

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

Today, we completed our year end board meeting and reviewed the results of our fiscal year 2009 that ended July 31st. I am very pleased with the progress and transformation that we have achieved and look forward to building on our new foundation in fiscal 2010.

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 Debra will go over the financial results for the fourth quarter and our overall fiscal 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 SEC filings on Form 10-K and Form 10Q, that could cause actual results to differ from those indicated in the conference call which include but are not limited to the following:

- We have elected a strategy to continue to build our direct and channel sales models and leverage these partnerships to reach more customers and vertical industries, maximizing our marketing efforts and developing innovative products which are focused in the MFT space, if we do not execute this strategy well, our business can be harmed
- Our investment in research and development may not result in marketable products or may result in products that take longer to generate revenues, or generate less revenue than we anticipate.
- Our ability to sell our products is dependent on the quality of our service and support offerings, and our failure to offer high-quality support and services could have a material adverse effect on our sales and results of operations.

- Our revenues in the past have depended and in the future will continue to depend in part on key alliances and partnership relationships. We cannot assure you that any of these relationships will generate revenues or earnings for us.

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 10K, expected to be filed on or about, September 25th, 2009.

Please consider these factors throughout our discussion today.

Now, over to a discussion on financial results:

(DEBRA) CFO DISCUSSION

On a year over year basis, total revenues reached \$9.3 million, an increase of \$1.7 million over last year. For the fourth quarter of Fiscal 2009, revenues amounted to almost \$2.7 million an increase of over \$900k from fiscal 2008.

Both on an annual and quarterly basis, these results represent the second highest revenue milestone in the Company's 20 year history.

This growth was driven by an increase in software license revenue. For the year, software license revenues increased \$2.8 million or 210% and for the quarter, license revenues increased by \$980,000 or 468% compared to last fiscal year

During fiscal 2009, Proginet achieved corporate initiatives which were the driving force for the license growth. Such corporate initiatives included collaboration with Beta Systems which resulted in:

- the largest license revenue deal in the Company's history in Q1 and
- a master distribution agreement which provides for a minimum revenue requirement through 2011.

Proginet also successfully met the contractual development requirements relating to a US government sale and was able to recognize the revenue under such license agreement.

With respect to operating expenses, the Company met its corporate initiative of reducing operating costs. Total fiscal operating expenses decreased by \$471,000 compared to last year. On a quarterly basis, expenses decreased by \$927,000 compared to Q4 2008 and have declined from a quarterly high of \$2.9 million in Q1 2009 to \$2.2 million in the last quarter of fiscal 2009.

To operate more efficiently, the Company reduced headcount throughout the year and eliminated discretionary expenses company wide.

As a result of increasing revenue and decreasing expenses, the Company reduced its net loss to \$369,000 from \$2,479,000 in fiscal 2008. On a quarterly basis, the company returned to profitability in Q4 generating a profit of \$480,000 compared to a quarterly loss of \$1.4 million Q4 2008.

On the cash side of the business, the Company embarked on strategic initiatives in fiscal 2009 including,

- (i) transforming our sales model,
- (ii) consolidating product lines and
- (iii) innovating new collaborative product offerings for the managed file transfer market.

Such initiatives required cash investments. These investments attributed to the decrease in the Company's cash position to \$1.1 million from \$2.3 million at the end of last year. Accordingly, the Company implemented cost reduction initiatives to lessen our cash burn and still continues to monitor expenses closely. As of today, the Company has \$1.6 million on hand and has entered into a commitment letter for a business financing agreement to help the Company manage its cash requirements more efficiently.

Now, I would like to turn the presentation over to Sandy.

