

**UNITED STATES DISTRICT COURT
DISTRICT OF NEW JERSEY**

IN RE PTC THERAPEUTICS, INC. DERIVATIVE
LITIGATION

Civil Action No. 17-7216 (KM)(MAH)

**STIPULATION AND
AGREEMENT OF SETTLEMENT**

This Stipulation and Agreement of Settlement (the “Stipulation”), dated April 17, 2018, is made and entered into by and among the following Settling Parties (as defined herein), each by and through their respective counsel: (i) plaintiffs to the above-captioned consolidated shareholder derivative action (the “Derivative Action”), Yongjoon Choi (“Choi”), Ned Kim (“Kim”), and James Lee (“Lee”) (collectively, the “Derivative Plaintiffs”), derivatively on behalf of PTC Therapeutics, Inc. (“PTC” or the “Company”); (ii) shareholder Maria Lorca (the “Shareholder,” and together with the Derivative Plaintiffs, “Plaintiffs”); (iii) nominal defendant PTC; and (iv) defendants Stuart W. Peltz, Shane Kovacs, Michael Schmertzler, Richard Aldrich, Allan Jacobson, Adam Koppel, Michael Kranda, C. Geoffrey McDonough, Ronald C. Renaud, Jr., David P. Southwell, Jerome Zeldis, and Glenn D. Steele, Jr. (collectively, the “Individual Defendants,” and together with PTC, “Defendants”), all of whom are current or former members of PTC’s Board of Directors (the “Board”) and/or senior officers of PTC. This Stipulation, subject to the approval of the United States District Court for the District of New Jersey (the “Court”), is intended by the Settling Parties to fully, finally, and forever compromise, resolve, discharge, and settle the Derivative Matters (as defined herein) and the Released Claims (as defined herein) and to result in the complete dismissal of the Derivative Action with prejudice

and the satisfaction of the Shareholder Demand (as defined herein), upon the terms and subject to the conditions set forth herein, and without any admission or concession as to the merits of any of the Settling Parties' claims or defenses.

I. **THE DERIVATIVE MATTERS**

On August 29, 2017, the Company received a letter from Shareholder stating that she was a PTC shareholder and making a demand pursuant to 8 *Del. C.* § 220 by letter to inspect certain books and records of PTC (the "Shareholder Demand," and together with the Derivative Action, the "Derivative Matters").

On September 19, 2017, Plaintiff Choi filed an action against the Defendants in the U.S. District Court for the District of New Jersey (the "Court"), styled *Choi v. Peltz, et al.*, Case No. 2:17-cv-07216 (D.N.J.), purporting to assert claims derivatively on behalf of PTC (the "Choi Matter").

On October 10, 2017, Plaintiff Kim filed an action against the Defendants in this Court, styled *Kim v. Peltz, et al.*, Case No. 2:17-cv-08062, purporting to assert claims derivatively on behalf of PTC (the "Kim Matter").

On January 3, 2018, the Court entered a Stipulation and Order consolidating the Choi Matter and the Kim Matter with the caption *In re PTC Therapeutics, Inc. Derivative Litigation*, Civil Action No. 17-07216-ES-MAH (the "Derivative Action"), designating the complaint filed in the Kim Matter as the operative complaint in the Derivative Action, and appointing The Rosen Law Firm, P.A. and the Brown Law Firm, P.C. as Co-Lead Counsel in the Derivative Action.

On January 17, 2018, Plaintiff Lee filed an action against the Defendants in this Court, styled *Lee v. Peltz, et al.*, Case No. 2:18-cv-00730, purporting to assert claims on derivatively on

behalf of PTC (the “Lee Matter”).

On February 1, 2018, the Court entered an order on joint request of Plaintiffs Choi and Kim and Defendants reassigning the Derivative Action from Judge Esther Salas to Judge Kevin McNulty.

On February 12, 2018, Defendants filed a motion to dismiss the operative complaint in the Derivative Action.

On March 22, 2018, the Court entered a stipulation and order consolidating the Lee Matter into the Derivative Action.

On March 23, 2018, the Court approved the request of the Derivative Plaintiffs and Defendants to stay briefing on the motion to dismiss until April 23, 2018, upon which date the Court requested them to inform the Court of the status of the motion to dismiss.

Plaintiffs generally alleged or asserted in the Derivative Matters (as defined herein) that the Individual Defendants breached their fiduciary duties, made or permitted the making of material false statements or omissions, and committed other violations of state and federal law with respect to the clinical trial for Translarna, a pharmaceutical product that PTC was developing to treat Duchenne muscular dystrophy. The complaints in the Derivative Action alleged counts for breach of fiduciary duty, unjust enrichment, abuse of control, gross mismanagement, waste of corporate assets, and violation of Section 14(a) of the Securities Exchange Act of 1934. The Shareholder Demand was based upon the same underlying allegations.

On February 22, 2018, the Settling Parties engaged in an in-person, full-day mediation (the “Mediation”) in New York, New York with Hunter R. Hughes (the “Mediator”), a nationally

reputed mediator, to reach a resolution of the Derivative Matters. The Settling Parties did not reach an agreement to settle this matter during the February 22, 2018 mediation. However, the Settling Parties continued to engage in arms'-length settlement discussions, including with the assistance of the Mediator, over the next several weeks. The Settling Parties agreed to a "Mediator's proposal" made by the Mediator that PTC shall pay or cause to be paid to Plaintiffs' Counsel \$510,000.00 for attorneys' fees and expenses, subject to the approval of the Court. The Settling Parties also negotiated and reached an agreement in principle upon the corporate governance reforms to be instituted by PTC, the terms of which are set forth in Exhibit A. The Settling Parties executed a binding and enforceable Term Sheet to settle the Derivative Matters on March 20, 2018.

