

PROTO LABS, INC.
Corporate Governance Guidelines

A. Role of the Board and Management

The business of Proto Labs, Inc. (the “Company”) is conducted by the officers and employees of the Company, under the oversight of its Board of Directors (the “Board”). The Board is elected by the shareholders to oversee management’s performance so that the interests of shareholders are served. Both the Board and management recognize the interests of shareholders, employees, customers, vendors, suppliers, the government and the communities in which the Company operates, all of whom are essential to the Company’s success.

As part of its general oversight function, the Board reviews, monitors and approves fundamental business and financial strategies and major corporate actions, and reviews and discusses reports by management on the performance of the Company and its prospects, as well as issues and risks facing the Company. The Board, operating through its committees, selects, evaluates and determines compensation and succession planning for the Chief Executive Officer and senior management, engages and assesses the independence of the outside independent auditor for the Company, and nominates directors for the Company’s Board. The Board has the sole responsibility for making decisions regarding the hiring and dismissal of the Chief Executive Officer. The Board also ensures that processes are in place for maintaining the integrity of the Company’s financial statements and external reporting, and the integrity of compliance with law and ethics policies.

B. Board Composition and Leadership.

1. *Size of the Board.* The size of the Board should generally be from seven to nine members, however the exact number of directors will be determined by the Board, consistent with the bylaws of the Company.

2. *Independent Directors.* A majority of the members of the Board will be independent directors. The Company defines an “independent” director in the same manner as set forth in Section 303A.02 of the New York Stock Exchange (“NYSE”) Listed Company Manual, as it may be amended from time to time. Among other things, this rule requires the Board to determine that an individual has no material relationship with the Company, either directly or as a partner, shareholder or officer of an organization that has a relationship with the Company.

3. *Director Qualifications and Selection.* The Board selects and recommends to shareholders qualified individuals who, if added to the Board, would provide the mix of director characteristics and diverse experiences, perspectives and skills appropriate for the Company. Board candidates are considered based on various criteria, including breadth and depth of relevant business and board skills and experiences, judgment and integrity, reputation in their profession, diversity of background, education, leadership ability, concern for the interests of shareholders and relevant regulatory guidelines. These considerations are made in the context of an assessment of the perceived needs of the Board at the particular point in time. Directors must be willing and able to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serving on the Board for an extended period of time. The Nominating and Governance Committee will screen potential director candidates, including those recommended by shareholders, and recommend to the Board suitable nominees for election to the Board.

4. *Procedures for Shareholders to Recommend Nominees for Directors.* Shareholders who wish to recommend individuals for consideration by the Nominating and Governance Committee to become nominees for election to the Board may do so by submitting a written recommendation to the Secretary of the Company at the Company headquarters. Recommendations must be received by the Secretary within the timelines specified in the Company Bylaws to be considered by the Nominating and Governance Committee for possible nomination at the Company's annual meeting of shareholders the following year. Any recommendation must include:

- the recommended individual's name, all information relating to the person that would be required to be disclosed in solicitations subject to Rule 14a-12(c) under the Securities Exchange Act of 1934, as amended (the "Exchange Act") or that is required pursuant to any other provision of Regulation 14A or any other applicable regulation under the Exchange Act, including sufficient biographical information concerning the recommended individual for the Nominating and Governance Committee to consider, including employment and educational background, other board and committee memberships, and any relationships that might affect a determination by the Board that the individual would be considered independent;
- a written consent signed by the recommended individual by which he or she agrees to be named in the proxy statement as a nominee and to serve as a director if elected by the shareholders; and
- the name and address of the shareholder submitting the recommendation, the number of shares of the Company common stock held of record and beneficially by the shareholder, the name in which such shares are registered on the stock transfer records of the Company, and a representation that the shareholder is a holder of record of shares of the Company entitled to vote for the election of directors, will continue to be a holder of record of shares entitled to vote for the election of directors through the date of the meeting, and intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice.

The Nominating and Governance Committee may require that the recommended individual furnish such other information as it may reasonably request to assist in assessing the qualifications of that individual to serve as a director.

5. *Chairman and Lead Independent Director.* The Board will annually elect a Chairman, who is not required to be an independent director. At any time when the Chairman is not an independent director, one of the independent directors shall be designated by the Board as the Lead Independent Director to lead the annual performance evaluation of the Chief Executive Officer, chair executive sessions of the independent directors, set Board agendas with the Chairman, and perform such other functions as the Bylaws provide or as the Board may specify from time to time.

