

Good afternoon everyone and welcome. I'm Sandy Weil, the President and CEO of Proginet Corporation.

As you saw from our press release, we have continued with our profitable consistency in Q2 that we have achieved in last fiscal year's Q4 and this year's Q1.

Before we get started, I would like Joe Christel, our new Chief Financial Officer, to read the following statement to ensure everyone understands certain requirements relating to Regulation Fair Disclosure (FD) and the disclosure of information including forward-looking statements. Joe will then go over our financial results for the 2nd quarter.

(Joe)

Securities laws, including Regulation Fair Disclosure, FD, regulate how material news can be released to investors and the general public. FD provides generally that material information cannot be disclosed to investment professionals and institutional investors without disclosing that information publicly. However, when material information is disclosed in a widely distributed press release, such as this morning's earnings release, and the earnings call discussing the information in and related to the release is publicized and accessible to the public, the SEC generally allows corporations, like Proginet, to discuss such information on investor conference calls.

With the exception of certain current or historical information, the matters to be discussed in today's conference call include forward-looking statements which may include, but are not necessarily limited to, financial projections or other statements of the company's plans, objectives, expectations, or intentions. These matters involve risks and uncertainties. The company's actual results may differ significantly from those projected or suggested on this conference call due to a variety of factors, which are further described in our S.E.C. filings on Form 10-K and Form 10-Q, and include, but are not limited to:

- The ability of Proginet to grow its sales efforts domestically, our indirect channels internationally, and our new OEM arrangements
- The ability of Proginet's software development team to complete its planned projects in a timely manner
- The ability of Proginet to support sales opportunities to the organizations to which it sells
- The ability of Proginet to support its distribution and OEM initiatives around the world.

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

Lastly, the referenced financial information provided in this call does not contain the details and footnotes provided in our SEC filings. It is important that participants obtain and thoroughly review

these when they are filed with the SEC in Proginet's 10-Q, expected to be filed on or about, March 10, 2010.

Please consider these factors throughout our discussion today.

Now, over to a discussion on financial results.

(JOE)

#### CFO DISCUSSION

On a quarter over quarter basis, total revenues increased by 25% to \$2.5 million. This revenue increase was driven mainly by increases to maintenance revenue resulting from increased sales and the effect of the last years Q1 deal with BETA systems.

On the expense side, operating expenses decreased by \$165,000 to \$2.3 million. The decrease is primarily attributed to reduced headcount, reduced stock based compensation and decreased sales and marketing related activities. Going forward, we will continue to search for ways to reduce redundant expenses.

For the quarter, we reported a net profit of approximately \$170,000 as compared to a net loss of \$496,000 in last year's second quarter.

Cash has decreased slightly in the second quarter to \$1.4 million mainly due to our previously announced acquisition of certain Rocketstream assets.

Now, I would like to turn the call back to Sandy.

(SANDY) CEO PERSPECTIVE:

Thank you, Joe.

We delivered another decent quarter of revenues and also managed to complete the acquisition of the RocketStream assets which will be an important part of our product line in the future. What I really liked about this quarter was the mix of deal shapes, sizes and product use cases. We had two deals in which we are displacing much larger competitors; one mainly zOS mainframe based and the other mostly distributed systems. Beta Systems had a key win for us in core Europe with a large Insurance company. We also had our largest RocketStream based transaction with an OEM partner.

Now, on to a review of the ten key initiatives that we are focused on and our continued progress on these areas

First, our OEM partners have closed a number of deals with us across a number of verticals and geographies. This business has not grown as quickly as we had hoped, however we continue to work closely with them on developing opportunities. Also, importantly each of our OEM partners has launched our core platform server technology as a “white labeled” product in the last 45 days which contributes to the majority of our MFT revenue stream. These are the products which are used to displace our major competitors and we will look for more activity in this area over the coming months.

Second, we have been working hard on continued innovation and creative thinking. As we announced in Q1 some of our plans for CFI 7 and future enhancements, we have pushed and evolved our thinking around Cloud and SaaS based product delivery. We are currently running in a vCloud environment utilizing the VMware ESX platform and also in the Amazon AWS environment. Stay tuned for some announcements in these areas over the next 6 weeks

Third, we have released version 6.6 of Internet Server which is at the heart of our Cloud/SaaS based strategy.

Fourth, we have released Slingshot Version 1.6.2 which has some interesting new features around archive integration, virus scanning integration capability, and most important, around end user usability and interaction. We have a number of different OEM discussions in flight around this product line and will continue to push that agenda

Fifth, we announced the rollout of our software at all 50 States which was the culmination of a great effort with a major government agency and our professional services group. This will hopefully continue to deliver additional business both inside and outside the government sector

Sixth, we continue to innovate in the SaaS based product areas with Netsuite (Congratulations to Larry and the BMW/Oracle team on the America’s Cup!), vTrenz, Salesforce, @Task, RainKing, and most recently with our implementation of an organic optimization product called Enquisite

Seventh, we continue to focus on expense and cash management and at the end of Q2 had a cash balance that has slightly decreased to \$1.4MM for the most part due to our acquisition of the RocketStream assets.

Eighth, we have added some additional talent both directly from the file transfer industry and also from the broader technology industry

Ninth, we will continue to participate with our distribution and OEM partners in events and Webex with the two most recent trips in the last 4 weeks being to core Europe with Beta Systems annual sales kickoff and other large enterprise prospect and customer visits

Tenth, we will continue the innovation path and will be announcing a new Cloud/SaaS based product delivery strategy which will be quite differentiated from what we have done in the past. This medium provides for an integration of much of the technology which we have been developing and acquiring over the last 18 months including but not limited to: FIPS 140-2, RocketStream, Slingshot, HFT Fiber

Acceleration, new GUI and end user environments and very importantly new ways of charging for the use of our assets.

### Summary

In summary, we continue to push forward and work on the core focus of this company which is to be the top file transfer company in the world. Analysts and technology experts in large enterprises appear to understand what we are capable of, but the challenge to become more engaged in the different layers of the MFT business is what lies ahead for us

I would now like to open up the call for questions. Operator?