You should rely only on the information incorporated by reference or provided in this prospectus or any prospectus supplement. We have not authorized anyone to provide you with different or additional information. We are not making an offer of these securities in any state where the offer is not permitted. You should not assume that the information in this prospectus or in the documents incorporated by reference is accurate as of any date other than the date on the front of this prospectus or the date of the applicable documents.

USE OF PROCEEDS

Boston Properties, Inc. is required by the terms of the partnership agreement of Boston Properties Limited Partnership to contribute the net proceeds of any sale of common stock, preferred stock, stock purchase contracts, depository shares or warrants to Boston Properties Limited Partnership in exchange for securities of Boston Properties Limited Partnership with economic interests that are substantially similar to the securities issued by Boston Properties, Inc. If Boston Properties, Inc. issues any debt securities, it may lend those proceeds to Boston Properties Limited Partnership.

Unless we provide otherwise in a supplement to this prospectus, following Boston Properties, Inc.'s contribution of any net proceeds to Boston Properties Limited Partnership, we intend to use the net proceeds from our sale of the securities covered by this prospectus for one or more of the following:

the acquisition, development, and improvement of properties;

the repayment of debt;

capital expenditures;

working capital; and

other general business purposes.

We will not receive any of the proceeds of the sale by selling security holders of the securities covered by this prospectus.

Table of Contents

DESCRIPTION OF DEBT SECURITIES

Debt Securities May Be Senior or Subordinated

Boston Properties, Inc. and Boston Properties Limited Partnership may issue senior or subordinated debt securities at one or more times in one or more series. Each series of debt securities may have different terms. Neither the senior debt securities nor the subordinated debt securities will be secured by any property or assets of Boston Properties, Inc., Boston Properties Limited Partnership or any of their respective subsidiaries. Thus, by owning a debt security, you are an unsecured creditor of Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be.

Neither any limited or general partner of Boston Properties Limited Partnership, including Boston Properties, Inc., nor any principal, shareholder, member, officer, director, trustee or employee of any limited or general partner of Boston Properties, Inc. or Boston Properties Limited Partnership or of any successor of any limited or general partner of Boston Properties Limited Partnership has any obligation for payment of debt securities or for any of Boston Properties, Inc.'s or Boston Properties Limited Partnership's obligations, covenants or agreements contained in the debt securities or the applicable indenture. By accepting the debt securities, you waive and release all liability of this kind. The waiver and release are part of the consideration for the issuance of debt securities. This waiver and release will not apply to the liability of Boston Properties Limited Partnership solely in its capacity of guarantor of any series of debt securities of Boston Properties, Inc. and solely to the extent of any such guarantee.

The senior debt securities of Boston Properties, Inc. and the senior debt securities of Boston Properties Limited Partnership will be issued under the applicable senior debt indenture, as described below, and will rank equally with all of Boston Properties, Inc.'s or Boston Properties Limited Partnership's, as the case may be, other senior unsecured and unsubordinated debt.

The subordinated debt securities of Boston Properties, Inc. and the subordinated debt securities of Boston Properties Limited Partnership will be issued under the applicable subordinated debt indenture, as described below, and will be subordinate in right of payment to all of Boston Properties, Inc.'s or Boston Properties Limited Partnership's, as the case may be, senior debt, as defined in the applicable subordinated debt indenture, as described under "Description of Debt Securities - Subordination Provisions" beginning on page 22 and in the applicable prospectus supplement.

None of the indentures limit Boston Properties, Inc.'s or Boston Properties Limited Partnership's ability to incur additional senior debt, unless otherwise described in the prospectus supplement relating to any series of debt securities.

Boston Properties, Inc. senior debt will be structurally subordinate to the indebtedness of Boston Properties Limited Partnership (unless Boston Properties Limited Partnership guarantees such indebtedness and then solely to the extent of any such guarantee), and will be structurally subordinate to the indebtedness of the subsidiaries of Boston Properties Limited Partnership. Boston Properties Limited Partnership's senior debt is, and any additional senior debt of Boston Properties Limited Partnership will be, structurally subordinate to the indebtedness of Boston Properties Limited Partnership's subsidiaries and will be structurally senior to any indebtedness of Boston Properties, Inc., unless Boston Properties Limited Partnership guarantees such indebtedness of Boston Properties, Inc. See "Boston Properties, Inc.'s and Boston Properties Limited Partnership's Debt Securities Are Structurally Subordinated to Indebtedness of Boston Properties Limited Partnership and Boston Properties Limited Partnership's Subsidiaries, Respectively" below.

When we refer to "senior debt securities" in this prospectus, we mean both the senior debt securities of Boston Properties, Inc. and the senior debt securities of Boston Properties Limited Partnership, unless the context requires otherwise. When we refer to "subordinated debt securities" in this prospectus, we mean both the

Table of Contents

subordinated debt securities of Boston Properties, Inc. and the subordinated debt securities of Boston Properties Limited Partnership, unless the context requires otherwise. When we refer to debt securities in this prospectus, we mean both the senior debt securities and the subordinated debt securities, unless the context requires otherwise.

If we issue debt securities at a discount from their principal amount, then, for purposes of calculating the aggregate initial offering price of the offered securities issued under this prospectus, we will include only the initial offering price of the debt securities and not the principal amount of the debt securities.

We have summarized below the material provisions of the indentures and the debt securities, or indicated which material provisions will be described in the related prospectus supplement. The prospectus supplement relating to any particular securities offered will describe the specific terms of the securities, which may be in addition to or different from the general terms summarized in this prospectus. Because the summary in this prospectus and in any prospectus supplement does not contain all of the information that you may find useful, you should read the documents relating to the securities that are described in this prospectus or in any applicable prospectus supplement. Please read *Where You Can Find More Information* beginning on page 6 to find out how you can obtain a copy of those documents.

The Senior Debt Indenture and the Subordinated Debt Indenture of Boston Properties, Inc.

The senior debt securities of Boston Properties, Inc. will be issued under an indenture, dated as of a date prior to such issuance, among Boston Properties, Inc., as the issuer of the debt securities, Boston Properties Limited Partnership, as the guarantor of the debt securities, if applicable, and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended or supplemented from time to time. The subordinated debt securities of Boston Properties, Inc. will be issued under a separate indenture, dated as of a date prior to such issuance, among Boston Properties, Inc., as the issuer of the debt securities, Boston Properties Limited Partnership, as the guarantor of the debt securities, if applicable, and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended or supplemented from time to time. The indentures will be subject to and governed by the Trust Indenture Act of 1939. We included copies of the forms of indentures as exhibits to our registration statement and they are incorporated into this prospectus by reference. Except as otherwise indicated, the terms of the indentures are identical.

Boston Properties Limited Partnership may, under each indenture, guarantee (either fully and unconditionally or in a limited manner) the due and punctual payment of principal of, and premium, if any, and interest on, one or more series or debt securities of Boston Properties, Inc. See *Description of Boston Properties Limited Partnership Guarantee* below for more information. If such debt securities are so guaranteed, the existence and terms of such guarantee will be set forth in the applicable prospectus supplement.

The Senior Debt Indenture and the Subordinated Debt Indenture of Boston Properties Limited Partnership

The senior debt securities of Boston Properties Limited Partnership will be issued under an indenture, dated as of December 13, 2002, between Boston Properties Limited Partnership and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended or supplemented from time to time. The subordinated debt securities of Boston Properties Limited Partnership will be issued under a separate indenture, dated as of a date prior to such issuance, between Boston Properties Limited Partnership, as the issuer of the debt securities, and The Bank of New York Mellon Trust Company, N.A., as trustee, as amended or supplemented from time to time. The senior debt securities indenture is and the subordinated debt securities indenture will be subject to and governed by the Trust Indenture Act of 1939. We included a copy of the form of subordinated debt securities indenture as an exhibit to this registration statement and it and the senior debt securities indenture are incorporated into this prospectus by reference. Except as otherwise indicated, the terms of the indentures are identical.

Table of Contents

General

The indentures:

do not limit the amount of debt securities that we may issue;

allow us to issue debt securities with terms different from those of the debt securities previously issued under the indenture;

allow us to issue debt securities in one or more series;

do not require us to issue all of the debt securities of a series at the same time;

allow us to reopen a series to issue additional debt securities without the consent of the holders of the debt securities of such series;
and

provide that the debt securities will be unsecured.

Except as described under "Description of Debt Securities—Merger, Consolidation or Sale of Assets" beginning on page 17 or as may be set forth in the applicable prospectus supplement, the debt securities will not contain any provisions that (1) would limit our ability to incur indebtedness or (2) would afford holders of debt securities protection in the event of (a) a highly leveraged or similar transaction involving Boston Properties, Inc., Boston Properties Limited Partnership or any of their respective affiliates or (b) a change of control or reorganization, restructuring, merger or similar transaction involving us that may adversely affect the holders of the debt securities. In the future, we may enter into transactions, such as the sale of all or substantially all of our assets or a merger or consolidation, that may have an adverse effect on our ability to service our indebtedness, including the debt securities, by, among other things, substantially reducing or eliminating our assets. Neither governing law, nor our governing instruments, define the term "substantially all" as it relates to the sale of assets. Consequently, to determine whether a sale of "substantially all" of our assets has occurred, a holder of debt securities must review the financial and other information that we have disclosed to the public.

Each indenture provides that we may, but need not, designate more than one trustee under an indenture. Any trustee under an indenture may resign or be removed and a successor trustee may be appointed to act with respect to the series of debt securities administered by the resigning or removed trustee. If two or more persons are acting as trustee with respect to different series of debt securities, each trustee shall be a trustee of a trust under the applicable indenture separate and apart from the trust administered by any other trustee. Except as otherwise indicated in this prospectus, any action described in this prospectus to be taken by each trustee may be taken by each trustee with respect to, and only with respect to, the one or more series of debt securities for which it is trustee under the applicable indenture.

As used in this prospectus, the term "debt securities" includes the debt securities being offered by this prospectus and all other debt securities issued by Boston Properties, Inc. or Boston Properties Limited Partnership under the indentures. When we refer to the indenture or the trustee with respect to any debt securities of Boston Properties, Inc. or Boston Properties Limited Partnership, we mean the indenture under which those debt securities are issued and the trustee under that indenture.

Information in the Prospectus Supplement

When we refer to a series of debt securities, we mean a series issued under the applicable indenture. When we refer to a prospectus supplement, we mean the prospectus supplement describing the specific terms of the debt securities of a particular series being offered. The terms used in any prospectus supplement have the meanings described in this prospectus, unless otherwise specified.

We will describe most of the financial and other specific terms of a particular series of debt securities being offered, including the terms of any guarantee, if applicable, whether it be a series of the senior debt securities or subordinated debt securities, in a prospectus supplement

accompanying this prospectus. Those terms may vary from the terms described here.

Table of Contents

The applicable prospectus supplement will also contain the terms of a given offering, the initial offering price and our net proceeds. Where applicable, a prospectus supplement will also describe any material U.S. federal income tax considerations relating to the debt securities offered and indicate whether the securities offered are or will be listed on any securities exchange.

