

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of the
Securities Exchange Act of 1934

Date of Report: January 23, 2002

FORGENT NETWORKS, INC.
(formerly VTEL Corporation)

(Exact name of registrant as specified in its charter)

DELAWARE

0-20008

74-2415696

(State or other jurisdiction of
incorporation or organization)

(Commission File Number)

(IRS Employer
Identification No.)

108 Wild Basin Road
Austin, Texas

78746

(Address of principal executive offices)

(Zip Code)

Registrant's telephone number, including area code: (512) 437-2700.

Item 2. Acquisition or Disposition of Assets.

On January 23, 2002, Forgent Networks, Inc. (formerly VTEL Corporation) (the "Company"), closed the sale (the "Sale") of substantially all of the assets used in its products division (the "Products Division") to VTEL Products Corporation ("Buyer"). As consideration (the "Consideration") for the Sale of the Products Division, the Company received \$500,000.00 in cash, a subordinated promissory note in the principal amount of \$966,896, due April 23, 2002, bearing interest at an annual rate of five percent (5%), a subordinated promissory note in the principal amount of \$5,000,000, due July 23, 2007, bearing interest at an annual rate of five percent (5%), and 1,045,347 shares of common stock, par value \$0.01 per share, of Buyer, representing 19.9% of Buyer's fully diluted equity. The Company's financial advisor, SWS Securities, Inc., rendered an opinion to the Company as to the fairness of the Consideration, from a financial point of view. In connection with sale of the Products Division, the Company and Buyer also entered into a general license agreement, pursuant to which Buyer was granted certain non-exclusive rights in and to certain patents, software, proprietary know-how and information of the Company that was used in the operation of the Products Division.

Buyer is a newly formed company organized by Robert R. Swem, former Vice President --Manufacturing of the Products Division, and Daniel F. Nix and Richard P. Ford, who both are senior members of management of the Products Division, who associated themselves, through Buyer, to acquire the Products Division from the Company.

The Sale is more fully described in the Company's definitive proxy statement on Schedule 14A, filed with the Securities and Exchange Commission on December 19, 2001.

Item 7. Financial Statements and Exhibits.

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- (a) Not applicable.
 - (b) Pro forma financial information.

The pro forma financial statements of the Company required by this Item 7(b) are not yet available. The Company expects that the pro forma financial statements will be completed and filed by amendment to this Form 8-K Current Report within 60 days after the date this Form 8-K Current Report is required to be filed with the Securities and Exchange Commission.

- (c) Exhibits.

The following exhibit is furnished in accordance with Item 601 of Regulation S-K.

- 2.1 Asset Purchase Agreement, by and between VTEL Corporation and VTEL Products Corporation, dated as of September 28, 2001 (incorporated by reference to Annex A of the Company's definitive proxy statement, filed with the Securities and Exchange Commission on December 19, 2001).
- 99.1 Press Release of Forgent Networks, Inc., dated as of January 24, 2002.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

Dated: February 6, 2002.

FORGENT NETWORKS, INC.

By: /s/ Richard N. Snyder

Richard N. Snyder
Chief Executive Officer

For Immediate Release

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Forgent Announces Completion of VTEL Sale

AUSTIN, Texas - Jan. 24, 2002 - Forgent (TM) Networks (Nasdaq:FORG), a leading provider of advanced video network solutions for enterprise communications, today announced the completion of the sale of its Products Division, which has been operating under the name of VTEL Products since May 2001.

The sale was finalized on Wednesday, Jan. 23, based on the previously disclosed definitive purchase agreement. In the sale, Forgent received cash of \$500,000 and subordinated notes from the buyer totaling approximately \$6,000,000 principal amount and shares representing 19.9 percent of the buyer's stock. VTEL will operate as a privately held company under the name VTEL Products Company.

"The completion of the sale of VTEL represents the end of an era, but more importantly the beginning of a new chapter for Forgent," said Roy Wilson, chief operating officer at Forgent. "We are excited and confident about our new, next-generation network management software and services strategy and have a real opportunity to take advantage of our core competencies, differentiate ourselves, and become a major player in a high margin business."

About Forgent

Forgent(TM) Networks (Nasdaq: FORG), is the premier provider of advanced video solutions for enterprise communications and a leader in improving video management and interoperability standards. Forgent's goal is to ensure simple, dependable video communications by combining professional services with network management tools to deliver ease of use, reliability, and manageability of video networks.

As the largest and most experienced independent provider of services in the video industry, companies can rely on Forgent's technology and services to use video for mission-critical business functions. Forgent's Video Network Platform is the only network management software designed specifically to control the quality of service of multi-vendor video networks. For the first time, video is manageable, allowing enterprises to reduce operational costs while improving reliability and ease of use. For more information, log on to www.forgent.com or call Forgent's Investor Hotline at 1-866-276-FORG(3674).

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 rapid changes in technology, changes in customer order patterns or order mix, the ability to collect certain foreign receivables, foreign exchange rate fluctuations, the intensity of competition, the cost and availability of certain key components, the company ability to manage product transitions and inventory levels, product pricing pressures, sudden or unexpected changes in demand for videoconferencing systems, litigation involving intellectual property, other issues, 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 period filings with the SEC.

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