(SANDY) CEO PERSPECTIVE:

Thank you Debra, As I look back on the journey that we embarked on when I took over as CEO last August, I want to reflect on the transformation and transition in business model that we have made. I will also take some time to discuss our business trajectory and where I think we are headed

In September of last year we were focused on sales and channels; products and related innovation; new processes and tools including Customer Relationship Management and Financial Systems; and a marketing overhaul of both our company brand and our online presence including website/portal renovation

Let me take a minute to talk about each of these areas and what we accomplished in fiscal 2009

First, we have reorganized and reinvigorated our sales and channels program with the addition of new talent, a change in sales leadership, a major change in compensation programs, and the refocusing of exclusive distribution with Beta Systems in Europe, Eastern Europe and parts of the Middle East. Also, we developed three significant and important OEM relationships with Software AG, Attachmate and more recently Inovis which we believe will help to drive our growth in the enterprise marketplace through cross selling to their existing customers and also competing head to head with some of the larger competitors in the enterprise MFT space

Second, we embarked on a significant product innovation program which has successfully produced the imbedding of RocketStream acceleration technology into our core MFT products, delivered FIPS 140-2 capability in order to compete in the government sector, and created an OEM based product with our hardened proxy appliance called "Edge Server" in conjunction with LogiSense. We recently delivered our second major release of Slingshot which allows for enterprise deployment, automatic LDAP integration and scalability through stackable servers.

Third, from a corporate process and tools perspective we have made significant progress in overall company management. From a development perspective the implementation of a project management and time tracking system along with a complete tech support dashboard and performance management system has brought our capability in line with current industry best practices. We grew out of the manual intensive financial systems the company has used for many years and have now implemented and will go live next month with a new finance system which includes accounts payables, accounts receivables, and a complete general ledger. This new system will automatically generate timely and accurate invoices. It also has an inventory management system for product pricing which will allow us to continue to grow our appliance business capability in both direct and indirect channels.

Fourth, with our marketing overhaul we rebranded the company from our logo, identity, messaging and color schemes, all the way down to new business cards and titles. We redeveloped our website with a new structure while implementing a new chat/portal management system. We integrated Customer Relationship Management system into our website through a campaign management system for outbound and inbound prospecting. We

have two different online databases for opportunity targeting, and most recently a very interesting product which allows for optimization of organic search.

All of our corporate tools are delivered on a cloud based SaaS model which allows us to get the benefit of enterprise class tools at a fraction of the cost

When I look back on the changes and transformation my team has achieved, I feel a great deal of pride and energy in the new Proginet and what it is capable of.

Now, we need to execute on this new platform

We, as well as all the Proginet employees have ten key initiatives to focus on in fiscal 2010 to continue the progress:

First, we will deliver on our OEM rebranding commitments to our new partners. We have delivered on the first phase of that product set and will continue to drive that forward

Second, we will work on planning Enterprise CFI Suite Version 7 which will include an improved User Interface, additional open integration features for business partners and some interesting user/desktop enhancements.

Third, we will simplify the capabilities of our Internet Server to target small to medium sized business and will provide that product on a hardware and virtual appliance platform.

Fourth, we will complete the planning for Slingshot Version 2.0 which will have some OEM and SaaS capabilities built into it so our channel partners can deliver this product to a much larger audience of prospects

Fifth, we will continue focusing our efforts in the Government sector and work to close some of the enterprise deals we have been working on

Sixth, we will complete our corporate finance transformation and have an integrated financial management system which is automated and gives my management team world class dashboard management capability.

Seventh, we will continue focusing on expense and cash management across the company. As Debra mentioned we have rebuilt our cash base back up and we need to continue that process

Eighth, we will continue our drive to develop our products in the most efficient ways. This includes seeking ways of adding talent without adding more costs and can include additional partnering and/or outsourcing.

Ninth, we will continue to nurture and educate our new OEM and Distribution partners in the process and selling methods of the Enterprise MFT marketplace. We also will continue to support them with train the trainer exercises around the world

Tenth, and not last by any means we will continue the innovation of our products, process, and business methods to ensure that we capitalize on opportunities for growth and/or corporate cost control

Summary

In summary, I feel that we have made great progress in transforming Proginet in the last fiscal year. We delivered some solid financial results in one of the worst economies that any of us has ever experienced with revenues that nearly exceeded our record year in 2007. Our fourth quarter helped immeasurably in making that possible. In the future, we will continue to focus on execution and solid management of the company. While I don't think we will have explosive growth in our business in the short term, I do think that this company is capable of consistent growth, profitability and stability. As our OEM business takes hold and gets traction, the synergistic effects of the larger throw weight in the indirect sales capability and geographic coverage will help to drive the future growth of our business

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