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Dutton Associates Announces Investment Opinion: Forgent Networks Strong Buy Rating Maintained By Dutton Associates

EL DORADO HILLS, Calif., Oct 10, 2006 (BUSINESS WIRE) -- Dutton Associates updates its coverage of Forgent Networks (Nasdaq:FORG), maintaining a Strong Buy rating but lowering its target price to \$2.00 price target. The 13-page report by Dutton senior analyst Richard West, CFA is available at www.jmdutton.com as well as from First Call, Bloomberg, Zacks, Reuters, Knobias, and other leading financial portals.

Forgent Networks, Inc.'s (Forgent) aggressive and, in the past, successful program of licensing its intellectual property generated revenue over \$115.0 million in license fees in the past four-and-a-half years, from licensing its U.S. Patent No. 4,698,672 ('672 Patent) to 60 companies. However, since our May 18, 2006 Research Report, Forgent experienced some negative events that have severely affected its fortunes. We discuss these events in our report. In response to Judge Fogel's Markman Hearing ruling, Forgent's common stock fell from the \$1.20 per share level and has been selling in the \$0.36 to \$0.53 range. At these levels, Forgent is being valued at approximately \$10.0 million, which is less than the cash on the balance sheet as of April 30, 2006. We believe the current low valuation more than discounts the past negatives and does not take into account the possibility of Forgent going forward to a jury trial for the '672 Patent or arriving at a negotiated settlement. Also, the current low valuation appears to ignore the possibility involved in the '746 Patent litigation. We reiterate our Strong Speculative Buy rating but, due to the unresolved issues, are lowering our 12-month price target to \$2.00 per share.

About Dutton Associates

Dutton Associates is one of the largest independent investment research firms in the U.S. Its 31 senior analysts are primarily CFAs®, and have expertise in many industries. Dutton Associates provides continuing analyst coverage of over 140 enrolled companies, and its research, estimates, and ratings are carried in all the major databases serving institutions and online investors.

The cost of enrollment in our one-year continuing research program is US \$39,500 prepaid for 4 Research Reports, typically published quarterly, and requisite Research Notes. We received \$63,000 from the Company for 7 quarterly Research Reports with coverage commencing on 12/21/2004. The Firm does not accept any equity compensation. Our principals and analysts are prohibited from owning or trading in securities of covered companies. The views expressed in this research report accurately reflect the analyst's personal views about the subject securities or issuer. Neither the analyst's compensation nor the compensation received by us is in any way related to the specific ratings or views contained in this research report or note. Please read full disclosures and analyst background at www.jmdutton.com before investing.

SOURCE: Forgent Networks

Dutton Associates
John M. Dutton, 916/941-8119