STELLENT INC
Form 10-K/A
June 21, 2006

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION

Washington, DC 20549

FORM 10-K/A
(Amendment No. 1)

(Mark One)

x ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended March 31, 2006

or

o TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Commission file number 0-19817

Stellent, Inc.

(Exact name of registrant as specified in its charter)

Minnesota	**41-1652566**
(State or other jurisdiction of incorporation or organization)	*(I.R.S. Employer Identification No.)*

7500 Flying Cloud Drive, Suite 500

Eden Prairie, MN 55344

(Address of principal executive offices and zip code)

(952) 903-2000

(Registrant s telephone number, including area code)

Securities registered pursuant to Section 12(b) of the Act:

None

Securities registered pursuant to Section 12(g) of the Act: Preferred Share

Purchase Rights; Common Stock, par value $.01 per share

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act. Yes o No x

Indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or Section 15(d) of the Act. Yes o No x

Indicate by check mark whether the registrant: (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes x No o

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of registrant s knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K. x

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of accelerated filer and large accelerated filer in Rule 12b-2 of the Exchange Act (Check one)

Large Accelerated Filer o Accelerated Filer x Non-Accelerated Filer o

Indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act). Yes o No x

The aggregate market value of the registrant s common stock held by non-affiliates of the registrant as of September 30, 2005 was approximately $221,109,000 based on the closing sale price for the registrant s common stock on that date as reported by The NASDAQ Stock Market. For purposes of determining such aggregate market value, all officers and directors of the registrant are considered to be affiliates of the registrant, as well as shareholders holding 10% or more of the outstanding common stock as reflected on Schedules 13D or 13G filed with the registrant. This number is provided only for the purpose of this report on Form 10-K and does not represent an admission by either the registrant or any such person as to the status of such person.

As of June 2, 2006, the registrant had approximately 29,555,000 shares of common stock issued and outstanding.

EXPLANATORY NOTE

This Amendment No. 1 to the Annual Report on Form 10-K of Stellent, Inc. (the Company) for the fiscal year ended March 31, 2006 (the Form 10-K) is being filed solely to correct clerical errors in the calculations of non-financial disclosure items contained in Item 12 *Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters* and Note 5 of Item 15 *Exhibits and Financial Statement Schedules,* related to the maximum number of shares issuable to directors and employees and the number of share remaining available for future issuance under the Company s equity compensation plans.

The number of share remaining available for future issuance under the Company s equity compensation plans is revised from 6,817,416, as originally reported, to 3,073,923. Also, the maximum shares issuable to employees and directors under the terms of the Company s equity compensation plans is revised from 13.4 million, as originally reported, to 12.5 million.

This amendment does not restate any previously reported financial statements, results of operations or related financial data.

2

EQUITY COMPENSATION PLAN INFORMATION

Item 12. ***Security Ownership of Certain Beneficial Owners and Management and Related Stockholder Matters***

The information about security ownership of certain beneficial owners and management required by this Item is incorporated by reference to our definitive proxy statement to our 2006 Annual Meeting of Stockholders under the captions Security Ownership of Certain Beneficial Owners and Management.

The following table provides information as of March 31, 2006 for our compensation plans under which securities may be issued:

Plan Category	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights	Number of securities remaining available for future issuance under equity compensation plans	
Equity Compensation Plans Approved by Securityholders	5,148,497	$ 9.84	3,073,923	(1)
Equity Compensation Plans Not Approved by Securityholders	624,618	$ 9.06		
Total	5,773,115	$ 9.76	3,073,923	

(1) Includes securities available for future issuance under the 2005 Equity Incentive Plan (the 2005 Plan) shareholder approved compensation plans other than upon the exercise of an outstanding option, or right.

EQUITY COMPENSATION PLANS NOT APPROVED BY SECURITY HOLDERS

Stellent, Inc. 1999 Employee Stock Option and Compensation Plan

In November 1999, the board adopted the 1999 Employee Stock Option and Compensation Plan, known as the 1999 Plan. The 1999 Plan has not been approved by our shareholders.

