

September 17, 2004

Forgent Announces the Results for the 2004 Fiscal Fourth Quarter and 2004 Fiscal Year

\$5.5 Million in IP License Revenues for the 2004 Fiscal Fourth Quarter

AUSTIN, TX, Sep. 17, 2004 (MARKET WIRE via COMTEX) -- Forgent™ Networks (NASDAQ: FORG) today announced the results for the 2004 fiscal fourth quarter and fiscal year ended July 31, 2004. During the 2004 fiscal fourth quarter, total revenues increased to approximately \$6.2 million compared to \$0.8 million for the third fiscal quarter of 2004. Other highlights for the fiscal fourth quarter include:

- Increased revenues from the intellectual property program to more than \$5.5 million
- Realized the first major intellectual property license since the initiation of litigation
- Grew NetSimplicity software revenues by 35% over the third fiscal quarter
- Achieved a 29% decline in operating expenses over the prior quarter
- Improved cash, cash equivalents and short-term investments to approximately \$21.5 million

"We are continuing to make progress with the overall performance of the company and particularly the intellectual property program where we granted the first significant license since we initiated litigation," said Richard Snyder, chairman and CEO of Forgent. "In addition, the software business continues to improve and with the addition of new products and marketing initiatives, we expect that trend to continue. Currently, we are focusing on increasing shareholder value through our intellectual property program, and growing the software business."

Intellectual Property

The intellectual property program revenues were approximately \$5.5 million for the fourth quarter of fiscal 2004 compared to \$0.3 million for the fiscal third quarter of 2004, as a result of licensing Forgent's still-image compression technology, embodied in U.S. Patent No. 4,698,672 ('672 Patent). As an evolution of the company's intellectual property program, Forgent initiated litigation against 42 companies for infringement of the '672 Patent in the United States District Court for the Eastern District of Texas, Marshall Division. Subsequently, two companies have been dismissed as defendants from the litigation as a result of reaching final agreements.

Since its inception, the intellectual property program has generated approximately \$95 million from licensing the '672 Patent to more than 30 different companies in Asia, Europe and the United States. The '672 Patent relates to digital image compression, and fields of use include any digital still image device used to compress, store, manipulate, print or transmit digital still images such as digital cameras, personal digital assistants, cellular telephones, printers, scanners, and certain software applications. The company's patent portfolio includes the combined inventions of Compression Labs, Inc., VTEL Corporation, and Forgent Networks, Inc.

Software

NetSimplicity software revenues grew by approximately 35% for the fourth quarter of fiscal 2004 compared to the third quarter of fiscal 2004. NetSimplicity, now with more than 1,000 customers worldwide, provides low-cost, high-value business applications to small and medium businesses and divisions of large enterprises. NetSimplicity's flagship product, Meeting Room Manager, enables customers to schedule conference rooms, catering and other resources with a few clicks of the mouse, thereby increasing productivity and reducing costs. In addition, NetSim sells other high-value business applications, such as IT asset management, via its same low-cost e-marketing and telesales model.

Fiscal Fourth Quarter Results

Revenue increased to \$6.2 million for the fiscal fourth quarter compared to \$0.8 million for the 2004 fiscal third quarter, reflecting a meaningful increase in intellectual property licensing revenues over the prior quarter. Gross margins improved to \$3.2 million for the fiscal fourth quarter compared to \$0.4 million for the 2004 fiscal third quarter. Overall expenses declined by approximately 29% to \$3.5 million compared to \$4.9 million for the 2004 fiscal third quarter as part of a continuing effort to reduce operating expenses. Net loss from continuing operations was \$0.2 million or \$0.01 per share for the fourth fiscal quarter of 2004 compared to a net loss of \$4.4 million or \$0.18 per share for the third fiscal quarter of 2004. Cash, cash equivalents

and short-term investments were approximately \$21.5 million.

Outlook

Forgent has continued efforts to license the '672 Patent and expects to continue to generate license revenues in the 2005 fiscal year. As a result, Forgent anticipates additional IP licensing revenues during the pendency of the recently filed patent litigation. However, predicting the timing and amounts will be complicated because of the uncertainty of licensing negotiations and due to the pending litigation. Forgent believes that NetSimplicity software revenue for the first fiscal quarter of 2005 will grow.

Conference Call and Webcast

Forgent has scheduled a conference call with the investment community for Fri, Sep. 17, 2004, at 10:00 a.m. CT (11:00 a.m. ET) to discuss the quarter and outlook.

To participate, dial 800-591-6945 ten minutes before the conference call begins, ask for the Forgent event, and use a pass code of 30093130. International callers should dial 617-614-4911 and use a pass code of 30093130. 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 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 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.

