

June 14, 2004

Forgent Announces Results for the 2004 Fiscal Third Quarter

AUSTIN, Texas--(BUSINESS WIRE)--June 14, 2004--Forgent™ Networks (Nasdaq:FORG) today announced the results of the 2004 fiscal third quarter ending April 30, 2004. Highlights for the quarter include:

- Initiated litigation against 31 technology companies for infringement of United States Patent No. 4,698,672 (the '672 Patent)
- Achieved a significant reduction in operating expenses from the 2004 fiscal second quarter with additional reductions planned for the 2004 fiscal fourth quarter
- Grew NetSimplicity software revenues by more than 50% sequentially
- Maintained healthy cash balances

"Forgent initiated litigation against some of the largest global technology firms during the quarter. We took this step after seeking to reach license agreements with these companies. We are committed to developing and protecting all of our assets, and will devote the efforts necessary to prevail in this litigation," said Richard Snyder, chairman and CEO of Forgent. "We have also moved quickly to reduce headcount and expenses to reflect our go-forward focus on intellectual property licensing and the NetSimplicity product line. This will be a smaller, lighter-weight company that will only invest where we see profitable growth."

Fiscal Third Quarter Results

Revenues were \$0.8 million for the 2004 fiscal third quarter, compared to \$6.6 million for the 2004 fiscal second quarter, due to lower intellectual property and software revenues. The company initiated a significant reduction in headcount in the third quarter due to the implementation of a new software business model, which requires less staff. As of the end of the third quarter Forgent had approximately 44 full time employees, a 58% reduction since the end of the 2004 fiscal second quarter. As a result, Forgent was required to take a \$0.6 million restructuring charge related to employee severance payments and certain lease payments.

Including the effects of the charge, the net loss was \$4.4 million or \$0.18 per share for the third fiscal quarter of 2004. Cash, cash equivalents and short-term investments were approximately \$21 million at the end of the third quarter of 2004.

Intellectual Property

The intellectual property program revenues decreased to \$0.3 million for the fiscal third quarter of 2004 compared to \$5.8 million for the second quarter of fiscal 2004. As an evolution of the Company's intellectual property program, and as always anticipated by Forgent, after working actively to license the '672 Patent, Forgent has initiated litigation against 31 companies for infringement of the '672 Patent in the United States District Court for the Eastern District of Texas, Marshall Division. Over the last two years the intellectual property business has generated approximately \$90 million from licensing the '672 Patent to 30 different companies in Asia, Europe and the United States. The '672 Patent relates to digital image compression, and fields of use include any digital still image device used to compress, store, manipulate, print or transmit digital still images such as digital cameras. However, the '672 Patent extends beyond digital cameras and includes many digital still image devices such as personal digital assistants, cellular telephones, printers, scanners, and other devices used to compress, store, manipulate, print or transmit digital still images. Forgent has the exclusive right to license and enforce all the claims under the '672 Patent in all fields of use involving digital still image compression.

Software

Software revenues were \$0.5 million for the third quarter of fiscal 2004 compared to \$0.8 million for the second quarter of fiscal 2004. The decrease is due to lower ALLIANCE™ revenues as Forgent realigns its software sales focus to the NetSimplicity product line, which has shown significant sales growth. In addition, NetSimplicity's telesales model is a more cost efficient distribution approach that streamlines the purchase process and simplifies the overall sale. Forgent's software division offerings include Meeting Room Manager, it's flagship product that provides room scheduling capabilities.

Although the company continues to see interest in ALLIANCE™, the interest has not been sufficient to meet sales targets. Forgent will continue to support the software and its customers and will determine the future of the ALLIANCE™ Scheduler and Media Manager over the next few months. The company is focusing on NetSimplicity's Meeting Room Manager, which is the strategic scheduling platform of the future.

Outlook

Subsequent to the end of the third quarter, Forgent has continued efforts to license the '672 Patent and expects to recover additional license revenues in the fourth fiscal quarter of 2004 based on results achieved in this quarter to date. As a result, Forgent anticipates that there will be additional IP licensing revenues during the pendency of the recently filed patent litigation, although predicting the timing and amounts will be complicated because of licensing negotiations and the pending litigation. Forgent believes that NetSimplicity software revenue for the fourth fiscal quarter of 2004 will grow.

"We will continue our efforts to license and enforce the '672 Patent, with the objective of achieving significant license revenues in the future," added Snyder. "We will focus on revenue, profitability, and managing our expenses so that we improve our cash position. As we grow cash we will look for attractive opportunities to expand the business.

Conference Call and Webcast

Forgent has scheduled a conference call with the investment community for Monday, June 14, 2004, at 10:00 a.m. CT (11:00 a.m. ET) to discuss the quarter and outlook.