Disclosure of the specific terms of a particular series of debt securities in the applicable prospectus supplement, may include some or all of the following:

whether the issuer of the debt securities is Boston Properties, Inc. or Boston Properties Limited Partnership;

the title of the debt securities;

whether they are senior debt securities or subordinated debt securities and, if they are subordinated debt securities, any changes in the subordination provisions described in this prospectus applicable to those subordinated debt securities;

the aggregate principal amount of the debt securities being offered, the aggregate principal amount of the debt securities outstanding as of the most recent practicable date and any limit on their aggregate principal amount, including the aggregate principal amount of debt securities authorized;

the stated maturity;

the price at which the debt securities will be issued, expressed as a percentage of the principal amount, and the original issue date;

the portion of the principal payable upon declaration of acceleration of the maturity, if other than the principal amount;

the date or dates, or the method for determining the date or dates, on which the principal of the debt securities will be payable;

the fixed or variable interest rate or rates of the debt securities, or the method by which the interest rate or rates is determined;

the date or dates, or the method for determining the date or dates, from which interest will accrue;

the dates on which interest will be payable;

the record dates for interest payment dates, or the method by which we will determine those dates;

the persons to whom interest will be payable;

the basis upon which interest will be calculated if other than that of a 360-day year of twelve 30-day months;

any make-whole amount, which is the amount in addition to principal and interest that is required to be paid to the holder of a debt security as a result of any optional redemption or accelerated payment of such debt security, or the method for determining the make-whole amount;

whether the debt securities may be converted into, in the case of debt securities of Boston Properties, Inc., or exchanged for, in the case of debt securities of Boston Properties Limited Partnership, common stock or preferred stock of Boston Properties, Inc. or other securities, the terms on which such conversion or exchange may occur, including whether such conversion or exchange is mandatory, at the option of the holder or at our option, the period during which such conversion or exchange may occur, the initial conversion or exchange price or rate, and the circumstances or manner in which the shares of common stock or preferred stock issuable upon conversion or exchange may be adjusted or calculated according to the market price of Boston Properties, Inc. common stock or preferred stock or such other securities or other applicable parameters;

Table of Contents

if the debt securities are issued by Boston Properties, Inc., whether Boston Properties Limited Partnership will guarantee the due and punctual payment of principal of, premium (or make-whole amount), if any, and interest on the debt securities and the extent of any such guarantee, and if so, whether such guarantee will be unsecured and unsubordinated or subordinated to other indebtedness of Boston Properties Limited Partnership;

if the debt securities are issued by Boston Properties Limited Partnership, whether Boston Properties, Inc. will guarantee the due and punctual payment of principal of, premium (or make-whole amount), if any, and interest on the debt securities and the extent of any such guarantee, and if so, whether such guarantee will be unsecured and unsubordinated or subordinated to other indebtedness of Boston Properties, Inc.;

the place or places where the principal of, and any premium (or make-whole amount) and interest on, the debt securities will be payable;

where the debt securities may be surrendered for registration of transfer or exchange;

where notices or demands to or upon us in respect of the debt securities and the applicable indenture may be served;

the times, prices and other terms and conditions upon which we may redeem the debt securities;

any obligation we have to redeem, repay or purchase the debt securities pursuant to any sinking fund or analogous provision or at the option of holders of the debt securities, and the times and prices at which we must redeem, repay or purchase the debt securities as a result of such an obligation;

any deletions from, modifications of, or additions to our events of default or covenants, and any change in the right of any trustee or any of the holders to declare the principal amount of any of such debt securities due and payable;

the denominations in which the debt securities will be issuable, if other than denominations of \$1,000 and any integral multiple of \$1,000;

the currency or currencies in which the debt securities are denominated and in which principal and/or interest is payable if other than United States dollars, which may be a foreign currency or units of two or more foreign currencies or a composite currency or currencies, and the terms and conditions relating thereto, and the manner of determining the equivalent of such foreign currency in United States dollars;

whether the principal of, and any premium (or make-whole amount) or interest on, the debt securities of the series are to be payable, at our election or at the election of a holder, in a currency or currencies other than that in which the debt securities are denominated or stated to be payable, and other related terms and conditions;

whether the amount of payments of principal of, and any premium (or make-whole amount) or interest on, the debt securities may be determined according to an index, formula or other method and how such amounts will be determined;

Edgar Filing: BOSTON PROPERTIES INC - Form 424B5

whether the debt securities will be in registered form, bearer form or both and (1) if in registered form, the person to whom any interest shall be payable, if other than the person in whose name the security is registered at the close of business on the regular record date for such interest, or (2) if in bearer form, the manner in which, or the person to whom, any interest on the security shall be payable if otherwise than upon presentation and surrender upon maturity;

the identity of the depository for securities in registered form, if such series are to be issuable as a global security;

any restrictions applicable to the offer, sale or delivery of securities in bearer form and the terms upon which securities in bearer form of the series may be exchanged for securities in registered form of the series and vice versa if permitted by applicable laws and regulations;

Table of Contents

whether any debt securities of the series are to be issuable initially in temporary global form and whether any debt securities of the series are to be issuable in permanent global form with or without coupons and, if so, whether beneficial owners of interests in any such permanent global security may or shall be required to exchange their interests for other debt securities of the series, and the manner in which interest shall be paid;

the date as of which any debt securities in bearer form or in temporary global form shall be dated if other than the original issuance date of the first security of the series to be issued;

the applicability, if any, of the defeasance and covenant defeasance provisions described in this prospectus or in the applicable indenture;

whether and under what circumstances we will pay any additional amounts on the debt securities in respect of any tax, assessment or governmental charge and, if so, whether we will have the option to redeem the debt securities in lieu of making such a payment;

the circumstances, if any, under which beneficial owners of interests in the global security may obtain definitive debt securities and the manner in which payments on a permanent global debt security will be made if any debt securities are issuable in temporary or permanent global form;

any provisions granting special rights to holders of securities upon the occurrence of such events as specified in the applicable prospectus supplement;

the name of the applicable trustee and the nature of any material relationship with us or with any of our affiliates, and the percentage of debt securities of the class necessary to require the trustee to take action; and

any other terms of such debt securities not inconsistent with the provisions of the applicable indenture.

Original Issue Discount Securities

We may issue debt securities at a discount below their principal amount and provide for less than the entire principal amount thereof to be payable upon declaration of acceleration of the maturity thereof. We will refer to any such debt securities throughout this prospectus as original issue discount securities. A fixed rate debt security, a floating rate debt security or an indexed debt security may be an original issue discount security. The applicable prospectus supplement will describe the material federal income tax consequences and other relevant considerations applicable to original issue discount securities.

Fixed Rate Debt Securities

We may issue fixed rate debt securities. A debt security of this type will bear interest at a fixed rate described in the applicable prospectus supplement. This type includes zero coupon debt securities, which bear no interest and are instead issued at a price usually significantly lower than the principal amount. Unless otherwise disclosed in the applicable prospectus supplement, each fixed rate debt security, except any zero coupon debt security, will bear interest from its original issue date or from the most recent date to which interest on the debt security has been paid or made available for payment. Interest will accrue on the principal of a fixed rate debt security at the fixed yearly rate stated in the applicable prospectus supplement, until the principal is paid or made available for payment or the debt security is exchanged. Each payment of interest due on an interest payment date or the date of maturity will include interest accrued from and including the last date to which interest has been paid, or made available for payment, or from the issue date if none has been paid or made available for payment, to but excluding the interest payment date or the date of maturity. Unless otherwise disclosed in the applicable prospectus supplement, we will compute interest on fixed rate debt securities on the basis of a 360-day year of twelve 30-day months.

Table of Contents

Floating Rate Debt Securities

We may issue floating rate debt securities. A debt security of this type will bear interest at rates that are determined by reference to an interest rate formula. In some cases, the rates may also be adjusted by adding or subtracting a spread or multiplying by a spread multiplier and may be subject to a minimum rate or a maximum rate. If a debt security is a floating rate debt security, the formula and any adjustments that apply to the interest rate will be specified in the applicable prospectus supplement.

Unless otherwise disclosed in the applicable prospectus supplement, each floating rate debt security will bear interest from its original issue date or from the most recent date to which interest on the debt security has been paid or made available for payment. Interest will accrue on the principal of a floating rate debt security at the yearly rate determined according to the interest rate formula stated in the applicable prospectus supplement, until the principal is paid or made available for payment or the security is exchanged.

Calculations relating to floating rate debt securities will be made by the calculation agent, an institution that we appoint as our agent for this purpose. The prospectus supplement for a particular floating rate debt security will name the institution that we have appointed to act as the calculation agent for that debt security as of its original issue date. We may appoint a different institution to serve as calculation agent from time to time after the original issue date of the debt security without your consent and without notifying you of the change.

For each floating rate debt security, the calculation agent will determine, on the corresponding interest calculation or determination date, as described in the applicable prospectus supplement, the interest rate that takes effect on each interest reset date. In addition, the calculation agent will calculate the amount of interest that has accrued during each interest period i.e., the period from and including the original issue date, or the last date to which interest has been paid or made available for payment, to but excluding the payment date. For each interest period, the calculation agent will calculate the amount of accrued interest by multiplying the face or other specified amount of the floating rate debt security by an accrued interest factor for the interest period. This factor will equal the sum of the interest factors calculated for each day during the interest period. The interest factor for each day will be expressed as a decimal and will be calculated by dividing the interest rate, also expressed as a decimal, applicable to that day by 360 or by the actual number of days in the year, as specified in the applicable prospectus supplement.

Upon the request of the holder of any floating rate debt security, the calculation agent will provide for that debt security the interest rate then in effect and, if determined, the interest rate that will become effective on the next interest reset date. The calculation agent's determination of any interest rate, and its calculation of the amount of interest for any interest period, will be final and binding in the absence of manifest error.

All percentages resulting from any calculation relating to a debt security will be rounded upward or downward, as appropriate, to the next higher or lower one hundred-thousandth of a percentage point, e.g., 9.876541% (or .09876541) being rounded down to 9.87654% (or .0987654) and 9.876545% (or .09876545) being rounded up to 9.87655% (or .0987655). All amounts used in or resulting from any calculation relating to a floating rate debt security will be rounded upward or downward, as appropriate, to the nearest cent, in the case of U.S. dollars, or to the nearest corresponding hundredth of a unit, in the case of a currency other than U.S. dollars, with one-half cent or one-half of a corresponding hundredth of a unit or more being rounded upward.

In determining the base rate that applies to a floating rate debt security during a particular interest period, the calculation agent may obtain rate quotes from various banks or dealers active in the relevant market, as described in the applicable prospectus supplement. Those reference banks and dealers may include the calculation agent itself and its affiliates, as well as any underwriter, dealer or agent participating in the distribution of the relevant floating rate debt securities and its affiliates.

Table of Contents

Indexed Debt Securities

We may issue indexed debt securities. Payments of principal of, and premium and interest on, indexed debt securities are determined with reference to the rate of exchange between the currency or currency unit in which the debt security is denominated and any other currency or currency unit specified by us, to the relationship between two or more currencies or currency units or by other similar methods or formulas specified in the prospectus supplement. A debt security of this type provides that the principal amount payable at its maturity, and the amount of interest payable on an interest payment date, will be determined by reference to:

securities of one or more issuers;

one or more currencies;

one or more commodities;

any other financial, economic or other measure or instrument, including the occurrence or non-occurrence of any event or circumstance; or

one or more indices or baskets of the items described above.

If you are a holder of an indexed debt security, you may receive an amount at maturity that is greater than or less than the face amount of your debt security depending upon the value of the applicable index at maturity. The value of the applicable index will fluctuate over time.

