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MICROSOFT AND PACKETEER ANNOUNCE FIRST COMPREHENSIVE WINDOWS-BASED BRANCH OFFICE SOLUTION

*Technology and Marketing Partnership to Help Customers Reduce Costs, Intelligently
Accelerate Applications and Increase Remote Office Productivity*

Redmond, WA, and Cupertino, CA. – May 07, 2007 – Microsoft Corp. (NASDAQ: MSFT) and Packeteer® (NASDAQ: PKTR) today announced a joint product strategy to deliver the industry's first comprehensive, Microsoft® Windows®-based branch office IT solution: the Packeteer iShaper.™ Building on an existing partnership, the two companies are collaborating on the engineering and marketing of this new "Branch Office Box" to make computing faster, more secure and more cost-effectively managed for employees in branch office locations. The initial release of iShaper will be available later this quarter, with subsequent versions available in the fourth quarter of this year. **[Editors note: see today's announcement detailing Packeteer's iShaper product.]**

The two companies are combining Packeteer's Wide Area Network (WAN) optimization and its application visibility and prioritization technologies with Microsoft technologies, including Windows Server®, Internet Security and Acceleration (ISA) Server and System Management Server (SMS). As a result, customers will be able to intelligently accelerate the delivery and use of applications over the WAN and take advantage of the full range and ease-of-use of Windows services for file, print, Active Directory®, networking, and more.



Combining WAN optimization, prioritization and visualization technologies in one box with the rich set of native Windows services is a significant milestone in Microsoft's strategy to deliver branch IT solutions that unify security and management technologies.

"The remote branch office is becoming one of the top network IT initiatives of the decade," said Lucinda Borovick, program director, datacenter networks, IDC. "IT organizations want to deliver leading edge server and storage resources to the distributed enterprise while keeping operational and management costs in line. Unified branch office appliances that include application visibility, security and accelerated delivery of applications will play a major role in meeting the needs of the remote branch."

"By deploying Packeteer's current Windows-based iShared WAFS, its Mobiliti laptop and desktop products and PacketShaper appliance, we have interoperability with our Windows infrastructure and have been able to more securely and intelligently deliver LAN-like performance and services to all of our offices and remote workers," said Mark Dietrick, CIO of Burt Hill, one of North America's largest architectural firms. "The announcement of a single branch office platform combining Microsoft security technology and Packeteer's intelligent application optimization is something we look forward to having to further support our multiple office enterprise."

Expanded Partnership to Reduce Branch Office Cost and Complexity

Packeteer's current iShared products combine the acceleration of Packeteer wide area file services (WAFS) and WAN optimization with Microsoft Windows Server and ISA Server technologies for branch office print, authentication, and web caching.

Later this quarter, Packeteer will deliver iShaper, the industry's first truly comprehensive Windows-based Branch Office Box. iShaper will allow for the security-enabled, intelligent acceleration of more than 600 applications, without the need to deploy multiple products to separately solve branch office challenges. In addition, Packeteer will be licensing widely



deployed Microsoft protocols in order to develop advanced classification and acceleration technologies for its full line of solutions. In Q4 2007, Packeteer plans to deliver the next version of iShaper, integrating additional ISA Server technology for advanced firewall protection, virtual private network services and secure web (HTTPS) application acceleration capabilities.

“In addition to its leadership in WAFS and WAN optimization solutions, Packeteer gives customers unique insights into the state of applications and their performance while running in the branch,” said Rakesh Narasimhan, general manager of the Enterprise Access & Security Products at Microsoft. “Customers benefit from having the best application visibility and monitoring tools to manage their widely adopted Windows infrastructure in branch locations.”

“Packeteer is about intelligent application acceleration and Microsoft Windows is *the* application platform in the enterprise,” said Dave Côté, CEO of Packeteer. “By marrying Microsoft’s server, security and application functionality and Packeteer’s WAN and application intelligence and WAN optimization, we will provide customers with an ideal branch office infrastructure solution.”

About Microsoft

Founded in 1975, Microsoft (NASDAQ “MSFT”) is the worldwide leader in software, services and solutions that help people and businesses realize their full potential.

About Packeteer

Packeteer is the global leader in WAN Application Delivery. Packeteer’s solutions provide an intelligent, unified and adaptive approach to monitor, shape, and optimize applications, delivering the best user experience for any application to any location. For more information, contact Packeteer at +1 408 873-4400 or visit the company's website at <http://www.packeteer.com>.

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Safe Harbor Clause

The statements contained in this press release that are not purely historical are forward-looking statements within the meaning of Section 21E of the Securities and Exchange Act of 1934, as amended, including statements regarding Packeteer's expectations, beliefs, intentions or strategies regarding the future. Forward-looking statements include, but are not limited to, express or implied statements regarding future revenues, revenue growth and profitability, spending levels by existing and prospective customers, the markets for our products, new product development, liquidity and macro economic conditions. All forward-looking statements included in this press release are based upon information available to Packeteer as of the date hereof. Packeteer assumes no obligation to update any such forward-looking statements. Forward-looking statements involve risks and uncertainties, which could cause actual results to differ materially from those projected. Actual results may differ materially due to a number of factors including the perceived need for our products, our ability to convince potential customers of our value proposition, the costs of competitive solutions, continued capital spending by prospective customers and macro economic conditions. These and other risks relating to Packeteer's business are set forth in Packeteer's Form 10-K filed with the Securities and Exchange Commission on March 16, 2007, and Packeteer's Form 10-Qs and other reports filed from time to time with the Securities and Exchange Commission.

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