Forgent Networks Consolidated Balance Sheets

(Amounts in thousands, except per share-data)

	JULY 31,	
	2003	2004
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ASSETS		
Current assets:		
Cash and equivalents, including restricted cash of \$730 and \$650 at July 31, 2003 and July 31, 2004, respectively	\$ 21,201	\$ 19,051
Short-term investments	3,845	2,490
Accounts receivable, net of allowance for doubtful accounts of \$0 and \$26 at July 31, 2003 and July 31, 2004, respectively	9,457	398
Notes receivable, net of reserve of \$639 and \$848 at July 31, 2003 and July 31, 2004, respectively	74	-
Prepaid expenses and other current assets	415	386
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Total current assets	34,992	22,325
Property and equipment, net	2,158	3,165
Intangible assets, net	5,042	258
Capitalized software	4,827	-
Other assets	230	267
	-----	-----
	\$ 47,249	\$ 26,015
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 3,178	\$ 1,509
Accrued compensation and benefits	683	290
Other accrued liabilities	1,661	1,060
Notes payable, current portion	323	348
Deferred revenue	281	525
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Total current liabilities	6,126	3,732
Long-term liabilities:		
Deferred revenue	59	14
Other long-term obligations	1,810	2,769
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Total long-term liabilities	1,869	2,783
Stockholders' equity:		
Preferred stock, \$.01 par value; 10,000 authorized; none issued or outstanding	-	-
Common stock, \$.01 par value; 40,000 authorized;		

26,172 and 26,625 shares issued, 24,588 and 24,871 shares outstanding at July 31, 2003 and July 31, 2004, respectively	261	266
Treasury stock, 1,584 and 1,754 at July 31, 2003 and July 31, 2004	(4,231)	(4,726)
Additional paid-in capital	263,875	264,582
Accumulated deficit	(219,991)	(240,631)
Unearned compensation	(28)	-
Accumulated other comprehensive income	(632)	9
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Total stockholders' equity	39,254	19,500
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	\$ 47,249	\$ 26,015
	=====	=====

Forgent Networks 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,	
	2004	2004	2004	2003
	(Unaudited)	(Unaudited)		
Revenues:				
Software and professional services	\$ 659	\$ 549	\$ 2,999	\$ 4,363
Intellectual property licensing	5,517	267	14,454	48,935
Other	-	-	22	566
	-----	-----	-----	-----
Total revenues	6,176	816	17,475	53,864
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Cost of sales:				
Software and professional services	205	269	6,925	3,338
Intellectual property licensing	2,759	134	7,227	24,471
Other	-	-	24	497
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Total cost of sales	2,964	403	14,176	28,306
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Gross margin	3,212	413	3,299	25,558
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Operating expense:				
Selling, general and administrative	2,541	3,292	12,250	11,013
Research and development	909	918	4,060	3,869

Impairment of assets	-	-	6,989	1,140
Restructuring charge	-	628	628	-
Amortization of intangible assets	12	12	41	-
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Total operating expenses	3,462	4,850	23,968	16,022
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(Loss) income from operations	(250)	(4,437)	(20,669)	9,536
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Other income (expense):				
Interest income	49	49	213	160
Foreign currency translation	29	(22)	(625)	-
Interest expense and other	(4)	(6)	(110)	(195)
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Total other income (expense)	74	21	(522)	(35)
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(Loss) income from continuing operations, before income taxes	(176)	(4,416)	(21,191)	9,501
Provision for income taxes	(22)	-	(22)	(126)
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(Loss) income from continuing operations	(198)	(4,416)	(21,213)	9,375
Income from discontinued operations, net of income taxes	-	-	-	599
Income (loss) on disposal, net of income taxes	-	-	573	(1,954)
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Income (loss) from discontinued operations, net of income taxes	-	-	573	(1,355)
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Net (loss) income	\$ (198)	\$ (4,416)	\$ (20,640)	\$ 8,020
	=====	=====	=====	=====
Basic (loss) income per share:				
(Loss) income from continuing operations	\$ (0.01)	\$ (0.18)	\$ (0.85)	\$ 0.38
	=====	=====	=====	=====
(Loss) income from				

discontinued operations	\$ -	\$ -	\$ 0.02	\$ (0.05)
	=====	=====	=====	=====
Net (loss) income	\$ (0.01)	\$ (0.18)	\$ (0.83)	\$ 0.33
	=====	=====	=====	=====
Diluted (loss) income per share:				
(Loss) income from continuing operations	\$ (0.01)	\$ (0.18)	\$ (0.85)	\$ 0.37
	=====	=====	=====	=====
(Loss) income from discontinued operations	\$ -	\$ -	\$ 0.02	\$ (0.05)
	=====	=====	=====	=====
Net (loss) income	\$ (0.01)	\$ (0.18)	\$ (0.83)	\$ 0.32
	=====	=====	=====	=====
Weighted average shares outstanding:				
Basic	24,883	24,802	24,731	24,660
Diluted	24,883	24,802	24,731	25,201

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