We will provide you with more information in the applicable prospectus supplement regarding any deletions, modifications, or additions to the events of default or covenants that are described below, including any addition of a covenant or other provision providing event risk or similar protection.

Amounts that We May Issue

None of the indentures limit the aggregate amount of debt securities that we may issue or the number of series or the aggregate amount of any particular series. In addition, the indentures and the debt securities do not limit either Boston Properties, Inc.'s or Boston Properties Limited Partnership's ability to incur other indebtedness or to issue other securities, unless otherwise described in the prospectus supplement relating to any series of debt securities. Also, neither Boston Properties, Inc. nor Boston Properties Limited Partnership is subject to financial or similar restrictions by the terms of the debt securities, unless otherwise described in the prospectus supplement relating to any series of debt securities.

Payment

Unless we give you different information in the applicable prospectus supplement, the principal of, and any premium (or make-whole amount) and interest on, any series of the debt securities will be payable at the corporate trust office of the applicable trustee. We will provide you with the address of the trustee in the applicable prospectus supplement. We may also pay interest by mailing a check to the address of the person entitled to it as it appears in the applicable register for the debt securities or by wire transfer of funds to that person at an account maintained within the United States.

All monies that we pay to a paying agent or a trustee for the payment of the principal of, and any premium (or make-whole amount) or interest on, any debt security will be repaid to us if unclaimed at the end of two years after the obligation underlying payment becomes due and payable. After funds have been returned to us, the holder of the debt security may look only to us for payment, without payment of interest for the period which we hold the funds.

Table of Contents

Boston Properties, Inc.'s and Boston Properties Limited Partnership's Debt Securities are Structurally Subordinated to Indebtedness of Boston Properties Limited Partnership and Boston Properties Limited Partnership's Subsidiaries, Respectively

Boston Properties, Inc.'s indebtedness is structurally subordinated to debt of Boston Properties Limited Partnership, except to the extent of any guarantee of such indebtedness by Boston Properties Limited Partnership. In addition, because Boston Properties, Inc.'s assets consist principally of interests in Boston Properties Limited Partnership and because Boston Properties Limited Partnership's assets consist principally of interests in the subsidiaries through which we own our properties and conduct our business, our right to participate as an equity holder in any distribution of assets of any of our subsidiaries upon the subsidiary's liquidation or otherwise, and thus the ability of our security holders to benefit from the distribution, is junior to creditors of the applicable subsidiary, except to the extent that any claims we may have as a creditor of such subsidiary are recognized. Furthermore, because some of our subsidiaries are partnerships in which we are a general partner, we may be liable for their obligations. We may also guarantee some obligations of our subsidiaries. Any liability we may have for our subsidiaries' obligations could reduce our assets that are available to satisfy our direct creditors, including investors in our debt securities.

Form of Debt Securities

We will issue each debt security in global (i.e., book-entry) form only, unless we specify otherwise in the applicable prospectus supplement. Debt securities in book-entry form will be represented by a global security registered in the name of a depository, which will be the holder of all the debt securities represented by that global security. Those who own beneficial interests in a global debt security will do so through participants in the depository's securities clearance system, and the rights of these indirect owners will be governed solely by the applicable procedures of the depository and its participants. See "Legal Ownership and Book-Entry Issuance" below.

In addition, we will issue each debt security in fully registered form, without coupons.

Denomination, Interest, Registration and Transfer

Unless otherwise described in the applicable prospectus supplement, the debt securities of any series will be issuable in denominations of \$1,000 and integral multiples of \$1,000.

Subject to the limitations imposed upon debt securities that are issued in book-entry form and represented by a global security registered in the name of a depository, a holder of debt securities of any series may:

exchange them for any authorized denomination of other debt securities of the same series and of a like aggregate principal amount and kind upon surrender of such debt securities at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose; and

surrender them for registration of transfer or exchange at the corporate trust office of the applicable trustee or at the office of any transfer agent that we designate for such purpose.

Every debt security surrendered for registration of transfer or exchange must be duly endorsed or accompanied by a written instrument of transfer, and the person requesting such action must provide evidence of title and identity satisfactory to the applicable trustee or transfer agent. Payment of a service charge will not be required for any registration of transfer or exchange of any debt securities, but we or the trustee may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith. If in addition to the applicable trustee, the applicable prospectus supplement refers to any transfer agent initially designated by us for any series of debt securities, we may at any time rescind the designation of any such transfer agent or approve a change in the location through which any such transfer agent acts, except that we will be required to maintain a transfer agent in each place of payment for such series. We may at any time designate additional transfer agents for any series of debt securities.

Table of Contents

Neither we nor any trustee shall be required to:

issue, register the transfer of or exchange debt securities of any series during a period beginning at the opening of business 15 days before the day that the notice of redemption of any debt securities selected for redemption is mailed and ending at the close of business on the day of such mailing;

register the transfer of or exchange any debt security, or portion thereof, so selected for redemption, in whole or in part, except the unredeemed portion of any debt security being redeemed in part; and

issue, register the transfer of or exchange any debt security that has been surrendered for repayment at the option of the holder, except the portion, if any, of such debt security not to be so repaid.

Merger, Consolidation or Sale of Assets

The indentures provide that each of Boston Properties, Inc. and Boston Properties Limited Partnership may, without the consent of the holders of any outstanding debt securities, (1) consolidate with, (2) sell, lease or convey all or substantially all of its assets to, or (3) merge with or into, any other entity provided that:

either it is the continuing entity, or the successor entity, if other than Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, is an entity organized and existing under the laws of the United States and assumes its obligations (A) to pay the principal of, and any premium and interest on, all of its debt securities and (B) to duly perform and observe all of its covenants and conditions contained in the applicable indenture;

immediately after giving effect to the transaction and treating any indebtedness that becomes the obligation of Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, or the obligation of any of our subsidiaries as having been incurred by us or by such subsidiary at the time of the transaction, no event of default under the applicable indenture, and no event which, after notice or the lapse of time, or both, would become such an event of default, occurs and continues; and

an officers' certificate and legal opinion covering such conditions are delivered to each trustee.

Any limitation applicable to the ability of Boston Properties Limited Partnership, in its capacity as guarantor of debt securities of any series of Boston Properties, Inc., to participate in any of the transactions described above will be set forth in the applicable prospectus supplement.

Covenants

Existence. Except as permitted under *Description of Debt Securities* *Merger, Consolidation or Sale of Assets* above, the indentures require us to do or cause to be done all things necessary to preserve and keep in full force and effect our existence, rights and franchises. However, the indentures do not require us to preserve any right or franchise if the board of directors of Boston Properties, Inc. determines that any right or franchise is no longer desirable in the conduct of our business.

Maintenance of properties. If we determine that it is necessary in order to properly and advantageously carry on our business, the indentures require us to:

cause all of our material properties used or useful in the conduct of our business or the business of any of our subsidiaries to be maintained and kept in good condition, repair and working order, normal wear and tear, casualty and condemnation excepted, and supplied with all necessary equipment; and

cause to be made all necessary repairs, renewals, replacements, betterments and improvements thereof. However, the indentures do not prohibit us or our subsidiaries from (1) permanently removing any property that has been condemned or suffered a casualty loss, if it is in our best interests, or (2) selling or otherwise disposing of our respective properties for value in the ordinary course of business.

Table of Contents

Insurance. The indentures require our insurable properties to be insured against loss or damage in an amount deemed reasonable by the board of directors of Boston Properties, Inc. with insurers of recognized responsibility.

Payment of taxes and other claims. The indentures require us to pay, discharge or cause to be paid or discharged, before they become delinquent:

all taxes, assessments and governmental charges levied or imposed on us, our subsidiaries or our subsidiaries' income, profits or property; and

all lawful claims for labor, materials and supplies which, if unpaid, might by law become a lien upon our or our subsidiaries' property.

However, we will not be required to pay, discharge or cause to be paid or discharged any such tax, assessment, charge or claim whose amount, applicability or validity is being contested in good faith by appropriate proceedings.

Provision of Financial Information. The indentures require us to (1) within 15 days of each of the respective dates by which we are required to file annual reports, quarterly reports and other documents with the SEC, file copies of such reports and documents with the trustee and (2) within 30 days after the filing of such reports and documents with the Trustee, mail to all holders of debt securities, as their names and addresses appear in the applicable register for such debt securities summary of the annual reports, quarterly reports and other documents that we file with the SEC under Section 13 or Section 15(d) of the Exchange Act.

Additional covenants. The applicable prospectus supplement will set forth any additional covenants of Boston Properties, Inc. or Boston Properties Limited Partnership relating to any series of debt securities.

Events of Default, Notice and Waiver

Unless the applicable prospectus supplement states otherwise, when we refer to "events of default" as defined in the indentures with respect to any series of debt securities, we mean:

default in the payment of any installment of interest on any debt security of such series continuing for 30 days;

default in the payment of principal of, or any premium (or make-whole amount) on, any debt security of such series at its maturity;

default in making any sinking fund payment as required for any debt security of such series;

default in the performance or breach of any other covenant or warranty of Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, contained in the indenture continuing for 60 days after written notice to Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, as provided in the applicable indenture;

default by Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, under any bond, debenture, note, mortgage, indenture or other instrument under which there may be outstanding, or by which there may be secured or evidenced any recourse indebtedness for money borrowed by Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, having an aggregate in principal amount outstanding of at least \$50 million, whether such recourse indebtedness now exists or shall hereafter be created, which default either (A) constitutes a failure to pay any portion of the principal of such recourse indebtedness when due and payable at its stated maturity after the expiration of any applicable grace period with respect thereto (and without such recourse indebtedness having been discharged) or (B) resulted in such recourse indebtedness becoming or being declared due and payable prior to its stated maturity (and without such recourse indebtedness

Table of Contents

having been discharged or such acceleration having been rescinded or annulled), and in each case such default shall not have been rescinded or annulled within 10 days after written notice of such default has been received by Boston Properties, Inc. or Boston Properties Limited Partnership, as the case may be, as provided in the applicable indenture;

	certain events of bankruptcy, insolvency or reorganization of Boston Properties, Inc., Boston Properties "> 260,000		240,000	
V.P. and General Mgr. Antenna Products Group Robert E. Suastegui(2)		n/a	225,000	220,000
V.P. and General Mgr. Global Sales Luis Rugeles		200,000	220,000	220,000
V.P. and General Mgr. RF Solutions Group				

(1) In general, salary adjustments are effective April 1 of each year.

(2) Mr. Suastegui became an executive officer of the Company in June 2007 and a named executive officer in 2008.

In 2009, the Compensation Committee accepted Mr. Singer's recommendation and reduced the salaries for the current named executive officers by 2% to 8%, with the exception of Mr. Rugeles, whose salary will remain at the 2008 level in recognition of the performance of RF Solutions Group for which Mr. Rugeles has responsibility. These reductions are part of the cost reductions the company has undertaken as a result of the impact of the worldwide economic decline.

Short Term Incentive Plan

Our company pays annual bonuses to its executive officers and key managers under its Short Term Incentive Plan. Our Short Term Incentive Plan for each of 2008 and 2009 represented a continuation of the bonus structure that was originally conceived and implemented by the Committee in 2004. These annual bonuses are designed to:

Provide a direct link between management compensation and the achievement of annual corporate-level and unit-level objectives; and

Promote coordination among management and to unify the operating activities of our company's organizational units.

