proofpoint

Corporate Governance Guidelines

PROOFPOINT, INC.

CORPORATE GOVERNANCE GUIDELINES

As adopted on April 19, 2012

Pursuant to the recommendations of its Nominating and Governance Committee (the "**Committee**"), the Board of Directors (the "**Board**"), of Proofpoint, Inc. (the "**Company**"), has adopted the following Corporate Governance Guidelines ("the **Guidelines**"), to promote the effective functioning of the Board and its committees, to promote the interests of stockholders, and to ensure a common set of expectations as to how the Board, its various committees, individual directors and management should perform their functions. These Guidelines are intended to serve as a flexible framework within which the Board may conduct its business, not as a set of binding legal obligations. These Guidelines are not intended to change or interpret any federal or state law or regulation, including the General Corporation Law of the State of Delaware, or the Certificate of Incorporation or Bylaws of the Company, and are subject to modification from time to time by the Board as it may deem appropriate and in the best interests of the Company and its stockholders.

1. Role of the Board

The business and affairs of the Company shall be managed by or under the direction of the Board. The Board monitors both the performance of the Company (in relation to its financial objectives, major goals, strategies and competitors) and the Company's long-term strategic business plans, as well as other pertinent issues affecting the business of the Company. The Board also elects corporate officers, acts as the management team's advisor and monitors its performance. The Board assesses risks facing the Company and management's approach to addressing such risks. The Board oversees the Company's program to prevent and detect violations of law, regulation and Company policies and procedures. The Board reviews and, if appropriate, approves significant transactions.

2. Independence of the Board

The Board shall be comprised of a majority of directors who, in the business judgment of the Board, qualify as independent directors ("**Independent Directors**") under the listing standards of the NASDAQ Global Market ("**NASDAQ**"). No director shall qualify as independent unless the Board affirmatively determines that the director has no material relationship with the Company (either directly, or as a partner, stockholder or officer of an organization that has a relationship with the Company). The Board may adopt and disclose categorical standards to assist it in determining director independence.

3. Size of the Board

The Company's Bylaws provide that the number of directors will be set by resolution of the Board or the Company's stockholders. The current number of directors has been established by resolution of the Board at eight (8) directors. The Board shall periodically review the size of the Board, which may be increased or decreased if determined to be appropriate by the Board.

4. Board Meetings

There are at least four (4) regularly scheduled meetings of the Board each year. At least one regularly scheduled meeting of the Board shall be held quarterly, plus special meetings as required by the needs of the Company. A director is expected to spend the time and effort necessary to properly discharge such director's responsibilities. Accordingly, a director is expected to regularly attend meetings of the Board and committees on which such director sits, and to review prior to meetings material distributed in advance for such meetings. A director who is unable to attend a meeting (which it is understood will occur on occasion) is expected to notify the Chief Executive Officer of the Company (if he or she is a member of the Board) or Chair of the appropriate committee of the expected absence in advance of the meeting.

5. Selection of the Chairman of the Board

The Board does not require the separation of the offices of the Chairman of the Board and the Chief Executive Officer. The Board may choose its Chairman in any way that it considers in the best interests of the Company. The Committee will periodically consider the Board's leadership structure and make such recommendations related thereto to the Board with respect thereto as the Committee deems appropriate.

When the positions of Chairman and Chief Executive Officer are held by the same person, the Independent Directors will designate a Lead Independent Director. In cases in which the Chairman and Chief Executive Officer are the same person, the Chairman schedules and sets the agenda for meetings of the Board, and the Chairman or, if the Chairman is not present, the Lead Independent Director chairs such meetings. In addition, the Lead Independent Director presides over executive sessions of Independent Directors, serves as a liaison between the Chairman and the Independent Directors, is available, under appropriate circumstances, for consultation and direct communication with stockholders and performs such other functions and responsibilities as requested by the Board from time to time. The Lead Independent Director will encourage direct dialogue between all directors (particularly those with dissenting views) and management.

6. Selection of Directors

The Board is divided into three (3) classes, with the members of each class standing for election once every three years. Each year, for consideration at the annual meeting of stockholders, the Board will recommend a slate of directors for election by the Company's stockholders. The Board will also be responsible for nominating members for election to the Board and for filling vacancies on the Board that may occur between annual meetings of stockholders. The Committee is responsible for identifying, evaluating and recommending candidates to the Board for Board membership. The Committee may use outside consultants to assist in identifying candidates. When formulating its Board membership recommendations, the Committee shall also consider advice and recommendations from stockholders, management, and others as it deems appropriate.

7. Board Membership Criteria

Nominees for director shall be selected on the basis of, among other things, independence, integrity, skills, financial and other expertise, breadth of experience, knowledge about the Company's business or industry and willingness and ability to devote adequate time and effort to Board responsibilities, to other areas that are expected to contribute to the Board's overall effectiveness, and to the needs of the Board and its committees.

The Committee shall be responsible for developing and recommending to the Board for determination: (i) any specific minimum qualifications that the Committee believes must be met by a Committee recommended nominee for a position on the Board, (ii) any specific qualities or skills that the Committee believes are necessary for one or more of the Board members to possess and (iii) the desired qualifications, expertise and characteristics of Board members, with the goal of developing an experienced and highly qualified Board.

