



U.S. Department of Justice

Criminal Division

February 16, 2016

Roger Witten
Wilmer Cutler Pickering Hale and Dorr LLP
7 World Trade Center
250 Greenwich Street
New York, NY 10007

Re: Parametric Technology (Shanghai) Software Co. Ltd. and Parametric Technology
(Hong Kong) Limited

Dear Mr. Witten:

On the understandings specified below, the United States Department of Justice, Criminal Division, Fraud Section (the "Office"), will not criminally prosecute Parametric Technology (Shanghai) Software Co. Ltd., a corporation organized under the laws of China and headquartered in China, or Parametric Technology (Hong Kong) Limited, a corporation organized under the laws of China and headquartered in China, (collectively, "PTC China" or the "Companies") for any crimes (except for criminal tax violations, as to which the Office does not make any agreement) relating to any of the conduct described in the Statement of Facts attached hereto as Attachment A, or for any other conduct disclosed by the Companies or by PTC Inc. to the Office prior to the signing of this Agreement. The Office enters into this Non-Prosecution Agreement based on the individual facts and circumstances presented by this case and the Companies. Among the factors considered in deciding what credit the Companies should receive were the following: (a) the Companies did not receive voluntary disclosure credit because, although the Companies, through their parent corporation PTC Inc., reported to the Office in 2011 certain misconduct identified through a then-ongoing internal investigation, they did not voluntarily disclose relevant facts known to PTC Inc. at the time of the initial disclosure until the Office uncovered salient facts regarding the Companies' responsibility for the improper travel and entertainment expenditures at issue independently and brought them to the Companies' attention, after which the Companies disclosed information that they had learned as part of an earlier internal investigation; (b) the Companies received partial cooperation credit of 15% off the bottom of the Sentencing Guidelines fine range for their cooperation with the Office's investigation, including collecting, analyzing, and organizing voluminous evidence and information for the Office, but did not receive full cooperation credit for the reasons described in (a) above; (c) by the conclusion of the investigation, the Companies had provided to the Office all relevant facts known to them, including information about individuals involved in the FCPA misconduct; (d) the Companies engaged in extensive remedial measures, including a review and enhancement of the Companies' and PTC Inc.'s compliance program, the establishment of a dedicated compliance team at the corporate level and at PTC China and enhanced policies for business partners, the termination of the business partners involved in the misconduct described

in the Statement of Facts attached hereto as Attachment A, and the implementation of new customer travel policies and additional controls around expense reimbursement; (e) the Companies have committed to continue to enhance their compliance program and internal controls, including ensuring that their compliance program satisfies the minimum elements set forth in Attachment B to this Agreement; (f) based on the Companies' remediation and the state of their compliance program, and that of their parent company PTC Inc., and the Companies' agreement to report to the Office as set forth in Attachment C to this Agreement, the Office determined that an independent compliance monitor was unnecessary; (g) the nature and seriousness of the offense; (h) the Companies have no prior criminal history; and (i) the Companies have agreed to continue to cooperate with the Office in any ongoing investigation of the conduct of the Companies and their officers, directors, employees, agents, business partners, and consultants relating to violations of the Foreign Corrupt Practices Act ("FCPA").

The Companies admit, accept, and acknowledge that they are responsible under United States law for the acts of their officers, directors, employees, and agents as set forth in the Statement of Facts attached hereto as Attachment A and incorporated by reference into this Agreement, and that the facts described in Attachment A are true and accurate. The Companies expressly agree that they shall not, through present or future attorneys, officers, directors, employees, agents or any other person authorized to speak for the Companies make any public statement, in litigation or otherwise, contradicting the acceptance of responsibility by the Companies set forth in the Agreement or the facts described in the Statement of Facts attached hereto as Attachment A. The Companies agree that if they, their parent company, or any of their direct or indirect subsidiaries or affiliates issue a press release or hold any press conference in connection with this Agreement, the Companies shall first consult the Office to determine (a) whether the text of the release or proposed statements at the press conference are true and accurate with respect to matters between the Office and the Companies; and (b) whether the Office has any objection to the release.

The Companies' obligations under this Agreement shall have a term of three years from the date on which the Agreement is executed (the "Term").

