



Charter of the Audit Committee of the Board of Palo Alto Networks, Inc.

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Purpose

The purpose of the Audit Committee is to assist the Board of Directors (the “Board”) of Palo Alto Networks, Inc. (the “Company”) in fulfilling its responsibilities for generally overseeing:

- The Company’s accounting and financial reporting processes and internal controls as well as the audit and integrity of the Company’s financial statements.
- The qualifications, independence and performance of the Company’s independent registered public accounting firm (the “independent auditor”).
- The performance of the Company’s internal audit function.
- The Company’s compliance with applicable law (including U.S. federal securities laws and other legal and regulatory requirements).
- Risk assessment and risk management pertaining to the financial, accounting and tax matters of the Company, including risk mitigation efforts related to cyber threats to the Company and the status of the Company’s cybersecurity posture.

The Audit Committee is also responsible for preparing the report required by Securities and Exchange Commission (“SEC”) rules to be included in the Company’s proxy statement for the annual meeting of stockholders, and for performing such other duties and responsibilities as are enumerated in or consistent with this charter.

Composition

1. **Membership and Appointment.** The Nominating and Corporate Governance Committee shall consist of at least three (3) members of the Board. Members of the Nominating and Corporate Governance Committee shall be appointed by the Board and may be removed by the Board in its discretion.
2. **Qualifications.** To qualify:
 - Each member of the Audit Committee shall meet the independence standards established by the SEC and the New York Stock Exchange (“NYSE”).
 - Each member of the Audit Committee must be financially literate, as determined by the Board in accordance with applicable rules and regulations of the NYSE.
 - At least one member of the Audit Committee shall be an “audit committee financial expert,” as determined by the Board in accordance with SEC rules.
 - At least one member of the Audit Committee must have accounting or related financial management expertise, as determined by the Board. A person who satisfies the definition of “audit committee financial expert” will also be presumed to have the requisite accounting or related financial management expertise.

- » No member of the Audit Committee shall simultaneously serve on the audit committees of more than three (3) public companies, unless the Board determines that such simultaneous service would not impair the ability of such member to effectively serve on the Audit Committee and the Company discloses such determination in its annual proxy statement.
 - » Each member of the Audit Committee shall have such other qualifications as are established by the Board from time to time, or as required by applicable law or the rules and regulations of the SEC or NYSE.
 - » No person may serve as a member of the Audit Committee if the person has participated in the preparation of the financial statements of the Company or any of the Company’s current subsidiaries at any time during the past three years.
3. **Chairperson.** The Board may designate a chairperson of the Audit Committee. In the absence of that designation, the Audit Committee may designate a chairperson by majority vote of the Audit Committee members.

Responsibilities

The following are the principal recurring responsibilities of the Audit Committee. The Audit Committee may perform such other functions as are consistent with its purpose and applicable law, rules and regulations and as the Board or the Audit Committee deems appropriate. In carrying out its responsibilities, the Audit Committee believes its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Audit Committee will also take appropriate actions to oversee the overall corporate “tone” for quality financial reporting.

1. **Select and Hire the Independent Auditor and Any Other Registered Public Accounting Firm.** The Audit Committee shall be responsible for appointing, compensating, retaining, overseeing and, where appropriate, replacing the (i) independent auditor and (ii) 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. The independent auditor or any other registered public accounting firm will report directly to the Audit Committee. The Audit Committee shall have sole authority to approve the hiring and discharging of the independent auditor and any other registered public accounting firm engaged by the Company, all audit engagement fees and terms, and all permissible non-audit engagements with the independent auditor or such other registered public accounting firm.

