STELLENT INC
Form 10-Q/A
April 21, 2004

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q/A
(AMENDMENT NO. 1)

(MARK ONE)

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE QUARTERLY PERIOD ENDED DECEMBER 31, 2003.

OR

[ ] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM
_______________ TO _______________

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.)
7777 GOLDEN TRIANGLE DRIVE, EDEN PRAIRIE, MINNESOTA	55344-3736
(ADDRESS OF PRINCIPAL EXECUTIVE OFFICES)	(ZIP CODE)

(952) 903-2000
(REGISTRANT'S TELEPHONE NUMBER, INCLUDING AREA CODE)

(FORMER NAME, FORMER ADDRESS AND FORMER FISCAL YEAR, IF CHANGED SINCE LAST REPORT)

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 [ ]

Indicate by check mark whether the registrant is an accelerated filer (as defined in Rule 12b-2 of the Securities Exchange Act of 1934) Yes [X] No [ ]

Indicate the number of shares outstanding of each of the issuer's classes of common stock, as of the latest practicable date. Common Stock, $.01 par value - 22,196,514 shares as of January 22, 2004.

STELLENT, INC.

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EXPLANATORY NOTE

In accordance with Exchange Act Rule 12b-15, this Amendment No. 1 on Form 10-Q/A amends certain items of the Quarterly Report on Form 10-Q of Stellent, Inc. (the "Company") for the fiscal period ended December 31, 2003, filed with the Securities and Exchange Commission on January 30, 2004, and presents the relevant text of the items amended. These amended items do not restate the Company's consolidated financial statements previously filed in the Form 10-Q. This Form 10-Q/A does not reflect events occurring after the filing of the original Form 10-Q or modify or update those disclosures affected by subsequent events.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

FORWARD-LOOKING STATEMENTS

The following discussion may contain forward-looking statements regarding the Company, its business, prospects and results of operations that are subject to certain risks and uncertainties posed by many factors and events that could cause the Company's actual business, prospects and results of operations to differ materially from those that may be anticipated by such forward-looking statements. Factors that could cause or contribute to such differences include, but are not limited to, those discussed herein as well as those discussed under the caption Risk Factors. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date of this report. The Company undertakes no obligation to revise any forward-looking statements in order to reflect events or circumstances that may subsequently arise. Readers are urged to carefully review and consider the various disclosures made by the Company in this report and in the Company's other reports filed with the Securities and Exchange Commission that advise interested parties of the risks and factors that may affect the Company's business.

OVERVIEW

Our product solutions are comprised of universal content management software, content components software and vertical applications and help customers worldwide solve real business problems related to efficiently creating, managing and sharing critical information. Our company has strategically grown to become one of the foremost content management software vendors in the industry, having been ranked one of the top three content management software providers by industry analyst firms Gartner Dataquest, Giga Information Group and Aberdeen Group.

CRITICAL ACCOUNTING POLICIES AND JUDGMENTS

The policies described below are particularly important to understanding our financial position and results of operations and may require management to make estimates or judgments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Revenue Recognition

We currently derive all of our revenues from licenses of software products and related services. We recognize revenue in accordance with Statement of Position (SOP) 97-2, "Software Revenue Recognition," as amended by SOP 98-9, Modification of SOP 97-2, "Software Revenue Recognition with Respect to Certain Transactions," and Securities and Exchange Commission Staff Accounting Bulletin 101, "Revenue Recognition in Financial Statements."

Product license revenue is recognized under SOP 97-2 when (i) persuasive evidence of an arrangement exists, (ii) delivery has occurred, (iii) the fee is fixed or determinable, and (iv) collectibility is probable and supported and the arrangement does not require services that are essential to the functionality of the software.

Persuasive Evidence of an Arrangement Exists - We determine that persuasive evidence of an arrangement exists with respect to a customer under, i) a signature license agreement, which is signed by both the customer and us, or, ii) a purchase order, quote or binding letter-of-intent received from and signed by the customer, in which case the customer has either previously executed a signature license agreement with us or will receive a shrink-wrap license agreement with the software. We do not offer product return rights to end users or resellers.

Delivery has Occurred - Our software may be either physically or electronically delivered to the customer. We determine that delivery has occurred upon shipment of the software pursuant to the billing terms of the arrangement or when the software is made available to the customer through electronic delivery. Customer acceptance generally occurs at delivery.

The Fee is Fixed or Determinable - If at the outset of the customer arrangement, we determine that the arrangement fee is not fixed or determinable, revenue is typically recognized when the arrangement fee becomes due and payable. Fees due under an arrangement are generally deemed fixed and determinable if they are payable within twelve months.

Collectibility is Probable and Supported - We determine whether collectibility is probable and supported on a case-by-case basis. We may generate a high percentage of our license revenue from our current customer base, for whom there is a history of successful collection. We assess the probability of collection from new customers based upon the number of years the customer has been in business and a credit review process, which evaluates the customer's financial position and ultimately their ability to pay. If we are unable to determine from the outset of an arrangement that collectibility is probable based upon our review process, revenue is recognized as payments are received.

With regard to software arrangements involving multiple elements, we allocate revenue to each element based on the relative fair value of each element. Our determination of fair value of each element in multiple-element arrangements is based on vendor-specific objective evidence ("VSOE"). We limit our assessment of VSOE for each element to the price charged when the same element is sold separately. We have analyzed all of the elements included in our multiple-element arrangements and have determined that we have sufficient VSOE to allocate revenue to consulting services and post-contract customer support ("PCS") components of our license arrangements. We sell our consulting services separately, and have established VSOE on this basis. VSOE for PCS is determined based upon the customer's annual renewal rates for these elements. Accordingly, assuming all other revenue recognition criteria are met, revenue from

perpetual licenses is recognized upon delivery using the residual method in accordance with SOP 98-9, and revenue from PCS is recognized ratably over their respective terms, typically one year.

Our direct customers typically enter into perpetual license arrangements. Our Content Components Division generally enters into term-based license arrangements with its customers, the term of which generally exceeds one year in length. We recognize revenue from time-based licenses at the time the license arrangement is signed, assuming all other revenue recognition criteria are met, if the term of the time-based license arrangement is greater than twelve months. If the term of the time-based license arrangement is twelve months or less, we recognize revenue ratably over the term of the license arrangement.

