

CORPORATE GOVERNANCE GUIDELINES

BLUE COAT BOARD OF DIRECTORS GUIDELINES ON SIGNIFICANT CORPORATE GOVERNANCE ISSUES

(Amended and Restated on August 19, 2008; Reviewed August 20, 2009)

The following Corporate Governance Guidelines (“Guidelines”) have been approved by the Board of Directors (the “Board”) of Blue Coat Systems, Inc. (“Blue Coat” or the “Company”). Together with Blue Coat’s Charter, Bylaws, Code of Business Conduct, Whistleblower Policy, Related Person Transaction Policy, Equity Award Policy and the charters of the committees of the Board, these Guidelines provide the framework for the governance of Blue Coat. These Guidelines, together with other matters affecting Blue Coat governance, will be reviewed by the Board at least annually, with the goal of creating a strong Board, attracting quality members and serving the long-term interests of Blue Coat and its stockholders.

A. BOARD COMPOSITION

1. Size of the Board

The Board believes that, given the size of Blue Coat, the need for diversity of members’ views and experience, and the need to attract and retain qualified independent directors, the size of the Board presently should be in the range of five (5) to nine (9) directors. The exact size of the Board will be set by resolution of the Board from time to time, as provided in the Company’s Bylaws.

2. Mix of Inside and Outside Directors

As a matter of corporate policy and consistent with applicable laws and exchange rules, the Board believes that there should be a substantial majority of independent directors on the Board. However, the Board believes that it may be useful and appropriate to have members of management as directors, including the Chief Executive Officer.

3. Selection of Chairman or Lead Independent Director

The Board shall appoint either a Chairman or a Lead Independent Director. The Chairman/Lead Independent Director shall be responsible for calling special meetings of the independent directors and performing such other responsibilities as shall be set forth in a written charter adopted by the Board or designated by a majority of the independent directors.

4. Board Definition of What Constitutes Independence for Outside Directors

Each director designated as an independent director shall be independent in accordance with the applicable rules of The NASDAQ Stock Market and the Securities and Exchange Commission. Because it is not possible to anticipate or explicitly provide for all potential conflicts of interest that may affect independence, the Board shall also affirmatively determine that each independent director has no other material relationship with the Company or its affiliates or any executive officer of the Company or his or her affiliates and, further, shall review all related person transactions in accordance with the provisions of the Company's Related Person Transaction Policy. A relationship will be considered "material" if in the judgment of the Board or the independent auditors it would interfere with the director's independent judgment.

5. Board Membership Criteria

The Nominating/Corporate Governance Committee is responsible for reviewing with the Board the appropriate skills and characteristics required for members of the Board and for identifying qualified candidates for membership. In general, directors should possess the highest personal and professional ethics, integrity and values, and be committed to representing the long-term interests of Blue Coat's stockholders. They should have an inquisitive and objective perspective, practical wisdom and mature judgment. Blue Coat shall endeavor to have a Board representing diverse experience at policy-making levels in business, government, education and technology, and in areas that are relevant to Blue Coat's global activities. Directors should have experience in positions with a high degree of responsibility, be leaders in the companies or institutions with which they are affiliated, and be selected based upon the contributions they can make to Blue Coat.

6. Stock Ownership Guidelines

The Board believes that, in order to better align their interests with the long-term interests of Blue Coat stockholders, individual directors and executive officers should be stockholders of Blue Coat. The Board has established the following guidelines for share ownership by a director or executive officer: each director and executive officer shall hold, directly or indirectly, at least 1,000 shares of Blue Coat common stock by the later of twelve (12) months after the commencement of service or May 23, 2008, and at least 2,000 shares of Blue Coat common stock by the later of twenty-four (24) months after the commencement of service or May 23, 2009.

7. Selection of New Director Candidates

All nominees for election to the Board shall be approved by a majority of the independent directors on the Board. The Board delegates the screening process involved to the Nominating/Corporate Governance Committee, with the expectation that other members of the Board and management will be requested to take part in the process as appropriate.

The policy of the Nominating/Corporate Governance Committee is to consider all properly submitted stockholder candidates for membership on the Board as well as candidates submitted by current Board members and others. Any stockholder of the Company wishing to

submit a candidate for the Nominating/Corporate Governance Committee's consideration must provide a written notice recommending the candidate to the Secretary of Blue Coat Systems, Inc. at 420 North Mary Avenue, Sunnyvale, CA 94085 or by fax at 1 408-220-2175 (with a confirmation copy sent by mail). The written notice must include the candidate's name, biographical data and qualifications and attach a written consent from the candidate agreeing to be named as a nominee and to serve as a director if elected. Nominees for director will be selected by the Nominating/Corporate Governance and Governance Committee in accordance with the policies and principles in its Charter and the procedures set forth herein.

