

December 8, 2006

Forgent Announces Results for the 2007 Fiscal First Quarter

Company Reports \$2.7M in Profit and Revenue Growth of 109%

AUSTIN, TX, Dec 08, 2006 (MARKET WIRE via COMTEX News Network) -- Forgent™ Networks (NASDAQ: FORG) today announced results for the 2007 fiscal first quarter ended Oct. 31, 2006. For the quarter, the company reported total revenue of approximately \$9.1 million. Highlights, as compared to the prior quarter, include:

- Increased total revenue by 109% to \$9.1M
- Increased intellectual property revenue to \$8.1M
- NetSimplicity software revenue increased by 11% to \$1M
- Generated cash from the NetSimplicity software business
- Decreased operating expenses to \$2.6M
- Grew working capital from \$11.1M to approximately \$14.1M, an increase of 27%

"We see continued progress with respect to the litigation of the '746 patent and are encouraged that the May 2007 trial remains on schedule. Additionally, we are pleased with the continued growth of our NetSimplicity software business. The NetSimplicity business generated cash for the second consecutive quarter and we are optimistic about the future growth prospects for this business," said Richard Snyder, chairman and CEO of Forgent.

Intellectual Property

The intellectual property business generated revenue of approximately \$8.1 million for the first quarter of fiscal 2007, compared to \$3.5 million for the fourth quarter of 2006. Over the last four years, Forgent's intellectual property program has generated approximately \$122 million in revenue from licensing the '672 Patent to more than 60 different companies in Asia, Europe and the United States.

U.S. Patent No. 6,285,746 (the '746 Patent)

Forgent has litigation pending against 12 companies for infringement of its '746 Patent in the United States District Court for the Eastern District of Texas, Tyler Division. A jury trial is scheduled for May 2007. The '746 Patent relates to a computer controlled video system that allows playback during recording.

Software

NetSimplicity software revenue increased by 11% to approximately \$1 million for the first quarter of fiscal 2007, compared to \$0.9 million for the fourth quarter of fiscal 2006. In addition, NetSimplicity generated cash for the second consecutive quarter.

With the introduction of Meeting Room Manager V7 in June, the NetSimplicity business has seen a 10-fold increase in the purchase of its Enterprise package. With this increased adoption of the Enterprise package, the average selling price for Meeting Room Manager increased 23% quarter over quarter. In addition, the adoption of the Enterprise package is indicative of the increased penetration of Meeting Room Manager into larger, Enterprise accounts.

Fiscal First Quarter Results

Revenue was \$9.1 million for the fiscal first quarter compared to \$4.4 million for the 2006 fiscal fourth quarter. Overall operating expenses of approximately \$2.6 million decreased by \$100,000 from the prior quarter. The company reported profit of \$2.7 million or \$0.11 per share for the first fiscal quarter of 2007, as compared to a net loss of \$0.3 million or \$0.01 per share for the fourth quarter of 2006. Cash and cash equivalents were \$15.0 million for the quarter.

Outlook

Forgent expects to continue to generate IP licensing revenue in the 2007 fiscal year. However, predicting the timing and amounts will be complicated because of the uncertainty of licensing negotiations and due to the ongoing litigation. In addition, we believe NetSimplicity will continue to be a growth business for Forgent.

Conference Call and Webcast

Forgent has scheduled a conference call with the investment community for Fri, Dec 8, 2006, at 10:00 a.m. CT (11:00 a.m. ET) to discuss the quarter and outlook. To take part, dial 866-362-5158 ten minutes before the conference call begins, ask for the Forgent event, and use a pass code of 26814054. International callers should dial 617-597-5397 and use a pass code of 26814054. Investors, analysts, media and the general public will also have the opportunity to listen to the conference call over the Internet by visiting the investor relations page of Forgent's web site at www.forgent.com. To listen to the live call, please visit the web site at least 15 minutes early to register, download and install any necessary audio software. For those who cannot listen to the live broadcast, a replay will be available shortly after the call on the investor relation's page of our web site at www.forgent.com.