The Companies shall cooperate fully with the Office in any and all matters relating to the conduct described in the Agreement and Attachment A and other conduct related to possible corrupt payments under investigation by the Office, subject to applicable law and regulations, until the later of the date upon which all investigations and prosecutions arising out of such conduct are concluded, or the Term specified above. At the request of the Office, the Companies shall also cooperate fully with other domestic or foreign law enforcement and regulatory authorities and agencies, as well as the Multilateral Development Banks ("MDBs"), in any investigation of the Companies, their parent company or their affiliates, or any of their present or former officers, directors, employees, agents, and consultants, or any other party, in any and all matters relating to the conduct described in this Agreement and Attachment A. The Companies agree that such cooperation shall include, but not be limited to, the following:

a. The Companies shall truthfully disclose all factual information not protected by a valid claim of attorney-client privilege or work product doctrine with respect to their activities, those of their parent company and affiliates, and those of their present and former

directors, officers, employees, agents, and consultants, including any evidence or allegations and internal or external investigations, about which the Companies have any knowledge or about which the Office may inquire. This obligation of truthful disclosure includes, but is not limited to, the obligation of the Companies to provide to the Office, upon request, any document, record or other tangible evidence about which the Office may inquire of the Companies.

b. Upon request of the Office, the Companies shall designate knowledgeable employees, agents or attorneys to provide to the Office the information and materials described above on behalf of the Companies. It is further understood that the Companies must at all times provide complete, truthful, and accurate information.

c. The Companies shall use their best efforts to make available for interviews or testimony, as requested by the Office, present or former officers, directors, employees, agents and consultants of the Companies. This obligation includes, but is not limited to, sworn testimony before a federal grand jury or in federal trials, as well as interviews with domestic or foreign law enforcement and regulatory authorities. Cooperation shall include identification of witnesses who, to the knowledge of the Companies, may have material information regarding the matters under investigation.

d. With respect to any information, testimony, documents, records or other tangible evidence provided to the Office pursuant to this Agreement, the Companies consent to any and all disclosures, subject to applicable law and regulations, to other governmental authorities, including United States authorities and those of a foreign government, as well as MDBs, of such materials as the Office, in its sole discretion, shall deem appropriate.

In addition, during the Term of the Agreement, should the Companies learn of credible evidence or allegations of possible corrupt payments, the Companies shall promptly report such evidence or allegations to the Office. No later than thirty (30) days after the expiration of the Term of this Agreement, the Companies, by the Representative Director and/or Chairman of the Companies, will certify to the Department that the Companies have met their disclosure obligations pursuant to this Agreement. Such certification will be deemed a material statement and representation by the Companies to the executive branch of the United States for purposes of 18 U.S.C. § 1001.

The Companies represent that they have implemented and will continue to implement a compliance and ethics program designed to prevent and detect violations of the FCPA and other applicable anti-corruption laws throughout their operations, including those of their affiliates, agents, and joint ventures, and those of their contractors and subcontractors whose responsibilities include interacting with foreign officials or other activities carrying a high risk of corruption, including, but not limited to, the minimum elements set forth in Attachment B, which is incorporated by reference into this Agreement. In addition, the Companies agree that they will report to the Office annually during the Term of the Agreement regarding remediation and implementation of the compliance measures described in Attachment B. These reports will be prepared in accordance with Attachment C.

The Companies agree to pay a monetary penalty in the total amount of \$14,540,000 to the United States Treasury within ten (10) business days from the execution of the Agreement. This monetary penalty is in excess of the disgorgement of profits by the Companies in connection with their parent company's resolution with the Securities and Exchange Commission in a related matter. The Companies acknowledge that no United States tax deduction may be sought in connection with the payment of any part of this \$14,540,000 penalty.

The Office agrees, except as provided herein, that it will not bring any criminal or civil case against the Companies relating to any of the conduct described in the Statement of Facts attached hereto as Attachment A, or for any other conduct disclosed by the Companies or by PTC Inc. to the Office prior to the signing of the Agreement. The Office, however, may use any information related to the conduct described in the attached Statement of Facts against the Companies: (a) in a prosecution for perjury or obstruction of justice; (b) in a prosecution for making a false statement; (c) in a prosecution or other proceeding relating to any crime of violence; or (d) in a prosecution or other proceeding relating to a violation of any provision of Title 26 of the United States Code. This Agreement does not provide any protection against prosecution for any future conduct by the Companies. In addition, this Agreement does not provide any protection against prosecution of any present or former officer, director, employee, shareholder, agent, consultant, contractor, or subcontractor of the Companies for any violations committed by them.

