

March 9, 2004

Forgent Announces Results for the 2004 Fiscal Second Quarter

AUSTIN, Texas--(BUSINESS WIRE)--March 9, 2004--Forgent™ Networks (Nasdaq:FORG) today announced the results of the 2004 fiscal second quarter ending January 31, 2004. Revenues increased by approximately 71% to \$6.6 million for the 2004 fiscal second quarter, compared to \$3.9 million for the 2004 fiscal first quarter, due to improved intellectual property revenues.

"Forgent's intellectual property program was successful during the quarter and the company continues to seek additional opportunities in licensing its '672 patent. The performance for ALLIANCE™, however, was below our expectations. As a result, we made the decision to rapidly implement a leaner cost structure, as well as simplify and streamline the product development and sales process for ALLIANCE™," said Richard Snyder, chairman and CEO of Forgent. "We repositioned ALLIANCE™ because we are seeing a positive response to our Network Simplicity product line, which is driven largely by a lower cost, telephone and Web-based sales strategy. We are focusing on small and medium-sized businesses, as well as departments and divisions of larger enterprises, where we see the best immediate prospects."

Fiscal Second Quarter Results

The results of the 2004 fiscal second quarter as well as the future outlook for the enterprise software business were less than anticipated and consequently, Forgent was required to take an \$11.8 million impairment charge primarily related to certain software assets. The asset impairment charge is broken out as follows:

- A charge of \$4.8 million was recorded in cost of goods sold for an impairment of capitalized software development related to ALLIANCE™ and certain pre-paid expenses
- A charge of \$7.0 million was recorded in operating expense as an impairment of goodwill, certain leases and other assets

As a result of these impairments, gross margins were (\$1.9) million for the fiscal second quarter of 2004 compared to \$1.6 million for the 2004 fiscal first quarter. Operating expenses increased to approximately \$11.5 million, primarily due to the impairments. Including the effects of the charge, which was largely non-cash, the net loss was \$13.5 million or \$0.55 per share for the second fiscal quarter of 2004, compared to a net loss of \$2.5 million or \$0.10 per share the first fiscal quarter of 2004. Cash, cash equivalents and short-term investments declined at the end of the second quarter compared to the first fiscal quarter of 2004 to approximately \$25 million.

Intellectual Property

The intellectual property program revenues increased by approximately 104% to \$5.8 million for the fiscal second quarter of 2004 compared to \$2.9 million for the first quarter of fiscal 2004. Since the intellectual property program was initiated, Forgent has garnered over \$88 million in license revenue. The '672 patent program has a wide field of use including licensing opportunities with any digital still image device used to compress, store, manipulate, print or transmit digital still images. Forgent has noticed companies in such diverse geographies as Asia, Europe and North America. The company believes that through these efforts it will have additional licensing revenue in subsequent quarters, although we cannot predict the timing and amounts.

Software

Software revenues were \$0.8 million for the second quarter of fiscal 2004 compared to \$1.0 million for the first quarter of fiscal 2004. Forgent has realigned its software sales strategy to a more cost efficient distribution model that streamlines the purchase process and simplifies the overall sale. Our offerings include Network Simplicity's Meeting Room Manager, which provides room scheduling, and ALLIANCE™, which provides unified scheduling of all meeting logistics using the corporate calendaring platforms of Lotus Notes and Microsoft Outlook.

Other Items

The company reported income from discontinued operations of \$563,000 or \$0.02 per share for the 2004 fiscal second quarter resulting from the settlement of funds held for purchase price adjustments related to the sale of the videoconferencing hardware services business.

Conference Call and Webcast

Forgent has scheduled a conference call with the investment community for Tue., March 9, 2004, at 10:00 a.m. CT (11:00 a.m. ET) to discuss the quarter and outlook.

To participate, dial 800-884-5695 10 minutes before the conference call begins, ask for the Forgent event, and use a pass code of 86536175. International callers should dial 617-786-2960 and use a pass code of 86536175. 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 relations page of our Web site at www.forgent.com.

