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ZixIt Announces Results for First Quarter 2001

DALLAS – April 30, 2001 – ZixIt Corp. (Nasdaq: ZIXI), a leading provider of products and services that bring privacy, security, and convenience to Internet communications, announced today results for the first quarter ended March 31, 2001, significant new ZixMail™ customers, and a large pipeline of prospects that the company expects to lead to future business under its recurring revenue business model.

For the first quarter 2001, ZixIt reported a net loss of \$13,562,000, or \$0.80 per share, compared to a net loss of \$11,136,000, or \$0.72 per share, for the first quarter of 2000. Included in these net losses are significant non-cash charges primarily for stock-based compensation and depreciation and amortization totaling \$6,808,000, or 50% of the net loss for the three-month period ended March 31, 2001, and \$6,496,000, or 58% of the net loss for the three-month period ended March 31, 2000.

Jeff Papows, chairman of ZixIt Corp., said, "ZixIt has had an extremely busy quarter, and we expect this momentum to continue. In the last 60 days, we have hired and trained a highly qualified sales team, giving us national coverage, and have put into place the marketing tools needed to support them. I am also happy to announce that we are starting to ship the new ZixMail plug-in for Lotus® Notes® to a select group of initial users, with a generally available version anticipated to follow shortly. New joint marketing efforts with our strategic partners are getting underway with a series of co-sponsored seminars in mid-May.

"These efforts," he continued, "have produced license agreements with, among others, companies such as Anadarko Petroleum Corp.; AutoNation, Inc.; Conoco, Inc.; The Miami Dolphins, Ltd.,

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Inc; 7-Eleven, Inc.; PhotonEx Corp.; Star Capital; Brink's Home Security, Inc.; as well as recognized leaders in the healthcare field such as the Texas Medical Association. We are pleased that many of our new customers are implementing a phased-in approach or are expanding their initial deployments. In addition, the sales team is already working with a significant list of Fortune 500 companies that are evaluating ZixMail. In short, all of these sales activities are very positive results that do not yet show up on our financial statements, and I am extremely satisfied with the quality and quantity of the prospects in the pipeline."

During the first quarter of 2001, the company began charging for the use of its ZixMail products and services. As a result, deferred revenues are beginning to appear on the company's consolidated balance sheet, representing subscription fees billed or received from customers in advance of being recognized as revenues on a prorated basis over the subscription period.

The company's net working capital position at March 31, 2001, is \$41,607,000, including cash and marketable securities of \$43,239,000. Net cash used by continuing operations during the first quarter of 2001 was \$6,569,000, while the level of capital expenditures decreased during the quarter to \$525,000, the lowest amount since 1998.

Business Outlook

The company has set a goal for its sales team of reaching 600,000 paying users by year end. "As we gain more experience in the market place, we expect to constantly re-evaluate that goal," said Mr. Papows. "However, we want to share our internal thinking at this point with our investors. We will measure our progress against this goal. Our starting point is a base of several thousand paying users, generally reflecting the company's previous marketing approach, which was heavily weighted toward the consumer market. Now that we have shifted our primary focus toward the corporate market, we expect these numbers to grow much faster, as evidenced by our year-end goal of 600,000 users. We believe that the average sales cycle for new corporate customers requires approximately 60 to 90 days."

The company also reaffirmed its previous guidance on two points. First, the company restated its expectation that it can begin to become cash-flow positive from operations on a month-to-month

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basis when an average of 150,000 new subscribers per month, paying in advance, are being signed up. This level of order activity is currently foreseen for sometime in the first half of 2002. Second, thereafter, once approximately 1.8 million annual subscribers have been obtained, the company estimates that it can achieve cash-flow break even from operations. This 1.8 million users represents only about 1.3% of the installed base of Lotus Notes® and Microsoft® Outlook® users. After break-even is achieved, the potential exists for substantial profit margins on each new ZixMail subscription.

ZixIt Corporation provides products and services that enhance security, privacy, and convenience for users of the Internet. The company's ZixMail™ product is a secure document delivery and private email application and service that enables Internet users worldwide to easily send encrypted and digitally signed communications using their existing email systems and addresses. For further information, visit www.zixit.com or contact investor relations at (214) 515-7357.

Safe Harbor Statement

The following is a “Safe Harbor” statement under the Private Securities Litigation Reform Act of 1995. The “Business Outlook” section of this release contains forward-looking statements. These forward-looking statements are not guarantees of future performance and involve risks and uncertainties, and 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 limited operating history of the company in the Internet arena; the rapid development of competition in the Internet arena; the company's ability to successfully and timely develop its products and execute its business strategy; and the company's ability to achieve broad market acceptance for its products and services. Further details on such risks and uncertainties may be found in the company's public filings with the SEC.

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ZIXIT CORPORATION
(A Development Stage Company)

CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

(In thousands, except per share data)
(Unaudited)

	Three Months Ended	
	March 31, 2001	March 31, 2000
Revenues	\$ 104	\$ 96
Research and development expenses	(2,205)	(2,211)
Operating costs and general corporate expenses	(12,183)	(9,595)
Investment income, net	674	574
Loss from continuing operations	(13,610)	(11,136)
Discontinued operations	48	--
Net loss	<u>\$ (13,562)</u>	<u>\$ (11,136)</u>
Basic and diluted loss per common share:		
Continuing operations	\$ (0.80)	\$ (0.72)
Discontinued operations	--	--
Net loss	<u>\$ (0.80)</u>	<u>\$ (0.72)</u>
Weighted average shares outstanding	17,040	15,436

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ZIXIT CORPORATION
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CONDENSED CONSOLIDATED BALANCE SHEETS

(In thousands)

(Unaudited)

	<u>March 31, 2001</u>	<u>December 31, 2000</u>
ASSETS		
Cash and marketable securities	\$ 43,239	\$ 50,290
Property and equipment, net	17,231	19,400
Other assets	<u>8,440</u>	<u>8,987</u>
	<u>\$ 68,910</u>	<u>\$ 78,677</u>
LIABILITIES AND STOCKHOLDERS' EQUITY		
Accounts payable and accrued expenses	\$ 3,348	\$ 3,547
Deferred revenues	35	--
Stockholders' equity	<u>65,527</u>	<u>75,130</u>
	<u>\$ 68,910</u>	<u>\$ 78,677</u>

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