

**Investor Conference Call for February 15, 2007 @ 4:30 pm**  
**(Q2 Results/FY07)**

**(Introduction/Welcome)**

Good afternoon to our shareholders and guests on today's conference call. I am Kevin M. Kelly, President and CEO of Proginet.

Debra DiMaria - our Chief Financial Officer and Katherine Piscopo Stein, Director of Investor Relations, are also participating in today's conference call.

I am sure you have noticed the difference in the timing of our quarterly investor conference call. This timing reflects just one of the many changes Proginet continues to implement through our expanded Investor Relations activities. It is our goal to provide more timely and meaningful disclosures to our investors and keep you informed on Proginet's progress.

We are in the process of modifying our procedures to assure that Proginet can achieve earlier and consistent dissemination of information for our quarterly and annual performance.

As you are aware, Proginet, as a public company, must comply with several SEC regulations related to disclosure. To that end, Proginet is developing new procedures, with guidance from, legal counsel, and our external auditors; and with the support of our audit committee and board of directors.

One of the changes is an updated Safe Harbor Disclosure. It is important that participants be aware of the additional information related to Regulation Fair Disclosure (FD) and the Quarterly Financials.

So, before we present the quarterly review, I would ask Katherine to read the Safe Harbor Disclosure.

### **Safe Harbor Disclosure**

As Proginet develops programs to bring more information to investors in a timely manner, it is critical that we explain the rules and regulations for the dissemination of this financial information. Regulation Fair Disclosure, FD, regulates how material news can be released to investors and the general public. FD also regulates that specific information must be disclosed publicly before it can be discussed privately. However, the SEC does allow corporations, like us, to provide complimentary information to matters that have been publicly disclosed.

With the exception of certain current or historical information, the matters to be discussed in today's conference call include forward-looking statements that involve risks and uncertainties. The important factors that could cause actual results to differ from those indicated in the conference call include but are not limited to:

- The continued success in Proginet's expanded sales efforts both domestically and internationally.
- The ability of Proginet's software development team to complete the planned projects in a timely manner - to further increase sales opportunities to large organizations.
- The ability of Proginet to successfully complete and integrate acquired companies and software into our technology roadmap.

Proginet disclaims any obligation to update any such forward-looking statements after the date of this conference call.

Lastly, the referenced financial information provided in this call is approximate and has not yet been reviewed by external auditors. It is important that participants obtain and thoroughly review actual financial results when they are filed with the SEC in Proginet's 10Q, on or about, March 1<sup>st</sup>, 2007.

Please consider these factors throughout our discussion today.

## **Financial Review - Debra DiMaria**

### **Intro**

As we announced, Proginet concluded Q2 achieving record quarterly total revenues, record new license revenues and record quarterly profitability. The driving force behind this success has been the market acceptance and need for our latest product, the Cyberfusion Integration Suite, specifically the Internet Server for the B2B market.

### **Total Revenues**

Total revenue surged to more than \$2.6 million. \$400,000 higher than any other single quarter in Proginet history. What's most significant is the growth in the highest margin part of our business.

### **New License Revenue**

That major component in breaking the existing record was the new license revenue, achieved in Q2. New license revenues amounted to almost \$1.2 million, a 90% increase from last year's quarter and a \$300,000 increase from our previous record set back in 2005.

### **Total Revenues**

Proginet closed more than 30 new license agreements. We signed significant new customers in the retail and electronics industry and continue to experience increased demand from both existing and new customers in the financial services market. We achieved success both domestically and internationally with significant contributions from the UK market.

## **Profitability**

These revenue results coupled with expense management set the stage for the most profitable quarter in Proginet history. Proginet reported a quarterly profit of approximately \$400,000 compared to \$120,000 last year, an increase of 240% on a year over year basis. We expect that when Proginet continues to experience this level of NLR growth, our profitability will increase substantially as the margins in the software industry are significant.

## **YTD**

For the six months ended January 31, 2007, new license revenues have increased 40%, total revenues increased modestly and net income is in excess of \$300,000.

On a forward looking basis, our plan calls for growth in Q3 and Q4 similar to what Proginet achieved this quarter. Kevin will provide more details regarding our growth potential now.

## **KMK Assessment**

I trust our investors are somewhat pleased with the results presented by Debra.

We are certainly encouraged and as we continue to perform and execute our 2007 Business Plan, we can expect revenue and profitability numbers will continue to improve, beyond those results reported for Q2.

At our annual shareholder meeting I presented our Strategic Plan. Our plan addressed several different contributors to growth, where, in aggregate, we can expect to achieve meaningful revenue growth. At this mid-point of our year I am pleased to report that we are progressing on all strategic fronts.

The software business as Debra described, is one of the best businesses when it comes to margins - once you get to critical mass. In our recent quarter, Proginet reached that stage - so our margins improved nicely. And more important, they are expected to increase further over our plan cycle, reaching 15% or perhaps much more.

You may recall from my comments at our shareholder meeting that the components of our strategy are broken into **two distinct initiatives; the Product side, and the go to market side**.

## **Product**

- Our new successes are closely tied to CFI. And, R&D continues to represent large investments to assure we have the new product capabilities required by our markets.

And, with successful product development our B2B market opportunities are projected to increase 2X and our total market opportunity will increase four fold over the plan cycle.

Our email attachment product continues in development and the feedback we have received is extremely positive. We will launch code-name "Courier" late spring or early summer.

### **There are key drivers in our Sales "go - to market" strategy.**

- Customer base: cross-sell/up-sell, +
- Direct sales - new customers, +
- Channel Sales - through reseller partners internationally, and
- Strategic Alliances - where VAR vendors sell our products into their markets.

These drivers contributed to strong growth with "global momentum", which is expected to have continued strong positive impact on Proginet's increasing success. Our CyberFusion Integration Suite (CFI) is achieving encouraging results and a Gartner Analysts recently acknowledged Proginet's positioning when he stated "Proginet has the right product, with the right functionality at the right price." And I might add...."at the right time".

## **Alliance/M&A Update**

We continue to pursue alliances with strategic partners who offer new channels to expand our sales and market coverage. We announced earlier this year the establishment of an alliance, with an EDI vendor, and we expect to establish three or more additional alliances by the end of the fiscal year.

Proginet recently announced an exciting new Alliance, the Payment Card Industry Security Vendor Alliance (PCI SVA), a group that seeks to advance data security standards across the entire payment card industry.

As a founding member of the PCI Alliance, Proginet is committed to the support of PCI's goal of creating a unified, global system that is more accessible, efficient, and secure for all PCI stakeholders – whether they be merchants, processors, point-of-sale vendors, financial institutions, or payment companies.

There are several discrete requirements which, taken together, maximize the security of all data – from end to end and at every step in the PCI business process. Proginet satisfies several DSS requirements, including access management, encryption, authentication, and audit, with deep expertise in securing and controlling the transmission of cardholder data across open, public networks. As many of you already know, Proginet processes credit card data for hundreds of companies. Proginet's role in supporting the credit card industry represents huge potential for increased business.

As stated in our Q2 press release.

"Demand for Proginet's B2B solutions, particularly in the context of business to business communications, is being driven by a number of important factors, including regulatory concerns, security, and a growing requirement to integrate data and business partners.

Simply stated, all businesses must protect and secure their data - both data at rest and data in motion. And, that is the specific problem CFI solves. The number of pending deals (over 70) and the dollar size of pending deals (over \$3.5 million) are testimony to the market need and Proginet's significant growth potential.

With over \$3.2 million cash in the bank and cash flows expected to continue to be strong, the Proginet team is well positioned to achieve the growth presented in our 2007 business plan.