If, during the Term of this Agreement, the Companies (a) commit any felony under U.S. federal law; (b) provide in connection with this Agreement deliberately false, incomplete, or misleading information; (c) fail to cooperate as set forth in this Agreement; (d) fail to implement a compliance program as set forth in this Agreement and Attachment B; (e) commit any acts that, had they occurred within the jurisdictional reach of the FCPA, would be a violation of the FCPA; or (f) otherwise fail specifically to perform or to fulfill completely each of the Companies' obligations under the Agreement, regardless of whether the Office becomes aware of such a breach after the Term of the Agreement is complete, the Companies shall thereafter be subject to prosecution for any federal criminal violation of which the Office has knowledge, including, but not limited to, the conduct described in the Statement of Facts attached hereto as Attachment A, which may be pursued by the Office in the U.S. District Court for the District of Massachusetts or any other appropriate venue. Determination of whether the Companies have breached the Agreement and whether to pursue prosecution of the Companies shall be in the Office's sole discretion. Any such prosecution may be premised on information provided by the Companies. Any such prosecution relating to the conduct described in the attached Statement of Facts or relating to conduct known to the Office prior to the date on which this Agreement was signed that is not time-barred by the applicable statute of limitations on the date of the signing of this Agreement may be commenced against the Companies, notwithstanding the expiration of the statute of limitations, between the signing of this Agreement and the expiration of the Term plus one year. Thus, by signing this Agreement, the Companies agree that the statute of limitations with respect to any such prosecution that is not time-barred on the date of the signing of this Agreement shall be tolled for the Term plus one year. In addition, the Companies agree that the statute of limitations as to any violation of federal law that occurs during the Term will be tolled from the date upon which the violation occurs until the earlier of the date upon which the Office is made aware of the violation or the duration of the Term plus five years, and that this period

shall be excluded from any calculation of time for purposes of the application of the statute of limitations.

In the event the Office determines that the Companies have breached this Agreement, the Office agrees to provide the Companies with written notice of such breach prior to instituting any prosecution resulting from such breach. Within thirty (30) days of receipt of such notice, the Companies shall have the opportunity to respond to the Office in writing to explain the nature and circumstances of such breach, as well as the actions the Companies have taken to address and remediate the situation, which explanation the Office shall consider in determining whether to pursue prosecution of the Companies.

In the event that the Office determines that the Companies have breached this Agreement: (a) all statements made by or on behalf of the Companies to the Office or to the Court, including the attached Statement of Facts, and any testimony given by the Companies before a grand jury, a court, or any tribunal, or at any legislative hearings, whether prior or subsequent to this Agreement, and any leads derived from such statements or testimony, shall be admissible in evidence in any and all criminal proceedings brought by the Office against the Companies; and (b) the Companies shall not assert any claim under the United States Constitution, Rule 11(f) of the Federal Rules of Criminal Procedure, Rule 410 of the Federal Rules of Evidence, or any other federal rule that any such statements or testimony made by or on behalf of the Companies prior or subsequent to this Agreement, or any leads derived therefrom, should be suppressed or are otherwise inadmissible. The decision whether conduct or statements of any current director, officer or employee, or any person acting on behalf of, or at the direction of, the Companies, will be imputed to the Companies for the purpose of determining whether the Companies have violated any provision of this Agreement shall be in the sole discretion of the Office.

Except as may otherwise be agreed by the parties in connection with a particular transaction, the Companies agree that in the event that, during the Term of the Agreement, they undertake any change in corporate form, including if they sell, merge, or transfer a substantial portion of their business operations as they exist as of the date of this Agreement, whether such sale is structured as a sale, asset sale, merger, transfer, or other change in corporate form, they shall include in any contract for sale, merger, transfer, or other change in corporate form a provision binding the purchaser, or any successor in interest thereto, to the obligations described in this Agreement. The Companies shall obtain approval from the Office at least thirty (30) days prior to undertaking any such sale, merger, transfer, or other change in corporate form, including dissolution, in order to give the Office an opportunity to determine if such change in corporate form would impact the terms or obligations of the Agreement.

This Agreement is binding on the Companies and the Office but specifically does not bind any other component of the Department of Justice, other federal agencies, or any state, local or foreign law enforcement or regulatory agencies, or any other authorities, although the Office will bring the cooperation of the Companies and their compliance with their other obligations under this Agreement to the attention of such agencies and authorities if requested to do so by the Companies.

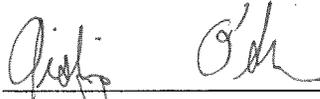
It is further understood that the Companies and the Office may disclose this Agreement to the public.