II. PLAINTIFFS' COUNSEL'S INVESTIGATION AND RESEARCH, PLAINTIFFS' CLAIMS, AND THE BENEFIT OF SETTLEMENT

Plaintiffs' Counsel conducted investigations relating to the claims and the underlying events alleged in the respective Derivative Matters, including, but not limited to: (1) reviewing and analyzing the Company's public filings with the SEC, press releases, announcements, transcripts of investor conference calls, presentations at industry conferences, and news articles; (2) reviewing and analyzing the allegations contained in the related securities class action filed in this Court, captioned: *In re PTC Therapeutics, Inc. Securities Litigation*, Case No. 16-1224 (D.N.J.); (3) researching and drafting shareholder derivative complaints in the Choi Matter, the Kim Matter, as well as the Lee Matter; (4) researching and drafting the Shareholder Demand; (5) reviewing the motion to dismiss filed in the Derivative Action; (6) reviewing internal corporate documents produced to the Plaintiffs by PTC; (7) researching the applicable law with respect to the claims in the Derivative Matters and the potential defenses thereto; (8) researching corporate

governance issues; (9) preparing extensive settlement demands and corporate governance reforms proposals; (10) attending the in-person, full-day Mediation in New York, New York; and (11) engaging in extensive settlement discussions with the Mediator and Defendants' Counsel.

Plaintiffs' Counsel believe that the claims asserted in the Derivative Matters have merit and that their investigations support the claims asserted. Without conceding the merit of any of Defendants' defenses or the lack of merit of any of their own allegations, and in light of the benefits of the Settlement, as well as to avoid the potentially protracted time, expense, and uncertainty associated with continued litigation, including potential trials and appeals, Plaintiffs have concluded that it is desirable that the Derivative Matters be fully and finally settled and satisfied in the manner, and upon the terms and conditions, set forth in this Stipulation. Plaintiffs and Plaintiffs' Counsel recognize the significant risk, expense, and length of continued proceedings necessary to prosecute the Derivative Matters against the Individual Defendants through trials and possible appeals. Plaintiffs' Counsel also have taken into account the uncertain outcome and the risk of any litigation, especially complex litigation such as the Derivative Action, as well as the difficulties and delays inherent in such litigation. Based on their evaluation, and in light of the significant benefits conferred upon the Company and its shareholders as a result of the Settlement, Plaintiffs and Plaintiffs' Counsel have determined that the Settlement is in the best interests of Plaintiffs, PTC, and Current PTC Stockholders (as defined herein), and have agreed to settle and satisfy the Derivative Matters upon the terms, and subject to the conditions, set forth herein.

III. DEFENDANTS' DENIALS OF WRONGDOING AND LIABILITY

The Individual Defendants and PTC have denied, and continue to deny, each and every claim and contention alleged by Plaintiffs in the Derivative Matters and affirm that they have acted properly, lawfully, and in full accord with their fiduciary duties, at all times. Further, the Individual Defendants and PTC have denied expressly, and continue to deny, all allegations of wrongdoing, fault, liability, or damage against them arising out of any of the conduct, statements, acts or omissions alleged, or that could have been alleged, in the Derivative Matters and deny that they have ever committed or attempted to commit any violations of law, any breach of fiduciary duty owed to PTC or its shareholders, or any wrongdoing whatsoever. Had the terms of this Stipulation not been reached, Defendants would have continued to contest vigorously Plaintiffs' allegations, and Defendants maintain that they had and have meritorious defenses to all claims alleged in the Derivative Matters. Without admitting the validity of any of the claims that Plaintiffs have asserted in the Derivative Matters, or any liability with respect thereto, Defendants have concluded that it is desirable that the claims be settled on the terms and subject to the conditions set forth herein. Defendants are entering into the Settlement for settlement purposes only and solely to avoid the cost and disruption of further litigation.

IV. TERMS OF STIPULATION AND AGREEMENT OF SETTLEMENT

Plaintiffs, derivatively on behalf of PTC, the Individual Defendants, and PTC, by and through their respective counsel or attorneys of record, hereby stipulate and agree that, subject to approval by the Court, in consideration of the benefits flowing to the Settling Parties hereto, the Derivative Matters and all of the Released Claims shall be fully, finally, and forever satisfied,

compromised, settled, released, discharged, and dismissed with prejudice, upon the terms and subject to the conditions set forth herein as follows:

1. Definitions

As used in this Stipulation, the following terms have the meanings specified below. In the event of any inconsistency between any definition set forth below and any definition set forth in any document attached as an exhibit to this Stipulation, the definitions set forth below shall control.