Shares Subject to the 1999 Plan. As of March 31, 2006, 707,166 shares of our common stock were subject to outstanding awards granted under the 1999 Plan. No additional awards may be granted under the 1999 Plan. If any award granted pursuant to the 1999 Plan expires or terminates without being exercised in full, the unexercised shares released from such award will become available for issuance under the 2005 Plan. Previously granted but unexercised awards are subject to adjustment for any future stock dividends, splits, combinations, or other changes in capitalization as described in the 1999 Plan.

Plan Administration. The 1999 Plan is administered by a committee of two or more members of the board or if the board has not designated a committee, the board will constitute the committee and administer the 1999 Plan.

Eligibility. All employees of our company and its subsidiaries who are not also officers or directors of our company, and consultants to our company or its subsidiaries, are eligible to receive awards under the 1999 Plan.

Incentive and Non-Statutory Stock Options. Both incentive stock options and non-statutory stock options may be granted under the terms of the 1999 Plan. However, since the 1999 Plan has not been approved by our shareholders, under the Internal Revenue Code of 1986, incentive stock options may not be granted under the 1999 Plan. The exercise price of an option is determined by the committee. The exercise price may not be less than 100% of the fair market value, as defined in the 1999 Plan, of our common stock on the date the option is granted. Stock options may be granted and exercised at such times as the committee may determine, provided that the term shall not exceed ten years and one day from the

date of grant. The purchase price for common stock purchased upon the exercise of stock options may be payable in cash, uncertified or certified check, bank draft, by delivery of shares of our common stock having a fair market value on the date the option is exercised equal to all or any part of the option price of the stock being purchased, by instructing us to withhold from the shares of common stock issuable upon exercise of the stock option shares having fair market value on the date the option is exercised equal to all or any part of the option price of the stock being purchased or any other manner authorized by the committee.

Stock Appreciation Rights. A stock appreciation right may be granted under the 1999 Plan with or without reference to any related stock option. The recipient of a stock appreciation right receives, without payment to us, a number of shares of common stock, cash or any combination thereof, the amount of which is determined by dividing: (x) the number of shares of common stock as to which the stock appreciation right is exercised multiplied by the amount by which the fair market value of the shares on the exercise date exceeds the purchase price of shares of common stock under the related stock option or, if there is no related stock option, an amount determined by the committee at the time of grant, by (y) the fair market value of a share of common stock on the exercise date.

Performance Shares. A performance share consists of an award that is paid in shares of common stock. Performance shares entitle the recipient to payment in amounts determined by the committee based upon the achievement of specified performance targets during a specified term. Performance shares may be subject to additional terms and conditions as determined by the committee.

Restricted Stock and Other Stock-Based Awards. The committee may grant, either alone or in combination with other types of awards, restricted stock and other stock-based awards. Restricted stock may contain such restrictions, including provisions requiring forfeiture and imposing restrictions on stock transfer, as the committee may determine. To enforce the restrictions imposed by the committee, a recipient must enter into an agreement with us setting forth the conditions of the grant.

Acceleration of Awards, Lapse of Restrictions, Forfeiture. The committee may provide in a recipient s agreement for the lapse or waiver of restrictions or conditions on restricted stock or other awards, or acceleration of the vesting of stock options, stock appreciation rights and other awards, or acceleration of the term with respect to which the achievement of performance targets for performance shares is determined in the event of a fundamental change in the corporate structure of our company, or the replacement of the majority of the board members within a period of less than two years by directors not nominated and approved by the board, or, upon a change of control of our company or a recipient s death, disability or retirement. Options and stock appreciation rights automatically vest upon death or disability, unless otherwise provided in a recipient s agreement, or upon the occurrence of a change in control of our company. If a recipient s employment or other relationship with our company or its affiliates is terminated for any reason other than death or disability, then any unexercised portion of such recipient s award will generally be forfeited, except as provided in the 1999 Plan or such recipient s agreement or by the committee.