This Agreement sets forth all the terms of the agreement between the Companies and the Office. No amendments, modifications or additions to this Agreement shall be valid unless they are in writing and signed by the Office, the attorneys for the Companies, and a duly authorized representative of the Companies.

Sincerely,

ANDREW WEISSMANN
Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: February 16, 2016

BY: 
Aisling O'Shea
Trial Attorney

AGREED AND CONSENTED TO:

PARAMETRIC TECHNOLOGY (SHANGHAI) SOFTWARE CO. LTD.

Date: _____

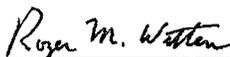
BY: _____
Yu Cheng Shou
Representative Director
Parametric Technology (Shanghai)
Software Co. Ltd.

PARAMETRIC TECHNOLOGY (HONG KONG) LIMITED

Date: _____

BY: _____
Jason S. Sheets
Director (Chairman)
Parametric Technology (Hong Kong)
Limited

Date: February 12, 2016

BY: 
Roger Witten
Wilmer Cutler Pickering Hale and Dorr

LLP

Counsel to Parametric Technology
(Shanghai) Software Co. Ltd. and
Parametric Technology (Hong Kong)
Limited

Sincerely,

ANDREW WEISSMANN
Chief, Fraud Section
Criminal Division
United States Department of Justice

Date: _____

BY: _____

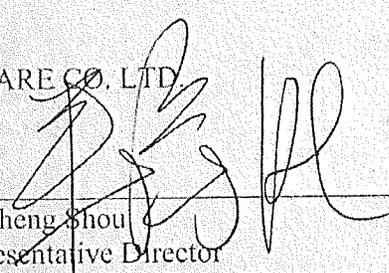
Aisling O'Shea
Trial Attorney

AGREED AND CONSENTED TO:

PARAMETRIC TECHNOLOGY (SHANGHAI) SOFTWARE CO. LTD.

Date: 12 Feb, 2016

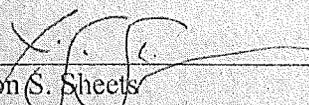
BY: _____


Yu Cheng Shou
Representative Director
Parametric Technology (Shanghai)
Software Co. Ltd.

PARAMETRIC TECHNOLOGY (HONG KONG) LIMITED

Date: 12 FEB 2016

BY: _____


Jason S. Sheets
Director (Chairman)
Parametric Technology (Hong Kong)
Limited

Date: _____

BY: _____

Roger Witten
Wilmer Cutler Pickering Hale and Dorr

LLP

Counsel to Parametric Technology
(Shanghai) Software Co. Ltd. and
Parametric Technology (Hong Kong)
Limited

ATTACHMENT A

STATEMENT OF FACTS

The following Statement of Facts is incorporated by reference as part of the non-prosecution agreement (the "Agreement") between the United States Department of Justice, Criminal Division, Fraud Section and Parametric Technology (Shanghai) Software Co. Ltd. and Parametric Technology (Hong Kong) Ltd. (collectively, "PTC China"). PTC China hereby agrees and stipulates that the following information is true and accurate. PTC China admits, accepts, and acknowledges that it is responsible for the acts of its officers, directors, employees, and agents as set forth below:

PTC Inc. and PTC China

1. PTC Inc., formerly Parametric Technology Corporation ("PTC"), is a Massachusetts corporation headquartered in Needham, Massachusetts. PTC designs, manufactures, and sells software, including computer-aided design software and product lifecycle management software. PTC sells its products globally and maintains operations in North America, Europe, and China. PTC's common stock is registered with the Securities and Exchange Commission pursuant to Section 12(b) of the Securities Exchange Act of 1934 and is listed on the NASDAQ Global Select Market under the symbol "PTC."

2. Parametric Technology (Shanghai) Software Company Ltd. and Parametric Technology (Hong Kong) Ltd. are wholly owned, separate subsidiaries of PTC through which PTC's Chinese operations, including sales to Chinese customers, are managed. While the two entities comprising PTC China are structured separately, during the relevant period they conducted business as a single unit.

PTC China's Customers and Business Partners

3. Many of PTC China's customers were Chinese state-owned entities ("SOEs") that were controlled by the government of China and performed functions that the Chinese government treated as its own, and thus were instrumentalities of the Chinese government as that term is used in the Foreign Corrupt Practices Act ("FCPA"), Title 15, United States Code, Section 78dd-3(f)(2). Employees of these customers were therefore "foreign officials" as that term is used in the FCPA, Title 15, United States Code, Section 78dd-3(f)(2). PTC China employees were aware that many of its customers were Chinese SOEs whose employees were Chinese government officials.