- 1.1 “Board” means the PTC Board of Directors.
- 1.2 “Claims” means, collectively, any and all claims, rights, demands, causes of action or liabilities of any kind, nature and character (including but not limited to claims for damages, interest, attorneys’ fees, expert or consulting fees, and any and all other costs, expenses or liabilities whatsoever), whether based on federal, state, local, statutory or common law or any other law, rule or regulation, whether foreign or domestic, whether fixed or contingent, accrued or unaccrued, liquidated or unliquidated, at law or in equity, matured or unmatured, whether known or unknown including, without limitation, Unknown Claims (as defined below).
- 1.3 “Court” means the United States District Court for the District of New Jersey.
- 1.4 “Choi Matter” means the shareholder derivative action filed in this Court, captioned *Choi v. Peltz, et al.*, Case No. 2:17-cv-07216.
- 1.5 “Current PTC Stockholders” means, for purposes of this Stipulation, any Persons (defined below) who owned PTC common stock as of the date of this Stipulation and who continue to hold their PTC common stock as of the date of the

Settlement Hearing, excluding the Individual Defendants, the officers and directors of PTC, members of their immediate families, and their legal representatives, heirs, successors, or assigns, and any entity in which Individual Defendants have or had a controlling interest.

- 1.6 “Defendants” means, collectively, the Individual Defendants and nominal defendant PTC.
- 1.7 “Defendants’ Counsel” means: (i) Goodwin Procter LLP, 100 Northern Avenue, Boston, Massachusetts 02210; and (ii) Goodwin Procter LLP, The New York Times Building, 620 Eighth Avenue, New York, New York 10018.
- 1.8 “Defendants’ Released Claims” means all Claims that could be asserted in any forum by the Released Persons against Plaintiffs, and Plaintiffs’ Counsel, PTC, and all Current PTC Stockholders (solely in their capacity as PTC stockholders) (including known and unknown Claims brought directly), arising out of, relating to, or in connection with the institution, prosecution, assertion, settlement, or resolution of the Derivative Matters or the Released Claims; provided, however, that nothing herein shall in any way release, waive, impair, or restrict the rights of any Settling Party to enforce the terms of this Settlement.
- 1.9 “Derivative Action” means the consolidated Choi Matter, Kim Matter, and Lee Matter, which consolidated action is captioned *In re PTC Therapeutics, Inc. Derivative Litigation*, Civil Action No. 17-07216-KM-MAH.
- 1.10 “Derivative Matters” means, collectively, the Derivative Action and the Shareholder Demand.

- 1.11 “Derivative Plaintiffs’ Counsel” means: (i) The Brown Law Firm, P.C., 240 Townsend Square, Oyster Bay, New York 11771; and (ii) The Rosen Law Firm, P.A., 275 Madison Avenue, 34th Floor, New York, New York 10016.
- 1.12 “Effective Date” means the first date by which all of the events and conditions specified in ¶6.1 herein have been met and have occurred.
- 1.13 “Fee and Expense Award” means the sum to be paid to Plaintiffs’ Counsel for their attorneys’ fees and expenses, as detailed in ¶¶5.1-5.2 of this Stipulation, subject to approval by the Court.
- 1.14 “Final” means the time when an order or judgment that has not been reversed, vacated, or modified in any way and is no longer subject to appellate review, either because of disposition on appeal and conclusion of the appellate process (including potential writ proceedings) or because of passage, without action, of time for seeking appellate or writ review. More specifically, it is that situation when (1) either no appeal or petition for review by writ has been filed and the time has passed for any notice of appeal or writ petition to be timely filed in the Derivative Action; or (2) an appeal has been filed and the court of appeals has either affirmed the order or judgment or dismissed that appeal and the time for any reconsideration or further appellate review has passed; or (3) a higher court has granted further appellate review, and that court has either affirmed the underlying order or judgment or affirmed the court of appeals’ decision affirming the order or judgment or dismissing the appeal or writ proceeding.

- 1.15 “Individual Defendants” means, collectively: Stuart W. Peltz, Shane Kovacs, Michael Schmertzler, Richard Aldrich, Allan Jacobson, Adam Koppel, Michael Kranda, C. Geoffrey McDonough, Ronald C. Renaud, Jr., David P. Southwell, Jerome Zeldis, and Glenn D. Steele, Jr.
- 1.16 “Judgment” means the final order and judgment to be rendered by the Court, substantially in the form attached hereto as Exhibit D.
- 1.17 “Kim Matter” means the shareholder derivative action filed in this Court, captioned *Kim v. Peltz, et al.*, Case No. 2:17-cv-08062.
- 1.18 “Lee Matter” means the shareholder derivative action filed in this Court, captioned *Lee v. Peltz, et al.*, Case No. 2:18-cv-00730.
- 1.19 “Mediator” means Hunter R. Hughes.
- 1.20 “Notice to Current PTC Stockholders” or “Notice” means the Notice to Current PTC Stockholders, substantially in the form of Exhibit B attached hereto.
- 1.21 “Person(s)” means an individual, corporation, limited liability company, professional corporation, partnership, limited partnership, limited liability partnership, association, joint stock company, estate, legal representative, trust, unincorporated association, government or any political subdivision or agency thereof, and any business or legal entity, and their spouses, heirs, predecessors, successors, administrators, parents, subsidiaries, affiliates, representatives, or assignees.
- 1.22 “Plaintiffs” means, collectively, Yongjoon Choi, Ned Kim, James Lee, and Maria Lorca.

