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Proofpoint Achieves 22nd Consecutive Quarter of Record Revenue Growth, Concluding Another Record Year

Leading Email Security Vendor's Continued Rapid Growth Fueled by Product Innovation, International Expansion and Best-in-Industry Customer Renewal Rate

SUNNYVALE, Calif. –January 12, 2009 –Proofpoint, Inc., the leading provider of unified email security, archiving and data loss prevention solutions, today reported that revenues for the fourth quarter of 2008 were the highest in the company's history, representing Proofpoint's 22nd consecutive quarter of record-breaking revenue and concluding another record-breaking year of customer acquisition, annual revenue growth and product innovation.

"In Q4, we continued to see great momentum across all areas of our business—from core email security, data loss prevention and encryption to email archiving—with new customer adoption continuing to grow from the previous quarter," said Gary Steele, CEO of Proofpoint. "Proofpoint's key value proposition, enabling customers to leverage cloud computing techniques to drive down the costs while maximizing the security of email, is clearly resonating with the market. Our SaaS solutions are the fastest growing part of Proofpoint's business and, in Q4, we saw a record percentage of business coming from on-demand and hybrid deployments."

During the quarter, Proofpoint closed its largest-ever transactions in both email security and email archiving, both involving on-demand components:

- | One of the world's largest multinational professional services firms is deploying Proofpoint's email security and policy-based email encryption solutions in a hybrid configuration, leveraging both Proofpoint on Demand™ and Proofpoint Messaging Security Gateway™ appliances. This global deployment will involve all of Proofpoint's worldwide data centers to help this firm comply with complex regulations and security policies that vary by geography.
- | In Proofpoint's largest email archiving transaction to date, a leading global logistics firm is deploying the SaaS-based Proofpoint Email Archiving™ solution to enforce email retention policies and comply with regulations. The solution is being deployed out of Proofpoint's European datacenters.
Adoption of Proofpoint Email Archiving—first introduced earlier in 2008 after the company's acquisition of SaaS archiving vendor Fortiva—continued to be strong, as the volume of data being managed through the system grew by more than 100% over the same period in the prior year.

For Q4 and for the year 2008, Proofpoint once again achieved an extraordinarily high level of customer satisfaction and retention, maintaining a best-in-industry customer renewal rate of more than 98%.

Continuing Technology Innovation

Throughout 2008, Proofpoint continued its tradition of introducing innovative new solutions that help enterprises reduce the risks and costs related to email, powered by the latest advances in cloud computing, virtualization and machine learning technology.

During Q4, the company introduced Proofpoint 5.5, the latest version of its integrated email and data security solution. Proofpoint 5.5 allows enterprises to deploy anti-spam, anti-virus, data loss prevention, email encryption and a variety of email infrastructure optimization features either in the cloud, on-premises or in hybrid configurations.

Significant enhancements in Proofpoint 5.5 help reduce a wide variety of email risks associated with inbound threats and outbound data loss while improving ease-of-use for administrators and end-users. In addition, Proofpoint 5.5 delivers expanded international capabilities including a fully localized Japanese language interface, enhanced language detection features and data loss prevention capabilities for multi-byte languages.

Also during the quarter, a new version of Proofpoint Email Archiving was introduced that extends search capabilities to mobile users. Proofpoint's core email security software was also certified as meeting EAL 2+ Common Criteria standards, underscoring the company's commitment to delivering the highest levels of security and reliability.

Earlier in the year, the company made high-performance SaaS email security available to a much wider market with the introduction of Proofpoint on Demand—Standard Edition. This version of Proofpoint's SaaS email security platform offers

SMB-friendly pricing—as well as simplified configuration and administration—coupled with Proofpoint's unrivalled anti-spam, anti-virus and content filtering accuracy. The company also introduced Proofpoint Secure File Transfer™, which lets email users send large files—and files that require enhanced security—quickly and easily, while minimizing the impact of large attachments on their organization's email infrastructure.

Channel and Technology Partner Momentum Continues

In the US and Canada, Proofpoint continued to strengthen its partnerships with key North American security VARs through joint sales efforts and co-marketing campaigns that drove increased sales pipelines.

The company also formed a new strategic partnership with leading secure web gateway vendor Blue Coat Systems, Inc. to make available a comprehensive security solution that protects against malware attacks through both email and Web-based traffic. The companies are working together to bring this joint security solution to market through key VARs such as Fishnet Security.

Rapid International Business Growth, Expansion in APAC

Proofpoint's ongoing expansion into Europe, Latin America, Japan and Asia Pacific continued in Q4, resulting in greater than 50% annual growth in the company's international business over 2007.

To further extend its market reach in APAC, Proofpoint has opened new offices in Thailand, Hong Kong and Taiwan, adding to the company's continuing presence in Australia and Singapore.

As part of these expansion efforts, Proofpoint has appointed Tim McElwee to lead the sales effort in APAC, where he will work closely with new and existing channel partners across the region.

"Having already developed a strong base of customers and partners in APAC, we believe the time has never been better to increase our coverage and competitiveness in this market," said Steele. "We expect APAC to be more resilient during the economic downturn and we see significant opportunities for channel expansion this year. Tim McElwee's experience in signing top-tier customers and leading successful international sales teams will be key to accelerating our growth in APAC."

Growing Accolades for Proofpoint Products and Business Growth

During 2008 a growing number of media, analysts and industry watchers recognized the strength of Proofpoint's solutions and business growth. Proofpoint's continued explosive growth was highlighted as the company was ranked number 2 on Deloitte's 2008 Technology Fast 50 list of the fastest growing software and IT companies in Silicon Valley. Industry analysts IDC also recognized Proofpoint as one of the fastest growing vendors in the email security space. A complimentary copy of IDC's report, Proofpoint: Innovating to Stay Ahead, can be downloaded by visiting:

<http://www.proofpoint.com/innovating>

Proofpoint was also positioned by Gartner, Inc. in the leaders quadrant of the "Magic Quadrant for E-mail Security Boundaries" 2008 report.¹ To read a complimentary copy of this email security report, please visit:

<http://www.proofpoint.com/email-security-magic-quadrant>

Learn More about Email Security in the Cloud

Learn more about how Proofpoint's solutions can help your organization leverage cloud computing to improve email security while minimizing total cost of ownership. Register to attend the live web seminar, "Lower Your TCO: Email Security in the Cloud," being held January 22, 2009 at 2:00 p.m. Eastern / 11:00 a.m. Pacific time by visiting:

<http://www.proofpoint.com/email-security-in-the-cloud>

¹Gartner, Inc. "Magic Quadrant for E-Mail Security Boundaries" by Arabella Hallawell and Peter Firstbrook, Sept. 11, 2008

About Proofpoint, Inc.

Proofpoint secures and improves enterprise email infrastructure with solutions for email security, archiving, encryption and data loss prevention. Proofpoint solutions defend against spam and viruses, prevent leaks of confidential and private information, encrypt sensitive emails and archive messages for retention, e-discovery and easier mailbox management. Proofpoint solutions can be deployed on-demand (SaaS) on-premises (appliance), or in a hybrid architecture for maximum flexibility and scalability. For more information, please visit <http://www.proofpoint.com>.

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