Adjustments, Modifications, Termination. The 1999 Plan gives the committee discretion to adjust the kind and number of shares available for awards or subject to outstanding awards, the limitations on the number and type of securities that may be issued to an individual recipient, the exercise price of outstanding stock options, and performance targets for, and payments under, outstanding awards of performance shares upon mergers, recapitalizations, stock dividends, stock splits or similar changes affecting our company. Adjustments in performance targets and payments on performance shares are also permitted upon the occurrence of such other events as may be specified by the committee. The 1999 Plan also gives the board the right to terminate, suspend or modify the 1999 Plan. Amendments to the 1999 Plan are subject to shareholder approval, however, if needed to comply with applicable laws or regulations. The committee may generally also alter or amend any agreement covering an award granted under the 1999

Plan to the extent permitted by law. Under the 1999 Plan, the committee generally may cancel outstanding stock options and stock appreciation rights in exchange for the payment of cash or other consideration to the recipients upon dissolutions, liquidations, mergers, statutory share exchanges or similar events involving our company.

Stellent, Inc. 2000 Employee Stock Incentive Plan

In May 2000, the board adopted the 2000 Employee Stock Incentive Plan, known as the 2000 Employee Plan. The 2000 Employee Plan was amended in October 2001. The 2000 Employee Plan has not been approved by our shareholders.

Shares Subject to the 2000 Employee Plan. As of March 31, 2006, 1,293,291 shares of our common stock were subject to outstanding awards granted. No additional awards may be granted under the 2000 Employee Plan, and any award granted pursuant to the 2000 Employee Plan expires or terminates without being exercised in full, the unexercised shares released from such award will become available for issuance under the 2005 Plan. Previously granted but unexercised awards are subject to adjustment for any future stock dividends, splits, combinations, or other changes in capitalization as described in the 2000 Employee Plan.

Plan Administration. The 2000 Employee Plan is administered by a committee of three or more members of the board or if the board has not designated a committee, the board will constitute the committee and administer the 2000 Employee Plan. The committee may delegate all or any part of its responsibilities under the 2000 Employee Plan to officers or other persons for purposes of determining and administering awards.

Eligibility. All employees of our company and its affiliates who are not officers or directors of our company are eligible to receive awards under the 2000 Employee Plan. Awards may be granted by the committee to any individuals or entities who are not employees of our company, but who provide services to us or our affiliates as a consultant or adviser.

Non-Qualified Stock Options. Non-qualified stock options may be granted under the 2000 Employee Plan. The exercise price of an option is determined by the committee. The exercise price for stock options may not be less than 100% of the fair market value of our common stock on the date the option is granted. Stock options may be granted and exercised at such times as the committee may determine. No more than 500,000 shares of common stock underlying stock options and stock appreciation rights may be granted to any one person in any year. The purchase price for common stock purchased upon the exercise of stock options may be payable in cash, in our common stock having a fair market value on the date the option is exercised equal to the option price of the stock being purchased, or a combination of cash and stock, as provided in each stock option agreement. In addition, the committee may permit recipients of stock options to simultaneously exercise options and sell the common stock purchased upon exercise and to use the sale proceeds to pay the purchase price.

Stock Appreciation Rights and Performance Shares. The recipient of a stock appreciation right receives all or a portion of the amount by which the fair market value of a specified number of shares, as of the date the right is exercised, exceeds a price specified by the committee at the time the right is granted. The price specified by the committee must be at least 100% of the fair market value of our common stock on the date the right is granted. No more than 500,000 shares of stock underlying stock appreciation rights and stock options may be awarded to any one person in any year. Performance shares entitle the recipient to payments in amounts determined by the committee based upon the achievement of specified performance targets during a specified term. No person may receive performance shares relating to more than 500,000 shares of our common stock in any year. Payments with respect to stock appreciation rights and performance shares may be paid in cash, shares of our common stock, or a combination of cash and shares, as determined by the committee.

Restricted Stock and Other Stock-Based Awards. The committee may grant, either alone or in combination with other types of awards, restricted stock and other stock-based awards. Restricted stock may contain such restrictions, including provisions requiring forfeiture and imposing restrictions on stock transfer, as the committee may determine and set forth in each restricted stock agreement. No award of restricted stock may vest earlier than one year from the date of grant, except as provided in each restricted stock agreement. No more than 400,000 of the shares of common stock subject to the 2000 Employee Plan may be granted as restricted stock subject to performance conditions or subject to other stock-based awards.