- 1.23 “Plaintiffs’ Counsel” means: (i) The Brown Law Firm, P.C., 240 Townsend Square, Oyster Bay, New York 11771; (ii) The Rosen Law Firm, P.A., 275 Madison Avenue, 34th Floor, New York, New York 10016; and (iii) Robbins Arroyo LLP, 600 B. Street, Suite 1900, San Diego, California 92101.
- 1.24 “Preliminary Approval Order” means the Order to be entered by the Court, substantially in the form of Exhibit C attached hereto, including, *inter alia*, preliminarily approving the terms and conditions of the Settlement as set forth in this Stipulation, directing that notice be provided to Current PTC Stockholders, and scheduling a Settlement Hearing to consider whether the Settlement and Fee and Expense Award should be finally approved.
- 1.25 “PTC” or the “Company” means nominal defendant PTC Therapeutics, Inc. and includes all of its subsidiaries, predecessors, successors, affiliates, officers, directors, employees, and agents.
- 1.26 “Related Persons” means each and all of a Person’s past, present, or future family members, spouses, domestic partners, parents, associates, affiliates, divisions, subsidiaries, officers, directors, stockholders, owners, members, representatives, employees, attorneys, financial or investment advisors, consultants, underwriters, investment banks or bankers, commercial bankers, insurers, reinsurers, excess insurers, co-insurers, advisors, principals, agents, heirs, executors, trustees, estates, beneficiaries, distributees, foundations, general or limited partners or partnerships, joint ventures, personal or legal representatives, administrators, or

any other person or entity acting or purporting to act for or on behalf of any Person, and each of their respective predecessors, successors, and assigns.

1.27 “Released Claims” means all Claims, including known and Unknown Claims, against any of the Released Persons that (i) were asserted or could have been asserted derivatively in any of the Derivative Matters; (ii) would have been barred by *res judicata* had the Derivative Matters been fully litigated to final judgment; or (iii) that could have been, or could in the future be, asserted derivatively in any forum or proceeding or otherwise against any of the Released Persons that (a) concern, arise out of or relate, directly or indirectly, in any way to any of the subject matters, allegations, transactions, facts, occurrences, representations, statements, or omissions alleged, involved, set forth, or referred to in any complaint or demand letter in the Derivative Matters including, but not limited to, claims for breach of fiduciary duty, abuse of control, mismanagement, gross mismanagement, waste of corporate assets, misappropriation of information, unjust enrichment, insider trading, violations of Section 14(a) of the Securities and Exchange Act of 1934, contribution and indemnification, money damages, disgorgement, any and all demands, actions, damages, claims, rights or causes of action, or liabilities whatsoever, *provided that* Released Claims shall not include claims to enforce the terms of this Settlement.

1.28 “Released Person(s)” means, collectively, each and all of the Defendants and their Related Persons.

- 1.29 “Settlement” means the settlement of the Derivative Matters as documented in this Stipulation.
- 1.30 “Settlement Hearing” means a hearing by the Court to review the adequacy, fairness, and reasonableness of the Settlement set forth in this Stipulation and to determine: (i) whether to enter the Judgment; and (ii) all other matters properly before the Court.
- 1.31 “Settling Parties” means, collectively, each of the Plaintiffs (derivatively on behalf of PTC), each of the Individual Defendants, and nominal defendant PTC.
- 1.32 “Shareholder” means Maria Lorca.
- 1.33 “Shareholder Demand” means the demand made by the Shareholder on August 29, 2017 by letter pursuant to 8 *Del. C.* § 220 to inspect certain documents of PTC.
- 1.34 “Shareholder’s Counsel” means Robbins Arroyo LLP, 600 B. Street, Suite 1900, San Diego, California 92101.
- 1.35 “Stipulation” means this Stipulation and Agreement of Settlement, dated April 17, 2018.
- 1.36 “Unknown Claims” means any Released Claims which Plaintiffs, PTC or any PTC Shareholder (claiming in the right of, or on behalf of, PTC) does not know or suspect to exist in his, her or its favor at the time of the release of the Released Persons which, if known by him, her or it, might have affected his, her or its settlement with and release of the Released Persons, or might have affected his, her or its decision not to object to this Settlement. Unknown Claims include those

claims in which some or all of the facts comprising the claim may be suspected, or even undisclosed or hidden. With respect to any and all Released Claims, Plaintiffs and PTC stipulate and agree that, upon the Effective Date, they shall expressly waive, and every PTC Shareholder shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived the provisions, rights, and benefits of California Civil Code § 1542, which provides:

A general release does not extend to claims which the creditor does not know or suspect to exist in his or her favor at the time of executing the release, which if known by him or her must have materially affected his or her settlement with the debtor.

Plaintiffs and PTC shall expressly waive, and every PTC Shareholder shall be deemed to have, and by operation of the Final Judgment shall have, expressly waived any and all provisions, rights, and benefits conferred by any law of any state or territory of the United States, or principle of common law or foreign law, which is similar, comparable or equivalent in effect to California Civil Code § 1542. Plaintiffs, PTC and/or any PTC Shareholder may hereafter discover facts in addition to or different from those which he, she or it now knows or believes to be true with respect to the subject matter of the Released Claims, but Plaintiffs and PTC shall expressly have, and every PTC Shareholder shall be deemed to have, and by operation of the Final Judgment shall have, fully, finally, and forever settled and released any and all Released Claims, known or unknown, suspected or unsuspected, contingent or non-contingent, whether or not concealed or hidden, which now exist, or heretofore have existed, upon any theory of law or equity now existing or coming into existence in the future, including, but not limited to,

conduct which is negligent, reckless, intentional, with or without malice, or a breach of any duty, law or rule, without regard to the subsequent discovery or existence of such different or additional facts. Plaintiffs and PTC acknowledge, and every PTC Shareholder shall be deemed by operation of the Final Judgment to have acknowledged, that the foregoing waivers were separately bargained for and a key element of the Settlement.

