



Compensation Committee Charter

PROOFPOINT, INC.

CHARTER OF THE COMPENSATION COMMITTEE OF THE BOARD OF DIRECTORS

As adopted on April 19, 2012

I. PURPOSE

The Compensation Committee (the "**Committee**") of the Board of Directors (the "**Board**") of Proofpoint, Inc. (the "**Company**") through delegation from the Board, has principal responsibility to evaluate, recommend, approve and review executive officer compensation arrangements, plans, policies and programs maintained by the Company, and to administer the Company's cash based and equity based compensation plans (including issuance of stock options and other equity-based awards granted other than pursuant to a plan).

This charter (the "**Charter**") sets forth the authority and responsibility of the Committee in fulfilling its purpose.

II. MEMBERSHIP

The Committee will consist of two or more members of the Board, with the exact number determined from time to time by the Board. Each member of the Committee will:

- 1. be an "independent director" as defined under the applicable rules, regulations and listing requirements of The Nasdaq Stock Market, as amended from time to time (the "**Exchange Rules**"), except as may otherwise be permitted by such Exchange Rules;
- 1. be "independent" as defined in any other rules and regulations ("**Commission Rules**") promulgated by the Securities and Exchange Commission (the "**Commission**") under Section 10C of the Securities Exchange Act of 1934, as amended (the "**Exchange Act**"), except as may otherwise be permitted by Commission Rules;
- 1. be a "non employee director," as defined in Rule 16b 3 under Section 16 of the Exchange Act;
- 1. be an "outside director" under Regulation Section 1.162 27 promulgated under Section 162(m) of the Internal Revenue Code of 1986, as amended; and
- 1. be free from any relationship that, in the opinion of the Board, would interfere with the exercise of independent judgment as a Committee member.

All members of the Committee will be appointed by, and will serve at the discretion of, the Board. The Board may appoint a member of the Committee to serve as the chairperson of the Committee (the "**Chair**"); if the Board does not appoint a Chair, the Committee members may designate a Chair by their majority vote. The Chair will set the agenda for Committee meetings and conduct the proceedings of those meetings.

III. RESPONSIBILITIES AND DUTIES

The principal responsibilities and duties of the Committee in serving the purposes outlined in Section I of this Charter are set forth below. These duties are set forth as a guide, with the understanding that the Committee will carry them out in a manner that is appropriate given the Company's needs and circumstances. The Committee may engage in such other activities, and establish such policies and procedures, from time to time as it deems necessary or advisable in implementing this Charter.

The Committee will:

1. Annually review the Company's overall compensation strategy, including base salary, incentive compensation and equity based grants, to assure that it promotes stockholder interests and supports the Company's strategic and tactical objectives, and that it provides for appropriate rewards and incentives for the Company's management and employees.
2. Annually review and approve the goals and objectives to be considered in determining the compensation of the Company's Chief Executive Officer (the "**CEO**") and other "executive officers" as defined under Rule 3b 7 and

"officers" as defined under Rule 16a 1(f) promulgated under the Exchange Act (collectively with the CEO, the "**Executive Officers**"), and evaluate their performance in light of these goals and objectives.

Based on this evaluation, including an evaluation of the Company's performance, the Committee will, in the case of the CEO make recommendations to the Board and with respect to the other Executive Officers have the authority to make decisions respecting (i) the salary paid to the CEO and other Executive Officers, (ii) the grant of all cash based incentive compensation and equity based compensation to the CEO and other Executive Officers, (iii) the entering into or amendment or extension of any offer letter, employment contract or similar arrangement with the CEO and other Executive Officers, (iv) the entering into or amendment or extension of any CEO or other Executive Officer severance or change in control arrangements, and (v) any other CEO or other Executive Officer compensation matters; provided that the Committee may take account of the recommendations of the Board (or any Board member) with respect to other Executive Officer compensation.

In connection with its evaluation of Executive Officer compensation, the Committee will consider the results of the most recent stockholder vote on executive compensation (a "say on pay" vote), and make such adjustments to Company compensation practices for Executive Officers as it deems appropriate in response thereto, if any. The Committee also may take account of the recommendations of the CEO with respect to other Executive Officers for each of the foregoing items. The CEO may not be present during voting or deliberations regarding the CEO's compensation.