As more fully discussed on page 29 under "Summary of the 2009 Short Term Incentive Plan", the Compensation Committee approved compensation metrics for 2009 based on the financial performance of the Antenna Products Group, the RF Solutions Group and Global Sales, each as a separate organizational unit.

Key Terms of Short Term Incentive Plan. The amount of the bonus awarded each year is based upon the achievement by each organizational unit, and the company as a whole, of approved goals. Our company's annual financial plan, as reviewed and approved by our Board of Directors for a particular year, is used as the basis for the goals set forth in the Short Term Incentive Plan. These goals are approved by the Committee (or, in the case of the CEO, by our Board of Directors, upon the recommendation of the Committee) during the first quarter of the performance year.

For executive officers whose responsibilities were not confined to a particular organizational unit, the goals were weighted 100% in favor of corporate goals. For executive officers with responsibility for a specific organizational unit, the weighting of the goals was allocated between corporate goals and goals of the particular organizational unit. Corporate goals are defined in terms of planned revenue and planned non-GAAP operating

Table of Contents

profit (defined as GAAP operating profit excluding the following items: stock-based compensation, amortization or impairment of intangible assets, restructuring costs, and the gain or loss on the sale or disposal of assets and/or product lines, including related royalties). The goals established under the Short Term Incentive Plan are consistent with the annual financial plan for that year as approved by our Board of Directors. Organizational unit goals are generally defined in terms of planned operational goals under the control of the participating executive officers based on anticipated organizational unit performance. These organizational unit goals include planned revenue, gross margin, non-GAAP contribution and other operating measures for each particular organizational unit for the fiscal year.

In establishing performance goals under the plan (including over-achievement and under-achievement levels), the Committee takes into consideration the following factors:

The level of achievement under the company's annual financial plan established by management and approved by the Board of Directors for the year.

Areas of desired improvement in financial and operating performance of the company, not necessarily included in the company's annual financial plan.

The anticipated payout of awards under the plan measured against the likelihood that the company will be able to achieve the planned levels of performance.

In general, once the corporate and organizational unit goals of the company have been established for a fiscal year, the Committee has awarded payment to the executive officers and key managers under the plan in a manner that has been consistent with such goals. On occasion, the Committee has awarded special bonuses not contemplated by the Short Term Incentive Plan to executive officers or key managers for exemplary performance or significant commitment of personal time.

Bonus Payments in Stock. Bonuses awarded under the 2008 Short Term Incentive Plan were paid in immediately vested shares of our common stock in lieu of cash. The Committee and Board of Directors have similarly determined that bonuses will continue to be paid in shares of the company's immediately vested common stock under the 2009 Short Term Incentive Plan. The Committee approves the use of common stock as the currency for payment of bonuses under the plan in part to increase the equity ownership of management in the company, which the Committee believes serves to more closely align the interests of management with those of the company's stockholders. The number of shares paid to an employee is determined by dividing the amount of the bonus by the closing price of the company's common stock on Nasdaq on the effective date of the award.

Table of Contents**Summary of the 2008 Short Term Incentive Plan**

In 2008, achievement in full of the financial plan for that year (or a particular organizational unit target goal based on the financial plan) resulted in a target bonus of 40% of the maximum potential bonus for any particular individual.

The award of bonuses under the 2008 plan, approved by the Committee in February 2009, reflects the below-plan revenue and EBTA performance of the company. The participation in this plan by the CEO and our other named executive officers is summarized below.

Name	Maximum Potential Bonus as a % of 2008 Annual Salary	Weighting and Summary of Performance Measures (corporate/organizational unit)	2008 Targeted Bonus(1) (\$)	Bonus Paid(2) (\$)	Bonus Paid as a % of Maximum Potential Bonus
Martin H. Singer Chief Executive Officer	100	100% corporate (revenue, EBTA)	180,000	90,675	20.2
John W. Schoen Chief Financial Officer	80	100% corporate (revenue, EBTA)	80,000	40,300	20.2
Jeffrey A. Miller V.P. and General Mgr. Antenna Products Group	80	70% Antenna Products Group (controlled revenue, controlled EBTA), 30% corporate (revenue, EBTA)	83,200	35,963	17.3
Robert Suastegui V.P. and General Mgr. Global Sales	80	65% corporate revenue, 20% sales budget, 15% PCTEL EBTA	112,950	73,251	40.7
Luis Rugeles V.P. and General Mgr. RF Solutions Group	80	70% RF Solutions Group (controlled revenue, controlled EBTA), 30% corporate (revenue, EBTA)	70,400	122,434	69.6

(1) The 2008 targeted bonus for a named executive officer was calculated by multiplying his maximum potential bonus in dollars by 40% (except for Mr. Suastegui whose targeted bonus was calculated by multiplying his maximum potential bonus in dollars by 63%).

(2) Bonus awards were paid in shares of fully vested common stock.

Table of Contents**Summary of the 2009 Short Term Incentive Plan**

In March 2009, the Compensation Committee and the Board of Directors adopted a 2009 Short Term Incentive Plan with substantially the same structure as the 2008 plan, except that the EBTA metric has been replaced with non-GAAP operating profit as discussed in 2008 Company Financial Performance, Officer Responsibilities and 2009 Executive Compensation beginning on page 24. The performance measures used in the 2009 Short Term Incentive Plan are derived from the 2009 financial plan.

In light of deteriorating market conditions, the Compensation Committee approved management's recommendation to reduce the target bonus percentage from 40% to 30% of the maximum potential bonus. The reduction in the target bonus percentage is expected to reduce the aggregate amount paid by the company as bonuses under the 2009 Short Term Incentive Plan as compared with the target bonuses under the 2008 Short Term Incentive Plan. For example, if the company achieves the 2009 financial plan, the CEO will receive a bonus of \$133,875 as compared with the \$170,000 bonus he would have received if the target bonus percentage had not been reduced from 40% to 30%. If the company exceeds its annual revenue and non-GAAP operating profit targets in 2009, it will result in higher bonuses up to the 2009 maximum potential bonus, as reflected in the table below. Failure to achieve the 2009 financial plan will result in a corresponding reduction or elimination of bonuses.

The participation in the 2009 Short Term Incentive Plan by the CEO and our other named executive officers is summarized below.

Name	2009 Salary (\$)	2009 Maximum Potential Bonus		2009 Targeted Bonus Upon Full Achievement of Financial Plan(1)		Weighting and Performance Measures (corporate/organizational unit)
		As a % of Salary	In (\$)(2)	As a % of Salary	In (\$)(2)	
Martin H. Singer Chief Executive Officer	425,000	105	446,250	31.5	133,875	100% corporate (50% PCTEL revenue, 50% non-GAAP operating profit)
John W. Schoen Chief Financial Officer	240,000	85	204,000	25.5	61,200	100% corporate (50% PCTEL revenue, 50% non-GAAP operating profit)
Jeffrey A. Miller V.P. and General Mgr. Antenna Products Group	240,000	90	216,000	27.0	64,800	40% Antenna Products Group controlled revenue; 25% APG controlled non-GAAP operating profit; 15% APG non-GAAP gross margin; 10% PCTEL revenue; 10% PCTEL non-GAAP operating profit
Robert E. Suastegui V.P. and General Mgr. Global Sales	220,000	85	187,000	25.5	56,100	80% Antenna Products Group revenue; 10% APG sales dollars without corporate marketing;

Luis Rugeles V.P. and General Mgr. RF Solutions Group	220,000	85	187,000	25,5	56,100	10% PCTEL non-GAPP operating profit 40% RF Solutions Group controlled revenue; 30% controlled non-GAAP operating profit; 15% PCTEL revenue; 15% PCTEL non-GAPP operating profit
--	---------	----	---------	------	--------	--

- (1) The 2009 targeted bonus for an officer is calculated by multiplying his maximum potential bonus in dollars by 30%.
- (2) Although the bonuses under the 2009 Short Term Incentive Plan are dollar-denominated, they will be paid when earned in fully vested shares of common stock.

Table of Contents

Our Board of Directors adopted and our stockholders approved an Executive Compensation Plan for the CEO and our other named executive officers in 2007. This plan governs the 2009 Short Term Incentive Plan for purposes of Section 162(m) of the Code.

Achievement of 2009 Financial Plan.

The company's 2009 financial plan contemplates overall financial performance that is significantly reduced from planned and actual results for 2008. The turmoil in the current economic environment creates substantial uncertainty regarding the company's ability to achieve planned financial and operational goals, and accordingly the management of the company has determined not to release guidance to the financial community relating to the company's projected 2009 financial performance. Such turmoil has also created uncertainty regarding the ability of the company's executive officers and key managers to achieve the goals under the 2009 Short Term Incentive Plan because the goals are based upon organizational metrics that correspond to the company's anticipated performance under the 2009 financial plan. Although the 2009 Short Term Incentive Plan is intended to establish goals that are reasonably achievable and which lead to rational levels of compensation when compared to prior years, the Compensation Committee and management believe that the ability to achieve the 2009 financial plan at the corporate and organizational unit levels will be challenging. It is management's current expectation, based on economic indicators in general and on the uncertainty in the company's customer markets, that the payment in aggregate dollars to the participants in the 2009 Short Term Incentive Plan will be less than the aggregate amounts paid out under the 2008 Short Term Incentive Plan.

Long Term Equity Incentives: Service-Based Stock Options and Service-Based and Performance-Based Restricted Stock

In considering long term equity incentive awards for our executive officers and key managers, the Compensation Committee believes that these awards should:

Be competitive with the market;

Be earned based on the company's financial and/or market performance;

Establish an opportunity to create long term wealth and retirement income tied to the long term performance and value of our company; and

Create long term retention.

2008 Long Term Incentives for the CEO. In March 2008, upon the recommendation of the Compensation Committee, the Board of Directors approved a grant of 55,600 shares of restricted stock to Mr. Singer, consisting of 45,600 shares of service-based restricted shares and 10,000 shares of performance-based restricted shares, with a total economic value of approximately \$375,000.

This reduction in restricted shares from the 80,000 share grant in 2007 reflected Mr. Singer's recommendation to the Compensation Committee to reduce equity incentives to executive officers and key managers in order to reduce operating expense. The 2008 grant was below median levels for long term incentives based on survey and peer group information provided by the Committee's independent compensation consultant.

Mr. Singer's service-based restricted stock grant of 45,600 shares will cliff vest in 2012, subject to his continued service. His performance-based restricted stock grant of 10,000 shares will vest over four years under the same performance measures as were adopted by the Board of Directors in 2007.

Table of Contents

2008 Long Term Incentives for Other Named Executive Officers. In March 2008, the Compensation Committee approved the grant of restricted stock to the named executive officers identified below as follows:

Name	Target Number of Performance-Based Restricted Shares	Number of Service-Based Restricted Shares
John W. Schoen, Chief Financial Officer	3,000	13,000
Jeffrey A. Miller, V.P. and General Mgr. Antenna Products Group	4,000	19,200
Robert E. Suastegui, V.P. and General Mgr. Global Sales	4,000	14,000
Luis Rugeles, V.P. and General Mgr. RF Solutions Group	4,000	16,000

The service-based restricted stock granted to each named executive officer other than Mr. Miller vests in equal annual increments over four years, subject to his continued service. Stock granted to Mr. Miller will cliff vest in 2012, subject to his continued service.

For 2008, the Committee decided to give greater weight to service-based restricted stock for incentive and retention purposes, and less emphasis on performance-based restricted stock. The performance-based restricted stock awarded to each officer vests on the same basis as described above for Mr. Singer in respect of his 2007 and 2008 performance-based restricted stock grants.