2. Terms of the Settlement

2.1 The benefits of the Settlement consist of the Reforms, the terms of which are fully set forth in Exhibit A attached hereto. Defendants acknowledge that the Reforms are the result of the institution and settlement of the Derivative Matters and constitute benefits to PTC and Current PTC Stockholders.

2.2 PTC shall ensure that the Reforms have been adopted no later than sixty (60) days from the date that the Court enters the Judgment and shall maintain the Reforms for at least five (5) years after the date that the Court enters the Judgment.

3. Procedure for Implementing the Settlement

3.1 Promptly after execution of this Stipulation, the Plaintiffs shall submit this Stipulation, together with its exhibits, to the Court and apply for entry of the Preliminary Approval Order in this Court, substantially in the form of Exhibit C attached hereto, requesting, *inter alia*: (i) preliminary approval of the Settlement set forth in this Stipulation; (ii) approval of the method of providing notice of the proposed Settlement to Current PTC Stockholders; (iii) approval of the form of notice substantially in the form of Exhibit B attached hereto; and (iv) a date for the Settlement Hearing.

3.2 Within ten (10) calendar days after the Court's entry of the Preliminary Approval Order, Plaintiffs shall publish the Notice via a press release, and Defendants will cause the Notice, together with this Stipulation, to be posted by PTC on the investor relations portion of the Company's corporate website. The Settling Parties believe the content of the Notice and the manner of the notice procedures set forth in this paragraph constitute adequate and reasonable notice to Current PTC Stockholders pursuant to applicable law and due process.

3.3 Plaintiffs' Counsel shall request that the Court hold the Settlement Hearing at least forty-five (45) calendar days after the deadline to provide the notice described in ¶ 3.2 above to Current PTC Stockholders to approve the Settlement and the Fee and Expense Award.

3.4 Pending the Court's determination as to final approval of the Settlement, Plaintiffs and Plaintiffs' Counsel, and any Current PTC Stockholders, derivatively on behalf of PTC, are barred and enjoined from commencing, prosecuting, instigating, or in any way participating in the commencement or prosecution of any action asserting any Released Claims against any of the Released Persons in any court or tribunal.

4. Releases

4.1 Upon the Effective Date, PTC, Plaintiffs, and each of PTC's current and former stockholders shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished, and discharged the Released Claims against the Released Persons. PTC, Plaintiffs, and each of PTC's current and former stockholders shall be deemed to have, and by operation of the Judgment shall have, covenanted not to sue any Released Person with respect to any Released Claims, and shall be permanently barred and enjoined from instituting, commencing or prosecuting the Released Claims against the Released Persons except

to enforce the releases and other terms and conditions contained in this Stipulation and/or the Judgment entered pursuant thereto.

4.2 Upon the Effective Date, each of the Released Persons shall be deemed to have, and by operation of the Judgment shall have, fully, finally, and forever released, relinquished and discharged each and all of Plaintiffs and their beneficiaries, Plaintiffs' Counsel, PTC, and all current and former PTC stockholders (solely in their capacity as PTC shareholders) from any and all Defendants' Released Claims. The Released Persons shall be deemed to have, and by operation of the Judgment shall have, covenanted not to sue Plaintiffs or their beneficiaries, Plaintiffs' Counsel, PTC, or any current or former PTC stockholders (solely in their capacity as PTC shareholders) with respect to any Defendants' Released Claims, and shall be permanently barred and enjoined from instituting, commencing or prosecuting Defendants' Released Claims against all of Plaintiffs and their beneficiaries, Plaintiffs' Counsel, PTC, and all current and former PTC stockholders except to enforce the releases and other terms and conditions contained in this Stipulation and/or the Judgment entered pursuant thereto.

4.3 Nothing herein shall in any way release, waive, impair, or restrict the rights of any of the Settling Parties to enforce the terms of the Stipulation.

5. Plaintiffs' Counsel's Attorneys' Fees and Expenses

5.1 In recognition of the institution, prosecution, pendency, and settlement of the Derivative Matters, which resulted in the corporate governance reforms described herein, Defendants agree to pay, or cause to be paid, Plaintiffs' Counsel's attorneys' fees and expenses in the amount of five hundred ten thousand dollars (\$510,000.00) (the "Fee and Expense Award"),

subject to the Court's approval. Such Fee and Expense Award shall cover all fees and expenses for all Plaintiffs' Counsel in the Derivative Matters.