Services revenue consists of fees from consulting services and PCS. Consulting services include needs assessment, software integration, security analysis, application development and training. We bill consulting services fees either on a time and materials basis or on a fixed-price schedule. In general, our consulting services are not essential to the functionality of the software. Our software products are fully functional upon delivery and implementation and generally do not require any significant modification or alteration for customer use. Customers purchase our consulting services to facilitate the adoption of our technology and may dedicate personnel to participate in the services being performed, but they may also decide to use their own resources or appoint other professional service organizations to provide these services. Software products are billed separately from professional services. We recognize revenue from consulting services as services are performed. Our customers typically purchase PCS annually, and we price PCS based on a percentage of the product license fee. Customers purchasing PCS receive product upgrades, Web-based technical support and telephone hot-line support.

Customer advances and billed amounts due from customers in excess of revenue recognized are recorded as deferred revenue. Investments in Other Companies

Investments are classified as long-term as the Company anticipates holding them for more than one year. The Company holds less than 20% interest in, and does not directly or indirectly exert significant influence over, any of the respective investees.

During the three months ended December 31, 2003, the Company sold the portion of these investments which was publicly traded. This investment was classified as available-for-sale and the Company had recorded other than temporary impairment related to this asset during fiscal 2003. This investment was sold and the Company recorded a gain of approximately $388 during the three months ended December 31, 2003.

The remaining investments in other companies include investments in two non-public, start-up technology companies for which the Company uses the cost method of accounting.

Accounts Receivable

Our accounts receivable balances are due from companies across a broad range of industries, such as Government, Finance, Manufacturing, Consumer, Aerospace and Transportation, Health Care/Insurance, and High Tech/Telecom. Credit is extended based on evaluation of a customer's financial condition and, generally, collateral is not required. Accounts receivable from sales of services are typically due from customers within 30 days and accounts receivable from sales of

licenses are due over terms ranging from 30 days to nine months. Accounts receivable balances are stated at amounts due from customer net of an allowance for doubtful accounts. Accounts outstanding longer than the contractual payments terms are considered past due. We determined our allowance by considering a number of factors, including the length of time trade receivables are past due, our previous loss history, the customer's current ability to pay its obligation to us, and the condition of the general economy and the industry as a whole. We write-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts.

Goodwill and Other Acquired Intangible Assets

Goodwill and Other Acquired Intangible Assets: Goodwill represents the excess of the purchase price over the fair value of net assets acquired. The carrying value of goodwill and other intangible assets is tested for impairment on an annual basis or when factors indicating impairment are present. We have elected to complete the annual impairment test of goodwill on January 1 of each year. We believe no impairment of goodwill assets has occurred to-date.

Impairment of Long-Lived Assets

We evaluate the recoverability of long-lived assets and recognize impairment of long-lived assets in the event that events or circumstances indicate an impairment may have occurred and when the net book value of such assets exceeds the future undiscounted cash flows attributed to such assets. We assess the impairment of long-lived assets whenever events or changes in circumstances indicate that the carrying value may not be recoverable. No impairment of long-lived assets has occurred during the three and nine month periods ended December 31, 2003 and 2002.

Accounting for Income Taxes

Deferred tax liabilities and deferred tax assets reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. A valuation allowance has been established due to the uncertainty of future taxable income, which is necessary to realize the benefits of the deferred tax assets. The Company had net operating loss (NOL) carryforwards of approximately $84.3 million at March 31, 2003, which begin to expire in 2011. These NOL's are subject to annual utilization limitations due to prior ownership changes.

Realization of the NOL carryforwards and other deferred tax temporary differences are contingent on future taxable earnings. The deferred tax asset was reviewed for expected utilization using a "more likely than not" approach as required by SFAS No. 109, Accounting for Income Taxes, by assessing the available positive and negative evidence surrounding its recoverability. Accordingly, in the fourth quarter of fiscal 2003 we increased the valuation allowance to fully offset the deferred tax asset.

We will continue to assess and evaluate strategies that will enable the deferred tax asset, or portion there of, to be utilized, and will reduce the valuation allowance appropriately at such time when it is determined that the "more likely than not" approach is satisfied.

THREE MONTHS ENDED DECEMBER 31, 2003 AND 2002

REVENUES

Total revenues increased by $3.2 million, or 20%, to $19.2 million for the three months ended December 31, 2003 from $16.0 million for the three months ended December 31, 2002. The increase in revenues was attributable to increased consulting services and post-contract customer support revenue.

Product Licenses. Revenues for product licenses increased by $0.5 million, or 5%, to $10.2 million for the three months ended December 31, 2003 from $9.7 million for the three months ended December 31, 2002. The increase in revenues for product licenses was attributable to increased revenue from our Content Components Division (CCD), which was due to an increase in demand by software vendors caused by improving market conditions.

Services. Revenues for services, consisting of consulting services, training and post contract customer support, increased by $2.7 million, or 42%, to $9.0 million for the three months ended December 31, 2003 from $6.3 million for the three months ended December 31, 2002, as follows (in thousands):

	THREE MONTHS ENDED DECEMBER 31, 2003		THREE MONTHS ENDED DECEMBER 31, 2002	
Consulting services and training	$ 4,062	45%	$ 2,347	
Post-contract support	4,981	55	4,011	
Total services revenues	$ 9,043	100%	$ 6,358	1

The $1.7 million increase in revenues for services was due to an increase in consulting services revenues as our customers' software implementations have become larger and more numerous, and $1.0 million of the increase was due to an increase in post-contract customer support revenue which is primarily attributable to a larger installed base of products.

COST OF REVENUES

Total cost of revenues increased by $0.9 million, or 19%, to $5.9 million for the three months ended December 31, 2003 from $5.0 million for the three months ended December 31, 2002. Total cost of revenues as a percentage of total revenues was 31% for the three months ended December 31, 2003 and 2002. Gross profit increased by $2.3 million, or 21%, to $13.3 million for the three months ended December 31, 2003 from $11.0 million for the three months ended December 31, 2002. Total gross profit as a percentage of total revenues was 69% for the three months ended December 31, 2003 and 2002. The increase in gross profit dollars was due to increased revenues for post-contract customer support revenue attributable to a larger installed base of products and by the decreased cost of revenues for product licenses due to the mix of products sold.