The level of restricted stock grants to the named executive officers was reduced from the grant levels of 2007, consistent with the objective recommended by Mr. Singer and endorsed by the Committee to reduce equity incentives as a means of reducing the company's operating expenses in 2008. In the case of Mr. Rugeles, his 2008 level of restricted stock grants was comparable to his grants in 2007 in recognition of the financial performance of the RF Solutions Group for which Mr. Rugeles has responsibility. The 2008 grant levels awarded by the Committee were determined by the Committee's compensation consultant to be competitive with industry norms, ranging between the median and 75th percentile of peer group and survey data.

2009 Long Term Incentives for the CEO. In March 2009, upon the recommendation of the Compensation Committee, the Board of Directors approved a grant of 81,000 shares of service-based restricted stock to Mr. Singer that will vest in equal annual increments over four years, subject to his continued service. This increase in restricted stock from the 55,600 grant in 2008 is intended to create comparable economic value to the 2008 grant. The 2009 grant is below the median range for long term incentives based on survey and peer group information provided by the Committee's independent compensation consultant. See *Compensation Philosophy Survey Data, Peer Groups and the Use of Industry Benchmarking Data* on page 20 for a discussion of how the range is established.

2009 Long Term Incentives for Other Named Executive Officers. In March 2009, the Compensation Committee approved the grant of restricted stock to the named executive officers identified below as follows:

Name	Number of Service-Based Restricted Shares
John W. Schoen, Chief Financial Officer	40,000
Jeffrey A. Miller, V.P. and General Mgr. Antenna Products Group	46,000

Robert E. Suastegui, V.P. and General Mgr. Global Sales	24,000
Luis Rugeles, V.P. and General Mgr. RF Solutions Group	32,000

The service-based restricted stock granted to each named executive officer vests in equal annual increments over four years, subject to his continued service.

This increase in restricted shares to the named executive officers is intended to create comparable economic value to the 2008 grant. The 2009 grant is below the median range for long term incentives based on survey data provided by the Committee's independent compensation consultant. See *Compensation Philosophy Survey Data, the Peer Groups and the Use of Industry Benchmarking Data* on page 20 for a discussion of how the range is established.

In 2009, the Compensation Committee determined that it would be difficult to establish performance measures for the CEO and the other named executive officers because there is too much instability in the current economic

Table of Contents

environment for the Committee to structure performance incentives over several years with confidence as to their value in achieving identified corporate or operational unit goals. Therefore, the Committee did not award any performance-based restricted stock.

Other Benefits

The 1998 Employee Stock Purchase Plan allows employees of the company to participate electively in a plan under which, through individual payroll deductions, they are permitted twice a year to buy shares at prices discounted from the trading price of the stock. All company employees, including our named executive officers, are eligible to participate in this plan.

We maintain a 401(k) plan for our employees, administered by an independent plan administrator which provides a selection of investment alternatives from which plan participants may choose. Our company matches up to the first 4% contributed by a plan participant, which vests immediately. All company employees, including our named executive officers, are eligible to participate in this plan.

We offer standard benefits to full-time employees, including medical, dental, vision benefits, term life insurance and long term disability insurance. All or a substantial portion of these plan benefits are paid by the company. All company full-time employees, including our named executive officers, are eligible to participate in our healthcare plans.

We provide an Executive Deferred Compensation Plan, a cash-based plan, for our executive officers and key managers. Under this plan, participants may defer up to 50% of salary and 100% of cash bonus with a minimum of \$1,500. In addition, we provide a 4% matching cash contribution which vests over three years subject to the participant's continued service. The participant has a choice of investment alternatives from a menu of mutual funds. The plan is administered by the Compensation Committee and an outside benefits firm tracks investments and provides participants with quarterly statements showing relevant contribution and investment data. Upon termination of employment, death, disability or retirement, the participant will receive the value of his/her account in accordance with the provisions of the plan. Upon retirement, the participant may request to receive either a lump sum payment, or payments in annual installments over 15 years or over the lifetime of the participant with 20 annual payments guaranteed.

We also offer an Executive Deferred Stock Compensation, a stock-based plan, for our executive officers and key managers, which permits participants to defer the receipt of equity incentives awarded to them. There has been no participation in this plan to date.

Change in Control and Severance Arrangements

The table below and the summary of retention arrangements related to benefits associated with a Change in Control of our company should be read in conjunction with the tables under the caption "Potential Payments Upon Termination as of December 31, 2008" on page 40.

Severance Benefits, i.e., Involuntary Termination Not Related to a Change in Control	Change in Control Benefits, i.e., Involuntary Termination Within 12 Months of a Change in Control		
Acceleration of Unvested	Acceleration of Unvested Restricted	Months of Salary	Acceleration

	Salary	Healthcare	Options	Shares	(Paid in	Short		of
	Continuation	(in Months)	(in Months)	(in	Lump	Term	Healthcare	Unvested
				Months)(2)	Sum)	Plan(3)	(in Months)	Options
nger	12 months(1)	Up to 12 months	12 months	12 months	24 months	100%	Up to 12 months	100%
oen	12 months	Up to 12 months	12 months	12 months	18 months	100%	Up to 12 months	100%
iller	12 months	Up to 12 months	12 months	12 months	18 months	100%	Up to 12 months	100%
tegui	12 months	Up to 12 months	12 months	12 months	18 months	100%	Up to 12 months	100%
s	12 months	Up to 12 months	12 months	12 months	18 months	100%	Up to 12 months	100%

(1) Includes 100% of the maximum potential bonus payable under the Short Term Incentive Plan.

(2) As authorized by the Committee in March 2007, the occurrence of an involuntary termination during an annual performance period will result in an immediate vesting of all unvested restricted shares. With respect to

Table of Contents

performance-based restricted shares, an involuntary termination will result in the immediate vesting of the performance-based restricted shares established for that period, and the loss of the right to earn any other performance-based restricted shares.

- (3) Includes 100% of the bonus pro-rated for the length of service during the fiscal year, at the higher of the bonus amount for the year of the Change in Control or the year in which termination occurred.
- (4) Upon the occurrence of a Change in Control, performance-based restricted shares will automatically convert into service-based restricted shares with no performance contingencies, subject to vesting in equal annual increments over four years, and will accelerate 100% in the event of the named executive officer's involuntary termination at any time within 12 months following the Change in Control.

A Change in Control is any merger, reorganization or acquisition of our company, including by way of sale of all or substantially all of our assets, in which a majority of the voting control of the company is transferred. The retention benefits summarized in the table above in connection with a Change in Control are based on a "double trigger" structure, i.e., no benefit will be provided unless there is both (i) a completed Change in Control event, and (ii) within 12 months following such event, the executive officer's or certain key manager's employment is involuntarily terminated. The Committee and the CEO believe that all executive officers and certain key managers of our company should contribute to the success of our company following any possible merger or acquisition to the extent permitted by the successor or acquirer. The "double trigger" structure ensures that our executive officers and key managers have the necessary motivation to support the company during a post-acquisition transition. The principal retention benefits that result from this structure include lump sum payment of a specified percentage of annual salary, acceleration of 100% of any then unvested equity incentives, and company-paid healthcare benefits for a specified period of time. The Committee believes that the level of these benefits would not, in the aggregate, represent a financial deterrent to a buyer or successor entity in considering a combination transaction with our company.

Our named executive officers and other key managers are also entitled to severance and related benefits in connection with the involuntary termination of their employment under their employment and/or severance agreements with our company. The principal severance benefits include salary continuation and company-paid healthcare benefits for a specified period of time. In addition, upon the occurrence of an involuntary termination (or, with respect to the CEO, death or disability), severance benefits include vesting of any service-based restricted shares which are scheduled to vest within the following 12 months, and immediate vesting of performance-based restricted shares in the amount targeted for vesting in the performance year in which termination, death or disability occurs.

In the case of the CEO, severance benefits resulting from involuntary termination also include payment of the maximum potential bonus under our Short Term Incentive Plan; in the event of death or disability, the amount of the bonus that would be paid under our Short Term Incentive Plan would be based on the actual amount of the bonus determined for the year in which death or disability occurred, pro-rated for such year based on the date of death or disability. The current employment agreement with Mr. Singer also imposes a non-competition and non-solicitation covenant with a term of 12 months from his termination date in connection with his severance arrangements; these covenants have a term of 12 months from his termination date in connection with a Change in Control that is followed by the involuntary termination of his employment.

Section 162(m) of the Internal Revenue Code

Under Section 162(m) of the Code, our company is able for federal tax purposes to deduct compensation paid to the CEO and our four other named executive officers only if the compensation for such officer is less than \$1 million during the fiscal year, or is performance-based, as defined under Section 162(m).

The Committee has considered the corporate tax deductibility limits under Section 162(m). Although it is the objective of the Committee to seek to qualify all executive compensation as deductible, the Committee has not adopted a policy with this objective in order to provide flexibility and to ensure that our executive compensation programs remain competitive.

Table of Contents

In 2008, all compensation paid to the officers of our company was below the \$1 million threshold under Section 162(m) for purposes of corporate tax deductibility.

Section 409A of the Internal Revenue Code

Section 409A of the Code, the final Treasury Regulations and the administrative guidance promulgated thereunder (collectively, Section 409A) regulate the tax treatment of non-qualified deferred compensation arrangements. These include new requirements and/or regulations effective January 1, 2009 with respect to an individual s election to defer compensation and the individual s selection of the timing and form of distribution of the deferred compensation. Section 409A also generally provides that distributions must be made on or following the occurrence of certain events (e.g., the individual s separation from service, a predetermined date, or the individual s death). Section 409A imposes restrictions on an individual s ability to change his or her distribution timing or form after the compensation has been deferred. For certain individuals who are officers, Section 409A requires that such individual s distribution commence no earlier than six months after such officer s separation from service.

The Committee evaluated the various benefit plans and compensation arrangements that the company has in place for our executive officers and certain key managers, and approved modifications of these plans and arrangements as necessary to comply with final Section 409A regulations prior to their effective date.

Adjustment of Awards

The company s financial statements and the related financial performance goals and measures used by the Committee as the basis for executive compensation have not been subject to subsequent revision or restatement. As a result, the Committee has never been required to consider an adjustment of an award. However, if such a circumstance were to occur, the Committee and our Board of Directors would consider all appropriate remedial measures, which may include the recovery of amounts that were inappropriately awarded to an individual executive officer or key manager.

COMPENSATION COMMITTEE REPORT

The Compensation Committee of the Board of Directors has reviewed and discussed with management the Compensation Discussion and Analysis required by Item 402(b) of Regulation S-K of the Securities Exchange Act of 1934, as amended, and, based on such review and discussions, the Compensation Committee recommended to the Board of Directors that the Compensation Discussion and Analysis be included in this proxy statement and incorporated by reference into our company s 2008 Annual Report on Form 10-K.

The Compensation Committee

Richard C. Alberding
Brian J. Jackman
John R. Sheehan

Table of Contents**EXECUTIVE COMPENSATION AND OTHER MATTERS**

The following table presents the compensation of our Chief Executive Officer, Chief Financial Officer, and three other most highly compensated executive officers for the fiscal years ended December 31, 2008, 2007 and 2006. We refer to these individuals elsewhere in this proxy as named executive officers.