5.2 To the extent awarded by the Court, Defendants shall pay, or cause to be paid, by check the Fee and Expense Award within twenty (20) business days of the latest of (a) entry of the Fee and Expense Award; (b) entry of the Judgment; and (c) provision of complete and accurate payment instructions and Forms W-9 by Plaintiffs' Counsel to Defendants' Counsel. The Fee and Expense Award shall be paid into an interest-bearing escrow account (the "Escrow Account") to be established and maintained by The Brown Law Firm, P.C., and shall be released to The Brown Law Firm, P.C. for distribution to all Plaintiffs' Counsel from the Escrow Account only after the Judgment approving the settlement of the Derivative Matters has become Final. Counsel for Defendants shall have prompt access to relevant records of the Escrow Account upon written request. Plaintiffs' Counsel shall provide Defendants' Counsel, within ten (10) business days after entry of the Preliminary Approval Order, all necessary payment details to accomplish payment of the Fee and Expense Award to the Escrow Account by wire transfer, including bank account number, name of bank, bank address, a Sort Code or ABA Routing Number, wire transfer instructions, the Tax Identification Number, and an executed Form W-9. Defendants and Defendants' Counsel shall have no responsibility for, nor bear any risk or liability with respect to, the Escrow Account, its operation, and any taxes or expenses incurred in connection with the Escrow Account. Plaintiffs' Counsel shall be solely responsible for any administrative costs associated with the Escrow Account as well as the filing of all informational and other tax returns with the Internal Revenue Service, or any other state or local taxing authority, as may be necessary or appropriate.

5.3 Payment of the Fee and Expense Award in the amount approved by the Court shall constitute final and complete payment for Plaintiffs' Counsel's attorneys' fees and expenses that have been incurred or will be incurred in connection with the filing and prosecution of the Derivative Matters and the resolution of the claims alleged therein. Defendants and Defendants' Counsel shall have no responsibility for the allocation or distribution of the Fee and Expense Award amongst Plaintiffs' Counsel. Defendants, including PTC, shall have no obligation to make any payment to any Plaintiffs' Counsel other than the payment to the Escrow Account provided in ¶¶5.1-5.2 herein.

5.4 If for any reason any condition in ¶6.1 is not met and the Effective Date of the Stipulation does not occur, if the Stipulation is in any way canceled or terminated, or if the Judgment is reversed on appeal, then each of Plaintiffs' Counsel and their successors shall be obligated to repay, within ten (10) business days after written notification of such an event, the amount of the Fee and Expense Award paid by or on behalf of Defendants that they received with any accrued interest. In the event of any failure to obtain final approval of the full amount of the Fee and Expense Award, or upon any appeal and/or further proceedings on remand, or successful collateral attack, which results in the Judgment or the Fee and Expense Award being overturned or substantially modified, each of Plaintiffs' Counsel and their successors shall be obligated to repay, within fifteen (15) business days, the portion of the Fee and Expense Award paid by or on behalf of Defendants that they received and that was ultimately not awarded to Plaintiffs' Counsel. Each of Plaintiffs' Counsel that receives any portion of the Fee and Expense Award is subject to the Court's jurisdiction for the purposes of enforcing this paragraph or the provisions related to the Fee and Expense Award.

5.5 Except as otherwise provided herein, each of the Settling Parties shall bear his, her, or its own costs and attorneys' fees.

5.6 In light of the benefits they have helped to create for all Current PTC Stockholders, each of the Plaintiffs shall apply for a Court-approved service award in the amount of one thousand five hundred dollars (\$1,500.00) (the "Service Awards"), which Defendants shall not oppose. The Service Awards to each of the Plaintiffs, to the extent that they are approved, shall be funded from the Fee and Expense Award.

6. Conditions of Settlement, Effect of Disapproval, Cancellation, or Termination

6.1 The Effective Date of the Stipulation shall be conditioned on the occurrence of all of the following events:

- (i) the Court's entry of the Judgment;
- (ii) the payment of the Fee and Expense Award in accordance with ¶¶5.1-5.2 hereof; and
- (iii) the Judgment has become Final.

6.2 If any of the conditions specified in ¶6.1 are not met, then the Stipulation shall be canceled and terminated subject to ¶6.4, and the Settling Parties shall be restored to their respective positions in the Derivative Matters as of the date immediately preceding the date of this Stipulation, unless Plaintiffs' Counsel and Defendants' Counsel mutually agree in writing to proceed with the Stipulation.

6.3 Each of the Settling Parties shall have the right to terminate the Settlement by providing written notice of their election to do so to all other Settling Parties within twenty (20) calendar days of the date on which: (i) the Court refuses to approve this Stipulation, or the terms

contained herein, in any material respect; (ii) the Preliminary Approval Order is not entered in substantially the form attached as Exhibit C hereto; (iii) the Judgment is not entered in substantially the form attached as Exhibit D hereto; (iv) the Judgment is reversed or substantially modified on appeal, reconsideration, or otherwise; or (v) the Effective Date of the Settlement cannot otherwise occur; except that such termination shall not be effective unless and until the terminating Settling Party has, within twenty (20) calendar days of the date on which notice of the termination event has been provided to all other Settling Parties and attempted in good faith to confer with the other Settling Parties and/or to participate in a mediation session with the Mediator and the other Settling Parties to attempt to remedy the issue. Any order or proceeding relating to the Fee and Expense Award, or any appeal from any order relating thereto or reversal or modification thereof, shall not operate to cancel the Stipulation, allow for the termination of the Settlement, or affect or delay the finality of the Judgment approving the Settlement.