Acceleration of Awards, Lapse of Restrictions, Forfeiture. The committee may provide in an award agreement for the lapse or waiver of restrictions or conditions on restricted stock or other awards, or acceleration of the vesting of stock options, stock appreciation rights and other awards, or acceleration of the term with respect to which the achievement of performance targets for performance shares is determined in the event of a fundamental change in our corporate structure, upon a change of control of our company or upon a recipient s death, disability or retirement. If a recipient s employment or other relationship with our company or its affiliates is terminated for any reason, then any unexercised portion of such employee s award will generally be forfeited, except as provided in that employee s award agreement or by the committee.

Adjustments, Modifications, Termination. The 2000 Employee Plan gives the committee discretion to adjust the kind and number of shares available for awards or subject to outstanding awards, the limitations on the number and type of securities that may be issued to an individual participant, the exercise price of outstanding stock options, and performance targets for, and payments under, outstanding awards of performance shares upon a merger, recapitalization, stock dividend, stock split or similar change affecting our company. Adjustments in performance targets and payments on performance shares are also permitted upon the occurrence of such other events as may be specified by the committee. The 2000 Employee Plan also gives the board the right to terminate, suspend or modify the 2000 Employee Plan. Amendments to the 2000 Employee Plan are subject to shareholder approval, however, only if needed to comply with any applicable law or regulation. Termination, suspension or modification of the 2000 Employee Plan generally may not materially and adversely affect any right an individual participant may have acquired before the termination, suspension or modification, unless otherwise provided in that individual s award agreement, or otherwise, or required by law. We (with the approval of the committee) may amend any agreement covering an award granted under the 2000 Employee Plan unless the committee determines that the amendment would be materially adverse to the recipient and is not required by law. Under the 2000 Employee Plan, the committee generally may cancel outstanding stock options and stock appreciation rights in exchange for the payment of cash or other consideration to the recipients upon dissolutions, liquidations, mergers, statutory share exchanges or similar events involving our company.

InfoAccess 1995 Stock Option Plan

In connection with our acquisition of InfoAccess, Inc. on September 29, 1999, we assumed the InfoAccess, Inc. 1995 Stock Option Plan, known as the InfoAccess Plan. The InfoAccess Plan was approved by the shareholders of InfoAccess on May 10, 1995, but has not been approved by our shareholders.

Shares Subject to the InfoAccess Plan. As of March 31, 2006, 3,123 shares of our common stock were subject to outstanding awards granted under the InfoAccess Plan. No additional stock options may be granted under the InfoAccess Plan.

Plan Administration. The InfoAccess Plan is administered by the board or a committee appointed by the board. The board or committee has the authority, subject to the terms of the InfoAccess Plan, to

interpret provisions of the InfoAccess Plan and the options granted under it and to adopt rules and regulations for administering the InfoAccess Plan.

Eligibility. All employees of InfoAccess were eligible to receive option grants under the InfoAccess Plan prior to our adoption of the InfoAccess Plan. Non-statutory stock options could be granted under the InfoAccess Plan prior to our adoption to individuals or entities that were not employees of InfoAccess, but that provided services to InfoAccess or its affiliates as consultants or independent contractors.

Types of Awards under the InfoAccess Plans. Both incentive stock options and non-statutory stock options could be granted under the InfoAccess Plan. The exercise price of an option was determined by the committee of the board of directors of InfoAccess administering the InfoAccess Plan at the time of the grant. The exercise price for all options under the InfoAccess Plan could not be less than 100% of the fair market value of the shares on the date of the grant. The exercise price for incentive stock options granted to persons who beneficially owned 10% or more of the outstanding stock of InfoAccess at the time of the grant could not be less than 110% of the fair market value of the shares on the date of grant. The number of shares and purchase price of each recipient s option grant has been adjusted to reflect the exchange ratio of InfoAccess shares for our shares in the merger of the companies. Stock options were granted and may be exercised at such times as the committee of the board of directors of InfoAccess administering the InfoAccess Plans at the time of the grant determined; however, under the InfoAccess Plan, if no exercise schedule is set forth in a recipient s agreement, 25% of the shares subject to the option shall vest two years following the start of the recipient s continuous relationship with our company, and an additional 25% of the shares subject to the option shall vest following each additional year of the recipient s continuous relationship with our company. The purchase price for common stock purchased upon the exercise of stock options may be payable in cash or the committee may, subject to approval by the board, permit recipients of stock options to deliver a promissory note as full or partial payment for the exercise of a stock option. In addition, shares may be purchased with our common stock, that a recipient has held at least six months, having a fair market value on the date the option is exercised equal to the option price of the stock being purchased.