Summary Compensation Table

Name and Principal Position	Year	Salary(3) (\$)	Bonus(4) (\$)	Stock Awards(5) (\$)	Option Awards(5) (\$)	Non-Equity Incentive Plan	All Other	Total (\$)
						Compensation(6) (\$)	Compensation(7) (\$)	
Martin H. Singer Chief Executive Officer	2008	450,000		869,181	134,416	90,675	144,816	1,689,088
	2007	437,500		626,502	291,682	57,330	22,429	1,435,443
	2006	375,000		500,373	282,352	103,200	23,575	1,284,500
John W. Schoen Chief Financial Officer	2008	250,000		413,601		40,300	62,706	766,607
	2007	246,250		352,279	137	28,665	17,605	644,936
	2006	230,000		304,025	9,864	54,467	21,515	619,871
Jeffrey A. Miller V.P. and General Mgr. Antenna Products Group	2008	260,000		361,451		35,963	63,481	720,895
	2007	271,459		302,244	109	8,447	9,855	592,114
	2006	205,000		245,662	10,714	76,445	12,715	550,536
Robert Suastegui(1) V.P. and General Mgr. Global Sales	2008	225,000		175,362	19,634	73,251	44,196	537,443
	2007							
	2006							
Luis Rugeles(2) V.P. and General Mgr. RF Solutions Group	2008	215,000		239,561		122,434	35,852	612,847
	2007	197,500		69,052		103,992	12,502	383,046

- (1) Mr. Suastegui became a named executive officer in fiscal year 2008.
- (2) Mr. Rugeles became a named executive officer in fiscal year 2007.
- (3) The amounts shown reflect salary paid during fiscal years 2008, 2007 and 2006 and include increases in each named executive officer's base salary made during the fiscal years.
- (4) The company pays bonuses under the Short Term Incentive Plan to our named executive officers in the form of common stock. Payments made under the plan are reported in the Non-Equity Incentive Plan Compensation column. Please see footnote 6 below for additional information regarding these payments.
- (5) The values shown reflect the dollar amount recognized in fiscal years 2008, 2007 and 2006 for financial reporting purposes utilizing fair value under FAS 123R. The assumptions the company uses in calculating these amounts are discussed in note 12 to our financial statements for the fiscal year ended December 31, 2008, which were filed with our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

- (6) The values shown reflect the bonuses paid in vested shares of common stock in lieu of cash in 2008, 2007 and 2006 under the Short Term Incentive Plan for fiscal years 2008, 2007 and 2006, respectively. These bonuses are calculated on achievement of corporate goals for Messrs. Singer and Schoen and on achievement of a combination of organizational unit and corporate goals in the cases of Messrs. Miller, Suastegui and Rugeles. The details of the Short Term Incentive Plan are discussed under Compensation Discussion and Analysis Short Term Incentive Plan above.
- (7) The values shown represent payments on behalf of each named executive officer for the company match under the 401(k) plan; group life insurance premiums; and healthcare premiums, including healthcare premiums of \$12,456 for each of Messrs. Singer, Miller and Suastegui in 2008. For each named executive officer, the values shown for 2008 also include a \$0.50 special dividend per unvested restricted share of PCTEL common stock. The special dividend received by Messrs. Singer, Schoen, Miller, Suastegui and Rugeles with respect to such unvested restricted shares was \$121,440, \$44,505, \$41,085, \$22,000 and \$22,450, respectively. For Mr. Singer and Mr. Rugeles, the values shown also include the company match in the Executive Deferred Compensation Plan. In addition, the values shown for Mr. Singer in 2006 include a payment for the issuance of a patent consistent with our patent issuance policy. Except as noted above, none of the benefits included in All Other Compensation exceeded \$10,000 individually for a named executive officer in 2008.

Table of Contents

The following table provides information on plan-based awards granted in fiscal 2008 to each of our named executive officers.

Grants of Plan-Based Awards for the Fiscal Year Ended December 31, 2008

Name	Grant Date(1)	Estimated Possible Payouts			Estimated Future Payouts			All Other Stock Awards; Number of Shares of Stock or Units(6)	Grant Date Fair Value of Stock and Option Awards(7)
		Under Non-Equity			Under Equity				
		Incentive Plan Awards(2)			Incentive Plan Awards				
		Threshold (\$)	Target (\$)	Maximum (\$)	Threshold (#)	Target (#)	Maximum (#)		
Martin H. Singer	3/19/2008							45,600	307,800
	3/19/2008		180,000	450,000					
	3/19/2008				65,700(3)	98,550(3)			
John W. Schoen	3/19/2008							13,000	87,750
	3/19/2008		80,000	200,000					
	3/19/2008				19,710(4)	29,565(4)			
Jeffrey A. Miller	3/19/2008							19,200	129,600
	3/19/2008		83,200	208,000					
	3/19/2008				26,280(5)	39,420(5)			
Robert Suastegui	3/19/2008							14,000	94,500
	3/19/2008		112,950	180,000					
	3/19/2008				26,280(5)	39,420(5)			
Luis Rugeles	3/19/2008							16,000	108,000
	3/19/2008		70,400	176,000					
	3/19/2008				26,280(5)	39,420(5)			

(1) In the case of all grants, the Board of Directors action date is both the Compensation Committee approval date and the grant date.

(2) Represents potential payments under the 2008 Short Term Incentive Plan to be paid in immediately vested shares of common stock in lieu of cash. A summary of the principal terms of this plan are discussed under Compensation Discussion and Analysis Summary of the 2008 Short Term Incentive Plan above.

(3) Represents a potential award of performance-based restricted stock. The target value is calculated using the target shares of 10,000 multiplied by the year end closing price of our stock of \$6.57. The maximum value is calculated using the maximum shares of 15,000 multiplied by the year end closing price of \$6.57. A summary of the

principal terms of this element of compensation are discussed under Compensation Discussion and Analysis Short Term Incentive Plan above.

- (4) Represents a potential award of performance-based restricted stock. The target value is calculated by multiplying the 3,000 target shares by the \$6.57 year end closing price of our stock. The maximum value is calculated by multiplying the 4,500 maximum shares by the \$6.57 year end closing price of our stock. A summary of the principal terms of this element of compensation are discussed under Compensation Discussion and Analysis Short Term Incentive Plan above.
- (5) Represents a potential award of performance-based restricted stock. The target value is calculated by multiplying the 4,000 target shares by the \$6.57 year end closing price of our stock. The maximum value is calculated by multiplying the 6,000 maximum shares by the \$6.57 year end closing price of our stock. A summary of the principal terms of this element of compensation are discussed under Compensation Discussion and Analysis Short Term Incentive Plan above.
- (6) Represents service-based restricted shares. These shares vest in equal annual increments over four years.
- (7) The values shown reflect the aggregate grant date fair value of stock and option awards granted in fiscal 2008, calculated in accordance with FAS 123R. The assumptions the company uses in calculating these amounts are discussed in note 12 to our financial statements for the fiscal year ended December 31, 2008, which were filed with our Annual Report on Form 10-K for the fiscal year ended December 31, 2008.

Table of Contents

The following table shows the number of exercisable and unexercisable equity awards held by our named executive officers on December 31, 2008.

Outstanding Equity Awards at Fiscal Year End December 31, 2008

Name	Option Awards				Stock Awards			Equity Incentive Plan Awards: Market or Payout
	Number of Securities Underlying	Number of Securities Underlying	Option Exercise Price	Option Expiration Date	Number of Shares or Units of Stock That Have Not Vested	Market Value of Shares or Units of Stock That Have Not Vested(4)	Equity Incentive Plan Awards: Number of Shares, Units or Other Rights That Have Not Vested	Value of Unearned Shares, Units or Other Rights That Have Not Vested(4)
	Unexercised Options Exercisable (#)	Unexercised Options Unexercisable (#)	(\$)		(#)	(\$)	(#)	(\$)
Martin H. Singer	79,750	52,250(1)	9.16	8/1/2016				
	30,000		10.56	5/1/2016				
	85,417	14,583(2)	9.09	8/1/2015				
	100,000		11.65	7/1/2014				
	100,000		11.60	9/2/2013				
	84,323		7.20	5/30/2012				
	7,500		8.84	1/12/2011				
	15,000		8.84	1/12/2011				
	15,000		10.25	8/3/2009				
				159,240	1,046,207	47,550	312,404	
John W. Schoen	67,000		11.84	2/11/2014	70,030	460,097	13,326	87,552
Jeffrey A. Miller	52,000		11.84	2/11/2014				
	5,000		6.60	2/6/2013				
	67,656		7.95	3/15/2012				
	45,000		8.00	11/15/2011				
				63,510	417,261	18,081	118,792	
Robert Susastegui	5,625	9,375(3)	9.76	6/4/2017	36,500	239,805	4,000	26,280
Luis Rugeles	21,406		10.65	8/25/2013				

42,400 278,568 13,387 87,953

- (1) 1/4th of the option vested on July 1, 2007 and 1/48th vests each month thereafter until July 1, 2010.
- (2) 1/4th of the option vested on July 1, 2006 and 1/48th vests each month thereafter until July 1, 2009.
- (3) 1/4th of the option vested on June 4, 2008 and 1/48th vests each month thereafter until June 4, 2011.
- (4) The market value is calculated by multiplying the number of shares that have not vested by our common stock price at December 31, 2008 of \$6.57.

Table of Contents

The table below shows the number of shares of our common stock acquired during fiscal 2008 by our named executive officers upon the exercise of stock options or the vesting of stock awards.

Option Exercises and Stock Vested at Fiscal Year End December 31, 2008

Name	Options Awards		Stock Awards	
	Number of Shares Acquired on Exercise (#)	Value Realized on Exercise(1) (\$)	Number of Shares Acquired on Vesting (#)	Value Realized on Vesting(2) (\$)
Martin H. Singer	216,277	764,943	96,090	829,077
John W. Schoen	61,441	143,733	44,004	257,238
Jeffrey A. Miller	17,344	43,346	37,929	221,619
Robert Suastegui			7,500	70,350
Luis Rugeles	11,594	7,142	9,813	55,684

(1) The value represents the difference between the exercise price of the stock option and the closing price of our common stock as represented by Nasdaq as of the date of exercise multiplied by the shares exercised.

(2) The value represents the closing price of our common stock as represented by Nasdaq as of the vesting date multiplied by the number of shares that vested on such date.

The table below shows the executive contributions, company contributions, earnings and account balances for our named executive officers in our Executive Deferred Compensation Plan for the fiscal year ended December 31, 2008.

Nonqualified Deferred Compensation for the Fiscal Year Ended December 31, 2008(1)

Name	Executive Contributions in 2008 (\$)	Company Contributions in 2008 (\$)	Aggregate Earnings in 2008 (\$)	Aggregate Withdrawals/ Distributions (\$)	Aggregate Balance at December 31, 2008 (\$)
Martin H. Singer	24,500	980	(191,951)		323,066
John W. Schoen			1,125		26,068
Jeffrey A. Miller			(9,961)		19,899
Robert Suastegui					
Luis Rugeles	8,000	320	173		16,549

(1) Under our Executive Deferred Compensation Plan, participants can defer up to 50% of salary and 100% of cash bonus subject to a minimum of \$1,500. In addition, our company provides a 4% matching contribution which

vests over three years from the date of the investment. The participant has a choice of investments from a menu of mutual funds. The value can increase or decrease depending on the performance of the funds chosen. Monthly, the participant may change where future deposits and current balances are invested. The plan is administered by the Compensation Committee and a professional administrator tracks investment returns and provides participants with quarterly statements showing participant and company contributions, and gain/(loss) on investments related to corporate-owned life insurance. There is a provision by which a participant may petition the Compensation Committee for a hardship withdrawal. If granted, the participant is prohibited from making any further contributions for the remainder of the calendar year. Upon termination of employment, death, disability or retirement, the participant will receive the value of his account in accordance with the provisions of the plan. Participants may elect to receive payment upon retirement as a lump sum, in annual installments over 15 years, or in installments over the lifetime of the participant, with 20 annual payments guaranteed. The participant must make his choice no sooner than one year from the date of retirement.