2. **Supervise and Evaluate the Independent Auditor.** The Audit Committee shall:

- Oversee and evaluate the work of any registered public accounting firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review or attestation services for the Company, which evaluation shall include a review and evaluation of the lead partner of the independent auditor. The Audit Committee shall review, in consultation with the independent auditor, the annual audit plan and scope of audit activities and oversee such plan's progress.
- Review and resolve any disagreements that may arise between management and the independent auditor regarding internal controls or financial reporting.
- At least annually, obtain and review a report by the independent auditor that describes: (i) the independent auditor's internal quality control procedures; (ii) any material issues raised by the most recent internal quality-control review, peer review, or Public Company Accounting Oversight Board review of the independent auditor, or by any inquiry or investigation by governmental or professional authorities, within the preceding five years (or such other period as may be requested by the Audit Committee), regarding any independent audit performed by the independent auditor, and any steps taken to deal with any such issues; and (iii) any critical accounting matters (CAMs).

3. **Evaluate the Independence of the Independent Auditor.** The Audit Committee shall:

- Review and discuss with the independent auditor the written independence disclosures required by the applicable requirements of the Public Company Accounting Oversight Board.
- At least annually, review and discuss with the independent auditor any other relationships or services (including permissible non-audit services) that may affect its objectivity and independence.
- Oversee the rotation of the independent auditor's lead audit and concurring partners, with applicable time-out periods, in accordance with applicable law.
- Take, or recommend to the Board that it take, appropriate action to oversee the independence of the independent auditor.

4. **Approve Audit and Non-Audit Services and Fees.**

- The Audit Committee shall: (i) review and approve, in advance, the scope and plans for the audits and the audit fees; and (ii) approve, in advance (or, where permitted under the rules and regulations of the SEC, subsequently), all non-audit and tax services to be performed by the independent auditor or any other registered public accounting firm that is not otherwise prohibited by law or regulation and any associated fees.

The Audit Committee chairperson may pre-approve audit and permissible non-audit services and any associated fees, as long as this pre-approval is presented to the full Audit Committee at scheduled meetings. The Audit Committee may, in accordance with applicable law, establish pre-approval policies and procedures for the engagement of independent accountants to render services to the company.

5. **Review Financial Statements.** The Audit Committee shall review and discuss the following with management, the Company's internal auditors (the "internal auditors"), if applicable, and the independent auditor, as applicable:

- The scope, timing and approach, as well as the materiality thresholds for, of the annual audit of the Company's financial statements.
- The Company's annual audited and quarterly financial statements and annual and quarterly reports on Form 10-K and 10-Q, including the disclosures in "Management's Discussion and Analysis of Financial Condition and Results of Operations," and recommend to the Board whether the audited financial statements and "Management's Discussion and Analysis of Financial Condition and Results of Operations" should be included in the Company's Form 10-K.
- The results of the independent audit and the quarterly reviews of the Company's financial statements, and the independent auditor's opinion on the annual financial statements, including any critical accounting matters (CAMs) identified in the auditor's report.
- The reports and certifications regarding internal control over financial reporting and disclosure controls and procedures.
- The quality and adequacy of the Company's internal controls and discuss with management and the independent auditor any significant deficiencies or material weaknesses in the design or operation of the Company's internal controls.
- Major issues regarding accounting principles and financial statement presentations, including any significant changes in the Company's selection or application of accounting principles. The Audit Committee shall consider the judgment of both management and the independent auditor about the quality, not just the acceptability, of accounting principles.
- Analyses prepared by management or the independent auditor setting forth significant financial reporting issues and judgments made in connection with the preparation of the financial statements.
- The effect of regulatory requirements and accounting pronouncements on the Company's financial statements.