Termination of Employment or Relationship. If a recipient s relationship with our company or its affiliates is terminated for any reason other than for cause (as defined in the InfoAccess Plan), death or total disability, then any portion of the recipient s option grant that is vested but unexercised may be exercised for a period of thirty days following the termination of employment, unless the option by its terms expires earlier, and except as otherwise provided in the InfoAccess Plan or such recipient s agreement. If a recipient s relationship with us or our affiliates is terminated for cause, as defined in the InfoAccess Plan, such recipient s options granted under the InfoAccess Plan automatically will terminate as of the first discovery by our company of any reason for that recipient s termination for cause. If a recipient s employment with us or our affiliates is terminated by such recipient s total disability, as defined in the InfoAccess Plan, such recipient may exercise vested but unexercised options granted under the InfoAccess Plan for a period of three months after such recipient s termination date, subject to the expiration of the option under the terms of such recipient s agreement. If a recipient s employment with us or our affiliates is terminated by such recipient s death while an employee of our company or its affiliates, or during the period in which options granted under the InfoAccess Plan may be exercised due to the termination of such recipient s employment with us or our affiliates other than for cause (as defined in the InfoAccess Plan) or such recipient s total disability, such recipient s legal representative may exercise vested but unexercised options granted to that recipient under the InfoAccess Plan for a period of one year after that recipient s death, subject to the expiration of the option under the terms of such recipient s option agreement.

Adjustments and Modifications. The InfoAccess Plan provides that each option will be proportionately adjusted for any increase or decrease in the number of issued shares of our common stock resulting from a split-up or consolidation of shares or any like capital adjustment, or the payment of any

7

stock dividend. The InfoAccess Plan gives the board the right to terminate, suspend, or modify the InfoAccess Plan as long as the rights and obligation related to outstanding option grants are not adversely affected.

Exhibits

Exhibit Number	**Description**	**Reference**
31.1	Certification by Robert F. Olson, Chairman of the Board, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Electronic Transmission
31.2	Certification by Darin P. McAreavey, Executive Vice President, CFO, Treasurer and Secretary, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002	Electronic Transmission
32.1	Certification by Robert F. Olson, Chairman of the Board, President and Chief Executive Officer, pursuant to 18 USC Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Electronic Transmission
32.2	Certification by Darin P. McAreavey, Executive Vice President, CFO, Treasurer and Secretary, pursuant to 18 U.S.C. Section 1350, as adopted pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Electronic Transmission

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) 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.

STELLENT, INC.
(Registrant)

By:	/s/ ROBERT F. OLSON Robert F. Olson, *Chairman of the Board, President and Chief Executive Officer*

Date: June 21, 2006

SIGNATURES AND POWER OF ATTORNEY

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed by the following persons on behalf of the registrant and in the capacities indicated on June 21, 2006.

/s/ ROBERT F. OLSON
Robert F. Olson,
Chairman of the Board,
Chief Executive Officer
and President (Principal Executive Officer)

/s/ DARIN P. MCAREAVEY
Darin P. McAreavey,
Executive Vice President,
Chief Financial Officer,
Secretary, Treasurer
(Principal Financial Officer and Principal Accounting Officer)

*
William B. Binch, Director

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Kenneth H. Holec, Director

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Alan B. Menkes, Director

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Philip E. Soran, Director

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Raymond A. Tucker, Director

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Steven C. Waldron, Director

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* Darin P. McAreavey, by signing his name below, does hereby sign this document on behalf of each of the above-named directors of the registrant pursuant to power of attorney duly reported by such persons.

By: /s/ DARIN P. MCAREAVEY
Darin P. McAreavey

10

STELLENT, INC.

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Stellent, Inc.

We have audited the accompanying consolidated balance sheets of Stellent, Inc. (a Minnesota Corporation) and subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of operations, stockholders equity, and cash flows for each of the three years in the period ended March 31, 2006. These financial statements are the responsibility of Stellent, Inc. s management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Stellent, Inc. and subsidiaries as of March 31, 2006 and 2005, and the consolidated results of their operations and their consolidated cash flows for the each of the three years in the period ended March 31, 2006 in conformity with accounting principles generally accepted in the United States of America.