4. "Business Partner 1" was a Chinese company that worked with PTC on contracts with Chinese SOEs, providing sales assistance and certain outsourcing services.

5. "Business Partner 2" was a Chinese company that worked with PTC on contracts with Chinese SOEs, providing sales assistance and certain outsourcing services.

The Improper Payments

6. PTC China routinely engaged the services of local "business partners," Chinese companies that helped PTC China find prospective contracts, assisted PTC China in the sales process with Chinese SOEs, and provided additional services to PTC China's customers that had been outsourced by PTC China, including information technology services. Business Partner 1 and Business Partner 2 were the primary business partners used by PTC China. PTC China failed to conduct meaningful due diligence of its Chinese business partners, notably with respect to corruption risks or anti-corruption controls of these Chinese business partners.

7. PTC China's senior sales staff had wide discretion in setting the fee arrangements with Chinese business partners. Generally, commissions to business partners were set as a

percentage of the contract price if PTC China won the contract in question. These commissions were typically referred to as “influence fees” to help PTC China win contracts. If the business partner was to provide subcontracted services such as information technology services, those services might either be included in the total commission or itemized separately using a line item referred to as “COD,” for “completely outsourced deals.”

8. PTC had a corporate theatre at its headquarters in Massachusetts that is designed for demonstrations of its products, and PTC headquarters is also equipped to provide customer training on its products. According to PTC policy, PTC should not pay for customer travel to its headquarters for such training. However, during contract negotiations, Chinese SOE customers frequently requested that PTC China provide employees with travel to the United States, nominally for training at PTC headquarters in Massachusetts, but primarily for recreational travel to other parts of the United States. PTC China, its business partner, and the SOE would determine a travel budget, which was then added into the contract price. In some cases, the overseas travel costs were specifically itemized in the initial contract documents for approval by senior PTC China sales staff; however, the overseas travel costs line item was removed from the final contract documents that were signed by PTC and the SOEs. Instead, for a time, the money budgeted for overseas travel was disguised using the COD line item to make it appear as though the travel expenses were subcontracting payments to the business partner, or simply included in the business partner’s overall commission.

9. Following PTC’s discovery that the COD line item was being improperly used in certain instances, travel costs were included in the business partner commissions by PTC China to avoid detection by PTC. The business partners, often Business Partner 1 or Business Partner 2, then paid for the overseas trips using the funds received from PTC China. The business

partners provided PTC China with false documents indicating that they had performed subcontracted services even though there were no such services contemplated or performed and even though the funds were in fact used for, in part, improper recreational travel for Chinese SOE employees. For some of the more expensive trips for important Chinese SOE customers, the payments to the business partners were spread among and hidden within several contracts.

10. Some of the overseas travel expenses paid for by the business partners were tracked by PTC China sales staff on spreadsheets that they maintained separately from PTC China's electronic accounting records to help PTC China better understand the composition of, and negotiate, fees with the Chinese business partners.

11. Generally, the trips included one or two days of business activities at PTC headquarters in order to justify the trips, preceded or followed by several days of sightseeing that lacked any business purpose and that was in fact the primary reason for the trip.

12. For example, in April 2008, two PTC China sales employees accompanied six employees of a Chinese SOE, including its president, on a trip to the United States. In addition to a one-day stop at PTC headquarters in Massachusetts, the group went on sightseeing visits to New York, Las Vegas, Los Angeles, and Honolulu. Travel records, e-mails, and photographs confirm that the additional stops on the trip were recreational and included tours of landmarks in New York, including Rockefeller Center, the Statue of Liberty, the United Nations, and the Empire State Building, a tour of the Grand Canyon in Las Vegas, and golfing and a tour of Pearl Harbor in Honolulu. Documents indicate that the trip cost over \$50,000, which was paid for by Business Partner 1 at PTC China's direction, and for which PTC China paid Business Partner 1. Within a year of the trip, PTC booked several contracts with the SOE totaling over \$1 million.