Product Licenses. Cost of revenues for product licenses decreased $0.5 million for the three months ended December 31, 2003 to $1.2 million from $1.7 million for the three months ended December 31, 2002. The decrease in cost of revenues for product licenses was attributable to increased sales of our CCD products, which generally have a lower cost of sales than our universal content management products, a change in product mix in our universal content management products and a reduction in costs related to payments for third-party technology incorporated into our products.

Amortization of capitalized software from acquisitions. Cost of revenues related to amortization of capitalized software from acquisitions was $0.4 million for the three months ended December 31, 2003 compared to $0.5 million for the three months ended December 31, 2002. The cost of revenues for amortization of capitalized software from acquisitions was attributable to the amortization of capitalized software obtained in the acquisition of certain assets of RESoft, Kinecta, Active IQ, and Ancept in July 2001, April 2002, March 2003, and August 2003, respectively. The decrease in cost of revenues related to amortization of capitalized software from acquisitions was attributable to the completion in June 2003 of amortization of capitalized software related to our acquisition of CCD.

Services. Cost of revenues, consisting primarily of personnel for consulting services, training and post-contract customer support, increased by $1.5 million, or 54%, to $4.4 million for the three months ended December 31, 2003 from $2.9 million for the three months ended December 31, 2002. Gross profit as a percentage of revenues for services was 51% for the three months ended December 31, 2003, compared to 55% for the three months ended December 31, 2002. The decrease in the gross profit as a percentage of services revenues was due to an increase in costs associated with the hiring and training of additional personnel and the use of outside contractors related to the significant growth in consulting services revenue. Services cost of revenues for the three month periods were as follows (in thousands):

	THREE MONTHS ENDED	THREE MONTHS ENDED

	DECEMBER 31, 2003		DECEMBER 31, 2002	
Consulting services and training	$ 3,458	78%	$ 2,025	70%
Post-contract support	966	22	852	30
Total services revenues	$ 4,424	100%	$ 2,877	100%

OPERATING EXPENSES

Sales and Marketing. Sales and marketing expenses increased by $0.8 million, or 8%, to $10.4 million for the three months ended December 31, 2003 from $9.6 million for the three months ended December 31, 2002. Sales and marketing expenses as a percentage of total revenues were 54% for the three months ended December 31, 2003 compared to 60% for the three months ended December 31, 2002. The increase in sales and marketing expense dollars was primarily attributable to expenses related to our global users conference held in October, 2003 and other sales events, and was partially offset by reduced commission expenses related to the mix of products sold.

General and Administrative. General and administrative expenses decreased $0.8 million, or 30% to $2.0 million for the three months ended December 31, 2003 from $2.8 million for the three months ended December 31, 2002. General and administrative expenses as a percentage of total revenues were 10% for the three months ended December 31, 2003 compared to 18% for the three months ended December 31, 2002. The decrease in general and administrative expenses was due to a decrease in bad debt expense.

Research and Development. Research and development expenses increased by $0.3 million, or 9%, to $3.3 million for the three months ended December 31, 2003 from $3.0 million for the three months ended December 31, 2002. Research and development expenses as a percentage of total revenues were 17% for the three months ended December 31, 2003 compared to 19% for the three months ended December 31, 2002. The increase in research and development expenses was due to increased headcount.

Acquisition and Related Costs. Acquisition and related costs of $0.3 million for the three months ended December 31, 2002 were related to final development milestone and bonus payments related to the acquisition of Kinecta Corporation in April 2002.

Amortization of Intangibles. Approximately $40.8 million of the $55.3 million purchase price of certain assets of CCD was allocated to core technology, customer base, software, trademarks and other intangibles, and is being amortized over the assets' estimated useful lives of three to four years. Approximately $5.1 million of the $5.6 million purchase price of certain assets of RESoft was allocated to certain intangible assets, such as customer base and trademarks, and is also being amortized over their useful lives of three years. Intangible amortization and other expense was $0.1 million for the three month periods ended December 31, 2003 and $1.7 million in the three months ended December 31, 2002. The decrease in operating expenses related to amortization of intangibles was attributable to the completion in June 2003 of amortization of intangibles related to our acquisition of CCD.

Restructuring Charges. There were no restructuring charges expensed or accrued in the quarter ended December 31, 2003. In the quarter ended December 31, 2002, in connection with management's plan to reduce costs and improve operating efficiencies, the Company recorded a restructuring charge of approximately $0.7 million. The restructuring charge was comprised of severance pay and benefits related to the involuntary termination of employees of approximately $0.4 million with the remaining $0.3 million related to the closing of facilities and other exit costs. The quarterly cost savings and cash flow increase associated with the termination of these employees would be estimated at approximately $0.1 million and the quarterly cost savings associated with the closing of facilities would be estimated at approximately $0.1 million, but would have no impact on cash flow. However, the Company may be required to invest in certain areas to expand our customer base, grow our revenues and invest in new product development, which may eliminate or exceed these cost savings.

Please see Note 7. of the Notes to Condensed Consolidated Financial Statements for further information on our restructuring plans.

OTHER INCOME, NET

Interest income. Net interest income was $0.2 million for the three months ended December 31, 2003 compared to net interest income of $0.5 million for the three months ended December 31, 2002. Net interest income for the three months ended December 31, 2003 and 2002 was primarily related to investments purchased with the proceeds of our public stock offerings completed in June 1999 and March 2000. The decrease in net interest income was primarily due to decreases in the interest rates earned by invested funds resulting from decreases in market interest rates, which have declined over 50% and a decrease of approximately 14% in the amount of invested funds, which has decreased due to cash used in operations and acquisitions.