We also have audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the effectiveness of Stellent, Inc. and subsidiaries internal control over financial reporting as of March 31, 2006, based on *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) and our report dated June 12, 2006 expressed an unqualified opinion on management s assessment of the effectiveness of the Company s internal control over financial reporting and an unqualified opinion on the effectiveness of Stellent, Inc. and subsidiaries internal control over financial reporting.

/s/ GRANT THORNTON LLP

Minneapolis, Minnesota

June 12, 2006

12

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders
Stellent, Inc.

We have audited management s assessment, included in the accompanying Management s Report on Internal Control over Financial Reporting, that Stellent, Inc. and subsidiaries (a Minnesota Corporation) maintained effective internal control over financial reporting as of March 31, 2006, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). Stellent, Inc. and subsidiaries management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting. Our responsibility is to express an opinion on management s assessment and an opinion on the effectiveness of the company s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, evaluating management s assessment, testing and evaluating the design and operating effectiveness of internal control, and performing such other procedures as we considered necessary in the circumstances. We believe that an audit provides a reasonable basis for our opinions.

A company s internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company s internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company s assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, management s assessment that Stellent, Inc. and subsidiaries maintained effective internal control over financial reporting as of March 31, 2006, is fairly stated, in all material respects, based on the criteria established in *Internal Control Integrated Framework* issued by COSO. Also, in our opinion, Stellent, Inc. and subsidiaries maintained, in all material respects, effective internal control over financial reporting as of March 31, 2006, based on the criteria established in Internal Control-Integrated Framework issued by COSO.

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated balance sheets of Stellent, Inc. and subsidiaries as of March 31, 2006 and 2005, and the related consolidated statements of operations, shareholders equity, and cash flows for each of the three years in the period ended March 31, 2006, and our report dated June 12, 2006 expressed an unqualified opinion on those financial statements.

/s/ GRANT THORNTON LLP

Minneapolis, Minnesota
June 12, 2006

STELLENT, INC.
CONSOLIDATED BALANCE SHEETS
(In thousands, except per share data)

	March 31, 2005	2006
ASSETS		
Current assets		
Cash and equivalents	$ 49,113	$ 34,741
Short-term marketable securities	17,523	29,900
Trade accounts receivable, net	30,063	31,320
Prepaid royalties, current portion	965	941
Prepaid expenses and other current assets	3,884	4,512
Total current assets	101,548	101,414
Long-term marketable securities	6,114	17,112
Property and equipment, net	4,333	7,822
Prepaid royalties, net of current portion	1,044	923
Goodwill	67,640	74,409
Other acquired intangible assets, net	5,615	4,003
Other	1,358	866
	$ 187,652	$ 206,549
LIABILITIES AND SHAREHOLDERS EQUITY		
Current liabilities		
Accounts payable	$ 3,867	$ 3,072
Deferred revenues, current portion	19,854	20,143
Commissions payable	2,419	3,839
Accrued expenses and other	7,867	7,442
Current portions of obligations under capital leases	170	473
Total current liabilities	34,177	34,969
Deferred revenue, net of current portion	946	1,079
Deferred rent, net of current portion		1,264
Obligations under capital leases, net of current portions		281
Total liabilities	35,123	37,593
Shareholders equity		
Capital stock, $0.01 par value, 100,000 shares authorized		
Preferred stock, 10,000 shares authorized, no shares issued and outstanding at March 31, 2005 and 2006		
Common stock, 90,000 shares authorized, 27,476 and 29,443 shares issued and outstanding at March 31, 2005 and 2006	275	294
Additional paid-in capital	243,013	254,381
Unearned compensation	(469)	(123)
Accumulated deficit	(91,256)	(85,793)
Accumulated other comprehensive income	966	197
Total shareholders equity	152,529	168,956
	$ 187,652	$ 206,549

The accompanying notes are an integral part of the consolidated financial statements.

