

October 12, 2006

## Forgent Announces Results for the 2006 Fiscal Fourth Quarter

### Revenue Grows by 72%, Operating Expenses Remain Flat, Cash Increases by \$1.6M

AUSTIN, TX, Oct 12, 2006 (MARKET WIRE via COMTEX News Network) -- Forgent™ Networks (NASDAQ: FORG) today announced results for the 2006 fiscal fourth quarter ended Jul. 31, 2006. For the quarter, the company reported total revenue of approximately \$4.4 million. Highlights, as compared to the prior quarter, include:

- Increased total revenue by 72% to \$4.4M
- Increased intellectual property revenue to \$3.5M
- NetSimplicity software revenue increased by 34% to \$0.9M
- Generated cash from the NetSimplicity software business
- Released NetSimplicity Meeting Room Manager Version 7.0
- Held operating expenses flat at \$2.7M
- Grew cash and cash equivalents to approximately \$16.2M

"We continue to evaluate all of our options with the '672 Patent in light of an unfavorable claims construction ruling. We see progress with respect to the litigation of the '746 Patent and are preparing for a Markman hearing this November. Additionally, we are exploring alternatives for maximizing the value of the remainder of the intellectual property portfolio. Finally, we are pleased with the continued growth of our NetSimplicity software business. The NetSimplicity business generated cash this past quarter and we believe this business will continue to grow," said Richard Snyder, chairman and CEO of Forgent.

#### Intellectual Property

The intellectual property business generated revenue of approximately \$3.5 million for the fourth quarter of fiscal 2006, compared to \$1.9 million for the third quarter of 2006. This past quarter, two new intellectual property licenses were signed. Over the last four years, Forgent's intellectual property program has generated approximately \$114 million in revenue from licensing the '672 Patent to more than 60 different companies in Asia, Europe and the United States.

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

Forgent has litigation pending against 12 companies for infringement of its '746 Patent in the United States District Court for the Eastern District of Texas, Tyler Division. A claims construction hearing is scheduled for November 9, 2006 and a jury trial for May 2007. The '746 Patent relates to a computer controlled video system that allows playback during recording.

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

Forgent also has litigation pending against approximately 28 companies for infringement of its '672 Patent in the United States District Court for the Northern District of California. The company is presently exploring all options to create additional value from this patent. 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. Since the start of litigation, 15 defendants have entered into license or settlement agreements.

#### Patent Portfolio

The company's patent portfolio of more than 20 patents includes the combined inventions of Compression Labs, Inc., VTEL Corporation, and Forgent Networks, Inc. Forgent believes there is significant value in these patents.

#### Software

NetSimplicity software revenue increased by approximately 34% to \$0.9 million for the fourth quarter of fiscal 2006, compared to \$0.6 million for the third quarter of fiscal 2006. In addition, NetSimplicity generated cash this past quarter, a significant milestone for this business segment.

In a continued validation of its low cost, high value delivery model, NetSimplicity added several hundred customers this past quarter and increased its customer base to more than 1,800 customers worldwide. NetSimplicity develops software that

simplifies day-to-day office administration tasks including the management and scheduling of rooms, equipment, assets and resources. This past quarter NetSimplicity announced the release of Meeting Room Manager 7.0. This release contains significant enterprise enhancements including Outlook integration and active directory synchronization. In addition, sales of the company's Visual Asset Manager continue to grow.

#### Fiscal Fourth Quarter Results

Revenue was \$4.4 million for the fiscal fourth quarter compared to \$2.5 million for the 2006 fiscal third quarter. Overall operating expenses, approximately \$2.7 million, were flat compared to prior quarter. The company improved its net loss results, which were \$.3 million or \$0.01 per share for the fourth fiscal quarter of 2006, as compared to a net loss of \$1.4 million or \$0.06 per share for the third quarter of 2006. Cash and cash equivalents grew to \$16.2 million over prior quarter.

#### Outlook

Forgent expects to continue to generate IP licensing revenue in the 2007 fiscal year. However, predicting the timing and amounts will be complicated because of the uncertainty of licensing negotiations and due to the ongoing litigation. In addition, we believe NetSimplicity will continue to be a growth business for Forgent.

#### Conference Call and Webcast

Forgent has scheduled a conference call with the investment community for Thu, Oct 12, 2006, at 10:00 a.m. CT (11:00 a.m. ET) to discuss the quarter and outlook. To take part, dial 866.831.6267 ten minutes before the conference call begins, ask for the Forgent event, and use a pass code of 66660471. International callers should dial 617.213.8857 and use a pass code of 66660471. 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](http://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](http://www.forgent.com).