Investment gain on sale (impairment). During the three months ended December 31, 2003, the Company sold its shares in Active IQ, an investment for which the value was previously written down to zero as the result of an other than temporary impairment. The company realized approximately $0.4 million in proceeds and gain from the sale. During the three months ended December 31, 2002, the Company determined that a permanent decline in the value of certain of its investments in other companies had occurred. The Company made this determination after reviewing financial statements of these companies or discussing their future business plans and prospects with their management. As a result, the Company recorded a write-down on the investments in these companies of approximately $0.7 million for the three months ended December 31, 2002.

NINE MONTHS ENDED DECEMBER 31, 2003 AND 2002

REVENUES

Total revenues increased by $6.5 million, or 13%, to $55.1 million for the nine months ended December 31, 2003 from $48.6 million for the nine months ended December 31, 2002. Approximately $3.5 million of the increase in total revenues was due to an increase in consulting services revenues, as our customers' software implementations have become larger and more numerous, and to an increase of approximately 3.1 million in post-contract customer support revenue, which is primarily attributable to a larger installed base of products.

Product Licenses. Revenues for product licenses of $30.2 million for the nine months ended December 31, 2003 were essentially even with revenues for product licenses of $30.3 million for the nine months ended December 31, 2002. Revenues for product licenses for the nine months ended December 31, 2003 were affected early in the period by the worldwide economic slowdown, which has resulted in a reduction in overall customer spending in information technology initiatives.

Services. Revenues for services, consisting of consulting services, training and post contract customer support, increased by $6.6 million, or 36%, to $24.9 million for the nine months ended December 31, 2003 from $18.3 million for the nine months ended December 31, 2002, as follows (in thousands):

	NINE MONTHS ENDED DECEMBER 31, 2003		NINE MONTHS ENDED DECEMBER 31, 2002	
Consulting services and training	$ 10,644	43%	$ 7,136	39%
Post-contract support	14,247	57%	11,118	61%
Total services revenues	$ 24,891	100%	$ 18,254	100%

The $3.5 million increase in revenues for services was due to an increase in consulting services revenue as our customers' software implementations have become larger and more numerous, and approximately $3.1 million of the increase due to an increase in post-contract customer support revenue, which is primarily attributable to a larger installed base of products.

COST OF REVENUES

Total cost of revenues increased by $1.7 million, or 11%, to $17.0 million for the nine months ended December 31, 2003 from $15.3 million for the nine months ended December 31, 2002. Total cost of revenues as a percentage of total revenues was 31% for the nine months ended December 31, 2003 and compared to 32% for the nine months ended December 31, 2002. Gross profit increased by $4.8 million, or 15%, to $38.1 million for the nine months ended December 31, 2003 from $33.3 million for the nine months ended December 31, 2002. Total gross profit as a percentage of total revenues was 69% for the nine months ended December 31, 2003 and 68% for the nine months ended December 31, 2002. The increase in gross profit dollars was due to increased revenues for post-contract customer support revenue attributable to a larger installed base of products and by the decreased cost of revenues for product licenses due to the mix of products sold.

Product Licenses. Cost of revenues for product licenses decreased $1.6 million for the nine months ended December 31, 2003 to $3.4 million from $5.0 million for the nine months ended December 31, 2002. The decrease in cost of revenues for product licenses was primarily attributable to increased sales of our CCD products, which generally have a lower costs of sales than our universal content management products and the change in product mix in our universal content management products. Additional reductions in costs related to payments for third-party technology incorporated into our products.

Amortization of capitalized software from acquisitions. Cost of revenues related to amortization of capitalized software from acquisitions was $1.2 million for the nine months ended December 31, 2003 and compared to $1.4 million for the nine months ended December 31, 2002. The cost of revenues for amortization of capitalized software from acquisitions was attributable to the amortization of capitalized software obtained in the acquisition of certain assets of RESoft, Kinecta, Active IQ and Ancept acquisitions in July 2001, April 2002, March 2003, and August 2003, respectively. The decrease in cost of revenues related to amortization of capitalized software from acquisitions was attributable to the completion in June 2003 of amortization of capitalized software related to our acquisition of CCD.

Services. Cost of revenues, consisting of primarily personnel for consulting services, training and post-contract customer support, increased by $3.5 million, or 40%, to $12.4 million for the nine months ended December 31, 2003 from $8.9 million for the nine months ended December 31, 2002. Gross profit as a percentage of revenues for services was 50% for the nine months ended December 31, 2003, compared to 51% for the nine months ended December 31, 2002. The decrease in the gross profit as a percentage of services revenues was due to an increase in costs associated with the hiring and training of additional personnel and the use of outside contractors related to the significant growth in consulting services revenue. Services cost of revenues for the nine month periods were as follows (in thousands):

	NINE MONTHS ENDED DECEMBER 31, 2003		NINE MONTHS ENDED DECEMBER 31, 2002	
Consulting services and training costs	$ 9,554	77%	$ 6,074	68%
Post-contract support costs	2,851	23%	2,806	32%
Total services costs	$ 12,405	100%	$ 8,880	100%

OPERATING EXPENSES

Sales and Marketing. Sales and marketing expenses increased by $0.3 million, or 1%, to $29.9 million for the nine months ended December 31, 2003 from $29.6 million for the nine months ended December 31, 2002. Sales and marketing expenses as a percentage of total revenues were 54% for the nine months ended December 31, 2003 compared to 61% for the nine months ended December 31, 2002. The increase in sales and marketing expense dollars was primarily attributable to expenses related to our global users conference held in October 2003.

General and Administrative. General and administrative expenses decreased $1.0 million, or 13% to $6.9 million for the nine months ended December 31, 2003 from $7.9 million for the nine months ended December 31, 2002. General and administrative expenses as a percentage of total revenues were 13% for the nine months ended December 31, 2003 compared to 16% for the nine months ended December 31, 2002. The decrease in general and administrative expenses was due to a decrease in bad debt expense.

Research and Development. Research and development expenses decreased by $2.7 million, or 22%, to $9.8 million for the nine months ended December 31, 2003 from $12.5 million for the nine months ended December 31, 2002. Research and development expenses as a percentage of total revenues

were 18% for the nine months ended December 31, 2003 compared to 26% for the nine months ended December 31, 2002. The decrease in research and development expenses was due to reduced headcount as part of the consolidation of research and development facilities and the completion of certain research and development projects in the quarter ended December 31, 2002.