6.4 In the event that the Stipulation is not approved by the Court, or the Settlement is terminated for any reason, including pursuant to ¶6.3 above, the Settling Parties shall be restored to their respective positions as of the date immediately preceding the date of this Stipulation, and all negotiations, proceedings, documents prepared and statements made in connection herewith shall be without prejudice to the Settling Parties, shall not be deemed or construed to be an admission by any of the Settling Parties of any act, matter, or proposition, and shall not be used in any manner for any purpose in any subsequent proceeding in the Derivative Matters or in any other action or proceeding. In such event, the terms and provisions of the Stipulation, with the exception of ¶¶ 1.1-1.36, 5.4, 6.2, 8.3, 8.4, 8.5, 8.6, 8.8, 8.10, 8.12, 8.13, 8.14, 8.15, 8.16, 8.17, 8.19, and 8.20 herein, shall have no further force and effect with respect to the Settling Parties

and shall not be used in the Derivative Matters or in any other proceeding for any purpose, and any judgment or orders entered by the Court in accordance with the terms of the Stipulation shall be treated as vacated, *nunc pro tunc*.

7. Bankruptcy

7.1 In the event any proceedings by or on behalf of PTC, whether voluntary or involuntary, are initiated under any chapter of the United States Bankruptcy Code, including any act of receivership, asset seizure, or similar federal or state law action (“Bankruptcy Proceedings”), the Settling Parties agree to use their reasonable best efforts to obtain all necessary orders, consents, releases, and approvals for effectuation of this Stipulation in a timely and expeditious manner.

7.2 In the event of any Bankruptcy Proceedings by or on behalf of PTC, the Settling Parties agree that all dates and deadlines set forth herein will be extended for such periods of time as are necessary to obtain necessary orders, consents, releases and approvals from the Bankruptcy Court to carry out the terms and conditions of the Stipulation.

8. Miscellaneous Provisions

8.1 The Settling Parties: (i) acknowledge that it is their intent to consummate this Stipulation; and (ii) agree to cooperate to the extent reasonably necessary to effectuate and implement all terms and conditions of the Stipulation and to exercise their best efforts to accomplish the foregoing terms and conditions of the Stipulation. To the extent the Settling Parties are unable to reach agreement concerning such best efforts, any Settling Party may refer the matter to the Mediator for mediated resolution, subject to Court approval, with the fees and expenses of the Mediator to be divided equally between Plaintiffs on the one hand, and

Defendants on the other.

8.2 The Settling Parties agree that the terms of the Settlement were negotiated in good faith and at arm's-length by the Settling Parties and reflect a settlement that was reached voluntarily based upon adequate information and after consultation with competent legal counsel. The Parties agree that each has complied fully with the applicable requirements of good faith litigation under the Securities Exchange Act of 1934 and the Federal Rules of Civil Procedure. The Parties shall not take the position that the litigation was brought or defended in bad faith or in violation of Rule 11 of the Federal Rules of Civil Procedure.

8.3 While maintaining their positions that the claims and defenses asserted in the Derivative Matters are meritorious, Plaintiffs and Plaintiffs' Counsel, on the one hand, and Defendants and Defendants' Counsel, on the other, shall not make any public statements or statements to the media (whether or not for attribution) that disparage the other's business, conduct, or reputation, or that of their counsel, based on the subject matter of the Derivative Matters. Notwithstanding the foregoing, each of the Settling Parties reserves their right to rebut, in a manner that such party determines to be reasonable and appropriate, any contention made in any public forum that the Derivative Matters were brought or defended in bad faith or without a reasonable basis.

8.4 Whether or not the Settlement is approved by the Court, and whether or not the Settlement is consummated, the fact and terms of this Stipulation, including any exhibits attached hereto, all proceedings in connection with the Settlement, and any act performed or document executed pursuant to or in furtherance of the Stipulation or the Settlement:

(a) shall not be offered, received, or used in any way against the Settling Parties as evidence of, or be deemed to be evidence of, a presumption, concession, or admission by any of the Settling Parties with respect to the truth of any fact alleged by Plaintiffs or the validity, or lack thereof, of any claim that has been or could have been asserted in the Derivative Matters or in any litigation, or the deficiency, infirmity, or validity of any defense that has been or could have been asserted in the Derivative Matters or in any litigation, or of any fault, wrongdoing, negligence, or liability of any of the Released Persons;

(b) shall not be offered, received, or used in any way against any of the Released Persons as evidence of, or be deemed to be evidence of, a presumption, concession, or admission of any fault, misrepresentation or omission with respect to any statement or written document approved, issued, or made by any Released Person, or against Plaintiffs as evidence of any infirmity in their claims;

(c) shall not be offered, received, or used in any way against any of the Released Persons as evidence of, or be deemed to be evidence of, a presumption, concession, or admission of any liability, fault, negligence, omission or wrongdoing, or in any way referred to for any other reason as against the Released Persons, in any arbitration proceeding or other civil, criminal, or administrative action or proceeding in any court, administrative agency, or other tribunal.

8.5 Neither this Stipulation nor the Settlement, nor any act performed or document executed pursuant to or in furtherance of this Stipulation, or the Settlement, shall be admissible in any proceeding for any purpose, except to enforce the terms of the Settlement; provided, however, that the Released Persons may refer to the Settlement, and file the Stipulation and/or the Judgment, in any action that may be brought against them to effectuate the liability

protections granted them hereunder, including, without limitation, to support a defense or claim based on principles of *res judicata*, collateral estoppel, full faith and credit, release, standing, good faith settlement, judgment bar or reduction or any other theory of claim preclusion or issue preclusion or similar defense or claim under U.S. federal or state law or foreign law.