6. *Share Ownership by Directors.* The Board believes that directors should be shareholders of the Company, should accumulate share holdings whose value is at least three times the amount of the annual base retainer within three years of joining the Board, and should employ reasonable, good faith efforts thereafter to maintain share holdings of at least that amount throughout a director's term of service as a director. The deemed value of the Company's derivative securities credited to a director as the result of participating in deferred compensation or stock-based compensation plans, whether vested or unvested, will be included in that director's holdings of the Company stock for these purposes.

7. *Term Limits.* The Board does not believe it appropriate or necessary to limit the number of terms a director may serve, nor does it believe that directors should expect to be renominated until retirement. Instead, the Nominating and Governance Committee will evaluate each director's performance and contributions to the Board prior to recommending that a director be renominated for another term.

8. *Change in Job Responsibilities.* A non-employee director must submit a written offer to resign from the Board upon a material change in his or her principal job responsibilities. A director who is also an employee must submit a written offer to resign from the Board upon termination of his or her active service as an employee of the Company. The Nominating and Governance Committee will evaluate the continued appropriateness of Board membership under the changed circumstances and make a recommendation to the full Board as to whether or not the offer to resign should be accepted.

9. *Service on Other Boards.* Directors should insure that the number of public company boards on which they serve does not detract from their ability to devote sufficient time to effectively carry out their duties and responsibilities on the Company's Board. Any director should advise the Chairman and the Chairman of the Nominating and Governance Committee before accepting any invitation to serve on another public company board.

C. Board and Committee Organization

1. *Board Committees.* The Board is organized so that a significant portion of its business is conducted by its committees. The committees currently established by the Board are the Audit, Nominating and Governance, and Compensation Committees. All significant findings and actions of a committee will be reported to the full Board.

2. *Committee Charters.* The Board will approve a charter for each committee setting forth the purpose, authority and duties of the committee. Each committee will review its charter periodically and recommend to the full Board any changes deemed necessary or desirable.

3. *Committee Composition.* The Audit, Nominating and Governance, and Compensation Committees will be comprised solely of independent directors, in accordance with the listing standards of the New York Stock Exchange (subject to permitted phase-in of such standards following the Company's IPO). Members of these committees will meet any additional criteria for independence prescribed by federal securities and tax laws or regulations for members of such committee, including for purposes of Section 16 under the Exchange Act and Section 162(m) under the Internal Revenue Code. Assignments and rotation of committee membership and leadership are recommended by the Nominating and Governance Committee after consultation with the Chairman and Chief Executive Officer, and approved by the Board. Committee membership and leadership will be rotated periodically after taking into account director interest, continuity, expertise and tenure. Committee chairs will have prior membership experience on the committees they are appointed to lead. At any time when the Chairman is an independent director, he or she may attend any and all committee meetings. The Chief Executive Officer may attend any portion of a committee meeting when the committee members are not in an executive session of the independent members only.

D. Board and Committee Operations

1. *Number of Board Meetings.* While the frequency of Board meetings will vary with circumstances, a minimum of four meetings will be held annually, including an organizational meeting in connection with the annual shareholders meeting. The Nominating and Governance Committee is responsible for developing the annual schedule of Board meetings.

2. *Setting Board Agenda.* The agenda for each Board meeting will be established by the Chairman, Lead Independent Director and Chief Executive Officer in consultation with the committee chairs as applicable. Each director is encouraged to make suggestions for agenda items or additional presenting materials to the Chairman, Chief Executive Officer, Lead Independent Director or appropriate committee chairs at any time.

3. *Distribution of Board Materials.* Presentations on specific subjects to be discussed at an upcoming Board meeting as well as information important to the Board's understanding of the business generally will ordinarily be distributed to Board members sufficiently in advance of the meeting to provide directors with an adequate opportunity to prepare for discussion at the meeting. If, because of the particularly sensitive nature of a matter to be considered, presentation materials on that topic are not distributed in advance, the time devoted at the meeting to the presentation of the topic will be adjusted accordingly.

4. *Executive Sessions of Independent Directors.* Executive sessions of the independent directors without management present will be included as part of each regularly scheduled Board meeting. The Chairman, if independent, or the Lead Independent Director will preside at such meetings. The independent directors may meet without management present at such other times as determined by the independent Chairman or the Lead Independent Director.

