TD AMERITRADE HOLDING CORP
Form 10-K
November 20, 2015
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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

þ ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended September 30, 2015

¨ 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: 1-35509

TD Ameritrade Holding Corporation
(Exact name of registrant as specified in its charter)

Delaware	82-0543156
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)

200 South 108th Avenue,
Omaha, Nebraska 68154
(Address of principal executive offices) (Zip Code)
(402) 331-7856
(Registrant's telephone number, including area code)

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

Title of each class	Name of each exchange on which registered
Common Stock — $0.01 par value	New York Stock Exchange

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

(Title of class)
None

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

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 ¨ No þ

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 þ No ¨

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes þ No ¨

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. þ

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, a non-accelerated filer, or a smaller reporting company. See the definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large accelerated filer þ Accelerated filer ¨ Non-accelerated filer ¨ (Do not check if a smaller reporting company) Smaller reporting company ¨

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

The aggregate market value of the common stock held by non-affiliates of the registrant was approximately $9.4 billion computed by reference to the closing sale price of the stock on the New York Stock Exchange on March 31, 2015, the last trading day of the registrant's most recently completed second fiscal quarter.

The number of shares of common stock outstanding as of November 6, 2015 was 536,658,111 shares.

DOCUMENTS INCORPORATED BY REFERENCE

Definitive Proxy Statement relating to the registrant's 2016 Annual Meeting of Stockholders to be filed hereafter (incorporated into Part III hereof).

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Unless otherwise indicated, references to "we," "us," "our," "Company," or "TD Ameritrade" mean TD Ameritrade Holding Corporation and its subsidiaries, and references to "fiscal" mean the Company's fiscal year ended September 30. References to the "parent company" mean TD Ameritrade Holding Corporation.

PART I

Item 1. Business

Form of Organization

The Company was established in 1971 as a local investment banking firm and began operations as a retail discount securities brokerage firm in 1975. The parent company is a Delaware corporation.

Operations

We are a leading provider of securities brokerage services and related technology-based financial services to retail investors, traders and independent registered investment advisors ("RIAs"). We provide our services predominantly through the Internet, a national branch network and relationships with RIAs. We believe that our services appeal to a broad market of independent, value-conscious retail investors, traders and investment advisors. We use our platform to offer brokerage services to retail investors and investment advisors under a simple, low-cost commission structure.
We have been an innovator in electronic brokerage services since entering the retail securities brokerage business in 1975. We believe that we were the first brokerage firm to offer the following products and services to retail clients: touch-tone trading; trading over the Internet; unlimited, streaming, free real-time quotes; extended trading hours; direct access to market destinations; and commitment on the speed of order execution. Since initiating online trading, we have substantially increased our number of brokerage accounts, number of RIA relationships, average daily trading volume and total assets in client accounts. We have also built, and continue to invest in, a proprietary trade processing platform that is both cost-efficient and highly scalable, significantly lowering our operating costs per trade. In addition, we have made significant investments in building the TD Ameritrade brand.

Strategy

We intend to capitalize on the growth and consolidation of the retail brokerage industry in the United States and leverage our low-cost infrastructure to grow our market share and profitability. Our long-term growth strategy is to increase our market share of total assets in client accounts, while maintaining a leadership position in client trading, by providing superior offerings to long-term investors, RIAs and active traders. We strive to enhance the client experience by providing asset management products and services, enhanced trading tools and capabilities and a superior, proprietary, single-platform system to support RIAs. The key elements of our strategy are as follows:

- Focus on brokerage services. We continue to focus on attracting active traders, long-term investors and RIAs to our brokerage services. This focused strategy is designed to enable us to maintain our low operating cost structure while offering our clients outstanding products and services. We primarily execute client trades on an agency, rather than a principal, basis. We maintain only a small inventory of fixed income securities to meet client requirements.
- Provide a comprehensive long-term investor solution. We continue to expand our suite of diversified investment products and services to best serve investors' needs. We help clients make investment decisions by providing simple-to-use investment tools, guidance, education and objective third-party research.
- Maintain industry leadership and market share with active traders. We help active traders make better-informed investment decisions by offering fast access to markets, insight into market trends and innovative tools such as strategy back-testing and comprehensive options research and trading capabilities.
- Continue to be a leader in the RIA industry. We provide RIAs with comprehensive brokerage and custody services supported by our robust integrated technology platform, customized personal service and practice management solutions.

