

Part II Organizational Action (continued)

17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶

No gain/loss should be recognized by Proofpoint or a U.S. taxpayer who owns Proofpoint common shares as a result of the conversion of Proofpoint convertible preferred Series A, B, C, & F shares into shares of Proofpoint common stock pursuant to IRC 1036(a). IRC 1036(a) provides in part that no gain/loss will be recognized if common stock is exchanged solely for common stock in the same corporation.

In addition, Treas. Reg. § 1.1036-1(a) states in part that a transaction between a shareholder and the corporation may qualify not only under IRC 1036(a) but also may qualify for tax-free treatment under section 368(a)(1)(E) as a recapitalization.

18 Can any resulting loss be recognized? ▶

N/A

19 Provide any other information necessary to implement the adjustment, such as the reportable tax year ▶

Reportable tax year is 2012

Under penalties of perjury, I declare that I have examined this return, including accompanying schedules and statements, and to the best of my knowledge and belief, it is true, correct, and complete. Declaration of preparer (other than officer) is based on all information of which preparer has any knowledge.

Sign Here

Signature ▶  Date ▶ 5-21-12

Print your name ▶ Paul Auvil Title ▶ CFO

Paid Preparer Use Only	Print/Type preparer's name	Preparer's signature	Date	Check <input type="checkbox"/> if self-employed	PTIN
	Firm's name ▶				Firm's EIN ▶
	Firm's address ▶				Phone no.