

**ZIX CORPORATION  
BOARD OF  
DIRECTORS AUDIT  
COMMITTEE**

**Charter**

This Charter will govern the Audit Committee (the “Committee”) of the Board of Directors (the “Board”) of Zix Corporation (the “Company”),<sup>1</sup> except as may be otherwise required by the charter or bylaws of the Company or by applicable law or listing requirements.

This Charter is intended as a component of the flexible governance framework within which the Board, assisted by its standing committees, directs the affairs of the Company. While it should be interpreted in the context of all applicable laws, regulations and listing requirements, as well as in the context of the Company’s charter and bylaws, as amended from time to time, it is not intended to establish by its own force any legal duties or legally binding obligations.

**Purposes and Responsibilities**

The Committee’s principal purposes, duties and responsibilities are to:

- assist the Board with its oversight of the integrity of the Company’s financial statements, the Company’s compliance with legal and regulatory requirements, the qualifications and independence of the Company’s independent registered public accounting firm (“External Auditor”), the performance of the Company’s internal audit function, if any (“Internal Auditor”), and the work of the External Auditor;
- oversee the Company’s systems of internal control over financial reporting and disclosure controls and procedures;
- oversee the Company’s compliance with generally accepted accounting principles (“GAAP”) and SEC regulations applicable to the Company’s financial statements and other financial information provided to the public;
- oversee the Company’s policies and practices for publicly disclosing non-GAAP financial information in accordance with SEC regulations;
- prepare an audit committee report as required by the Securities Exchange Commission (the “SEC”) to be included in the Company’s annual proxy statement;
- pursuant to Rule 10A-3(b)(2) under the Securities and Exchange Act of 1934, as amended (“Exchange Act”), be directly responsible for the appointment, compensation, retention and oversight of the work of the Company’s registered public accounting firm engaged (including resolution of disagreements between management and such firm regarding financial reporting) for the purpose of preparing and issuing an audit report or performing other audit, review or attest services for the Company, and each such registered public accounting firm must report directly to the Committee;
- pursuant to Rule 10A-3(b)(3) of the Exchange Act, establish procedures for: (i) the

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<sup>1</sup> For purposes of this document, references to the “Company” will, where appropriate, mean Zix Corporation and its subsidiaries.

receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and (ii) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

- pursuant to Rule 10A-3(b)(4) of the Exchange Act, engage independent counsel and other advisers, as the Committee determines necessary to carry out its duties;
- pursuant to Rule 10A-3(b)(5) of the Exchange Act, determine appropriate funding to be provided by the Company for payment of: compensation to the Company's registered public accounting firm engaged for the purpose of preparing and issuing an audit report or performing other audit, review or attest services for the Company, compensation to any advisers employed by the Committee; and ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties;
- at least annually, obtain and review a report by the External Auditor describing the firm's internal quality-control procedures, any material issues raised by the most recent internal quality-control review, or peer review, of the firm, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (to assess the External Auditor's independence) all relationships between the External Auditor and the Company;
- meet to review and discuss the Company's annual audited financial statements, annual audit of internal control over financial reporting and quarterly reviews of financial statements with management and the External Auditor, including reviewing the Company's disclosures under "Management's Discussion and Analysis of Financial Condition and Results of Operations;"
- discuss earnings press releases, as well as financial information and earnings guidance provided to the public, analysts and rating agencies (this may be done generally, such as discussing the types of information to be disclosed and the type of presentation to be made; the Committee need not discuss in advance each earnings release or each instance in which the Company may provide earnings guidance);
- as appropriate, obtain advice and assistance from outside legal, accounting or other advisors;
- assist the Board with its oversight of risk assessment and risk management;
- assist the Board with its oversight of the Company's compliance with applicable laws, rules and regulations;
- meet separately, periodically, with management, with the Internal Auditor, if any, and with the External Auditor;
- review with the External Auditor any audit problems or difficulties and management's response;
- set clear hiring policies for employees or former employees of the External Auditor in compliance with applicable law and regulations;
- review and address conflicts of interest involving Directors or executive officers, and the manner in which any such conflicts are to be resolved and/or monitored;
- report regularly to the Board as appropriate; and
- perform such other functions and responsibilities as may be delegated or assigned to the Committee by the Board.

## **Delegation of Authority**

To the extent permitted by applicable law, the Company's charter and bylaws, the Committee has and may exercise the powers and authority of the Board with respect to the purposes and responsibilities described in this Charter. In discharging its responsibilities, the Committee is empowered to retain, at the Company's expense, such experts (including counsel and outside consultants, "Advisors") as the Committee deems appropriate in its discretion. The Committee has the authority to determine, authorize and approve, on behalf of the Company, the compensation of any Advisors hired by the Committee pursuant to this Charter. The Committee has the responsibility and sole authority for the appointment, retention, oversight, termination and replacement of the External Auditor and for the approval of all audit engagement fees and terms, as well as all non-audit engagements with the External Auditor. The Committee will have the authority to determine, on behalf of the Company, the compensation of (i) the External Auditor, and (ii) any Advisors hired by the Committee pursuant to this Charter. The Committee may delegate any of its responsibilities to a subcommittee of the Committee so long as such delegation is not otherwise inconsistent with law and applicable rules and regulations of the SEC and NASDAQ Stock Market. The Committee may also delegate to one or more of its members the authority to pre-approve services provided by the External Auditor.

## **Access to Information, Management and Advisors**

The Committee shall have full access to the books, records, facilities and personnel of the Company as it determines necessary to carry out its responsibilities. The Committee will maintain free and open communication with (i) the Company's CEO, CFO, General Counsel and other members of management, (ii) the Company's Internal Auditor, if any, (iii) the Company's External Auditor, and (iv) such other Advisors as the Committee deems appropriate.

## **Reviews and Investigations**

The Committee has the authority to conduct such reviews and investigations that it deems necessary to fulfill its responsibilities. The Committee has the authority to require any officer, Director or employee of the Company, the Company's outside legal counsel and the External Auditor to meet with the Committee and any of its advisors and to respond to the Committee's inquiries.

## **Funding**

The Company will provide funding as requested by the Committee in its sole determination for the External Auditor, for any other registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, for any Advisors hired by the Committee, and for administrative and other expenses of the Committee that are necessary or appropriate in carrying out its functions and duties.

## **Key Tasks and Processes**

The Committee has the authority to perform the tasks and processes delegated or assigned to it pursuant to this Charter and by the Board from time to time.

## **Administration Guidelines**

The Committee will be administered in accordance with the administration guidelines established for it by the Board from time to time, including Committee member qualifications, Committee member appointment and removal, and Committee structure and operations.