Table of Contents

The Executive Contributions and Company Contributions columns above show amounts that were also reported in the Summary Compensation Table on page 35 for 2008. These amounts, as well as amounts in the Aggregate Balance column in the table above that were previously reported in the Summary Compensation Tables in our proxy statements for prior fiscal years, are quantified below.

Name	Amounts included in Both Nonqualified Deferred Compensation Table and Summary Compensation Table for 2008 (\$)	Amounts included in Nonqualified Deferred Compensation Table previously Reported in Prior Years Summary Compensation Table (\$)
Martin H. Singer	25,480	489,536
John W. Schoen		24,942
Jeffrey A. Miller		29,860
Robert Suastegui		
Luis Rugeles	8,320	8,056

Table of Contents

Potential Payments Upon Termination as of December 31, 2008

The following table estimates amounts payable to our named executive officers as if a termination had occurred on December 31, 2008.

The following table estimates amounts payable to our named executive officers as if a Change in Control had occurred on December 31, 2008.

Benefits(1) (i.e., Involuntary Termination Not Related to a Change in Control or Occurring More Than 12 Months After a Change in Control)

Change in Control Benefits(1)(7) (i.e., Involuntary Termination Within 12 Months After a Change in Control)

Salary (3) (\$)	Short Term Incentive Plan (3) (\$)	Health Acceleration (4) (\$)	Restricted Option Shares Acceleration (5) (\$)		Total (6) (\$)	Salary (2) (\$)	Term Incentive Plan (3) (\$)	Health Acceleration (4) (\$)	Restricted Option Shares Acceleration (5) (\$)	
			Option	Shares					Option	Shares
450,000	450,000	13,044		270,290	1,183,334	900,000	180,000	13,044		1,358,610
250,000		8,660		230,476	489,136	375,000	80,000	8,660		547,649
260,000		13,044		175,813	448,857	390,000	83,200	13,044		536,053
225,000		13,044		78,840	316,884	337,500	112,950	13,044		266,085
220,000		4,261		109,719	333,980	330,000	70,400	4,261		366,521

(1) The amounts set forth in the table above assume that termination of the named executive officer's employment occurred unrelated to, or more than 12 months after, a Change in Control as a result of (i) Involuntary Termination other than for Cause, Death or Disability or (ii) Voluntary Termination for Good Reason. If the named executive officer's (other than the CEO's) employment were terminated for reasons other than the foregoing, he would not be entitled to receive any severance or benefit. The material terms of the severance benefits set forth in the agreements that we have with each named executive officer are described in greater detail under Compensation Discussion and Analysis - Change in Control and Severance Arrangements above. The benefits listed in the table above are subject to certain non-competition and non-solicitation agreements with terms that range from 12-24 months.

(2) If the CEO's employment were terminated for cause, he would not be entitled to receive any

==

(1) The amounts set forth in the table above assume that termination of the named executive officer's employment occurred within 12 months of a Change in Control of the company for one of the reasons listed in footnote (1) or (2) to the table captioned Potential Payments Upon Termination as of December 31, 2008 - Severance Benefits. If a named executive officer's employment were terminated for reasons other than the foregoing, such named executive officer would not be entitled to receive payments under any severance arrangement with the company. The material terms of the severance benefits set forth in the agreements that we have with each of our named executive officers are described in greater detail under Compensation Discussion and Analysis - Change in Control and Severance Arrangements above. The benefits listed in the table above are subject to certain non-competition and non-solicitation agreements with terms that range from 12-24 months.

severance or benefit. If the CEO's employment were terminated as a result of death or disability which occurred unrelated to, or more than 12 months after, a Change in Control, he would be entitled to the amounts set forth in this table.

(3) Salary represents 12 months of base pay, paid on a continuing basis in accordance with normal payroll. Mr. Singer is also entitled to payment of 100% of his maximum potential bonus under the Short Term Incentive Plan.

(4) Represents the current company contribution rate of 80% paid by the company for healthcare coverage for up to 12 months.

(5) Options partially accelerate as if the named executive officer had continued to be employed for 12 months. At December 31, 2008, none of the options with shares subject to vesting acceleration had an exercise price per share less than \$6.57, the closing price of our common stock on such date.

(6) Except in the event of a termination for cause, service-based restricted shares partially accelerate as if the named executive officer had continued to be employed for 12 months, and performance-based restricted shares accelerate in the amount targeted for vesting in the performance year. The value represents the number of shares accelerated (assuming vesting through December 31, 2009) multiplied by the closing price of our common stock at December 31, 2008 of \$6.57 per share.

(2) Salary represents 150% of annual salary and is paid in a lump sum after both (i) the completion of a Change in Control and (ii) Involuntary Termination of employment. Mr. Singer's salary represents 200% of annual salary and is paid in a lump sum based on the same criteria as stated above. See Compensation Discussion and Analysis Change in Control and Severance Arrangements above.

(3) Represents the target potential bonus as if the named executive officer continued as an employee for the entire fiscal year. The actual amount of the bonus will vary depending on the specific date of the Change in Control relative to the performance period and the employment termination date.

(4) Represents the current company contribution rate of 80% paid by the company for healthcare coverage for up to 12 months.

(5) Under the terms of the contract providing for Change in Control benefits, all then unvested stock options accelerate. At December 31, 2008, none of the options with shares subject to vesting acceleration had an exercise price per share less than \$6.57, the closing price of our stock on such date.

(6) Under the terms of the management retention agreements providing for Change in Control benefits, all then unvested service-based restricted shares vest upon the occurrence of Involuntary Termination within 12 months of a Change in Control. Performance-based restricted shares automatically convert into service-based restricted shares subject to vesting in equal annual increments over four years, with no performance contingencies, and will accelerate 100% upon the occurrence of Involuntary Termination within 12 months of a Change in Control. The value represents the number of shares that will vest multiplied by the closing price of our common stock at December 31, 2008 of \$6.57.

(7) We have calculated the impact of Section 280G of the Code as applied to payments made in connection with a Change in Control (parachute payments). No excise tax under Sections 280G and 4999 of the Code applies. The assumptions used to determine whether an excise tax was required were based on a Change in Control date of December 31, 2008. All equity which was assumed accelerated in such calculation was valued at \$6.57 per share.

Table of Contents**Equity Compensation Plan Information**

The following table provides information as of December 31, 2008 about our common stock that may be issued upon the exercise of options and rights under all of our existing equity compensation plans, including our 1997 Stock Plan, 1998 Director Stock Option Plan, 1998 Employee Stock Purchase Plan and the 2001 Stock Plan.

Plan Category	Number of Securities to be Issued	Weighted-Average	Number of Securities Remaining Available for Future Issuance
	Upon Exercise of Outstanding Options, Warrants and Rights (#)	Exercise Price of Outstanding Options, Warrants and Rights (\$)	Under Equity Compensation Plans (Excluding Securities Reflected in the First Column) (#)
Equity compensation plans approved by security holders(1)	2,012,577(3)	\$ 10.01(3)	3,099,492(4)
Equity compensation plans not approved by security holders(2)	348,069	\$ 7.57	263,308
Total	2,360,646	\$ 9.80	3,362,800

- (1) Comprised of our 1997 Stock Plan, 1998 Director Stock Option Plan and 1998 Employee Stock Purchase Plan. Our stockholders approved the amendment and restatement of the 1997 Stock Plan at our 2006 annual meeting, which replaced the prior 1997 Stock Plan and the 1998 Director Stock Option Plan. No further awards will be made under the 1998 Director Stock Option Plan, but it will continue to govern awards previously granted thereunder.
- (2) Comprised of our 2001 Stock Plan and options to purchase 150,000 shares of our common stock granted outside of a formalized plan to each of John W. Schoen and Jeffrey A. Miller on November 15, 2001 in connection with their initial employment with the company. Under the terms of the 2001 Stock Plan, no options may be granted under such plan to our officers or directors. A description of the material terms of the 2001 Stock Plan is provided below.
- (3) We are unable to ascertain with specificity the number of securities to be issued upon exercise of outstanding rights under our 1998 Employee Stock Purchase Plan or the weighted average exercise price of outstanding rights under our 1998 Employee Stock Purchase Plan. The 1998 Employee Stock Purchase Plan provides that shares of our common stock may be purchased at a per share price equal to 85% of the fair market value of the common stock at the beginning of the offering period or a purchase date applicable to such offering period, whichever is

lower.

- (4) This number includes 2,466,802 shares available for future issuance under our 1997 Stock Plan, and 632,690 shares available for future issuance under our 1998 Employee Stock Purchase Plan as of December 31, 2008.

2001 Stock Plan

In August 2001, our Board of Directors approved the 2001 Stock Plan. The 2001 Stock Plan was not submitted to our stockholders for approval. The material terms of the 2001 Stock Plan are summarized as follows:

Purpose

The purpose of the 2001 Stock Plan is to attract and retain the best available personnel for positions of substantial responsibility, to provide additional incentive to employees and consultants, and to promote the success of our business.

Eligibility to Participate in the 2001 Stock Plan

Nonstatutory stock options may be granted to our consultants and our employees who are not officers or directors.

Table of Contents

Number of Shares Covered by the 2001 Stock Plan

Our Board of Directors reserved 750,000 shares of our common stock for issuance under the 2001 Stock Plan. As of December 31, 2008, options to acquire 303,069 shares were outstanding under the 2001 Stock Plan out of the 750,000 shares reserved for issuance, and 263,308 shares remained available for future issuance. Pursuant to the rules of the Nasdaq Stock Market, the Board of Directors will not make further amendments to the 2001 Stock Plan to increase the aggregate number of shares of common stock authorized for issuance without stockholder approval.

Awards Permitted under the 2001 Stock Plan

The 2001 Stock Plan authorizes the granting of nonstatutory stock options only.

Terms of Options

The exercise price and term of an option will be determined by the administrator of the plan, which is the Board of Directors or its appointed committee. Payment of the exercise price may be made by cash, check, promissory note, other shares of our common stock, cashless exercise, a reduction in the amount of any company liability to the optionee, any other form of consideration permitted by applicable law or any combination of the foregoing methods of payment. Options may be made exercisable only according to the terms of the plan and under the conditions the Board of Directors or its appointed committee may establish. If an optionee's employment terminates for any reason, the option remains exercisable for a fixed period of three months or such longer period as may be fixed by the Board of Directors or its appointed committee up to the remainder of the term of the option.

Capital Changes

The number of shares available for future grant and previously granted but unexercised options are subject to adjustment for any future stock dividends, splits, mergers, combinations or other changes in capitalization as described in the 2001 Stock Plan.