8. Directors Who Change Their Present Job Responsibility

Directors should offer their resignation in the event of any significant change in their personal circumstances, including a change in their principal job responsibilities.

9. Limits on Director Outside Responsibilities

Directors must be willing to devote sufficient time to carrying out their duties and responsibilities effectively, and should be committed to serve on the Board for an extended period of time. Each Board member is expected to ensure that his or her existing and planned commitments do not conflict with or materially interfere with the member's service on the Board, and must avoid any actual or perceived conflict of interest with Blue Coat. Directors shall inform the Chairman/Lead Independent Director prior to agreeing to serve on the board of any other public company. Directors shall not serve on more than four (4) boards of public companies in addition to the Blue Coat board. Directors who also serve as CEOs or in equivalent positions should not serve on more than two (2) boards of public companies in addition to the Blue Coat board. The Nominating/Corporate Governance Committee shall annually review the appropriateness of this limitation.

10. Board Compensation Review

The Board's general policy is that Board compensation should be cash and/or equity-based compensation, as appropriate. Inside Directors will not be paid for Board membership in addition to their regular employee compensation. Independent Directors may not receive consulting, advisory or other compensatory fees from the Company in addition to their Board compensation.

The compensation of the non-employee Board members should be reviewed annually by the Compensation Committee, and any recommendations of the Committee should be submitted for full discussion and action by the Board.

B. RESPONSIBILITIES OF THE BOARD OF DIRECTORS

1. Primary Responsibilities

The Board, which is elected by the stockholders, is the ultimate decision-making body of Blue Coat, except with respect to those matters reserved to the stockholders. It selects the senior management team, which is charged with the conduct of the Company's business.

Having selected the senior management team, the Board acts as an advisor and counselor to senior management and ultimately monitors its performance.

The fundamental role of the Directors is to exercise their business judgment to act in what they reasonably believe to be the best interests of the Company and its stockholders. In fulfilling that responsibility the directors may reasonably rely on the honesty and integrity of the Company's senior management and expert legal, accounting, financial and other advisors.

The Board's detailed responsibilities include:

- (a) Planning for succession with respect to the position of Chief Executive Officer and monitoring management's succession planning for other senior executives;
- (b) Reviewing and, where appropriate, approving the Company's major financial objectives, strategic and operating plans and actions;
- (c) Overseeing the conduct of the Company's business to evaluate whether the business is being properly managed; and
- (d) Overseeing the processes for maintaining the integrity of the Company with regards to its financial statements and other public disclosures, and compliance with law and ethics.

2. Corporate Business Principles

Members of the Board shall act at all times in accordance with the requirements of the Company's Code of Business Conduct, which shall be applicable to each Director in connection with his or her activities relating to the Company. This obligation shall at all times include, without limitation, adherence to the Company's policies with respect to conflicts of interest, confidentiality, protection of the Company's assets, ethical conduct in business dealings and respect for and compliance with applicable law. Any waiver of the requirements of the Code of Business Conduct with respect to any individual director shall be reported to, and be subject to the approval of, the Board of Directors. If any actual or potential conflict of interest arises for a director, the director shall promptly inform the CEO and the Chairman/Lead Independent Director. If a significant conflict exists and cannot be resolved, the director should resign. Each director will recuse himself or herself from any discussion or decision affecting his or her personal business or professional interests.

3. Advisors

The Board and its Committees may retain outside advisors as needed.

C. BOARD MEETINGS

1. Scheduling and Selection of Agenda Items for Board Meetings

Board meetings are scheduled in advance. Typically, the meetings are partial day meetings held at the Company's headquarters. In addition to regularly scheduled meetings, additional Board meetings may be called upon appropriate notice at any time to address specific needs of the Company. The Board may also take action from time to time by unanimous written consent.

The Chairman/Lead Independent Director, in consultation with the Chief Executive Officer and other members of the Board, shall draft the agenda for each meeting. Each Director may propose the inclusion of items on the agenda, request the presence of or a report by any member of the Company's management, or at any Board meeting raise subjects that are not on the agenda for that meeting.

Directors are expected to attend and participate in all scheduled Board and committee meetings, and to rigorously prepare for such meetings.

2. Board Material Distributed in Advance

Information and data that is important to the Board's understanding of the business should be distributed to the Board in writing or electronically at least two (2) business days before the Board meets. Supplemental written materials will be provided to the Board on a periodic basis and at any time upon request of Board members.