13. In May 2010, a PTC China employee accompanied two employees of a Chinese SOE, including its information technology vice director and information technology project supervisor, on a trip to the United States. The trip included one day at PTC headquarters in Massachusetts, but also included sightseeing stops in New York, Atlanta, Las Vegas, and Los Angeles. These additional stops included shopping at an outlet mall and other stores, a Grand Canyon tour in Las Vegas, and a Universal Studios tour in Los Angeles. Subsequently, in July 2010, another PTC China employee accompanied seven employees of the same Chinese SOE on a second visit to the United States. In addition to stopping at PTC's headquarters in Massachusetts, the trip included sightseeing visits to New York, Washington, DC, Las Vegas, San Diego, and Los Angeles, with recreational trips to various museums, the Empire State Building in New York, and Universal Studios in Los Angeles. Both trips were paid for by Business Partner 2 at PTC China's direction, and for which PTC China paid Business Partner 2. The SOE entered into over \$9 million worth of contracts with PTC.

14. In September 2010, a PTC China employee accompanied nine employees of three Chinese SOEs on a trip to the United States. The group spent one day at PTC's headquarters in Massachusetts. The two-week long trip also included sightseeing stops in New York, Los Angeles, Las Vegas, and Honolulu and included tours of the Empire State Building, Universal Studios, and Pearl Harbor. An internal e-mail from the time one of the Chinese SOE customers entered into a contract with PTC prior to the trip actually taking place stated that "the customer just want sightseeing instead of the overseas training." The Chinese SOEs whose employees went on the trip collectively entered into more than \$3.5 million in contracts with PTC.

15. Overall, PTC China, through its business partners, paid over \$1.1 million to fund, directly or indirectly, 24 trips for over 100 Chinese SOE employees that included a recreational component.

16. In addition to the recreational trips, between in or around 2009 and in or around 2011, PTC China employees also provided over \$250,000 in improper gifts and entertainment directly to Chinese SOE employees, in contravention of PTC policies imposing monetary limits and approval requirements for gifts and entertainment for government officials. PTC China's sales staff's longstanding practice of providing gifts to Chinese government officials was done at least in part to obtain or retain SOE business for and on behalf of PTC.

ATTACHMENT B

CORPORATE COMPLIANCE PROGRAM

In order to address any deficiencies in their internal controls, compliance codes, policies, and procedures regarding compliance with the Foreign Corrupt Practices Act (“FCPA”), 15 U.S.C. §§ 78dd-1, *et seq.*, and other applicable anti-corruption laws, Parametric Technology (Shanghai) Software Co. Ltd. and Parametric Technology (Hong Kong) Ltd. (collectively, the “PTC China” or the “Companies”) agrees to continue to conduct, in a manner consistent with all of their obligations under this Agreement, appropriate reviews of their existing internal controls, policies, and procedures.

Where necessary and appropriate, the Companies agree to adopt new or to modify existing internal controls, compliance codes, policies, and procedures in order to ensure that they maintain: (a) a system of internal accounting controls designed to ensure that the Companies make and keep fair and accurate books, records, and accounts; and (b) a rigorous anti-corruption compliance program that includes policies and procedures designed to detect and deter violations of the FCPA and other applicable anti-corruption laws. At a minimum, this should include, but not be limited to, the following elements to the extent they are not already part of the Companies’ existing internal controls, compliance codes, policies, and procedures:

High-Level Commitment

1. The Companies will ensure that their directors and senior management provide strong, explicit, and visible support and commitment to their corporate policies against violations of the anti-corruption laws and their compliance codes.

Policies and Procedures

2. The Companies will develop and promulgate a clearly articulated and visible corporate policy against violations of the FCPA and other applicable foreign law counterparts (collectively, the “anti-corruption laws,”), which policy shall be memorialized in a written compliance code or codes.

3. The Companies will develop and promulgate compliance policies and procedures designed to reduce the prospect of violations of the anti-corruption laws and the Companies’ compliance codes, and the Companies will take appropriate measures to encourage and support the observance of ethics and compliance policies and procedures against violation of the anti-corruption laws by personnel at all levels of the Companies. These anti-corruption policies and procedures shall apply to all directors, officers, and employees and, where necessary and appropriate, outside parties acting on behalf of the Companies in a foreign jurisdiction, including but not limited to, agents and intermediaries, consultants, representatives, distributors, teaming partners, contractors and suppliers, consortia, and joint venture partners (collectively, “agents and business partners”). The Companies shall notify all employees that compliance with the policies and procedures is the duty of individuals at all levels of the Companies. Such policies and procedures shall address:

- a. gifts;
- b. hospitality, entertainment, and expenses;
- c. customer travel;
- d. political contributions;
- e. charitable donations and sponsorships;
- f. facilitation payments; and

g. solicitation and extortion.