Merger or Change in Control

In the event of a merger of our company with or into another corporation or the sale of substantially all of our assets, each outstanding option under the 2001 Stock Plan must be assumed or an equivalent option or right substituted by the successor corporation. If the successor corporation refuses to assume or substitute for the option, the optionee will fully vest in and have the right to exercise the option as to all of the optioned stock, including shares as to which it would not otherwise be vested or exercisable.

Termination and Amendment

The 2001 Stock Plan provides that the Board of Directors may at any time amend or terminate the 2001 Stock Plan, but no amendment or termination of the 2001 Stock Plan may impair the rights of any optionee under the 2001 Stock Plan without the written consent of the optionee. Notwithstanding the foregoing, the rules of the Nasdaq Stock Market require stockholder approval of all material amendments to the 2001 Stock Plan.

Table of Contents

CERTAIN RELATIONSHIPS AND RELATED PERSON TRANSACTIONS

Since January 1, 2008, we have not entered into any transaction, and are not aware of any currently proposed transaction, in which the amount involved exceeds \$120,000, and in which any director, executive officer, nominee for election as a director, holder of more than 5% of our common stock, or any member of the immediate family of any of the foregoing persons had or will have a direct or indirect material interest.

Policy Regarding Related Party Transactions

Our Audit Committee adopted a written policy which governs the review and approval of related party transactions in which (i) the aggregate amount of such transaction involves \$120,000 or more, (ii) the company is a party, and (iii) any related person is a party. Related persons include directors, executive officers, stockholders holding in excess of five percent of our common stock, or such individuals' immediate family members. Under the policy, all proposed related party transactions involving one or more of our non-officer employees must be reviewed and approved by our Audit Committee, and all proposed related party transactions involving one or more of the related persons listed above must be reviewed and approved by our Board of Directors. If a proposed related party transaction involves a member of the Board of Directors, such related party transaction must be reviewed and approved by all disinterested members of the Board of Directors.

We properly and accurately report all material related party transactions in accordance with applicable accounting rules, federal securities laws, SEC rules and regulations and securities market rules. In determining the materiality of related party transactions, the Audit Committee or Board of Directors primarily considers the significance of the information regarding such related party transaction to our stockholders. All related party transactions involving one of the related persons listed above are presumed material, unless:

the aggregate amount does not exceed \$120,000;

the rates or charges are determined by competitive bids;

it involves the rendering of services as a common or contract carrier or a public utility at rates fixed in conformity with law or governmental authority;

it involves services as a bank depository of funds, transfer agent, registrar, trustee under a trust indenture, or similar services;

it involves indebtedness resulting solely from ordinary business and expense payments, purchase of goods and/or services subject to usual trade terms, and other transactions in the ordinary course of business; or

the interest of the related person in the transaction arises solely from such person's

- ownership of our common stock, if all stockholders received the same benefit on a pro rata basis;
- position as a director of another corporation or organization that is a party to the transaction;
- ownership of another entity which is a party to the transaction, if all related persons, in the aggregate, own less than ten percent of that entity; or
-

position as a limited partner in a partnership that is a party to the transaction, if such related person (i) is not a general partner of the partnership, (ii) together with all other related persons owns less than ten percent of such partnership in the aggregate, and (iii) does not hold any other position in such partnership.

Table of Contents

SECTION 16(a) BENEFICIAL OWNERSHIP REPORTING COMPLIANCE

Section 16(a) of the Exchange Act requires our executive officers and directors and persons who own more than ten percent of a registered class of our equity securities to file reports of ownership and changes in ownership with the SEC and the National Association of Securities Dealers, Inc. Executive officers, directors and greater than ten percent stockholders are required by SEC regulation to furnish us with copies of all Section 16(a) forms they file. Based solely on our review of the copies of such forms received by us, or written representations from certain reporting persons, except as noted below, we believe that during fiscal 2008 all of our executive officers, directors and greater than ten percent stockholders complied with all applicable filing requirements.

Jeffrey Miller was delinquent in the filing of a Form 4 relating to the acquisition of a restricted stock award under our 1997 Stock Plan in March 2008.

Table of Contents

REPORT OF THE AUDIT COMMITTEE OF THE BOARD OF DIRECTORS

Notwithstanding any statement to the contrary in any of our previous or future filings with the SEC, this report of the Audit Committee of the Board of Directors shall not be deemed filed with the SEC or soliciting material under the Exchange Act, and shall not be incorporated by reference into any such filings.

The Audit Committee of our Board of Directors was formed in March 2000 and currently consists of Mr. Thomsen, Mr. Marini and Mr. Levy, each of whom meets the Nasdaq independence and experience requirements. The Audit Committee operates under a written charter. Upon the recommendation of the Audit Committee, the Board of Directors adopted the original charter for the Audit Committee in August 1999, and last amended the charter for the Audit Committee on November 7, 2008. A current version of the Audit Committee charter is available on our website located at www.pctel.com.

The Audit Committee reviews the procedures of management for the design, implementation and maintenance of a comprehensive system of disclosure controls and procedures focused on the accuracy of our financial statements and the integrity of our financial reporting systems and disclosure contained in our periodic reports. As part of this review, the Audit Committee discusses with management and our independent auditors their evaluation of the effectiveness of our internal control over financial reporting, including improvements to our internal control that may be warranted. The Audit Committee provides our Board of Directors with the results of the Committee's examinations and recommendations and reports to the Board of Directors as the Committee may deem necessary to make the Board of Directors aware of significant financial matters that require the Board of Directors' attention.

The Audit Committee does not conduct auditing reviews or audit procedures. The Audit Committee relies on management's representation that our financial statements have been prepared accurately and in conformity with United States generally accepted accounting principles and on the representations of the independent auditors included in their report on our financial statements and on the effectiveness of our internal control over financial reporting. The Audit Committee has also adopted a written policy that is intended to encourage our employees to bring to the attention of management and the Audit Committee any complaints regarding the integrity of our internal financial controls or the accuracy or completeness of financial or other information related to our financial statements.

The Audit Committee reviews reports and provides guidance to our independent registered public accounting firm with respect to their annual audit and approves in advance all audit and non-audit services provided by our independent registered public accounting firm in accordance with applicable regulatory requirements. The Audit Committee also considers, in advance of the provision of any non-audit services by our independent registered public accounting firm, whether the provision of such services is compatible with maintaining the independence of the external auditors.

In accordance with its responsibilities, the Audit Committee has reviewed and discussed with management the audited financial statements for the year ended December 31, 2008 and the process designed to achieve compliance with Section 404 of the Sarbanes-Oxley Act of 2002. The Audit Committee has also discussed with Grant Thornton LLP the matters required to be discussed by SAS No. 61, Communication with Audit Committees. The Audit Committee has received the written disclosures and the letter from Grant Thornton LLP required by Independence Standards Board Standard No. 1, Independence Discussions with Audit Committees, and has discussed with Grant Thornton LLP its independence.

Based on these reviews and discussions, the Audit Committee recommended to our Board of Directors that our audited financial statements for the year ended December 31, 2008 be included in our Annual Report on Form 10-K.

Respectfully submitted by:

The Audit Committee

Carl A. Thomsen (*Chair*)

Steven D. Levy

Giacomo Marini

Table of Contents

OTHER MATTERS

We know of no further matters to be submitted at the meeting. If any other matters properly come before the meeting, it is the intention of the persons named in the enclosed form of proxy to vote the shares they represent as the Board of Directors may recommend.

THE BOARD OF DIRECTORS

Dated: April 28, 2009

Table of Contents

**PCTEL, INC.
ANNUAL MEETING OF STOCKHOLDERS
Tuesday, June 9, 2009
10:00 a.m. Local time
PCTEL, INC.
471 Brighton Drive
Bloomington, Illinois 60108**

**PCTEL, INC.
471 Brighton Drive
Bloomington, Illinois 60108**

proxy

This proxy is solicited on behalf of the board of directors for use at the annual meeting of stockholders on June 9, 2009.

The undersigned stockholder of PCTEL, Inc., a Delaware corporation, hereby acknowledges receipt of the Notice of Annual Meeting of Stockholders and Proxy Statement, each dated April 28, 2009, and hereby appoints Martin H. Singer and John W. Schoen, and each of them, proxies and attorneys-in-fact, with full power to each of substitution, on behalf and in the name of the undersigned, to represent the undersigned at the 2009 Annual Meeting of Stockholders of PCTEL, Inc. to be held on June 9, 2009 at 10:00 a.m. local time at our headquarters, located at 471 Brighton Drive, Bloomington, Illinois 60108, and at any adjournment or adjournments thereof, and to vote all shares of common stock which the undersigned would be entitled to vote if then and there personally present on the matters set forth on the reverse side.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED IN THE MANNER DIRECTED HEREIN BY THE UNDERSIGNED STOCKHOLDER. IF NO DIRECTION IS MADE, THIS PROXY WILL BE VOTED: FOR ALL NOMINEES TO THE BOARD OF DIRECTORS; FOR THE RATIFICATION OF GRANT THORNTON LLP AS THE COMPANY'S INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM; AND AS THE PROXY HOLDER MAY DETERMINE IN HIS DISCRETION WITH REGARD TO ANY OTHER MATTER PROPERLY BROUGHT BEFORE THE MEETING.

See reverse for voting instructions.

Table of Contents

COMPANY #

**Vote by Internet, Telephone or Mail
24 Hours a Day, 7 Days a Week**

Your phone or Internet vote authorizes the named proxies to vote your shares in the same manner as if you marked, signed and returned your proxy card.

INTERNET www.eproxy.com/pcti

Use the Internet to vote your proxy until 12:00 p.m. (CT) on June 8, 2009.

PHONE 1-800-560-1965

Use a touch-tone telephone to vote your proxy until 12:00 p.m. (CT) on June 8, 2009.

MAIL Mark, sign and date your proxy card and return it in the postage-paid envelope provided.

If you vote your proxy by Internet or by Telephone, you do NOT need to mail back your Proxy Card.

***TO VOTE BY MAIL AS THE BOARD OF DIRECTORS RECOMMENDS ON ALL ITEMS BELOW,
SIMPLY SIGN, DATE, AND RETURN THIS PROXY CARD.***

The Board of Directors Recommends a Vote FOR each of the following Proposals:

- | | | | |
|--|--------------------|--|-----------------------------------|
| 1. Election of Class I directors to serve until 2012 | a Brian J. Jackman | o Vote FOR all nominees (except as marked) | o Vote WITHHELD from all nominees |
| | b John R. Sheehan | | |

(Instructions: To withhold authority to vote for any indicated nominee, write the letter of the nominee in the box provided to the right.)

2. Ratification of the appointment of Grant Thornton LLP as the independent registered public accounting firm of PCTEL, Inc. for the fiscal year ending December 31, 2009

- For Against Abstain

IN THEIR DISCRETION, the proxyholders are authorized to vote upon such other business as may properly come before the meeting or any adjournments or postponement thereof.

THIS PROXY, WHEN PROPERLY EXECUTED, WILL BE VOTED AS DIRECTED OR, IF NO DIRECTION IS GIVEN, WILL BE VOTED FOR ALL PROPOSALS.

I plan to attend the annual meeting Address Change? Mark Box Indicate changes below: Date

Signature(s) in Box

Please sign exactly as name appears hereon. When shares are held by joint tenants, both should sign. When signing as attorney, executor, administrator, trustee or guardian, please give title as such. If a corporation, please sign in full corporate name by president or other authorized officer. If a partnership, please sign in partnership name by authorized person.