5. *Committee Meetings.* Each committee chair, in consultation with committee members, will determine the frequency and length of committee meetings. Each committee chair, in consultation with committee members and appropriate members of management, will determine committee agendas. Executive sessions of the respective committees will be held as each committee deems necessary and as may be specified in a committee's charter.

6. *Attendance of Non-directors at Meetings.* With the concurrence of the Board and, as applicable, the committees, members of senior management recommended by the Chief Executive Officer may attend Board meetings upon invitation. The Board encourages the Chief Executive Officer to arrange for the attendance of other members of management at Board meetings who can provide useful insights on matters being presented or who could benefit from being given exposure to the Board.

7. *Access to Senior Management.* All directors will have free access to members of the senior management of the Company.

8. *Access to Outside Advisors.* The Board and its committees may retain independent outside financial, legal, compensation or other advisors as they deem necessary or advisable.

9. *Director Compensation.* The Compensation Committee is responsible for recommending to the Board the compensation for non-employee directors. Director Compensation may consist of any combination of cash retainers, meeting fees and equity awards.

10. *Director Orientation and Continuing Education.* The Nominating and Governance Committee oversees an orientation process to familiarize new directors with the Company, including its business and strategic plans, financial statements and key policies and practices. Directors are expected to keep current on developments affecting the Company and their duties and responsibilities as directors through their own resources and using the resources of the Company.

11. *Director Attendance at Annual Shareholders Meetings.* Directors are encouraged to make every reasonable effort to attend the annual meetings of the shareholders of the Company.

E. Board and Management Evaluation

1. *Assessing Board and Committee Performance.* The Nominating and Governance Committee will oversee an annual self-evaluation by the Board of its performance and effectiveness. Each committee will be responsible for conducting a self-evaluation annually and reporting the results to the Board.

2. *Evaluation of the Chief Executive Officer.* The Compensation Committee will annually coordinate an assessment by the independent directors of the performance and effectiveness of the Chief Executive Officer, discuss the results of the assessment with the Chief Executive Officer, and consider such performance in establishing or changing the Chief Executive Officer's compensation.

3. *Succession Planning.* The Board will approve and maintain succession plans for the Chief Executive Officer and other, critical senior management positions based on recommendations from the Nominating and Governance Committee. The Nominating and Governance Committee will review such plans periodically with the Chief Executive Officer.

F. Relationships with Shareholders and Other Constituencies

1. *Board Interaction with Outside Interested Parties.* The Chief Executive Officer and his designees are the representatives of the Company to constituencies outside the Company. The Chairman or his designees are the representatives of the Board.

2. *Ethics and Conflicts of Interest.* The Board expects all directors, officers and employees to act ethically at all times and to comply with the Company's Code of Ethics and Business Conduct. Only the Board may approve any waiver of any ethics policy provision of these guidelines for any director or executive officer, and any such waiver shall be disclosed as required by applicable securities laws and stock exchange rules. If an actual or potential conflict of interest arises for a director, the director will promptly inform the Chairman, Chief Executive Officer, or the Lead Independent Director of the Company. If a significant conflict exists and cannot be resolved, the director should resign. All directors will recuse themselves from any discussion or decision affecting their business or personal interests, and no member of management will be present during any discussion regarding that member of management individually.

3. *Shareholder Communications to Board.* Shareholders who wish to communicate with the Board may do so by writing to the Board or a particular director in care of the Secretary of the Company. All communications will initially be received and processed by the Secretary of the Company, who will then refer the communication to the appropriate Board member (either the director named in the communication, the Chairman of the Board committee having authority over the matter raised in the communication, or the Chairman of the Board in all other cases). The director to whom a communication is referred will determine, in consultation with Company counsel, whether a copy or summary of the communication will be provided to the other directors. In consultation with Company counsel, the Board will respond to communications if and as appropriate. The Company will disclose this process on its corporate website.

G. Review, Amendment and Implementation

1. *Review of Guidelines.* These Guidelines will be reviewed periodically by the Nominating and Governance Committee, which will recommend for adoption by the Board any amendments or modifications it deems necessary or desirable. These Guidelines will, along with each committee's charter, be posted on the Company's corporate website.

2. *Implementation of Guidelines.* The Nominating and Governance Committee will oversee the implementation of the Guidelines, and in so doing is authorized to interpret the Guidelines and to recommend to the Board the temporary waiver of any requirement of the Guidelines when, in the judgment of the Nominating and Governance Committee, such a waiver is in the best interests of the Company and its shareholders and is not inconsistent with any law, regulation or stock exchange rule applicable to the Company.

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