



Panasas, Inc.

Corporate Policy Foreign Corrupt Practices Act For Reseller Agreement

Effective Date: JANUARY 1, 2010

Introduction

This policy addresses compliance with the Foreign Corrupt Practices Act (the "FCPA"), which is a criminal statute that prohibits giving, directly or indirectly, anything of value to a foreign government official to obtain or retain business or favorable treatment for the Company. The FCPA also requires that public companies maintain accurate and complete books and records, including adequate internal accounting controls.

This FCPA policy should be read in conjunction with Panasas's Employee Handbook and other management policies. The Company expects all Company personnel to conduct Company business in a fair, ethical and legal manner. Violations of the FCPA can result in criminal and civil liability for the Company and individuals. Therefore, it is the Company's policy to comply fully with the FCPA. Any Company officer or employee who violates the FCPA is subject to disciplinary action, up to and including termination. Any contractors, agents, resellers and consultants acting on behalf of the Company or its subsidiaries that violate the FCPA are subject to termination in accordance with its written agreement with Panasas.

Applicability

This FCPA policy applies to all Company personnel, including officers, directors, employees, contractors, agents, resellers and consultants acting on behalf of the Company or its subsidiaries. This Policy extends to all of the Company's operations, both foreign and domestic, including joint ventures or other business ventures in which the Company is involved.

Purpose

The purpose of this FCPA Policy is to promote:

- Compliance with the Foreign Corrupt Practices Act and all related laws, rules, and regulations, including the laws and customs of the jurisdictions in which we do business;
- Honest and ethical conduct in our business activities;
- Prompt reporting to the CFO or Controller of any information that you become aware of that leads you to believe that someone may have violated this FCPA policy; and
- Accountability for compliance with this FCPA policy.

Principles

Because Panasas is a privately-held company, this FCPA policy focuses on the anti-bribery provision of the FCPA, which is the part that is directly applicable to Panasas. The anti-bribery provision of the FCPA prohibits any U.S. person from giving or proposing to give money or anything of value, directly or indirectly, to a foreign official to:

(1) influence any act or decision of such foreign official in his official capacity;

(2) induce such foreign official "to do or omit to do" any act in violation of a lawful duty of such official; or

(3) induce such official to use his or its influence with a foreign government or instrumentality to affect or influence any governmental decision or act,

for the purpose of obtaining or retaining business, directing business to any particular person or securing an improper advantage for the Company. Importantly, the mere offer, promise, or authorization of a bribe, even if never completed, is sufficient to violate the law.



Panasas's policy is to adhere to the letter and spirit of the FCPA's prohibitions outlined above. The Company strictly prohibits payments to foreign officials except with prior written approval in the limited circumstances described below. Failure to strictly adhere to this Policy may put our business at risk and will lead to serious disciplinary action up to and including termination.

Who is a foreign official? For purposes of the FCPA, a foreign official includes any person acting on behalf of a foreign government, including any agency, instrumentality, subdivision or other body of any foreign government. This also includes any businesses or agencies that are owned or controlled by a foreign government, including state-owned or controlled oil companies, universities or research laboratories. Note that in some countries, many companies are owned or controlled by the government, and persons acting on behalf of such companies would be foreign officials within the meaning of the FCPA. Foreign officials also include any employee of a public international organization such as the World Bank or United Nations. Payments to any official of a foreign political party, a candidate for foreign political office or a foreign political party are also prohibited. Payments to a foreign official made through a reseller, consultant, supplier, advisor, agent, intermediary, or other third party are treated as if they were made directly to the foreign official.

Are all payments to foreign officials prohibited? Even a nominal payment or gift to a foreign official may be illegal or improper. Under limited circumstances, however, the FCPA allows companies to make small payments or give things of value that are related to the promotion of Company products or to demonstrate or explain our products and services. Consistent with Company practice, Company sales or marketing representatives may provide promotional items of token value for the purpose of generating business goodwill. You also may provide meals or simple entertainment provided that the activity has a clear business purpose, is consistent with normal industry practice, is consistent with local customs and laws, and would not be considered lavish or extravagant. Furthermore, you must have prior written approval from management for any such expenses that involve a foreign official.

Although the FCPA permits, under limited circumstances, small "facilitating payments" for the purpose of securing or expediting routine government action, it is Company policy that employees and representatives must seek prior approval from management for all payments (directly or indirectly through a third party) to any foreign official. If you receive a request for such a payment, you must obtain prior written approval from the CFO or Controller before making any offer, payment, promise to pay, or authorization to pay any foreign official.

Resellers, Distributors, Contractors, Consultants and Agents

Because the FCPA prohibits *indirect* payments, it is important that the Company exercise caution in entering into agreements with resellers, distributors and other third parties who act on behalf of the Company. No Company employee may retain a reseller, distributor or other third party agent ("reseller") until appropriate due diligence has been performed that indicates with reasonable assurance that the reseller is not likely to engage in corrupt activities and that the reseller understands and will fully abide by the FCPA and applicable local laws of a similar nature. All reseller agreements must include provisions that specifically bind the reseller to comply with the FCPA and applicable local laws of a similar nature and to provide detailed information in order for Panasas to be comfortable with the reseller's compliance affirmations. Any "red flags" that arise from a relationship with a reseller must be reported immediately to the CFO or Controller. In addition, the Company will require resellers to periodically confirm their compliance with the FCPA and to report any changes in facts and circumstances that may lead to a good faith belief by Panasas that the reseller's FCPA compliance is at risk.

In addition, because the FCPA prohibits the giving of *anything of value*, the Company must ensure that any variation from standard pricing discounts given to resellers or end customers are approved pursuant to standard Company policy so that they cannot be construed as providing money for a possible impermissible payment to a foreign official. Therefore, any variation from standard pricing discounts must be approved by CFO or Controller. Company employees are prohibited from enabling resellers to achieve excess margins from unjustified and/or unapproved discounts or other benefits.

Reporting

Any Company employee or representative having information or knowledge (whether or not based on personal knowledge) concerning any actual, attempted, or proposed violation of this Policy shall promptly report such matter to the CFO or Controller.