

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

The reviewed results from the third quarter were announced this morning. While the results were not what we had hoped for, we are making good progress with our strategic initiatives and I believe we are heading in the right direction.

Before we get started I would like Debra DiMaria, our Chief Financial Officer, to read the Safe Harbor Disclosure to ensure everyone understands the information relating to the Regulation Fair Disclosure (FD) and the disclosure of information. Then she will go over the financial results for the third quarter of 2009.

(DEBRA)

Safe Harbor Disclosure

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 which are further described in our S.E.C. filings on Form 10-KSB and Form 10Q, that could cause actual results to differ from those indicated in the conference call include but are not limited to:

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

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 does not contain the details and footnotes provided in our SEC filings. It is important that participants obtain and thoroughly review actual financial results when they are filed with the SEC in Proginet's 10Q, expected to be filed on or about, June 1st, 2009.

Please consider these factors throughout our discussion today.

Now, over to a discussion on Q3 results:

(DEBRA) CFO DISCUSSION

On a comparative quarter-over-quarter basis, total revenues declined principally as a result of a decrease in maintenance revenues. As previously discussed, the maintenance revenue recognition was affected by the Beta transaction completed in October 2008.

Our internal projections initially estimated that maintenance revenue will be in line with historical averages by July 2009. However, due to the current economic environment, the Company is experiencing higher maintenance cancellations than projected, which has attributed to the current quarters' decline in maintenance revenue.

The Company did experience an increase in new license revenue over last year's quarter. This resulted primarily due to the recognition of the minimum new license revenue associated with the Beta Master Distribution Agreement and the continued recognition of the government CFI contract signed in July 2008. The Company met the acceptance criteria of the government deal in December 2008 and will ratably recognize such revenue through July 31, 2009.

On a comparative basis, expenses in the same quarter last year were consistent. However, from Q1 fiscal 2009 the Company has reduced operating expenses from \$2.9 million per quarter to \$2.1 million. We initiated cost cutting measures in response to the economic conditions which reduced headcount, eliminated a number of internal initiatives, and cut back on any expenses except those that are absolutely critical. We will continue to reduce expenses if projected revenues are not met.

Cash has declined over the fiscal year. We are minimizing our cash expenses while trying to accelerate our customer collections to preserve our cash position. We are also implementing new licensing arrangements in an effort to generate cash as well as grow new license revenue. Currently, the Company is also pursuing other sources of financing to enhance our available working capital.

Now, I will turn the presentation back to Sandy.

(SANDY) CEO PERSPECTIVE:

Thank you Debra, Clearly, the current economy has impacted our financial results. We have taken the opportunity however, to continue decreasing our cash expenditures, while at the same time continuing to build on our indirect business channel as the growth engine for Proginet.

#### REDUCTION IN EXPENDITURE

As described in our financial results our aggressive approach to cost cutting has had the desired effect on the overall financial condition of our company. Our cash burn has slowed, our net loss as compared to last year is lower and our overall gross net license revenue is ahead of where we were in Q3 of last year.

#### UPDATE ON BETA SYSTEMS PARTNERSHIP

In the last three months my CIO, Kevin Bohan, and I have made trips to Europe to call on more than 15 existing customers and potential prospects. We will continue to invest our time and resources with these types of activities with Beta Systems customers and prospects.

Beta Systems closed their first multi-year deal with a large company in Europe and we have began recognizing the associated revenues this quarter.

We kicked off a telemarketing campaign in Scandinavia. Proginet and Beta Systems co-funded this campaign to the 1,000 largest companies in Denmark, Sweden and Norway. This initiative demonstrates the teaming relationship we have established together. Also, for this campaign Proginet created special sales materials and provided technical product sales support to the telemarketing firm to prepare them for this initiative.

We have generated European leads from our website, adword campaigns and our new vTrenz campaign management system. Once developed these leads are fed to the local Beta sales executives for follow up. These sales executives are also pitching CFI to their existing customer bases. As a result of all of these efforts a number of new opportunities have and are being generated in Europe.

Proginet will have a team at the Beta Systems annual customer conference in Berlin in June and we look forward to continuing to grow and invest in this very special relationship.

## OEM BUSINESS

As we had announced in Q2, we have signed two major OEM/Distribution deals with Software AG and Attachmate.

The Software AG OEM deal embedded our CFI Suite into WebMethods, a world leading integration platform, which is used by thousands of large companies to manage their web services and internal application services integration. We have conducted numerous training sessions on the East Coast, West Coast and last week in Europe that included webcasts to all of their pre and post sales executives, along with their global sales professionals. Our combined technology teams are working diligently on the integration of the two platforms in a structured, phased approach.

We have a number of new and emerging prospects from this developing relationship.

The Attachmate distribution/OEM deal is focused on providing their large and diverse sales force with an enterprise grade managed file transfer product in order to compete against companies like Sterling Commerce, Axway and others. It combines the superior open protocol capabilities of their file transfer product "Reflection for IT" or "RSIT" with our CFI Suite. That enables Attachmate's solution to run on multiple platforms and provide both proprietary and open protocol capabilities.

We conducted a number of training sessions with the different vertical and geography based sales professionals at Attachmate over the last month, and I was able to visit a few weeks ago in Seattle to meet with their senior leadership, and marketing and sales executives.

We also have a number of new and emerging prospects from this developing relationship,

## ONGOING GOVERNMENT OPPORTUNITY

The large deal we closed with a federal government agency and our decision to provide full use licenses to their business and governmental counterparties has resulted in giving us greater visibility into more opportunities as more agencies begin to see the benefits of using CFI. We secured five different CFI deals based on this arrangement in the third quarter and are expecting additional sales in Q4 and beyond.

This quarter we released CFI version 6.5 with FIPS 140-2 compliance as one of the major new features in this version.

## WEBSITE AND MARKETING CAMPAIGNS

It has been four months since the implementation of our redesigned website. Our new capability has all the features I talked about on past calls along with greater product visibility, more solution focused literature, more blog activity and a centralized resource center which is now fully integrated with vTrenz. This technology allows us to create automated campaigns to help nurture our potential prospects before they're given to our direct sales team and indirect partners.

### Customer Management

In the past four months, we have been very focused on reaching out to our existing customers and connecting with them on a number of levels. For example, we recently distributed a customer communication summarizing current versions of our products and the suggested upgrade schedules, as well as information on new releases and what would be included in those new versions. Personally, over the last few months I have spoken to well over 30 existing customers and we have scheduled calls with many more over the coming months. Either I or one of my executive team will attend each of these calls to understand how our customers are using our products, what they like about Proginet, what they don't like about Proginet, and what they would like to see in future versions of our products.

### INNOVATION DELIVERY

In the last quarter we began delivering on the innovation curve that I spoke of a year ago in my first investor call as the EVP of Sales and Marketing. We achieved this both with our internal capability and best of breed providers in the industry. We delivered RocketStream as an integrated product with our partners at Voyant. We delivered the CFI Edge Server hardened appliance in conjunction with our partners at LogiSense. We delivered FIPS 140-2 with our partners at Valicore. We delivered the Slingshot Vault with our partners at Mirapoint/Intradyn. And most recently, we began developing the white label/OEM capability which we are working on diligently with our partners in Software AG and Attachmate

### Summary

In summary, although we have not yet achieved the financial results that I think this company is capable of, we can see that the cost cutting efforts, partnership development, marketing automation and innovation show the progress that the team at Proginet has achieved. We are working hard to finish the year with a good Q4 and then position the company for incremental success through these new partnerships and continued technology innovation.

Thank you. We would like to open it up to any questions.