Proofpoint Signs Definitive Agreement to Acquire Nexgate, Enters Social Media Security and Compliance Market

Combination Brings Advanced Security and Compliance for Leading Social Media Platforms

SUNNYVALE, CA -- (Marketwired) -- 10/23/14 -- Proofpoint, Inc., (NASDAQ: PFPT), a leading security-as-a-service provider, has entered into a definitive agreement to acquire Nexgate, a pioneer in security and compliance solutions for social media communication channels, for approximately $35.0 million in cash. Nexgate offers an award winning, cloud-based service that enables organizations to prevent abuse, add security and ensure compliance across leading social media channels, including Facebook, Twitter, LinkedIn, Google+, YouTube and more.

With this acquisition, Proofpoint customers can effectively protect their online brand presence and social media communication infrastructure. Nexgate technology automatically identifies and remediates fraudulent social media accounts, account hacks, and content that contains malware, spam and abusive language. In addition, the Nexgate solution enforces policy on authorized accounts and posts for compliance with a wide-range of social media regulatory requirements including FTC, FINRA, FFIEC, FDA, HIPAA, PHI, SEC, ABA and more.

"As enterprises adopt social media to connect with their customers, employees, and partners, cybercriminals are increasingly targeting companies through this new communication medium -- and brand owners need to ensure they have the highest level of security built in," said Gary Steele, CEO at Proofpoint. "With the acquisition of Nexgate, Proofpoint extends its world class security and compliance capabilities into an expanding set of social communication platforms. Today's acquisition further solidifies Proofpoint's leading position in providing next-generation technology to protect against the most advanced threats facing the modern enterprise across all communication channels."

On average, companies have more than 300 brand-owned social media accounts across Facebook, Twitter, LinkedIn, Google+, YouTube, Instagram, Pinterest and other social networks. Each account (known or unknown) is an opportunity to further the brand's connection with its audience, but is also a potential risk. Risks come as malicious actors can compromise, deface or misuse branded social sites. Growing regulatory requirements on brand-owned accounts also increase the chance of violations and fines. Attempting to manually screen or rely solely on marketing technologies to handle abuse, protect accounts against intrusion, and ensure content compliance is impractical for most organizations. Nexgate has developed advanced content analysis and policy management technology to automate this process without interfering with enterprise social marketing activities and technology suites.

Industry-leading Social Media Security and Compliance Functionality

Nexgate, the recognized product leader, uses a cloud-based architecture for social media risk management with no hardware or software required. The architecture connects to social media sites, as well as key social media marketing and relationship management suites, through APIs to:

- **Prevent Abuse:**
  - Scan social networks to discover and track an organization's accounts and detect fraudulent social media accounts
  - Automatically protect social media channels from malware, spam, hacks, abusive and offensive content
  - Effectively scale account moderation with automated, accurate identification of bad content

- **Add Security:**
  - Detect unauthorized changes and anomalous behavior on social account profiles
  - Lock down pages and accounts in the event of vandalism or hack
  - Catch and log unauthorized changes to accounts and associated applications

- **Ensure & Scale Compliance:**
  - Reduce potential liability from inadvertent posting of sensitive data and demonstrate compliance with more than 35 standards and industry regulations
  - Automate compliance review processes and social advocate programs through seamless integration with leading social media management suites, including Hootsuite, Salesforce Marketing Cloud and more

"Nexgate's social media security and compliance platform has reduced risk and saved money for organizations worldwide,"
said Devin Redmond, Nexgate co-founder and former chief executive officer, now vice president and general manager of Nexgate for Proofpoint. "We have already remediated more than 12 million risky social items and our customers save an average of 100 days in manual moderation and remediation time. Adding Proofpoint's advanced threat detection capabilities, archiving and retention technologies to the platform will further cement our leadership in the growing social media market. We are pleased to bring this combined technology and broader market presence to new and existing partners and customers alike."

As part of the acquisition, Nexgate’s team of security experts, software engineers and sales personnel will be joining Proofpoint's team in its Sunnyvale headquarters. Proofpoint currently expects the transaction to have no material impact on revenue, billings, and non-GAAP profitability for the fourth quarter of 2014 and full year 2015.

**About Proofpoint, Inc.**


*Proofpoint is a registered trademark of Proofpoint, Inc. in the U.S. and/or other countries. All other trademarks contained herein are the property of their respective owners.*

**Forward-looking Statements**

This press release contains forward-looking statements including, among other things, statements regarding the addition of technology and a team to Proofpoint's capabilities, the launch of new Proofpoint products related to the acquisition, the expected benefits to Proofpoint and its customers and the acquired company and its customers from the acquisition, increased opportunity via the acquisition to further leverage Proofpoint's core technologies and research across a wider range of customers, integrated development between Proofpoint's solutions and the acquired products and the expected financial performance of Proofpoint (including earnings projections). These forward-looking statements are subject to the safe harbor provisions created by the Private Securities Litigation Reform Act of 1995. Actual results could differ materially from those projected in the forward-looking statements as a result of certain risk factors, including but not limited to: the potential impact on the business relationships and current and prospective customers of Nexgate due to the acquisition; general economic conditions; and the ability of Proofpoint to successfully integrate Nexgate's market opportunities, technology, personnel and operations and to achieve expected benefits. These forward-looking statements are based on current expectations and are subject to uncertainties and changes in condition, significance, value and effect as well as other risks detailed in documents filed with the Securities and Exchange Commission, including Proofpoint's Annual Report on Form 10-K for the fiscal year ended December 31, 2013, Proofpoint's most current quarterly report on Form 10-Q, and current reports on Form 8-K that Proofpoint may file from time to time, which could cause actual results to vary from expectations. Proofpoint assumes no obligation to, and do not currently intend to, update any such forward-looking statements after the date of this release.

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