14

STELLENT, INC.
CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share data)

	Year Ended March 31, 2004	2005	2006
Revenues			
Product licenses	$ 41,571	$ 54,376	$ 56,950
Services	14,349	19,772	26,836
Post-contract support	19,854	32,663	39,599
Total revenues	75,774	106,811	123,385
Cost of revenues			
Product licenses	4,936	5,017	3,886
Services	13,272	19,550	25,046
Post-contract support	3,885	5,350	7,269
Amortization of capitalized software from acquisitions	1,574	2,390	1,879
Total cost of revenues	23,667	32,307	38,080
Gross profit	52,107	74,504	85,305
Operating expenses			
Sales and marketing	39,122	42,365	46,787
General and administrative	8,856	14,097	12,282
Research and development	13,263	17,958	20,153
Acquisition related sales, marketing and other costs		886	
Amortization of acquired intangible assets and other	2,006	677	626
Impairment charge on fixed assets		375	
Restructuring charges	743	3,673	1,123
Total operating expenses	63,990	80,031	80,971
Income (loss) from operations	(11,883)	(5,527)	4,334
Other income (expense)			
Interest income, net	982	822	2,181
Investment (impairment) gain on sale	388	(1,136)	
Total other income (expense)	1,370	(314)	2,181
Net income (loss) before income taxes	(10,513)	(5,841)	6,515
Provision for income taxes			173
Net income (loss)	$ (10,513)	$ (5,841)	$ 6,342
Net income (loss) per common share:			
Basic	$ (0.48)	$ (0.22)	$ 0.22
Diluted	$ (0.48)	$ (0.22)	$ 0.21
Weighted average shares outstanding:			
Basic	22,028	26,224	28,266
Diluted	22,028	26,224	29,615

The accompanying notes are an integral part of the consolidated financial statements.

STELLENT, INC.
CONSOLIDATED STATEMENTS OF SHAREHOLDERS EQUITY
(In thousands, except per share data)

	Common Stock Shares	Common Stock Amount	Additional Paid-in Capital	Accumulated (Deficit)/ Earnings	Unearned Compensation	Accumulated Other Comprehensive Income (Loss)	Total Shareholders Equity	Comprehensive Income (Loss)
Balance at April 1, 2003	21,856	$ 219	$ 186,604	$ (74,902)	$	$ 315	$ 112,236	
Exercise of stock options	274	3	1,341				1,344	
Stock issued in acquisition	100	1	753				754	
Issuance of common stock in employee stock purchase plan	172	1	831				832	
Repurchase of common stock	(63)	(1)	(308)				(309)	
Foreign currency translation adjustment gain						361	361	$ 361
Net loss				(10,513)			(10,513)	(10,513)
Balance at March 31, 2004	22,339	223	189,221	(85,415)		676	104,705	$ (10,152)
Exercise of stock options	778	8	3,621				3,629	
Stock issued and options assumed in acquisition	4,203	42	49,338				49,380	
Issuance of common stock in employee stock purchase plan	156	2	930				932	
Unearned stock-based compensation					(895)		(895)	
Reversal of compensation expense for terminated employees			(97)		97			
Compensation expense					329		329	
Foreign currency translation adjustment gain						290	290	$ 290
Net loss				(5,841)			(5,841)	(5,841)
Balance at March 31, 2005	27,476	275	243,013	(91,256)	(469)	966	152,529	$ (5,551)
Exercise of stock options	1,547	15	8,378				8,393	
Issuance of common stock in employee stock purchase plan	146	1	1,048				1,049	
Stock issued in acquisition	274	3	2,005				2,008	
Reversal of compensation expense for terminated employees			(63)		63			
Compensation expense					283		283	
Dividend ($0.03 per share)				(879)			(879)	
Foreign currency translation adjustment loss						(769)	(769)	$ (769)
Net income				6,342			6,342	6,342
Balance at March 31, 2006	29,443	$ 294	$ 254,381	$ (85,793)	$ (123)	$ 197	$ 168,956	$ 5,573

The accompanying notes are an integral part of the consolidated financial statements.

STELLENT, INC.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)

	Year Ended March 31, 2004	2005	2006
Operating activities:			
Net income (loss)	$ (10,513)	$ (5,841)	$ 6,342
Adjustments to reconcile net income (loss) to cash flows provided by (used in) operating activities:			
Depreciation and amortization	3,369	3,481	3,118
Amortization of acquired intangible assets and other	3,580	3,067	2,505
Impairment charge on fixed assets		451	
Lease incentives			