

**UNITED STATES
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: March 14, 2006
(Date of earliest event reported)

Forgent Networks Inc
(Exact name of registrant as specified in its charter)

TX
(State or other jurisdiction
of incorporation)

0-20008
(Commission File
Number)

74-2415696
(IRS Employer
Identification Number)

108 Wild Basin Rd
(Address of principal executive offices)

78746
(Zip Code)

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

Not Applicable
(Former Name or Former Address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
 - Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
 - Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
 - Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition

Forgent Announces the Results for the 2006 Fiscal Second Quarter

Item 9.01. Financial Statements and Exhibits

(a) Financial statements:

None

(b) Pro forma financial information:

None

(c) Shell company transactions:

None

(d) Exhibits

99.1 [Press Release of Forgent Networks Inc dated March 14, 2006](#)

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 hereunto duly authorized.

Dated: March 14, 2006

FORGENT NETWORKS INC

By: /s/ Jay Peterson
Jay Peterson
Chief Financial Officer

<u>Exhibit No.</u>	<u>Exhibit Index</u>	<u>Description</u>
99.1		Press Release of Forgent Networks Inc dated March 14, 2006

Forgent Announces the Results for the 2006 Fiscal Second Quarter

Revenues Increase by \$0.7M, Operating Expenses Decrease by \$0.2M

AUSTIN, TX -- 03/14/2006 -- Forgent™ Networks (NASDAQ: FORG) today announced results for the 2006 fiscal second quarter ended Jan. 31, 2006. During the quarter, the company reported total revenues of approximately \$4.4 million. Highlights for the quarter include:

- Increased total revenues to \$4.4M
- Increased intellectual property revenues by \$0.9M over the prior quarter to more than \$3.8M
- Reduced operating expenses to \$2.7M
- Reduced net loss to \$0.02 EPS
- Maintained cash, cash equivalents and short-term investments of approximately \$15.6M

"We are pleased with the '672 Patent licensing revenue and continue to see activity and interest in this important area. We are also seeing progress with respect to the litigation of both the '672 and '746 Patents. The addition of the Susman Godfrey firm to the '672 team has made a positive contribution to the program," said Richard Snyder, chairman and CEO of Forgent. "We continue to license our technology, manage our operating expenses, as well as maintain a solid cash and working capital position."

Intellectual Property

The intellectual property business generated revenues of approximately \$3.8 million for the second quarter of fiscal 2006, compared to \$2.9 million for the first quarter of 2006. This past quarter, 8 intellectual property licenses were signed.

U.S. Patent No. 4,698,672 (the '672 Patent)

Forgent has litigation pending against approximately 30 companies for infringement of its '672 Patent in the United States District Court for the Northern District of California. The '672 Patent relates to digital image compression used in digital image devices that compress, store, manipulate, print or transmit digital images such as digital cameras, personal digital assistants, cellular telephones, printers, scanners, and certain software applications. Following the filings of the litigation, 13 companies have entered into license or settlement agreements.

U.S. Patent No. 6,285,746 (the '746 Patent)

Forgent has pending litigation against 15 companies for infringement of its '746 Patent in the United States District Court for the Eastern District of Texas, Marshall Division. The '746 Patent relates to a computer controlled video system allowing playback during recording.

After the quarter end, Judge Leonard Davis of the United States District Court for the Eastern District of Texas, Marshall Division set a mediation date for April 6, 2006.

Since its inception approximately four years ago, Forgent's intellectual property program has generated more than \$108.4 million in revenues primarily from licensing the '672 Patent to more than 60 different companies in Asia, Europe and the United States. The company's patent portfolio includes the combined inventions of Compression Labs, Inc., VTEL Corporation, and Forgent Networks, Inc.

Software

NetSimplicity software revenues declined by approximately 25% to \$0.5 million for the second quarter of fiscal 2006, compared to \$0.7 million for the first quarter of fiscal 2006. The decline was due in part to sales force turnover and a softer than expected holiday season. Forgent anticipates a return to its historical growth pattern in the third quarter of fiscal 2006.

NetSimplicity increased its customers to more than 2,000 worldwide. The company provides a low-cost, high-value software application to small and medium businesses and divisions of large enterprises. NetSimplicity sells Meeting Room Manager and other high-value business applications, such as IT asset management, via its a low-cost e-marketing and telesales model.

Fiscal Second Quarter Results

Revenue was \$4.4 million for the fiscal second quarter compared to \$3.6 million for the 2006 fiscal first quarter, reflecting the inherent unpredictability of intellectual property licensing revenues. Overall operating expenses were approximately \$2.7 million, down from the prior quarter by \$0.2 and the lowest level in more than a year. The company had a net loss of \$0.5 million or \$0.02 per share for the second fiscal quarter of 2006, compared to a net loss of \$1.4 million or \$0.05 per share for the first quarter of 2006. Cash, cash equivalents and short-term investments were approximately \$15.6 million.

Outlook

Forgent expects to continue to generate licensing revenues in the 2006 fiscal year and fiscal third quarter. However, predicting the timing and amounts will be complicated because of the uncertainty of licensing negotiations and due to the pending litigation.