About Forgent

Forgent[™] Networks provides a spectrum of scheduling software that enables organizations to streamline the planning and execution of their meetings. Forgent's offerings include Network Simplicity's Meeting Room Manager, which provides Web-based room scheduling capabilities and ALLIANCE, which provides unified scheduling of all meeting logistics through corporate calendaring platforms Microsoft Outlook and Lotus Notes. For additional information 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 as such, actual results in future periods may differ materially from those currently expected or desired. Some of the factors that could cause actual results to differ materially include changes in the general economy and the technology 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 the scheduling software market, the possibility that the market for the sale of certain software and services may not develop as expected, that development of these software and services may not proceed as planned, risks associated with the company's license program, including risks of litigation involving intellectual property, patents and trademarks, merger activities and acquisition integration. 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)

	JANUARY 31, 2004	JULY 31, 2003
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	(UNAUDITED)	
ASSETS		
Current Assets:		
Cash and equivalents, including restricted cash of \$650 and \$730 at January 31, 2004 and July 31, 2003, respectively	\$ 18,497	\$ 21,201
Short-term investments	6,403	3,845
Accounts receivable, net of allowance for doubtful accounts of \$125 and \$0 at January 31, 2004 and July 31, 2003	1,720	9,457
Notes receivable, net of reserve of \$780 and \$639 at January 31, 2004 and July 31, 2003	77	74
Prepaid expenses and other current assets	451	415
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Total Current Assets	27,148	34,992
Property and equipment, net	3,406	2,158
Intangible assets, net	358	5,042
Capitalized software, net	--	4,827
Other assets	265	230
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	\$31,177	\$47,249
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$1,987	\$3,178
Accrued compensation and benefits	360	683
Other accrued liabilities	1,392	1,661
Notes payable, current position	362	323
Deferred revenue	538	281
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Total Current Liabilities	4,639	6,126

Long-Term Liabilities:

Deferred revenue	56	59
Other long-term obligations	2,673	1,810
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Total Long-Term Liabilities	2,729	1,869

Stockholders' equity:

Preferred stock, \$.01 par value; 10,000		
Authorized; none issued or outstanding	--	--
Common stock, \$.01 par value; 40,000		
authorized; 26,383 and 26,172 shares issued;		
24,662 and 24,588 shares outstanding at		
January 31, 2004 and July 31, 2003,		
respectively	263	261
Treasury stock, 1,721 and 1,584 issued at		
January 31, 2004 and July 31, 2003,		
respectively	(4,685)	(4,231)
Additional paid-in capital	264,346	263,875
Accumulated deficit	(236,017)	(219,991)
Unearned compensation	(102)	(28)
Accumulated other comprehensive income	4	(632)
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Total Stockholders' Equity	23,809	39,254
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	\$31,177	\$47,249
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FORGENT NETWORKS INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

FOR THE		FOR THE	
THREE MONTHS ENDED		SIX MONTHS ENDED	
JANUARY 31,		JANUARY 31,	
2004	2003	2004	2003
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(UNAUDITED)		(UNAUDITED)	

REVENUES:

Software and				
professional services	\$ 793	\$ 1,031	\$ 1,792	\$ 2,245
Intellectual property				
licensing	5,820	7,255	8,670	13,468
Other	--	88	22	469
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Total revenues	6,613	8,374	10,484	16,182
COST OF SALES:				
Software and				
professional services	5,600	740	6,450	1,473
Intellectual property				
licensing	2,910	3,628	4,335	6,734
Other	--	37	24	420
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Total cost of sales	8,510	4,405	10,809	8,627
GROSS MARGIN	(1,897)	3,969	(325)	7,555
OPERATING EXPENSE:				
Selling, general and				
administrative	3,384	2,524	6,417	5,567
Research and development	1,149	711	2,233	1,883
Amortization of				
intangible assets	12		17	
Impairment of assets	6,989	--	6,989	(499)
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Total operating expenses	11,534	3,235	15,656	6,951
(LOSS) INCOME FROM				
OPERATIONS	(13,431)	734	(15,981)	604
OTHER (EXPENSES) INCOME:				
Interest income	54	28	115	86
Foreign currency				
translation	(633)	--	(633)	--
Interest expense and				
other	(56)	(37)	(100)	(38)
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Total other (expenses)				
income	(635)	(9)	(618)	48
(LOSS) INCOME FROM				
CONTINUING OPERATIONS,				
BEFORE INCOME TAXES	(14,066)	725	(16,599)	652
Provision for income				
taxes	--	(11)	--	(10)
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(LOSS) INCOME FROM				
CONTINUING OPERATIONS	(14,066)	714	(16,599)	642
Income from discontinued				
operations, net of				
income taxes	--	601	--	1,598
Income on disposal, net				
of income taxes	563	--	573	--
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INCOME FROM DISCONTINUED				
OPERATIONS, NET OF				
INCOME TAXES	563	601	573	1,598
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NET (LOSS) INCOME	\$ (13,503)	\$ 1,315	\$ (16,026)	\$ 2,240

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SOURCE: Forgent Networks Inc.