

Report of Organizational Actions Affecting Basis of Securities

▶ See separate instructions.

Part I Reporting Issuer

1 Issuer's name Proofpoint, Inc.		2 Issuer's employer identification number (EIN) 51-0414846	
3 Name of contact for additional information Jeff Asher - Tax Director	4 Telephone No. of contact 408-850-4114	5 Email address of contact jasher@proofpoint.com	
6 Number and street (or P.O. box if mail is not delivered to street address) of contact 892 Ross Drive		7 City, town, or post office, state, and Zip code of contact Sunnyvale, CA 94089	
8 Date of action 4/2/2012		9 Classification and description 1-for-2 reverse stock split of common stock	
10 CUSIP number 743424 103	11 Serial number(s)	12 Ticker symbol PFPT	13 Account number(s)

Part II Organizational Action Attach additional statements if needed. See back of form for additional questions.

14 Describe the organizational action and, if applicable, the date of the action or the date against which shareholders' ownership is measured for the action ▶ **On March 30, 2012, Proofpoint, Inc.'s board of directors approved a 1-for-2 reverse stock split of Proofpoint, Inc.'s common stock. The reverse stock split became effective on April 2, 2012.**

15 Describe the quantitative effect of the organizational action on the basis of the security in the hands of a U.S. taxpayer as an adjustment per share or as a percentage of old basis ▶

Upon effectiveness of the reverse stock split, every two shares of outstanding common stock were exchanged for one share of common stock. As the number of shares owned by each common shareholder was proportionally decreased by 50%, the tax basis of each U.S. taxpayer's share of common stock was proportionally increased by 100%.

16 Describe the calculation of the change in basis and the data that supports the calculation, such as the market values of securities and the valuation dates ▶

As a result of the 1-for-2 reverse stock split, the basis in each share of Proofpoint common stock was doubled. For example, a U.S. taxpayer who had tax basis of \$100 in 100 shares of Proofpoint Common stock (\$1/share) prior to the 1-for-2 reverse stock split, has tax basis of \$100 in 50 shares of Proofpoint common stock (\$2/share) subsequent to the 1-for-2 reverse stock split.

Part II Organizational Action (continued)

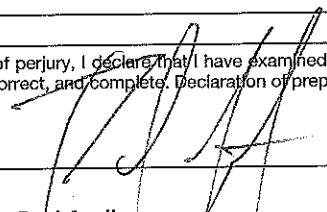
17 List the applicable Internal Revenue Code section(s) and subsection(s) upon which the tax treatment is based ▶
No gain/loss should be recognized by Proofpoint or the U.S. taxpayers who own Proofpoint common shares as a result of the reverse 1-for-2 stock split pursuant to IRC 1036(a), which provides in part that 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 ▶ 5-3-12

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.	