

## Zix Corporation CEO Provides Corporate Update

**Company to announce Q2 results on August 8, 2006**

**DALLAS — July 11, 2006** — Zix Corporation (ZixCorp<sup>®</sup>), (Nasdaq: ZIXI), the leader in hosted services for email encryption and e-prescribing, today offered a corporate update by its chief executive officer, Rick Spurr.

“We are pleased to announce strong Q2 performances in both our email encryption and e-prescribing businesses,” said Spurr. “Preliminary indications are that revenue will be within guidance of \$4.0 to \$4.2 million. The company also repaid the remaining \$5 million of its convertible debt in an ongoing effort to improve the balance sheet, and ended the quarter with an unrestricted cash balance of \$19.5 million, at the midpoint of guidance after an approximately \$260,000 unanticipated payment related to the extinguishment of the debt.”

“Additionally, we continue to implement cost-cutting measures to increase operational efficiency,” said Spurr. “Specifically, we have eliminated 10 percent of our workforce and also took actions to reduce non-headcount related expenses. These actions and others planned and underway will impact Q3 and Q4 and are on track to remove an estimated \$6 million from the 2007 cost structure. Given the projected impact of these cost savings and the positive indications on our transaction fees, we believe the breakeven point for e-prescribing will be between 12,000 and 15,000 active prescribers. Furthermore, because of the expected growth in cash flow from the email encryption business, the company should achieve cash flow breakeven overall before e-prescribing breaks even on a standalone basis.”

Regarding the email encryption business, Spurr said, “The second quarter produced one of the company’s strongest new first-year order totals at \$1.4 million, up more than 30 percent over Q1, and our renewal rate for customer contracts this quarter was 100 percent. In addition, Info Security Products Guide named ZixCorp’s email encryption service a winner of the Global Excellence in Encryption Customer Trust 2006 Award. We also successfully launched ZixDirect<sup>™</sup>, our zero footprint delivery service which “pushes” encrypted email directly to the recipient’s inbox, and we saw an immediate impact on existing and new customer sales in our Q2 orders.”

On the e-prescribing business, Spurr said, “We announced three new payor contracts in the second quarter with L.A. Care Health Plan, the nation’s largest public health plan, Blue Cross and Blue Shield of North Carolina and an exclusive contract with Blue Cross and Blue Shield of Louisiana. Contract discussions with Aetna on expanding their e-prescribing program into the next geographic market are in the final stages. In Q2, we deployed 445 doctors, which was near the

top end of our guidance and included completing the deployment of pilots for the Aetna and Independence Blue Cross contracts. We processed 1.3 million e-scripts during the quarter, an increase of 117 percent over the same period last year. In addition, we announced agreements with Medical Security Card Company to offer its ScriptSave<sup>SM</sup> drug discount program to uninsured patients and with Per-Se Technologies to expand our market reach, including access to Prime Therapeutics, a PBM aligned with nine Blue Cross and Blue Shield plans. We expect that both of these agreements, when fully implemented, will generate recurring transactions fees.”

More detailed information on Q2 2006 will be forthcoming in the company's upcoming earnings conference call outlined below:

ZixCorp's Q2 2006 operating results will be released after close of the U.S. financial markets on Aug. 8, 2006. The company will hold a conference call to discuss this information on Aug. 8 at 5:00 p.m. EDT.

A live Webcast of the conference call will be available on the investor relations portion of ZixCorp's Web site at [www.zixcorp.com](http://www.zixcorp.com). Alternatively, participants can listen to the conference call by dialing toll-free (866) 578-5747 or international (617) 213-8054 and entering access code 86730837. An audio replay of the conference will be available until August 15 by dialing 888-286-8010 or 617-801-6888, and entering access code 66808560. After August 15 the audio replay will be available via Webcast on the company's Web site.

### **About Zix Corporation**

ZixCorp is the leading provider of hosted email encryption and e-prescribing services. ZixCorp's email encryption services provide an easy and cost-effective way to ensure customer privacy and regulatory compliance for corporate email. Its PocketScript<sup>®</sup> e-prescribing service reduces costs and improves patient care by automating the prescription process between payers, doctors, and pharmacies. For more information, visit [www.zixcorp.com](http://www.zixcorp.com).

### **Safe Harbor Statement for ZixCorp**

The following is a "Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995. The forward-looking statements contained in this release are not guarantees of future performance and involve risks and uncertainties. Actual results may differ materially from those projected in the forward-looking statements. These risks and uncertainties include, but are not limited to, the following: the company's continued operating losses and substantial utilization of cash resources; the company's ability to achieve broad market acceptance for the company's products and services, including the company's ability to enter into new sponsorship agreements for the electronic prescribing services offered by its PocketScript, Inc. subsidiary; the company's ability to maintain existing and generate other revenue opportunities, including fees for scripts written, from its PocketScript e-prescription business; reliance on establishing and maintaining strategic relationships to gain customers and grow revenues; the expected increase in competition in the company's e-messaging

and e-prescription businesses; and the company's ability to successfully and timely introduce new e-messaging and electronic prescription products and services or related products and services and implement technological changes. Further details on such risks and uncertainties may be found in the company's public filings with the SEC.

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