Acquisition and Related Costs. Acquisition and related costs for the nine months ended December 31, 2002 were primarily related to a potential transaction with a Japanese company that would have given the Company new wireless technologies and an avenue to generate revenues for our content management products. After proceeding with the due-diligence, it was determined that the target company was not situated well enough for the Company to accomplish previously established goals. The total acquisition costs of approximately $1.0 million represent $0.7 million of expenses associated with this project, which include funds that we advanced to the company for a trade show, product integration testing, test marketing costs of the products and other purposes. The remaining $0.3 million of acquisition costs represent final development milestone and bonus payments related to the acquisition of Kinecta Corporation in April 2002.

Amortization of Intangibles. Approximately $40.8 million of the $55.3 million purchase price of certain assets of CCD was allocated to core technology, customer base, software, trademarks and other intangibles, and is being amortized over the assets' estimated useful lives of three to four years. Approximately $5.6 million of the $5.1 million purchase price of certain assets of RESoft was allocated to certain intangible assets, such as customer base and trademarks, and is also being amortized over their useful lives of three years. Intangible amortization and other expense was $1.9 million for the nine month period ended December 31, 2003 and $5.0 million in the nine months ended December 31, 2002. The decrease in operating expenses related to amortization of intangibles was primarily attributable to the completion in June 2003 of amortization of intangibles related to our acquisition of CCD.

Restructuring Charges. In the nine months ended December 31, 2003, in connection with management's plan to reduce costs and improve operating efficiencies, the Company recorded a restructuring charge of approximately $0.8 million. The restructuring charge was comprised primarily of severance pay and benefits related to the involuntary termination of employees of approximately $0.4 million with the remaining $0.4 million related to a change in estimate related to the closing of facilities and other exit costs. In the nine months ended December 31, 2002, the Company recorded total restructuring charges of approximately $4.0 million. The restructuring charge was comprised primarily of $2.9 million in severance pay and benefits related to the involuntary termination of approximately 105 employees, with the remaining $1.1 million related to the closing of facilities and other exit costs. The effect on expenses and cash flows over the next year associated with the termination of employees is expected to be a decrease of approximately $1.0 million. The effect on expenses over the next year associated with the closing of the facilities and other exit costs is expected to be a decrease of approximately $0.2 million, but is expected to have an immaterial effect on cash flows. The combined expense decrease of $1.2 million is anticipated to be in the areas of selling and marketing of $0.8 million, research and development of $0.2 million and general and administrative of $0.2 million. However, we may be required to re-invest in certain areas to expand our customer base, grow our revenues and invest in new product development, which may eliminate or exceed these cost savings.

Please see Note 7. of the Notes to Condensed Consolidated Financial Statements for further information on our restructuring plans.

OTHER INCOME, NET

Interest income. Net interest income was $0.8 million for the nine months ended December 31, 2003 compared to net interest income of $1.6 million for the nine months ended December 31, 2002. Net

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interest income for the nine months ended December 31, 2003 and 2002 was primarily related to investments purchased with the proceeds of our public stock offerings completed in June 1999 and March 2000. The decrease in net interest income was primarily due to decreases of over 50% in the interest rates earned by invested funds and reduced amounts of invested funds.

Investment gain on sale (impairment). During the nine months ended December 31, 2003, the company sold its shares in a publicly traded company, an investment for which the value was previously written down to zero as the result of an other than temporary impairment. The company realized approximately $0.4 million in proceeds and gain from the sale. In the December 31, 2002 quarter, the Company determined that a permanent decline in the value of certain of its investments in other companies, had occurred. The Company made this determination after reviewing financial statements of these companies or discussing their future business plans and prospects with their management. As a result, the Company recorded a write-down on the investments in and notes with these companies of approximately $0.7 million for the nine months ended December 31, 2002.

NET OPERATING LOSS CARRYFORWARDS

As of March 31, 2003 the Company had net operating loss carryforwards of approximately $84.3 million. The net operating loss carryforwards will expire at various dates beginning in 2011, if not utilized. The Tax Reform Act of 1986 imposes substantial restrictions on the utilization of net operating losses and tax credits in the event of an "ownership change", as defined by Section 382 of the Internal Revenue Code, of a corporation. Our ability to utilize net operating loss carryforwards on an annual basis may be limited as a result of "ownership changes" in connection with the sale of equity securities. We have provided a valuation allowance against the entire amount of the deferred tax asset as of December 31, 2003 because of the uncertainty regarding its realization. Our accounting for deferred taxes and the valuation allowance involves the evaluation of a number of factors such as our history of operating losses, potential future losses and the nature of assets and liabilities giving rise to deferred taxes.

LIQUIDITY AND CAPITAL RESOURCES

The Company has funded its operations and satisfied its capital expenditure requirements primarily through operating revenues and public offerings of securities. Net cash used in operating activities was $5.9 million for the nine months ended December 31, 2003 compared to net cash used by operating activities of $13.3 million for the nine months ended December 31, 2002. The change in cash flow used in operations is primarily due to the reduced net loss in the nine month period ended December 31, 2003 from the nine months ended December 31, 2002.

The Company's capital expenditures relate primarily to property and equipment consisting largely of computer hardware. Capital expenditures for the nine months ended December 31, 2003 and 2002 were $1.7 million and $1.1 million, respectively. We have also entered into capital and operating leases for facilities and equipment.

As of December 31, 2003 the Company had $73.3 million in cash and equivalents and marketable securities (short-term and long-term) and a total of $68.5 million in working capital. Net cash used in investing activities was $0.4 million in the nine months ended December 31, 2003 while net cash provided by investing activities was approximately $31.8 million, due primarily to net maturities of marketable securities, for the nine months ended December 31, 2002.

The Company currently believes that the cash and equivalents and marketable securities on hand will be sufficient to meet our working capital requirements through our fiscal year 2004 and for the foreseeable future thereafter. Nevertheless, at any time, we may require additional funds to support our working capital requirements or for other purposes and may seek to raise such additional funds through public or private equity financings or from other sources. The Company cannot be certain that additional financing will be available on terms favorable to us, or on any terms, or that any additional financing will not be dilutive.