- The completeness and clarity of the disclosures in the Company's financial statements.
 - Any significant changes required or taken in the audit plan as a result of any material control deficiency.
 - Any problems or difficulties the independent auditor encountered in the course of its audit work, including any restrictions on the scope of the independent auditor's activities or on access to requested information and management's response.
 - Any significant disagreements between management and the independent auditor.
6. **Reports and Communications from the Independent Auditor.** The Audit Committee shall review and discuss reports from the independent auditor concerning the following:
- All critical accounting policies and practices to be used by the Company.
 - All alternative treatments of financial information within generally accepted accounting principles ("GAAP") that the independent auditor has discussed with management, ramifications of the use of these alternative disclosures and treatments, and the treatment preferred by the independent auditor if different from that used by management.
 - Other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
 - Other matters required to be communicated to the Audit Committee under generally accepted auditing standards and other legal or regulatory requirements, including any matters required to be communicated under the applicable PCAOB Auditing Standards.
7. **Audit Committee Report.** The Audit Committee shall prepare the report of the Audit Committee that SEC rules require to be included in the Company's annual proxy statement.
8. **Earnings Press Releases and Earnings Guidance.** The Audit Committee shall review and discuss with management and the independent auditors policies with respect to earnings press releases (with particular attention to any use of "pro forma" or "adjusted" non-GAAP information), as well as financial information and earnings guidance provided to the public, analysts and ratings agencies. To the extent practical, the Audit Committee will review, in advance, the script for any earnings or finance-related conference calls to be held for the benefit of the public, analysts and ratings agencies. The Audit Committee shall also periodically review and discuss with management the Company's overall approach to investor relations, including the philosophy, strategy and practices.
9. **Internal Controls.** The Audit Committee shall review and discuss with management, the internal auditors and the independent auditor the adequacy and effectiveness of the Company's internal controls, including any changes, significant deficiencies or material weaknesses in those controls reported by the independent auditor, the internal auditors or management; any remediation plan or special audit steps adopted in light of significant control deficiencies; and any fraud, whether or not material, that involves management or other Company employees who have a significant role in the Company's internal controls.
10. **Disclosure Controls and Procedures.** The Audit Committee shall review and discuss the adequacy and effectiveness of the Company's disclosure controls and procedures.
11. **Internal Audit Function.** The Audit Committee shall:
- Oversee the selection, appointment, compensation and retention of the chief audit executive (CAE), who shall oversee the internal audit function at the direction of the Audit Committee and report administratively directly to the chief financial officer.
 - Periodically review the activities, reporting relationships, organizational structure and qualifications of the internal audit function.
 - Oversee and approve the annual internal audit project plan and any proposed changes; review periodic reports summarizing results of the internal audit projects, including any significant findings.
 - Periodically review with the internal auditors any major issues encountered in the course of the internal audit function's work.
 - Evaluate the performance of the CAE and the internal audit function at least annually.
12. **Legal and Regulatory Compliance.** The Audit Committee shall oversee and discuss, as needed, with management, the internal auditors and the independent auditor: (i) the overall adequacy and effectiveness of the Company's legal, regulatory and ethical compliance programs, including (but not limited to) the Company's Code of Business Conduct and Ethics, compliance with the Foreign Corrupt Practices Act and foreign anticorruption laws, and compliance with export control regulations; and (ii) reports regarding compliance with applicable laws, regulations and internal compliance programs in each case to the extent pertaining to financial, accounting and/or tax matters. The Audit Committee shall discuss with management and the independent auditor any correspondence with regulators or governmental agencies, including any comment letters issued by the SEC with respect to the Company's public filings and any published reports that raise material issues regarding the Company's financial statements or accounting policies. The Audit Committee shall discuss with the Company's general counsel legal matters that may have a material impact on the financial statements or the Company's compliance procedures that pertain to financial, accounting or tax matters of the Company.

13. **Complaints.** The Audit Committee shall establish and oversee procedures established for the receipt, retention and treatment of complaints on accounting, internal accounting controls or audit matters, as well as for confidential and anonymous submissions by the Company's employees concerning questionable accounting or auditing matters.

14. **Risks.** The Audit Committee shall review and discuss with management, the internal auditors and the independent auditor the Company's major financial risk exposures and the steps management has taken to monitor and control those exposures, including the Company's guidelines and policies with respect to risk assessment and risk management pertaining to financial, accounting and tax matters. The Audit Committee shall also review with management the Company's overall antifraud programs and controls.