4. The Companies will ensure that they have a system of financial and accounting procedures, including a system of internal controls, reasonably designed to ensure the maintenance of fair and accurate books, records, and accounts. This system should be designed to provide reasonable assurances that:

a. transactions are executed in accordance with management's general or specific authorization;

b. transactions are recorded as necessary to permit preparation of financial statements in conformity with generally accepted accounting principles or any other criteria applicable to such statements, and to maintain accountability for assets;

c. access to assets is permitted only in accordance with management's general or specific authorization; and

d. the recorded accountability for assets is compared with the existing assets at reasonable intervals and appropriate action is taken with respect to any differences.

Periodic Risk-Based Review

5. The Companies will develop these compliance policies and procedures on the basis of a periodic risk assessment addressing the individual circumstances of the Companies, in particular the foreign bribery risks facing the Companies, including, but not limited to, their geographical organization, interactions with various types and levels of government officials, industrial sectors of operation, involvement in joint venture arrangements, importance of licenses and permits in the Companies' operations, degree of governmental oversight and inspection, and volume and importance of goods and personnel clearing through customs and immigration.

6. The Companies shall review their anti-corruption compliance policies and procedures no less than annually and update them as appropriate to ensure their continued effectiveness, taking into account relevant developments in the field and evolving international and industry standards.

Proper Oversight and Independence

7. The Companies will assign responsibility to one or more senior corporate executives of the Companies or their parent for the implementation and oversight of the Companies' anti-corruption compliance codes, policies, and procedures. Such corporate official(s) shall have the authority to report directly to independent monitoring bodies, including internal audit, the Companies' Boards of Directors, or any appropriate committee of the Boards of Directors, and shall have an adequate level of autonomy from management as well as sufficient resources and authority to maintain such autonomy.

Training and Guidance

8. The Companies will implement mechanisms designed to ensure that their anti-corruption compliance codes, policies, and procedures are effectively communicated to all directors, officers, employees, and, where necessary and appropriate, agents and business partners. These mechanisms shall include: (a) periodic training for all directors and officers, all employees in positions of leadership or trust, positions that require such training (e.g., internal audit, sales, legal, compliance, finance), or positions that otherwise pose a corruption risk to the Companies, and, where necessary and appropriate, agents and business partners; and (b) corresponding certifications by all such directors, officers, employees, agents, and business partners, certifying compliance with the training requirements.

9. The Companies will maintain, or where necessary establish, an effective system for providing guidance and advice to directors, officers, employees, and, where necessary and appropriate, agents and business partners, on complying with the Companies' anti-corruption compliance codes, policies, and procedures, including when they need advice on an urgent basis or in any foreign jurisdiction in which the Companies operate.

Internal Reporting and Investigation

10. The Companies will maintain, or where necessary establish, an effective system for internal and, where possible, confidential reporting by, and protection of, directors, officers, employees, and, where appropriate, agents and business partners concerning violations of the anti-corruption laws or the Companies' anti-corruption compliance codes, policies, and procedures.

11. The Companies will maintain, or where necessary establish, an effective and reliable process with sufficient resources for responding to, investigating, and documenting allegations of violations of the anti-corruption laws or the Companies' anti-corruption compliance codes, policies, and procedures.

Enforcement and Discipline

12. The Companies will implement mechanisms designed to effectively enforce their compliance codes, policies, and procedures, including appropriately incentivizing compliance and disciplining violations.

13. The Companies will institute appropriate disciplinary procedures to address, among other things, violations of the anti-corruption laws and the Companies' anti-corruption compliance codes, policies, and procedures by the Companies' directors, officers, and employees. Such procedures should be applied consistently and fairly, regardless of the position

held by, or perceived importance of, the director, officer, or employee. The Companies shall implement procedures to ensure that where misconduct is discovered, reasonable steps are taken to remedy the harm resulting from such misconduct, and to ensure that appropriate steps are taken to prevent further similar misconduct, including assessing the internal controls, compliance codes, policies, and procedures and making modifications necessary to ensure the overall anti-corruption compliance program is effective.

Third-Party Relationships

14. The Companies will institute appropriate risk-based due diligence and compliance requirements pertaining to the retention and oversight of all agents and business partners, including:

- a. properly documented due diligence pertaining to the hiring and appropriate and regular oversight of agents and business partners;
- b. informing agents and business partners of the Companies' commitment to abiding by anti-corruption laws, and of the Companies' anti-corruption compliance codes, policies, and procedures; and
- c. seeking a reciprocal commitment from agents and business partners.