Conference Call and Webcast

Forgent has scheduled a conference call with the investment community for Tue, Mar. 14, 2006, at 10:00 a.m. CT (11:00 a.m. ET) to discuss the quarter and outlook. To take part, dial 800-591-6944 ten minutes before the conference call begins, ask for the Forgent event, and use a pass code of 71075178. International callers should dial 617-614-4910 and use a pass code of 71075178. 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 actual results in future periods may differ materially from those currently expected. Some of the factors that could cause actual results to differ materially include changes in the general economy or in our 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 our software markets, the possibility that the market for the sale of certain software and services may not develop as expected; or that development of these software and services may not proceed as planned; the risks associated with the company's license program, and including risks of litigation involving intellectual property, patents and trademarks. 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 Consolidated Balance Sheets (Amounts in thousands, except per share-data)

	JANUARY 31, 2006	JULY 31, 2005
	-----	-----
	(UNAUDITED)	
ASSETS		
Current Assets:		
Cash and cash equivalents, including restricted cash of \$650 at January 31, 2006 and July 31, 2005	\$ 15,599	\$ 15,861
Short-term investments	--	1,487
Accounts receivable, net of allowance for doubtful accounts of \$14 and \$10 at January 31, 2006 and July 31, 2005, respectively	1,039	471
Prepaid expenses and other current assets	405	266
	-----	-----
Total Current Assets	17,043	18,085
Property and equipment, net	1,374	1,957
Intangible assets, net	17	33
Other assets	15	27
	-----	-----
	\$ 18,449	\$ 20,102
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current Liabilities:		
Accounts payable	\$ 2,317	\$ 1,856
Accrued compensation and benefits	375	590
Other accrued liabilities	954	1,209
Notes payable, current position	355	355
Deferred revenue	588	517
	-----	-----
Total Current Liabilities	4,589	4,527
Long-Term Liabilities:		
Deferred revenue	12	4
Other long-term obligations	2,072	2,280
	-----	-----
Total Long-Term Liabilities	2,084	2,284
Stockholders' Equity:		
Preferred stock, \$.01 par value; 10,000 authorized; none issued or outstanding	--	--
Common stock, \$.01 par value; 40,000 authorized; 27,168 and 26,967 shares issued; 25,378 and 25,177 shares outstanding at January 31, 2006 and July 31, 2005, respectively	271	269
Treasury stock at cost, 1,790 issued at January 31, 2006 and July 31, 2005	(4,815)	(4,815)
Additional paid-in capital	265,356	265,020
Accumulated deficit	(249,060)	(247,199)
Accumulated other comprehensive income	24	16
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Total Stockholders' Equity	11,776	13,291

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\$ 18,449	\$ 20,102
=====	=====

Forgent Networks Consolidated Statements of Operations
(Amounts in thousands, except per-share data)

	FOR THE THREE MONTHS ENDED JANUARY 31, 2006 2005		FOR THE SIX MONTHS ENDED JANUARY 31, 2006 2005	
	----- (UNAUDITED)		----- (UNAUDITED)	
REVENUES:				
Intellectual property licensing	\$ 3,805	\$ 1,040	\$ 6,722	\$ 6,963
Software and services	546	476	1,277	912
	-----	-----	-----	-----
Total revenues	4,351	1,516	7,999	7,875
COST OF SALES:				
Intellectual property licensing	2,080	1,553	4,167	4,481
Software and services	198	210	392	415
	-----	-----	-----	-----
Total cost of sales	2,278	1,763	4,559	4,896
GROSS MARGIN	2,073	(247)	3,440	2,979
OPERATING EXPENSES:				
Selling, general and administrative	2,477	3,581	5,159	6,150
Research and development	170	88	301	157
Amortization of intangible assets	6	12	17	24
	-----	-----	-----	-----
Total operating expenses	2,653	3,681	5,477	6,331
LOSS FROM OPERATIONS	(580)	(3,928)	(2,037)	(3,352)
OTHER INCOME AND (EXPENSES):				
Interest income	134	102	232	170
Interest expense and other	(29)	(13)	(46)	(25)
	-----	-----	-----	-----
Total other income and (expenses)	105	89	186	145
LOSS FROM CONTINUING OPERATIONS, BEFORE INCOME TAXES	(475)	(3,839)	(1,851)	(3,207)
Provision for income taxes	(5)	9	(10)	(5)
	-----	-----	-----	-----
LOSS FROM CONTINUING OPERATIONS	(480)	(3,830)	(1,861)	(3,212)
Loss from discontinued operations, net of income taxes	--	(257)	--	(488)
Gain on disposal, net of income taxes	--	4,318	--	4,318
	-----	-----	-----	-----
INCOME FROM DISCONTINUED OPERATIONS, NET OF INCOME TAXES	--	4,061	--	3,830
NET (LOSS) INCOME	\$ (480)	\$ 231	\$ (1,861)	\$ 618
	=====	=====	=====	=====
BASIC AND DILUTED (LOSS) INCOME PER SHARE:				
Loss from continuing operations	\$ (0.02)	\$ (0.15)	\$ (0.07)	\$ (0.13)
	=====	=====	=====	=====
Income from discontinued operations	\$ 0.00	\$ 0.16	\$ 0.00	\$ 0.15
	=====	=====	=====	=====
Net (loss) income	\$ (0.02)	\$ 0.01	\$ (0.07)	\$ 0.02
	=====	=====	=====	=====
WEIGHTED AVERAGE SHARES OUTSTANDING:				
Basic	25,238	24,912	25,208	24,902
Diluted	25,238	24,912	25,208	24,902

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