The Company continues to evaluate potential strategic acquisitions that could utilize equity and, or, cash resources. Such opportunities could develop quickly due to market and competitive factors.

NEW ACCOUNTING PRONOUNCEMENTS

New Accounting Pronouncements: In November 2002, the FASB reached a consensus on EITF Issue No. 00-21, "Accounting for Revenue Arrangements with Multiple Deliverables." This EITF sets out criteria for whether revenue can be recognized separately from other deliverables in a multiple deliverable arrangement. The criteria considers whether the delivered item has stand-alone value to the customer, whether the fair value of the delivered item can be reliably determined and also considers the rights of returns for the delivered item. This EITF is required to be adopted by the Company beginning April 1, 2004. The adoption of this EITF is not anticipated to have a material effect on the Company's consolidated financial statements.

RISK FACTORS

DISCLOSURE REGARDING FORWARD-LOOKING STATEMENTS

This Form 10-Q for the period ended December 31, 2003 contains certain forward-looking statements within the meaning of the safe harbor provisions of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Such forward-looking statements are based on the beliefs of our management as well as on assumptions made by, and information currently available to, us at the time such statements were made. When used in this Form 10-Q, the words "anticipate", "believe", "estimate", "expect", "intend" and similar expressions, as they relate us, are intended to identify such forward-looking statements. Although we believe these statements are reasonable, readers of this Form 10-Q should be aware that actual results could differ materially from those projected by such forward-looking statements as a result of the risk factors listed below. Readers of this Form 10-Q should consider carefully the factors listed below, as well as the other information and data contained in this Form 10-Q. We caution the reader, however, that such list of may not be exhaustive and that those or other factors, many of which are outside of our control, could have a material adverse effect on us and our results of operations. All forward-looking statements attributable to us or persons acting on our behalf are expressly qualified in their entirety by the cautionary statements set forth hereunder. We undertake no obligation to update

publicly any forward-looking statements for any reason, even if new information becomes available or other events occur in the future.

WE FACE MANY RISKS IN CONNECTION WITH OUR PROPOSED MERGER WITH OPTIKA. SOME OF THOSE RISKS APPLY WHETHER OR NOT THE MERGER IS COMPLETED.

Our proposed merger with Optika might not be completed on a timely basis, or at all. If the merger were delayed or not completed, the following may occur:

- to the extent that the price or our common stock reflects a market assumption that the merger will be completed, the price of our common stock may decline;

- customers may delay or defer purchasing our products because of the uncertainty about the future direction of our product offerings;

- any delay in the completion of the merger could diminish the anticipated benefits of the merger or result in additional transaction costs, loss of revenues or other effects associated with uncertainty about the transaction, including a decline in the price of our common stock; and

- we will be required to pay significant costs incurred in connection with the merger, including legal, accounting and a portion of the financial advisory fees and certain filing fees, whether or not the merger is completed.

Even if the proposed merger is completed, the combined company may not realize expected benefits because of integration and other challenges. These risks include the following:

- the failure of the combined company to meet the complex challenges involved in integrating the products, technology, personnel and other operations of Stellent and Optika successfully or to realize the anticipated cost savings, could seriously harm the results of operations of the combined company;

- managing the implementation of the integration plan will divert management attention from ongoing business concerns, which could harm our future operating results;

- employees may be uncertain about their future role with the combined company until integration plans are finalized, which could adversely affect their productivity and our ability to attract or retain key employees; and

- the combined company must retain and motivate key employees, which will be particularly difficult due to the potential distractions of the merger, until our strategies, with regard to the integration of Optika, are executed.

In addition, merger-related earnings charges may adversely affect the market value of our common stock following the merger. We will allocate the total estimated purchase price among Optika's various tangible and intangible assets, and record the excess of the purchase price over those fair values as goodwill. Some allocated portions of the purchase price will be expensed in the quarter in which the merger is completed; that amount has not yet been determined, but may

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be material. We will incur additional depreciation and amortization expense over the useful lives of various acquired assets. In addition, to the extent the value of the goodwill or intangible assets with indefinite lives becomes impaired, we may be required to record material charges relating to the impairment of those assets. We will also incur liabilities and restructuring charges associated with integration planning, including costs associated with employee severance and excess facilities, which are currently unknown but may be material

These and other risks will be described in more detail in the joint proxy statement/prospectus related to the merger that we will file with the SEC as a registration statement on Form S-4. In addition, we call your attention to the fact that Optika's business differs from our business, and Optika's results of operations, as well as the price of Optika's common stock, may be affected by factors different than those affecting our results of operations and the price of our common stock before the merger. For further information on Optika's business and certain factors to consider in connection with the proposed merger, please refer to the reports that Optika files with the SEC, which may be accessed through the SEC's EDGAR filing system on the SEC website at www.sec.gov.

FLUCTUATIONS IN OUR OPERATING RESULTS MAY MAKE IT DIFFICULT TO PREDICT OUR FUTURE PERFORMANCE.

While our products and services are not seasonal, our revenues and operating results are difficult to predict and may fluctuate significantly from quarter to quarter. If our quarterly revenues or operating results fall below the expectations of investors or securities analysts, the price of our common stock could fall substantially. A large part of our sales typically occurs in the last month of a quarter, frequently in the last week or even the last days of the quarter. If these sales were delayed from one quarter to the next for any reason, our operating results could fluctuate dramatically. In addition, our sales cycles may vary, making the timing of sales difficult to predict. Furthermore, our infrastructure costs are generally fixed. As a result, modest fluctuations in revenues between quarters may cause large fluctuations in operating results. These factors all tend to make the timing of revenues unpredictable and may lead to high period-to-period fluctuations in operating results.

Our quarterly revenues and operating results may fluctuate for several additional reasons, many of which are outside of our control, including the following:

- demand for our products and services;
- the timing of new product introductions and sales of our products and services;

- unexpected delays in introducing new products and services;

- increased expenses, whether related to sales and marketing, research and development or administration;

- changes in the rapidly evolving market for Web content management solutions;

- the mix of revenues from product licenses and services, as well as the mix of products licensed;

- the mix of services provided and whether services are provided by our staff or third-party contractors;

- the mix of domestic and international sales;

- costs related to possible acquisitions of technology or businesses;

- general economic conditions; and

- public announcements by our competitors.

