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Forgent Networks Provides Preliminary Corporate Update

AUSTIN, Texas--(BUSINESS WIRE)--Feb. 9, 2004--Forgent™ Networks (Nasdaq: FORG), a provider of scheduling software, today gave an update on the operations and expected results for the 2004 fiscal second quarter ended Jan. 31, 2004. The software business revenues declined by about 20% to approximately $0.80 million compared to the first fiscal quarter, primarily due to lower than expected sales of Forgent ALLIANCE™ and continued weak enterprise software spending. Revenues from Forgent's intellectual property licensing program increased by more than 100% compared to the first fiscal quarter of 2004 to approximately $5.8 million. As a result, total revenues for the 2004 fiscal second quarter increased by more than 70% to approximately $6.6 million compared to the first fiscal quarter of 2004. Cash, cash equivalents and short-term investments remained healthy at the end of the second quarter of 2004 at approximately $25 million.

"We are disappointed with the sales of Forgent ALLIANCE™, which came in below our expectations. We are not seeing the top-line momentum we anticipated, particularly in the enterprise market where Forgent ALLIANCE™ is focused," said Richard Snyder, chairman and CEO of Forgent. "On the other hand our Network Simplicity product line, which targets small medium sized organizations and divisions of larger companies, appears strong with both top and bottom line momentum. We have targeted this sector with a high velocity, telephone and web based sales strategy that is beginning to show traction and we will aggressively focus on this model going forward."

As a result of lower than expected sales of the company's ALLIANCE™ software product, Forgent will be taking a non-cash asset impairment charge in the second fiscal quarter of 2004 to write-down the value of its investment in the development of ALLIANCE™. Because of this charge, the amount of which is still being determined, the company expects to report a loss for the quarter. Forgent is withdrawing its outlook for software revenue that it gave on December 3, 2003 as well as its outlook for profitability for the full 2004 fiscal year. In addition, Forgent is restructuring its operations to reduce costs, which will include a reduction in staff of approximately 45 people.

"ALLIANCE™ will be aggressively priced and be part of a spectrum of scheduling products," said Snyder. "We will leverage the cost efficient distribution model we have developed with Network Simplicity that streamlines the purchase process and simplifies the overall sale. We will also continue to seek acquisitions, which will allow us to broaden our software footprint as well as acquire new customers."

About Forgent

Forgent™ Networks provides a spectrum of scheduling software that enable organizations to streamline the planning and execution of their meetings, helping to increase productivity and reduce costs. Forgent's 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. 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 collaboration management 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, acquisition integration, and the ability to consummate certain divestiture transactions. 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.

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