15. Where necessary and appropriate, the Companies will include standard provisions in agreements, contracts, and renewals thereof with all agents and business partners that are reasonably calculated to prevent violations of the anti-corruption laws, which may, depending upon the circumstances, include: (a) anti-corruption representations and undertakings relating to compliance with the anti-corruption laws; (b) rights to conduct audits of the books and records of the agent or business partner to ensure compliance with the foregoing; and (c) rights to terminate an agent or business partner as a result of any breach of the anti-corruption laws, the

Companies' compliance codes, policies, or procedures, or the representations and undertakings related to such matters.

Mergers and Acquisitions

16. The Companies will develop and implement policies and procedures for mergers and acquisitions requiring that the Companies conduct appropriate risk-based due diligence on potential new business entities, including appropriate FCPA and anti-corruption due diligence by legal, accounting, and compliance personnel.

17. The Companies will ensure that the Companies' compliance codes, policies, and procedures regarding the anti-corruption laws apply as quickly as is practicable to newly acquired businesses or entities merged with the Companies and will promptly:

a. train the directors, officers, employees, agents, and business partners consistent with Paragraph 8 above on the anti-corruption laws and the Companies' compliance codes, policies, and procedures regarding anti-corruption laws; and

b. where warranted, conduct an FCPA-specific audit of all newly acquired or merged businesses as quickly as practicable.

Monitoring and Testing

18. The Companies will conduct periodic reviews and testing of their anti-corruption compliance codes, policies, and procedures designed to evaluate and improve their effectiveness in preventing and detecting violations of anti-corruption laws and the Companies' anti-corruption codes, policies, and procedures, taking into account relevant developments in the field and evolving international and industry standards.

ATTACHMENT C

CORPORATE COMPLIANCE REPORTING

Parametric Technology (Shanghai) Software Co. Ltd. and Parametric Technology (Hong Kong) Ltd. (collectively, the “PTC China” or the “Companies”) agree that they will report to the Department periodically, at no less than twelve-month intervals during a three-year Term, regarding remediation and implementation of the compliance program and internal controls, policies, and procedures described in Attachment B. Should the Companies discover credible evidence, not already reported to the Department, that questionable or corrupt payments or questionable or corrupt transfers of property or interests may have been offered, promised, paid, or authorized by any PTC China entity or person, or any entity or person working directly for the Companies (including their affiliates and any agent), or that related false books and records have been maintained, the Companies shall promptly report such conduct to the Department. During this three-year period, the Companies shall: (1) conduct an initial review and submit an initial report, and (2) conduct and prepare at least two (2) follow-up reviews and reports, as described below:

a. By no later than one (1) year from the date this Agreement is executed, the Companies shall submit to the Department a written report setting forth a complete description of their remediation efforts to date, their proposals reasonably designed to improve the Companies’ internal controls, policies, and procedures for ensuring compliance with the FCPA and other applicable anti-corruption laws, and the proposed scope of the subsequent reviews. The report shall be transmitted to Chief - FCPA Unit, Fraud Section, Criminal Division, U.S. Department of Justice, 1400 New York Avenue, NW, Bond Building, Eleventh Floor, Washington, DC 20530.

The Companies may extend the time period for issuance of the report with prior written approval of the Department.

b. The Companies shall undertake at least two (2) follow-up reviews, incorporating the Department's views on the Companies' prior reviews and reports, to further monitor and assess whether the Companies' policies and procedures are reasonably designed to detect and prevent violations of the FCPA and other applicable anti-corruption laws.

c. The first follow-up review and report shall be completed by no later than one (1) year after the initial review. The second follow-up review and report shall be completed by no later than one (1) year after the completion of the preceding follow-up review. The final follow-up review and report shall be completed and delivered to the Department no later than thirty (30) days before the end of the Term.

d. The reports will likely include proprietary, financial, confidential, and competitive business information. Moreover, public disclosure of the reports could discourage cooperation, impede pending or potential government investigations and thus undermine the objectives of the reporting requirement. For these reasons, among others, the reports and the contents thereof are intended to remain and shall remain non-public, except as otherwise agreed to by the parties in writing, or except to the extent that the Department determines in its sole discretion that disclosure would be in furtherance of the Department's discharge of its duties and responsibilities or is otherwise required by law.

e. The Companies may extend the time period for submission of any of the follow-up reports with prior written approval of the Department.