3. Annually review and approve or make recommendations to the Board with respect to adoption and approval of, or amendments to, all cash based and equity based incentive compensation plans and arrangements, and the cash amounts and aggregate numbers of shares reserved for issuance thereunder, after taking into consideration the Company's strategies with respect to cash based and equity based compensation.
4. Review and approve any policies and procedures relating to perquisites and expense accounts of Executive Officers.
5. Administer and interpret the Company's cash based and equity based compensation plans and agreements thereunder
6. Meet with the CEO annually to discuss the incentive compensation programs to be in effect for the other Executive Officers and for other employees of the Company or any Company subsidiary for such fiscal year, and the corporate goals and objectives relevant to those programs and performance targets applicable to the Executive Officers and, where appropriate, other employees of the Company or any subsidiary.
7. Oversee the administration of and, if deemed necessary, amend the Company's 401(k) plan and any deferred compensation plans (collectively, the "**Designated Plans**"), and, if desired, delegate the routine administration of the Designated Plans to an administrative committee consisting of employees of the Company named by the Committee.
8. Recommend to the Board, for determination by the Board, the form and amount of cash based and equity based compensation to be paid or awarded to the Company's non employee directors, including compensation for service on the Board or on committees of the Board.
9. Review with management the Company's major compensation related risk exposures, including whether rewards and incentives encourage undue or inappropriate risk taking by Company personnel, and the steps management has taken to monitor or mitigate such exposures.
10. Review and discuss the Company's "Compensation Discussion and Analysis" and other compensation disclosure prepared in response to the requirement of Item 402(b) of Regulation S K (or any successor disclosure item), based on such review and discussion recommend to the Board whether such disclosure should be included in the Company's annual report on Form 10 K, proxy statement, information statement or similar document, and prepare a report of the Committee for inclusion in the annual report or the proxy statement for the Company's annual meeting in accordance with the rules and regulations of the Commission.
11. Oversee the Company's compliance with regulatory requirements associated with compensation of its directors, officers and employees, and review and make recommendations regarding the Company's compliance program relating to restrictions on and reporting of securities transactions by the Company and its Executive Officers and directors.
12. Periodically review the Company's procedures with respect to employee loans.
13. Perform any other activities required by applicable law, rules or regulations, including the Exchange Rules and rules and regulations of the Commission, and take such other actions and perform and carry out any other responsibilities and duties delegated to it by the Board or as the Committee deems necessary or appropriate consistent with its purpose.

IV. STUDIES AND ADVISERS

The Committee may conduct or authorize studies of, or investigations into, matters within the Committee's scope of responsibility, with full access to all books, records, facilities and personnel of the Company. The Committee has the sole authority and right, at the Company's expense, to retain legal counsel, compensation and other consultants, accountants, experts and advisers of its choice to assist the Committee in connection with its functions, including any studies or investigations.

V. MEETINGS, ACTIONS WITHOUT A MEETING AND STAFF

The Committee will meet at least twice per year or more frequently, as determined appropriate by the Committee. The Chair, in consultation with the other member(s) of the Committee will set the dates, times and places of such meetings. Subject to the requirements of this Charter, applicable law, the Exchange Rules and the rules and regulations of the Commission, the Committee and the Chair may invite any director, executive or employee of the Company, or such other person, as it deems appropriate in order to carry out its responsibilities, to attend and participate (in a non voting capacity) in all or a portion of any Committee meeting. The Committee may exclude from all or a portion of its meetings any person it deems appropriate in order to carry out its responsibilities. The Chair will designate a secretary for each meeting, who need not be a member of the Committee. The Secretary of the Company shall provide the Committee such staff support as it may require.

VI. MINUTES AND REPORTS

The Committee will maintain written minutes of its meetings and copies of its actions by written consent, and will cause such minutes and copies of written consents to be filed with the minutes of the meetings of the Board. The Chair will report to the Board from time to time with respect to the activities of the Committee, including on significant matters related to the Committee's responsibilities and the Committee's deliberations and actions. The minutes of the Committee and actions by the unanimous written consent of the Committee members will be made available to the other members of the Board.

VII. DELEGATION OF AUTHORITY

The Committee may from time to time, as it deems appropriate and to the extent permitted under applicable law, the Exchange Rules and the Commission Rules, and the Company's Certificate of Incorporation and Bylaws, form and delegate authority to subcommittees.

VIII. REVIEW OF COMMITTEE COMPOSITION, PERFORMANCE AND CHARTER

The Committee will evaluate the Committee's composition and performance on an annual basis and submit a report to the Board. The Committee will also review and reassess the adequacy of this Charter periodically, and recommend to the Board any changes the Committee determines are appropriate.

IX. PUBLICATION

The Company shall make this Charter freely available to stockholders on request and, provided that the Company is subject to the periodic reporting requirements of the Exchange Act, shall publish it on the Company's web site.