

PROOFPOINT INC

Reported by
AUVIL PAUL R. III

FORM 4

(Statement of Changes in Beneficial Ownership)

Filed 05/03/17 for the Period Ending 05/01/17

Address 892 ROSS DRIVE
SUNNYVALE, CA 94089
Telephone 408-517-4710
CIK 0001212458
Symbol PFPT
SIC Code 7374 - Computer Processing and Data Preparation and Processing Services
Industry IT Services & Consulting
Sector Technology
Fiscal Year 12/31

FORM 4

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

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

STATEMENT OF CHANGES IN BENEFICIAL OWNERSHIP OF SECURITIES

Filed pursuant to Section 16(a) of the Securities Exchange Act of 1934 or
Section 30(h) of the Investment Company Act of 1940

| | | | | | | | | |
|---|--|--|---|--|--|--|--|--|
| 1. Name and Address of Reporting Person * | | | 2. Issuer Name and Ticker or Trading Symbol | | | 5. Relationship of Reporting Person(s) to Issuer (Check all applicable) | | |
| Auvil Paul R. III | | | PROOFPOINT INC [PFPT] | | | <input type="checkbox"/> Director <input type="checkbox"/> 10% Owner <input checked="" type="checkbox"/> X Officer (give title below) <input type="checkbox"/> Other (specify below) Chief Financial Officer | | |
| (Last) (First) (Middle) | | | 3. Date of Earliest Transaction (MM/DD/YYYY) | | | | | |
| C/O PROOFPOINT, INC., 892 ROSS DRIVE | | | 5/1/2017 | | | | | |
| (Street) | | | 4. If Amendment, Date Original Filed (MM/DD/YYYY) | | | 6. Individual or Joint/Group Filing (Check Applicable Line) | | |
| SUNNYVALE, CA 94089 | | | | | | <input checked="" type="checkbox"/> Form filed by One Reporting Person <input type="checkbox"/> Form filed by More than One Reporting Person | | |
| (City) (State) (Zip) | | | | | | | | |

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

| 1. Title of Security (Instr. 3) | 2. Trans. Date | 2A. Deemed Execution Date, if any | 3. Trans. Code (Instr. 8) | | 4. Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | | 5. Amount of Securities Beneficially Owned Following Reported Transaction(s) (Instr. 3 and 4) | 6. Ownership Form: Direct (D) or Indirect (I) (Instr. 4) | 7. Nature of Indirect Beneficial Ownership (Instr. 4) |
|------------------------------------|----------------|---|------------------------------|---|---|---------------|---------|---|---|---|
| | | | Code | V | Amount | (A) or (D) | Price | | | |
| Common Stock | 5/1/2017 | | M (1) | | 5500 | A | \$0 | 95958 | D | |
| Common Stock | 5/1/2017 | | M (1) | | 2500 | A | \$0 | 98458 | D | |
| Common Stock | 5/1/2017 | | M (1) | | 2500 | A | \$0 | 100958 | D | |
| Common Stock | 5/1/2017 | | F (2) | | 5480 | D | \$75.76 | 95478 | D | |
| Common Stock | | | | | | | | 446398 (3) | I | By family trust |

Table II - Derivative Securities Beneficially Owned (e.g. , puts, calls, warrants, options, convertible securities)

| 1. Title of Derivate Security (Instr. 3) | 2. Conversion or Exercise Price of Derivative Security | 3. Trans. Date | 3A. Deemed Execution Date, if any | 4. Trans. Code (Instr. 8) | | 5. Number of Derivative Securities Acquired (A) or Disposed of (D) (Instr. 3, 4 and 5) | | 6. Date Exercisable and Expiration Date | | 7. Title and Amount of Securities Underlying Derivative Security (Instr. 3 and 4) | | 8. Price of Derivative Security (Instr. 5) | 9. Number of derivative Securities Beneficially Owned Following Reported Transaction(s) (Instr. 4) | 10. Ownership Form of Derivative Security: Direct (D) or Indirect (I) (Instr. 4) | 11. Nature of Indirect Beneficial Ownership (Instr. 4) |
|--|--|-------------------|---|---------------------------------|---|--|------|--|--------------------|--|----------------------------------|---|--|---|--|
| | | | | Code | V | (A) | (D) | Date Exercisable | Expiration Date | Title | Amount or Number of Shares | | | | |
| Restricted Stock Units | \$0 (4) | 5/1/2017 | | A | | 11000 (5) | | (6) | (6) | Common Stock | 11000 | \$0 | 11000 | D | |
| Restricted Stock Units | \$0 (4) | 5/1/2017 | | A | | 8000 (5) | | (7) | (7) | Common Stock | 8000 | \$0 | 8000 | D | |
| Restricted Stock Units | \$0 (4) | 5/1/2017 | | A | | 8000 (5) | | (7) | (7) | Common Stock | 8000 | \$0 | 8000 | D | |
| Restricted Stock Units | \$0 (4) | 5/1/2017 | | M (1) | | | 5500 | (6) | (6) | Common Stock | 5500 | \$0 | 5500 | D | |
| Restricted Stock Units | \$0 (4) | 5/1/2017 | | M (1) | | | 2500 | (7) | (7) | Common Stock | 2500 | \$0 | 5500 | D | |
| Restricted Stock Units | \$0 (4) | 5/1/2017 | | M (1) | | | 2500 | (7) | (7) | Common Stock | 2500 | \$0 | 5500 | D | |

Explanation of Responses:

- Vesting of performance-based RSUs ("PRSUs") earned by the Reporting Person on May 1, 2017 as a result of the Reporting Person having met certain performance criteria.
- Exempt transaction pursuant to Section 16b-3(e) - payment of exercise price or tax liability by delivering or withholding securities incident to the receipt, exercise or vesting of a security issued in accordance with Rule 16b-3. All of the shares reported as disposed of in this Form 4 were relinquished by the Reporting Person and cancelled by the Issuer in exchange for the Issuer's agreement to pay federal and state tax withholding obligations of the Reporting Person resulting from the vesting of RSUs or PRSUs. The Reporting Person did not sell or otherwise dispose of any of the shares reported on this Form 4 for any reason other than to cover required taxes.
- These shares were transferred by the Reporting Person to his family trust in February 2017 and were erroneously reported as directly-owned in Form 4 filings following such transfer.
- Each RSU represents a contingent right to receive 1 share of the Issuer's Common Stock upon settlement for no consideration.

- (5) Represents PRSUs earned by the Reporting Person on May 1, 2017 as a result of the Reporting Person having met certain performance criteria.
- (6) The RSUs vest as to 1/2 of the total number of shares on May 1, 2017 and thereafter will vest as to 1/4th of the total number of shares in equal annual installments beginning on March 24, 2018. Shares of the Issuer's common stock will be delivered to the Reporting Person following vesting.
- (7) The RSUs vest as to 5/16th of the total number of shares on May 1, 2017; 3/16th of the total number of shares on March 29, 2018; and thereafter will vest as to 1/4th of the total number of shares in equal annual installments beginning on March 29, 2019. Shares of the Issuer's common stock will be delivered to the Reporting Person following vesting.

Reporting Owners

| Reporting Owner Name / Address | Relationships | | | |
|--|---------------|-----------|--------------------------------|-------|
| | Director | 10% Owner | Officer | Other |
| Auvil Paul R. III C/O PROOFPOINT, INC. 892 ROSS DRIVE SUNNYVALE, CA 94089 | | | Chief Financial Officer | |

Signatures

/s/ Paul R. Auvil III by Michael Yang, Attorney-In-Fact

5/3/2017

**Signature of Reporting Person

Date

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

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

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

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

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