POTENTIAL ACQUISITIONS MAY BE DIFFICULT TO COMPLETE OR TO INTEGRATE AND MAY DIVERT MANAGEMENT'S ATTENTION.

We may seek to acquire or invest in businesses, products or technologies that are complementary to our business. If we identify an appropriate acquisition opportunity, we may be unable to negotiate favorable terms for that acquisition, successfully finance the acquisition or to integrate the new business or products into our existing business and operations. In addition, the negotiation of potential acquisitions and the integration of acquired businesses or products may divert management time and resources from our existing business and operations. To finance acquisitions, we may use a substantial portion of our available cash or we may issue additional securities, which would cause dilution to our shareholders.

WE MAY NOT BE PROFITABLE IN THE FUTURE.

Our revenues may not grow in future periods and we may not achieve quarterly pro forma profitability. If we do not regain our pro forma profitability, the market price of our stock may fall. Our ability to regain pro forma profitable operations depends upon many factors beyond our direct control. These factors include, but are not limited to:

- the demand for our products;

- our ability to quickly introduce new products;

- the level of product and price competition;

- our ability to control costs; and

- general economic conditions.

THE INTENSE COMPETITION IN OUR INDUSTRY MAY REDUCE OUR FUTURE SALES AND PROFITS.

The market for our products is highly competitive and is likely to become more competitive. We may not be able to compete successfully in our chosen marketplace, which may have a material adverse effect on our business, operating results and financial condition. Additional competition may cause pricing pressure, reduced sales and margins, or prevent our products from gaining and sustaining market acceptance. Many of our current and potential competitors have greater name recognition, access to larger customer bases, and substantially more resources than we have. Competitors with greater resources than ours may be able to respond more quickly than we can to new opportunities, changing technology, product standards or customer requirements.

WE DEPEND ON THE CONTINUED SERVICE OF OUR KEY PERSONNEL.

We are a small company and depend greatly on the knowledge and experience of our senior management team and other key personnel. If we lose any of these key personnel, our business,

operating results and financial condition could be materially adversely affected. Our success will depend in part on our ability to attract and retain additional personnel with the highly specialized expertise necessary to generate revenue, engineer, design and support our products and services. Like other software companies, we face intense competition for qualified personnel. We may not be able to attract or retain such personnel.

WE HAVE RELIED AND EXPECT TO CONTINUE TO RELY ON SALES OF OUR UNIVERSAL CONTENT MANAGEMENT SOFTWARE AND CONTENT COMPONENT SOFTWARE PRODUCTS FOR OUR REVENUES.

We currently derive all of our revenues from product licenses and services associated with our system of content management and content component software products. The market for content management and content component software products is new and rapidly evolving. We cannot be certain that a viable market for our products will continue or that it will be sustainable. If we do not increase employee productivity and revenues related to our existing products or generate revenues from new products and services, our business, operating results and financial condition may be materially adversely affected. We will continue to depend on revenues related to new and enhanced versions of our software products for the foreseeable future. Our success will largely depend on our ability to increase sales from existing products and generate sales from product enhancements and new products. We cannot be certain that we will be successful in upgrading and marketing our existing products or that we will be successful in developing and marketing new products and services. The market for our products is highly competitive and is subject to rapid technological change. Technological advances could make our products less attractive to customers and adversely affect our business. In addition, complex software product development involves certain inherent risks, including risks that errors may be found in a product enhancement or new product after its release, even after extensive testing, and the risk that discovered errors may not be corrected in a timely manner.

WE DEPEND ON OUR ABILITY TO PROTECT OUR PROPRIETARY TECHNOLOGY.

If we are unable to protect our intellectual property, or incur significant expense in doing so, our business, operating results and financial condition may be materially adversely affected. Any steps we take to protect our intellectual property may be inadequate, time consuming and expensive. We currently have one pending patent application; but, no patent has yet been issued. Without significant patent or copyright protection, we may be vulnerable to competitors who develop functionally equivalent products. We may also be subject to claims that our current products infringe on the intellectual property rights of others. Any such claim may have a material adverse effect on our business, operating results and financial condition.

We anticipate that software product developers will be increasingly subject to infringement claims due to growth in the number of products and competitors in our industry, and the overlap in functionality of products in different industries. Any infringement claim, regardless of its merit, could be time-consuming, expensive to defend, or require us to enter into royalty or licensing agreements. Such royalty or licensing agreements may not be available on commercially favorable terms, or at all.

We rely on trade secret protection, confidentiality procedures and contractual provisions to protect our proprietary information. Despite our attempts to protect our confidential and

proprietary information, others may gain access to this information. Alternatively, other companies may independently develop substantially equivalent information.

OUR PRODUCTS MAY NOT BE COMPATIBLE WITH COMMERCIAL WEB BROWSERS AND OPERATING SYSTEMS.

Our products utilize interfaces that are compatible with commercial Web browsers. In addition, our Stellent Content Management System is a server-based system written in Java that functions in both Windows NT and UNIX environments. We must continually modify our products to conform to commercial Web browsers and operating systems. If our products were to become incompatible with commercial Web browsers and operating systems, our business would be harmed. In addition, uncertainty related to the timing and nature of product introductions or modifications by vendors of Web browsers and operating systems may have a material adverse effect on our business, operating results and financial condition.

WE COULD BE SUBJECT TO PRODUCT LIABILITY CLAIMS IF OUR PRODUCTS FAIL TO PERFORM TO SPECIFICATIONS.

If software errors or design defects in our products cause damage to customers' data and our agreements do not protect us from related product liability claims, our business, operating results and financial condition may be materially adversely affected. In addition, we could be subject to product liability claims if our security features fail to prevent unauthorized third parties from entering our customers' intranet, extranet or Internet Web sites. Our software products are complex and sophisticated and may contain design defects or software errors that are difficult to detect and correct. Errors, bugs or viruses spread by third parties may result in the loss of market acceptance or the loss of customer data. Our agreements with customers that attempt to limit our exposure to product liability claims may not be enforceable in certain jurisdictions where we operate.