8.6 The exhibits to the Stipulation are material and integral parts hereof and are fully incorporated herein by this reference.

8.7 The Stipulation may be amended or modified only by a written instrument signed by or on behalf of all the Settling Parties or their respective successors-in-interest. After prior notice to the Court, but without further order of the Court, the Settling Parties may agree to reasonable extensions of time to carry out any provisions of this Stipulation.

8.8 This Stipulation and the exhibits attached hereto represent the complete and final resolution of all disputes among the Settling Parties with respect to the Derivative Matters, constitute the entire agreement among the Settling Parties, and supersede any and all prior negotiations, discussions, agreements, or undertakings, whether oral or written, with respect to such matters.

8.9 The waiver by one party of any breach of the Settlement by any other party shall not be deemed a waiver of any other prior or subsequent breach of the Settlement. The provisions of the Settlement may not be waived except by a writing signed by the affected party, or counsel for that party.

8.10 The headings in the Stipulation and its exhibits are used for the purpose of convenience only and are not meant to have legal effect.

8.11 The Stipulation and the Settlement shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties and the Released Persons. The Settling Parties agree that this Stipulation will run to their respective successors-in-interest, and they further agree that any planned, proposed or actual sale, merger or change-in-control of PTC shall not void this Stipulation, and that in the event of a planned, proposed or actual sale, merger or change-in-control of PTC they will continue to seek final approval of this Stipulation expeditiously, including, but not limited to, the Settlement terms reflected in this Stipulation and the Fee and Expense Award.

8.12 The Stipulation and the exhibits attached hereto shall be considered to have been negotiated, executed, and delivered, and to be wholly performed, in the State of New Jersey and the rights and obligations of the Settling Parties to the Stipulation shall be construed and enforced in accordance with, and governed by, the internal, substantive laws of the State of New Jersey without giving effect to that State's choice of law principles. No representations, warranties, or inducements have been made to any party concerning the Stipulation or its exhibits other than the representations, warranties, and covenants contained and memorialized in such documents.

8.13 This Stipulation shall not be construed more strictly against one Settling Party than another merely by virtue of the fact that it, or any part of it, may have been prepared by counsel for one of the Settling Parties, it being recognized that it is the result of arm's-length negotiations among the Settling Parties and all Settling Parties have contributed substantially and materially to the preparation of this Stipulation.

8.14 All agreements made and orders entered during the course of the Derivative Matters relating to the confidentiality of information and documents shall survive this Stipulation.

8.15 Nothing in this Stipulation, or the negotiations or proceedings relating to the Settlement, is intended to or shall be deemed to constitute a waiver of any applicable privilege or immunity, including, without limitation, the attorney-client privilege, the joint defense privilege, the accountants' privilege, or work product immunity; further, all information and documents transmitted between Plaintiffs' Counsel and Defendants' Counsel in connection with the Settlement shall be kept confidential and shall be inadmissible in any proceeding in any U.S. federal or state court or other tribunal or otherwise, in accordance with Rule 408 of the Federal Rules of Evidence as if such Rule applied in all respects in any such proceeding or forum.

8.16 The Settling Parties intend that the Court retain jurisdiction for the purpose of effectuating and enforcing the terms of the Settlement.

8.17 Each counsel or other Person executing the Stipulation or its exhibits on behalf of any of the Settling Parties hereby warrants that such Person has the full authority to do so. The Stipulation shall be binding upon, and inure to the benefit of, the successors and assigns of the Settling Parties and their Related Persons.

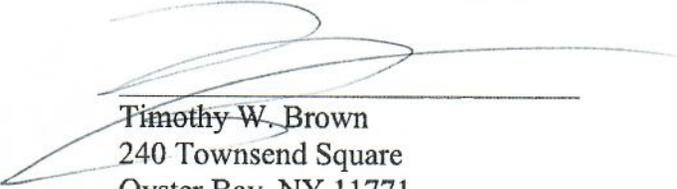
8.18 Plaintiffs hereby warrant that, as of the Effective Date, each of them have standing to pursue derivative claims against the Individual Defendants pursuant to Federal Rule of Civil Procedure 23.1.

8.19 Any notice required by this Stipulation shall be submitted by overnight mail and e-mail to each of the signatories below.

8.20 The Stipulation may be executed in one or more counterparts, including by signature transmitted via facsimile, or by a .pdf/.tif image of the signature transmitted via e-mail. All executed counterparts and each of them shall be deemed to be one and the same instrument. A complete set of original executed counterparts shall be filed with the Court.

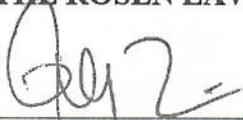
IN WITNESS WHEREOF, the Settling Parties hereto have caused the Stipulation to be executed, by their duly authorized attorneys, dated as of April 17, 2018.

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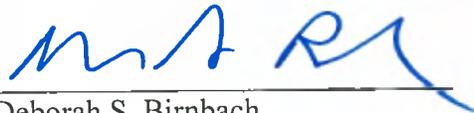
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