About Forgent

Forgent™ Networks (NASDAQ: FORG) develops and licenses intellectual property and provides scheduling and asset management software to a wide variety of organizations. Forgent's intellectual property licensing program is related to communication technologies developed from its patent portfolio. Forgent's software division, NetSimplicity, develops software that simplifies day-to-day office administration tasks. The products are specifically designed for the management and scheduling of rooms, equipment, assets and resources. For additional information please visit www.forgent.com.

Safe Harbor

This release may include projections and other forward-looking statements that involve a number of risks and uncertainties, and actual results in future periods may differ materially from those currently expected. Some of the factors that could cause actual results to differ materially include changes in the general economy or in our industry, rapid changes in technology; sales cycle and product implementations; risks associated with transitioning to a new business model and the subsequent limited operating history; the possibility of new entrants into our software markets, the possibility that the market for the sale of certain software and services may not develop as expected; or that development of these software and services may not proceed as planned; the risks associated with the company's license program, and including risks of litigation involving intellectual property, patents and trademarks. Additional discussion of these and other risk factors affecting the company's business and prospects is contained in the company's periodic filings with the SEC.

FORGENT NETWORKS, INC. CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

	OCTOBER 31, 2006	JULY 31, 2006
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	(UNAUDITED)	
ASSETS		
Current Assets:		
Cash and equivalents, including restricted cash of \$454 and \$543 at October 31, 2006 and July 31, 2006	\$ 15,038	\$ 16,206
Accounts receivable, net of allowance for doubtful accounts of \$9 and \$13 at October 31, 2006 and July 31, 2006, respectively	6,091	714
Prepaid expenses and other current assets	299	274
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Total Current Assets	21,428	17,194
Property and equipment, net	584	788
Intangible assets, net	--	4
Other assets	3	3

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\$ 22,015	\$ 17,989
=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current Liabilities:

Accounts payable	\$ 4,752	\$ 3,631
Accrued compensation and benefits	768	547
Other accrued liabilities	798	907
Notes payable, current position	282	313
Deferred revenue	765	683

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7,365	6,081
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Total Current Liabilities

Long-Term Liabilities:

Deferred revenue	9	11
Other long-term obligations	1,640	1,777

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1,649	1,788
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Total Long-Term Liabilities

Stockholders' Equity:

Preferred stock, \$.01 par value; 10,000 shares authorized; none issued or outstanding	--	--
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Common stock, \$.01 par value; 40,000 shares authorized; 27,208 and 27,163 shares issued; 25,418 and 25,373 shares outstanding at October 31, 2006 and July 31, 2006, respectively	272	271
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Treasury stock at cost, 1,790 shares at October 31, 2006 and July 31, 2006	(4,815)	(4,815)
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Additional paid-in capital	265,535	265,406
Accumulated deficit	(248,005)	(250,754)
Accumulated other comprehensive income	14	12

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13,001	10,120
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Total Stockholders' Equity

\$ 22,015	\$ 17,989
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FORGENT NETWORKS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

FOR THE THREE MONTHS
ENDED OCTOBER 31,
2006 2005

(UNAUDITED)

REVENUES:

Intellectual property licensing	\$ 8,134	\$ 2,916
Software & services	962	731
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Total Revenues	9,096	3,647
COST OF SALES:		
Intellectual property licensing	3,540	2,087
Software & services	310	194
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Total Cost of Sales	3,850	2,281
GROSS MARGIN	5,246	1,366
OPERATING EXPENSES:		
Selling, general and administrative	2,500	2,683
Research and development	116	131
Amortization of intangible assets	4	10
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Total Operating Expenses	2,620	2,824
INCOME (LOSS) FROM OPERATIONS	2,626	(1,458)
OTHER INCOME AND (EXPENSES):		
Interest income	155	98
Other	(32)	(17)
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Total Other Income and (Expenses)	123	81
INCOME (LOSS) FROM OPERATIONS, BEFORE INCOME TAXES	2,749	(1,377)
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Provision for income taxes	--	(5)
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NET INCOME (LOSS)	\$ 2,749	\$ (1,382)
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BASIC AND DILUTED INCOME (LOSS) PER SHARE:		
Net income (loss) per share - basic and diluted	\$ 0.11	\$ (0.05)
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WEIGHTED AVERAGE SHARE OUTSTANDING:		
Basic	25,381	25,178
	=====	=====
Diluted	25,522	25,178
	=====	=====

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SOURCE: Forgent Networks