#### About Forgent

Forgent™ Networks (NASDAQ: FORG) develops and licenses intellectual property and provides scheduling and asset management software to a wide variety of organizations. Forgent's intellectual property licensing program is related to communication technologies developed from a diverse and growing patent portfolio. Forgent's software division, NetSimplicity, develops software that simplifies day-to-day office administration tasks. The products are specifically designed for the management and scheduling of rooms, equipment, assets and resources. For additional information please visit [www.forgent.com](http://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, INC.  
CONSOLIDATED BALANCE SHEETS

(Amounts in thousands, except per share data)

JULY 31,

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2005                      2006  
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ASSETS

Current assets:

Cash and equivalents, including restricted cash  
of \$650 and \$543 at July 31, 2005 and 2006,  
respectively

\$ 15,861    \$ 16,206

Short-term investments

1,487                      --

Accounts receivable, net of allowance for  
doubtful accounts of \$1 and \$13 at July 31, 2005  
and 2006, respectively

471                      714

Prepaid expenses and other current assets

266                      274

Total current assets

18,085                      17,194

Property and equipment, net

1,957                      788

Intangible assets, net

33                      4

Other assets

27                      3

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\$ 20,102    \$ 17,989  
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LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable

\$ 1,856    \$ 3,631

Accrued compensation and benefits

590                      547

Other accrued liabilities

1,209                      907

Notes payable, current portion

355                      313

Deferred revenue

517                      683

Total current liabilities

4,527                      6,081

Long-term liabilities:

Deferred revenue

4                      11

Other long-term obligations

2,280                      1,777

Total long-term liabilities

2,284                      1,788

Stockholders' equity:

Preferred stock, \$.01 par value; 10,000 authorized;  
none issued or outstanding

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Common stock, \$.01 par value; 40,000 authorized;  
26,967 and 27,169 shares issued, 25,177 and 25,379  
shares outstanding at July 31, 2005 and 2006.

respectively	269	271
Treasury stock, 1,790 at July 31, 2005 and 2006, respectively	(4,815)	(4,815)
Additional paid-in capital	265,020	265,406
Accumulated deficit	(247,199)	(250,754)
Accumulated other comprehensive income	16	12
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Total stockholders' equity	13,291	10,120
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	\$ 20,102	\$ 17,989
	=====	=====

FORGENT NETWORKS, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(Amounts in thousands, except per share data)

	For the		For the	
	Three Months Ended		Twelve Months Ended	
	July 31,	April 30,	July 31,	
	2006	2006	2006	2005
	(Unaudited)	(Unaudited)		
Revenues:				
Intellectual property				
licensing	\$ 3,493	\$ 1,891	\$ 12,105	\$ 7,894
Software and services	867	647	2,791	2,012
	-----	-----	-----	-----
Total revenues	4,360	2,538	14,896	9,906
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Cost of sales:				
Intellectual property				
licensing	1,743	1,147	7,057	6,149
Software and services	246	213	851	892
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Total cost of sales	1,989	1,360	7,908	7,041
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Gross margin	2,371	1,178	6,988	2,865
Operating expense:				
Selling, general and				
administrative	2,550	2,561	10,271	12,858
Research and				
development	164	153	618	318
Amortization of				
intangible assets	6	6	28	50
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Total operating				
expenses	2,720	2,720	10,917	13,226

Loss from operations	(349)	(1,542)	(3,929)	(10,361)
Other income (expense):				
Interest income	146	128	506	405
Interest expense and other	(30)	(12)	(88)	(39)
Total other income (expense)	116	116	418	366
Loss from continuing operations, before income taxes	(233)	(1,426)	(3,511)	(9,995)
Provision for income taxes	(29)	(5)	(44)	(16)
Loss from continuing operations	(262)	(1,431)	(3,555)	(10,011)
Loss from discontinued operations, net of income taxes	--	--	--	(642)
Income on disposal, net of income taxes	--	--	--	4,085
Income from discontinued operations, net of income taxes	--	--	--	3,443
Net loss	\$ (262)	\$ (1,431)	\$ (3,555)	\$ (6,568)
Basic (loss) income per share:				
Loss from continuing operations	\$ (0.01)	\$ (0.06)	\$ (0.14)	\$ (0.40)

Income from discontinued operations	\$ 0.00	\$ 0.00	\$ 0.00	\$ 0.14
	=====	=====	=====	=====
Net loss	\$ (0.01)	\$ (0.06)	\$ (0.14)	\$ (0.26)
	=====	=====	=====	=====
Weighted average shares outstanding:				
Basic	25,375	25,372	25,290	24,959
Diluted	25,375	25,372	25,290	24,959

Investor contact:  
Jay Peterson  
512.437.2476

Media contact:  
Lauren Peters  
512.794.8600

SOURCE: Forgent Networks