To participate, dial 888-482-0024 ten minutes before the conference call begins, ask for the Forgent event, and use a pass code of 13144208. International callers should dial 617-801-9702 and use a pass code of 13144208. 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 (Nasdaq:FORG) develops and licenses intellectual property and provides scheduling software to a wide variety of customers. Forgent's intellectual property licensing program is related to communication technologies developed from a diverse and growing patent portfolio. Forgent's software division, NetSimplicity provides a spectrum of scheduling software that enables all sizes of organizations to streamline the scheduling of people, places and things. 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 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 associated with 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)

	APRIL 30, 2004	JULY 31, 2003
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	(UNAUDITED)	
ASSETS		
Current Assets:		
Cash and equivalents, including restricted cash of \$650 and \$730 at April 30, 2004 and July 31, 2003	\$ 17,434	\$ 21,201
Short-term investments	3,675	3,845
Accounts receivable, net of allowance for doubtful accounts of \$145 and \$0 at April 30, 2004 and July 31, 2003	634	9,457
Notes receivable, net of reserve of \$780 and \$639 at April 30, 2004 and July 31, 2003	77	74
Prepaid expenses and other current assets	432	415
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Total Current Assets	22,252	34,992
Property and equipment, net	3,478	2,158
Intangible assets, net	308	5,042
Capitalized software, net	--	4,827
Other assets	266	230
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	\$ 26,304	\$ 47,249
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LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 1,268	\$ 3,178
Accrued compensation and benefits	315	683
Other accrued liabilities	1,585	1,661
Notes payable, current position	355	323
Deferred revenue	531	281
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Total Current Liabilities	4,054	6,126
Long-Term Liabilities:		
Deferred revenue	41	59
Other long-term obligations	2,511	1,810

Total Long-Term Liabilities	2,552	1,869
Stockholders' equity:		
Preferred stock, \$.01 par value; 10,000 authorized; none issued or outstanding	--	--
Common stock, \$.01 par value; 40,000 authorized; 26,581 and 26,172 shares issued; 24,860 and 24,588 shares outstanding at April 30, 2004 and July 31, 2003, respectively	265	261
Treasury stock, 1,721 and 1,584 issued at April 30, 2004 and July 31, 2003, respectively	(4,685)	(4,231)
Additional paid-in capital	264,540	263,875
Accumulated deficit	(240,433)	(219,991)
Unearned compensation	(3)	(28)
Accumulated other comprehensive income	14	(632)
Total Stockholders' Equity	19,698	39,254
	\$ 26,304	\$ 47,249
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FORGENT NETWORKS INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(Amounts in thousands, except per share data)

	FOR THE THREE MONTHS ENDED		FOR THE NINE MONTHS ENDED	
	APRIL 30, 2004 2003		APRIL 30, 2004 2003	
	(UNAUDITED)		(UNAUDITED)	
REVENUES:				
Software and professional services	\$ 549	\$ 1,134	\$ 2,341	\$ 3,379
Intellectual property licensing	267	12,150	8,937	25,618
Other	--	97	22	566
Total revenues	816	13,381	11,300	29,563
COST OF SALES:				
Software and professional services	269	945	6,719	2,418

Intellectual property licensing	134	6,075	4,469	12,809
Other	--	77	24	497
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Total cost of sales	403	7,097	11,212	15,724
GROSS MARGIN	413	6,284	88	13,839
OPERATING EXPENSES:				
Selling, general and administrative	3,292	2,459	9,708	8,025
Research and development	918	901	3,152	2,784
Amortization of intangible assets	12	--	29	--
Restructuring Charge	628	--	628	--
Impairment of assets	--	1,211	6,989	712
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Total operating expenses	4,850	4,571	20,506	11,521
(LOSS) INCOME FROM OPERATIONS	(4,437)	1,713	(20,418)	2,318
OTHER INCOME (EXPENSES):				
Interest income	49	37	164	123
Foreign currency translation	(22)	--	(655)	--
Interest expense and other	(6)	(36)	(106)	(75)
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Total other income (expenses)	21	1	(597)	48
(LOSS) INCOME FROM CONTINUING OPERATIONS, BEFORE INCOME TAXES	(4,416)	1,714	(21,015)	2,366
Provision for income taxes	--	(59)	--	(69)
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(LOSS) INCOME FROM CONTINUING OPERATIONS	(4,416)	1,655	(21,015)	2,297
Income from discontinued operations, net of income taxes	--	68	--	1,666
Income on disposal, net of income taxes	--	--	573	--
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INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	--	68	573	1,666

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NET (LOSS) INCOME	\$ (4,416)	\$ 1,723	\$ (20,442)	\$ 3,963
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BASIC AND DILUTED (LOSS) INCOME

PER SHARE:

(Loss) income from continuing

operations	\$ (0.18)	\$ 0.07	\$ (0.85)	\$ 0.09
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Income from discontinued

operations	\$ 0.00	\$ 0.00	\$ 0.02	\$ 0.07
	=====	=====	=====	=====

Net (loss) income

	\$ (0.18)	\$ 0.07	\$ (0.83)	\$ 0.16
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WEIGHTED AVERAGE SHARES

OUTSTANDING:

Basic	24,802	24,629	24,679	24,693
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Diluted	24,802	24,715	24,679	25,144
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SOURCE: Forgent Networks