8. Other Public Company Directorships

The Committee, in making its recommendations, shall consider the number of other public company boards and other boards (or comparable governing bodies) on which a prospective nominee is a member, and the nature and time involved in a nominee's service on other boards and their committees. Sitting directors should advise the Committee prior to accepting any invitation to serve on the board of directors or on a board committee of any other public company.

9. Directors Who Change Their Present Job Responsibility

The Board does not believe directors who retire or change their principal occupation or business association should necessarily leave the Board. However, promptly following any such event, the director shall notify the Committee of such circumstances. The Committee will consider the circumstances, and may in certain cases request the director to submit his or her resignation.

10. Retirement Age

The Board does not believe that a fixed retirement age for directors is appropriate.

11. Director Tenure

The Board does not believe it should establish term limits. However, in connection with evaluating recommendations for nomination for re-election, the Committee will consider director tenure.

12. Number and Composition of Board Committees

The Board currently has the following standing committees: Audit Committee, Compensation Committee and Nominating and Governance Committee. The purpose and responsibilities for each of these committees are outlined in committee charters adopted by the Board. After consultation with the Committee, the Board may, from time to time, form a new committee, re-allocate responsibilities of one committee to another committee or disband a current committee depending on circumstances. In addition, the Board may determine to form ad hoc committees from time to time, and determine the composition and areas of competence of such committees.

Each of the committees shall be composed entirely of Independent Directors satisfying applicable legal, regulatory and stock exchange requirements necessary for an assignment to any such committee. All other standing committees formed by the Board are chaired by Independent Directors, except where the Board, pursuant to the recommendation of the Committee, determines otherwise.

13. Executive Sessions of Independent Directors

The Independent Directors of the Company shall meet in executive session without management on a regularly scheduled basis, but no less than four times a year, during regularly scheduled Board meetings. The Chairman or, if the Chairman and the Chief Executive Officer are the same person, the Lead Independent Director shall preside at such executive sessions. Any Independent Director can request that an additional executive session be scheduled.

14. Director Compensation

Non-employee directors are eligible to receive a combination of cash and equity for service on the Board or its committees. Employee directors are not paid additional compensation for their services as directors. The Compensation Committee reviews the form and amount of cash based and equity based compensation to be paid or awarded to non-employee directors for service on the Board or its committees and provides a recommendation to the Board, for determination by the Board, as to such compensation based upon, among other things, the Compensation Committee's consideration of the responsibilities and time commitment of Company directors, as well as competitive information. The Compensation Committee will periodically review the level and form of, and, if it deems appropriate, recommend to the Board changes in, director compensation.

15. Board Access to Officers and Employees

The Board has full and free access to officers and employees of the Company. Any meetings or contacts that the Board or an individual director wishes to initiate may be arranged through the Company's Chief Executive Officer or Secretary or directly by the Board or such director. The Board will use its judgment to ensure that any such contact is not disruptive to the business operations of the Company and will, to the extent not inappropriate, copy the Chief Executive Officer on any written communications between any directors and an officer or employee of the Company.

16. Attendance at Annual Meeting of Stockholders

It is Company policy that all directors are invited and encouraged to attend the Annual Meeting of Stockholders.

17. Director Orientation and Continuing Education

The Company shall provide for an orientation process for new directors that includes background material, meetings with senior management and visits to Company facilities. The Board encourages all directors to stay abreast of developing trends for directors from the variety of sources available. Directors may be expected, based on the recommendations of the Committee, to participate in continuing educational programs in order to maintain the necessary level of expertise to perform their responsibilities as directors.

18. Evaluation of Board Performance

The Board and each of its committees conduct a self-evaluation annually. Committees assess their performance relative to their charters and best practices. The Committee will oversee an annual assessment by the Board of the Board's performance and the operation and composition of each committee of the Board. The Committee will utilize the results of this self-evaluation process to determine if the Board and its committees are functioning effectively and in assessing and

determining the characteristics and critical skills required of prospective candidates for election to the Board and making recommendations to the Board with respect to assignments of Board members to various committees. The full Board will discuss the evaluation to determine what action, if any, would improve Board and committee performance and whether any changes to these Guidelines would be appropriate.

19. Chief Executive Officer and Executive Officer Performance Review

The Compensation Committee shall conduct an evaluation (which shall include the review and approval of corporate goals and objectives) annually in connection with the determination of the base salary, incentive compensation and equity based grants of all executive officers (including the Chief Executive Officer). To conduct this review, the Compensation Committee gathers and consolidates input from all directors and presents the results of the review to the Board and to the Chief Executive Officer. The Compensation Committee also uses such assessment in determining Chief Executive Officer's compensation.

20. Succession Planning

The Board plans for Chief Executive Officer succession and reviews senior management selection and succession planning in order to assure the orderly functioning and transition of the management of the Company, in the event of emergency or retirement of the Chief Executive Officer. As part of this process, the Independent Directors, in consultation with the Chief Executive Officer, assess management needs and abilities of potential successors.

The Board shall be responsible for identifying potential candidates for, and selecting, the Company's Chief Executive Officer. In identifying potential candidates for, and selecting, the Company's Chief Executive Officer, the Board shall consider, among other things, a candidate's experience, understanding of the Company's business environment, leadership qualities, knowledge, skills, expertise, integrity, and reputation in the business community.

21. Authority to Retain Advisors

The Board and each of its committees have the authority to retain and terminate independent advisors as the Board and any such committee deems necessary.