Materials on specific subjects should be sent to the Board members in advance so that Board meeting time may be conserved and discussion time focused on questions that the Board has about the material. Sensitive subject matters may be discussed at the meeting without written or electronic materials being distributed in advance or at the meeting.

3. Board Presentations and Access to Employees

The Board has complete access to any Blue Coat employee. Non-employee Directors are encouraged to contact senior managers or other employees of the company, including the General Counsel and the Chief Financial Officer, with any questions or concerns they may have or to independently verify any matter.

4. Executive Sessions

The Board will regularly meet in an executive session of non-employee directors, without the presence of management. Such sessions shall generally be held at the end of each regular Board meeting (at least two (2) times a year). Promptly after the executive session, the Chairman/Lead Independent Director will review with the CEO any material matters discussed.

5. Annual Review of CEO Performance & Executive Compensation

The Compensation Committee shall annually evaluate the CEO's performance and will report the results of its evaluation to the Board. The Compensation Committee shall annually review and approve the compensation for each of Blue Coat's executive officers (including the CEO), including salary, bonus and other incentive and equity compensation.

6. Evaluation of Board

The Board and each of the committees will perform an annual self-evaluation. During the first quarter of each fiscal year, the directors will be requested to provide their assessments of the effectiveness of the Board and the committees on which they serve to the Chairman/Lead Independent Director or the Committee Chairmen, respectively. The assessments will be compiled by the Chairman/Lead Independent Director and Committee Chairmen for discussion with the Board and the committees, respectively. The Nominating/Corporate Governance Committee shall oversee this process.

7. Continuing Education

At least one member of the Board (on a rotating basis) will attend an ISS approved or equivalent education program, such as the Stanford Law School "Directors' College" each year, at the Company's expense. In addition, the attendance at specialized update training by Board members in matters of corporate governance, executive and incentive compensation, and financial reporting, at the Company's expense, is highly encouraged. Continuing education programs may be offered by the Company to Board members from time to time, and may include a mix of in-house and third-party presentations and programs.

8. Attendance at Annual Meeting

Directors are encouraged to attend the Annual Meeting of Stockholders in person or by phone.

9. Stockholder Communication with Directors.

Stockholders and other interested parties that wish to communicate with the Board of Directors should send their communication to: BCSI Board of Directors, c/o BCSI Corporate Secretary, Blue Coat Systems, Inc., 420 North Mary Avenue, Sunnyvale, California 94085. The Secretary or his or her designee shall review all correspondence to filter out irrelevant communications, such as advertisements, prior to submitting the correspondence to the Chairman or Lead Independent Director. All documents not submitted to the Chairman or Lead Independent Director will be retained for a period of at least six (6) months and will be made available for review by the Chairman or Lead Independent Director.

D. BOARD COMMITTEES

1. Number of Committees

The four regular committees of the Board are the Audit, Compensation, Nominating/Corporate Governance and Stock Option Committees. There will, from time to time, be occasions on which the Board may want to form a new committee or disband a current committee depending upon the circumstances. The Nominating/Corporate Governance Committee will periodically review and recommend to the full Board the committee assignments of the Board members, with a goal of changing such assignments to the extent deemed appropriate in order to even out the demands placed upon the members of the Board, to utilize the particular strengths of the individual Board members and to ensure that matters important to the Company are monitored sufficiently.

The Audit Committee oversees the Company's financial accounting and reporting processes, systems of internal control, audit processes, and processes for monitoring compliance with laws and regulations.

The Compensation Committee reviews the performance of the executive officers of the Company, establishes compensation programs for the officers and reviews the compensation programs for other key employees, including salary and cash bonus levels. The Compensation Committee also administers the Company's stock incentive plans and is authorized to make awards under such plans.

The Nominating/Corporate Governance Committee oversees the nomination of directors for service on the Board and its committees, reviews and considers developments in corporate governance practices, and recommends to the Board corporate governance policies and procedures applicable to the Company.

The Stock Option Committee is authorized to make certain awards under the Company's stock incentive plans in accordance with the authority granted in its charter and the Company's Equity Award Policy.

2. Assignment and Term of Service of Committee Members

The Board is responsible for the appointment of Committee members and Committee Chairmen. Committee assignments are reviewed annually.

3. Frequency and Length of Committee Meetings and Committee Agenda

The committee Chairmen, in consultation with the Chairman/Lead Independent Director and appropriate members of management, will determine the frequency and length of the Committee meetings and develop the Committee agendas. The agendas and meeting minutes of the Committees, will be shared with the full Board, and other Board members are welcome to attend Committee meetings.