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- Leverage our infrastructure to add incremental revenue. Through our proprietary technology, we are able to provide a robust online experience for long-term investors and active traders. Our low-cost, scalable systems provide speed, reliability and quality trade execution services for clients. The scalable capacity of our trading system allows us to add a significant number of transactions while incurring minimal additional fixed costs.
- Continue to be a low-cost provider of quality services. We achieve low operating costs per trade by creating economies of scale, utilizing our proprietary transaction-processing systems, continuing to automate processes and locating much of our operations in low-cost geographical areas. This low fixed-cost infrastructure provides us with significant financial flexibility. In addition, our insured deposit account arrangement with The Toronto-Dominion Bank enables our clients to invest in an FDIC-insured deposit product without the need for the Company to establish the significant levels of capital that would be required to maintain our own bank charter.
- Continue to differentiate our offerings through innovative technologies and service enhancements. We have been an innovator in our industry for 40 years. We continually strive to provide our clients with the ability to customize their trading experience. We provide our clients greater choice by offering features and functionality to meet their specific needs.
- Leverage the TD Ameritrade brand. We believe that we have a superior brand identity and that our advertising has established TD Ameritrade as a leading brand in the retail brokerage market.
- Continue to evaluate opportunities for growth through acquisitions. When evaluating potential acquisitions, we look for transactions that will give us operational leverage, technological leverage, increased market share or other strategic opportunities.

Client Offerings

We deliver products and services aimed at providing a comprehensive, personalized experience for active traders, long-term investors and independent RIAs. Our client offerings are described below:

Trading and Investing Platforms

- tdameritrade.com Web Platform is our core offering for self-directed retail investors. We offer a broad array of tools and services, including alerts, screeners, conditional orders, free fundamental third-party research and a customizable workspace. SnapTicket™ conveniently stays at the bottom of the browser window no matter where investors navigate on the site, so that quotes may be accessed and trades placed seamlessly at a moment's notice. Free planning tools are also provided, such as Portfolio Planner to efficiently create a bundle of securities to trade, invest and rebalance and Retirement Planner to realistically assess retirement needs. We recently introduced Social Signals, a one of a kind new trading resource that pulls insights from Twitter and compiles them in one place.
- Trade Architect® is a powerful and intuitive web-based platform that helps active investors and traders identify opportunities and stay informed. It includes advanced features such as complex options, Level II equity and option quotes, streaming news from CNBC, free research reports from sources such as S&P Capital IQ, visual position profit/loss analysis and Trade Finder, a tool that simplifies the process of identifying and making option trades based on the client's strategy.
- thinkorswim® is a downloadable desktop platform designed for advanced traders, featuring easy-to-use interfaces, elite-level trading and analytical tools, and fast and efficient order execution for complex trading strategies. thinkorswim clients trade a broad range of products including stock and stock options, index options, futures and futures options, foreign exchange and exchange-traded funds ("ETFs").
- TD Ameritrade Mobile allows on-the-go investors and traders to trade and monitor accounts from web-enabled mobile devices with features such as alerts, research, streaming market commentary and the ability to deposit a check directly from a smartphone or tablet. With a mobile device, a client can snap a picture of a bar code on any item, and if the company is publicly traded, Snapstock™ can return the company name, ticker symbol and a stock quote along with company-related news and charts. Access is available through the TD Ameritrade Mobile App, the more advanced TD Ameritrade Mobile Trader App or via a mobile browser at the TD Ameritrade Mobile Site.

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- TD Ameritrade Institutional is a leading provider of comprehensive brokerage and custody services to approximately 5,000 independent RIAs and their clients. Our advanced technology platform, coupled with personal support from our dedicated service teams, allows RIAs to grow and manage their practices more effectively and efficiently while optimizing time with clients. Additionally, TD Ameritrade Institutional provides a robust offering of products, programs and services. These services are all designed to help advisors build their businesses and do the best possible job they can to help their clients with their financial goals.

Other Offerings

- TD Ameritrade Apex™ status offers top benefits to retail clients who place an average of five trades per month over a three-month period or maintain a total account value of at least $100,000. Apex clients receive certain services for free that are otherwise subject to service fees, as well as discounts on certain premium content.
- Investools® offers a comprehensive suite of investor education products and services for stock, option, foreign exchange, futures, mutual fund and fixed-income investors. Our education subsidiary, Investools, Inc., offers educational products and services primarily built around an investing method that is designed to teach both experienced and beginning investors how to approach the selection process for investment securities and actively manage their investment portfolios. Course offerings are generally combined with web-based tools, personalized instruction techniques and ongoing service and support and are offered in a variety of learning formats. Designed for the advanced student, continuing education programs offer students comprehensive access to education products and services priced either individually or on a bundled basis. Typically included in the continuing education bundles are additional curriculum, online courses, live workshops and coaching services.
- Amerivest® is an advisory service that develops portfolios of ETFs or mutual funds, along with cash and cash alternatives, to help long-term investors pursue their financial goals. Our subsidiary, Amerivest Investment Management, LLC, recommends an investment portfolio based on an investor's objective, time horizon and risk tolerance.
- AdvisorDirect® is a national referral service for investors who wish to engage the services of an independent RIA. AdvisorDirect refers interested investors to one or more independent RIAs that are unaffiliated with TD Ameritrade and that offer investment management and/or financial planning services to investors served by TD Ameritrade's branch offices. All RIAs participating in AdvisorDirect meet or exceed TD Ameritrade's professional eligibility requirements.
- TD Ameritrade Corporate Services provides self-directed brokerage services to employees of corporations, either directly in partnership with the employer or through joint marketing relationships with third-party administrators, such as 401(k) providers and employee benefit consultants. Trust and custody services are also offered to a wide range of plan types through our TD Ameritrade Trust Company subsidiary.