FUTURE REGULATIONS COULD BE ADOPTED THAT RESTRICT OUR BUSINESS.

Federal, state or foreign agencies may adopt new legislation or regulations governing the use and quality of Web content. We cannot predict if or how any future laws or regulations would impact our business and operations. Even though these laws and regulations may not apply to our business directly, they could indirectly harm us to the extent that they impact our customers and potential customers.

WE HAVE BEEN NAMED A DEFENDANT IN A SECURITIES CLASS ACTION AND WE MAY IN THE FUTURE BE NAMED IN ADDITIONAL LITIGATION, WHICH MAY RESULT IN SUBSTANTIAL COSTS AND DIVERT MANAGEMENT'S ATTENTION AND RESOURCES.

As described in Part II - Item 1: Legal Proceedings, shareholder class action suits have been filed naming the Company and certain of our current and former officers and directors as co-defendants. We intend to vigorously defend ourselves against the suits and seek the suits' dismissal at the appropriate time. However, it is possible that the litigation could be resolved adversely, could result in substantial costs and/or could divert management's attention and resources, which could seriously harm our business.

More generally, securities class-action litigation has often been brought against companies following periods of volatility in the price of their securities. This risk is greater for technology companies, which have experienced greater-than-average stock price volatility in recent years and, as a result, have been subject to, on average, a greater number of securities class action claims than companies in other industries. We may in the future be the target of this kind of litigation and such litigation could also result in substantial costs and divert management's attention and resources.

THE MARKET PRICE OF OUR COMMON STOCK COULD FLUCTUATE SIGNIFICANTLY.

The market price of our common stock has fluctuated significantly in the past and may do so in the future. The market price of our common stock may be affected by each of the following factors, many of which are outside of our control:

- variations in quarterly operating results;
- changes in estimates by securities analysts;
- changes in market valuations of companies in our industry;
- announcements of significant events, such as major sales;
- acquisitions of businesses or losses of major customers;
- additions or departures of key personnel; and
- sales of our equity securities.

OUR PERFORMANCE WILL DEPEND ON THE CONTINUING GROWTH AND ACCEPTANCE OF THE WEB.

Our products are designed to be used with intranets, extranets and the Internet. If the use of these methods of electronic communication does not grow, our business, operating results and financial condition may be materially adversely affected. Continued growth in the use of the Web will require ongoing and widespread interest in its capabilities for communication and commerce. Its growth will also require maintenance and expansion of the infrastructure supporting its use and the development of performance improvements, such as high speed modems. The Web infrastructure may not be able to support the demands placed on it by continued growth. The ongoing development of corporate intranets depends on continuation of the trend toward network-based computing and on the willingness of businesses to reengineer the processes used to create, store, manage and distribute their data. All of these factors are outside of our control.

OUR EXISTING SHAREHOLDERS HAVE SIGNIFICANT INFLUENCE OVER US.

As of December 31, 2003, Robert F. Olson, our President, Chief Executive Officer and the Chairman, of our Board of Directors holds approximately 10.0% of our outstanding common stock. Accordingly, Mr. Olson is able to exercise significant control over our affairs. As a group, our directors and executive officers beneficially own approximately 13.3% of our common stock. These persons have significant influence over our affairs, including approval of the acquisition or disposition of assets, future issuances of common stock or other securities and the authorization of dividends on our common stock. Our directors and executive officers could use their stock

ownership to delay, defer or prevent a change in control of our company, depriving shareholders of the opportunity to sell their stock at a price in excess of the prevailing market price.

WE CAN ISSUE SHARES OF PREFERRED STOCK WITHOUT SHAREHOLDER APPROVAL, WHICH COULD ADVERSELY AFFECT THE RIGHTS OF COMMON SHAREHOLDERS.

Our Articles of Incorporation permit us to establish the rights, privileges, preferences and restrictions, including voting rights, of unissued shares of our capital stock and to issue such shares without approval from our shareholders. The rights of holders of our common stock may suffer as a result of the rights granted to holders of preferred stock that may be issued in the future. In addition, we could issue preferred stock to prevent a change in control of our company, depriving shareholders of an opportunity to sell their stock at a price in excess of the prevailing market price.

OUR SHAREHOLDER RIGHTS PLAN AND CERTAIN PROVISIONS OF MINNESOTA LAW MAY MAKE A TAKEOVER OF THE COMPANY DIFFICULT, DEPRIVING SHAREHOLDERS OF OPPORTUNITIES TO SELL SHARES AT ABOVE-MARKET PRICES.

Our shareholder rights plan and certain provisions of Minnesota law may have the effect of discouraging attempts to acquire the Company without the approval of our Board of Directors. Consequently, our shareholders may lose opportunities to sell their stock for a price in excess of the prevailing market price.

PART II. OTHER INFORMATION

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (a) EXHIBITS FILED WITH THIS REPORT.

FILE	DESCRIPTION	REFERENCE
2.1	Agreement and Plan of Merger, dated January 11, 2004, among Stellent, Inc., STEL Sub, Inc. and Optika Inc.	Incorporated by reference to Exhibit Registrant's Current Report on Form 11, 2004
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 Gregg A. Waldon, Executive Vice President, Chief Financial Officer, Secretary and Treasurer, 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 Section 906 of the Sarbanes-Oxley Act of 2002.	Electronic Transmission
32.2	Certification by Gregg A. Waldon, Executive Vice President, Chief Financial Officer, Secretary and Treasurer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002	Electronic Transmission

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(b) Reports on Form 8-K.

On January 11, 2004, Stellent, Inc. (" Stellent") and its wholly owned subsidiary, STEL Sub, Inc. ("STEL Sub"), entered into an Agreement and Plan of Merger with Optika Inc. ("Optika"), providing for the merger of Optika with and into STEL Sub.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this Amendment No. 1 to be signed on its behalf by the undersigned thereunto duly authorized.

Stellent, Inc.

Date: April 21, 2004 (Registrant)

By: /s/ Robert F. Olson

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

Date: April 21, 2004 By: /s/ Gregg A. Waldon

Gregg A. Waldon
Executive Vice President, Chief
Financial Officer, Secretary and
Treasurer (Principal Financial and
Accounting Officer)

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