Products and Services

We strive to provide the best value of retail brokerage services to our clients. The products and services available to our clients include:

- Common and preferred stock. Clients can purchase common and preferred stocks, American Depository Receipts and closed-end funds traded on any United States exchange or quotation system.
- Exchange-Traded Funds. ETFs are baskets of securities (stocks or bonds) that typically track recognized indices. They are similar to mutual funds, except that they trade on an exchange like stocks. Our ETF Market Center offers our clients over 100 commission-free ETFs, each of which has been selected by independent experts at Morningstar Associates, LLC. Trades in these ETFs are commission-free, provided the funds are held for 30 days or longer. Our website includes an ETF screener, along with independent research and commentary to assist investors in their decision-making.
- Options. We offer a full range of option trades, including complex, multi-leg option strategies and mini-options on certain high-priced securities. Mini-option contracts are 1/10 the size of a standard option contract

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and were created to respond to the evolving needs of investors who utilize options as part of their trading strategies.

- Futures. We offer futures trades, as well as options on futures, in a wide variety of commodities, stock indices and currencies.
- Foreign exchange. We offer access to trading in over 75 different currency pairs.
- Mutual funds. Clients can compare and select from a portfolio of over 13,000 mutual funds from leading fund families, including a broad range of no-transaction-fee ("NTF") funds. Clients can also easily exchange funds within the same mutual fund family.
- Fixed income. We offer our clients access to a variety of Treasury, corporate, government agency and municipal bonds, as well as certificates of deposit.
- New and secondary issue securities. We offer primary and secondary offerings of fixed income securities, closed-end funds, common stock and preferred stock.
- Margin lending. We extend credit to clients that maintain margin accounts. Portfolio margin, which bases margin requirements on the net exposure of all positions in an account rather than just on individual positions, is also available for accounts with net liquidating values of at least $125,000.
- Cash management services. Through third-party banking relationships, we offer FDIC-insured deposit accounts and money market mutual funds to our clients as cash sweep alternatives. Through these relationships, we also offer free standard checking, free online bill pay and ATM services with unlimited ATM fee reimbursements at any machine nationwide.
- Annuities. We offer access to a full range of competitively priced fixed and variable annuities provided by highly-rated insurance carriers.

We earn commissions and transaction fees on client trades in common and preferred stock, ETFs, closed-end funds, options, futures, foreign exchange, mutual funds and fixed income securities. Margin lending and the related securities lending business generate net interest revenue. Cash management services and fee-based mutual funds generate insured deposit account fees and investment product fee revenues. Other revenues include revenue from education services, miscellaneous securities brokerage fees and annuities. The following table presents the percentage of net revenues contributed by each class of similar services during the last three fiscal years:

	Percentage of Net Revenues Fiscal Year Ended September 30,		
Class of Service	2015	2014	2013
Commissions and transaction fees	43.1 %		

der carefully the factors listed below, as well as the other information and data contained in this Form 10-K. We caution the reader, however, that such list of factors under the caption "Risk Factors" in our Form 10-K 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.

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 31 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 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 our 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. 32 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 viewing software products. The market for content management and viewing 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 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. OUR SUCCESS DEPENDS 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 no patents and one pending patent application. 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 33 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 are not currently involved in any intellectual property litigation. 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. SIGNIFICANT FLUCTUATION IN THE MARKET PRICE OF OUR

COMMON STOCK COULD RESULT IN SECURITIES LITIGATION AGAINST US. In the past, securities class action litigation has been brought against publicly held companies following periods of volatility in the price of their securities. If the we were subject to such litigation due to volatility in our stock price, we may incur substantial costs. Such litigation could divert the attention of our senior management away from our business, which could have a material adverse effect on our business, operating results and financial condition. 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; 34 - 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 March 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 14.9% 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 STELLENT 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 Stellent 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. ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK Our interest income on cash and marketable securities is affected by changes in interest rates in the United States. Through March 31, 2003, changes in these rates have had a significant effect on our company. Interest rates earned on invested funds have fallen by over 50% since December 2000. We believe that there may be future exposure to interest rate market risk. 35 Our investments are primarily held in commercial paper which are affected by equity price market risk and other factors. We do not anticipate that exposure to these risks will have a material impact on us, due to the nature of our investments. We have no history of, and do not anticipate in the future, investing in derivative financial instruments. Most transactions with international customers for our Universal Content Management software, particularly Europe, are entered into in foreign currencies whereas most transactions entered into for our Content Management software are entered into in U.S. dollars. Transactions that are currently entered into in foreign currency are not anticipated to have significant exchange gains or losses. Thus, the exposure to market risk is not material. ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA See Financial Statements and notes thereto incorporated by reference from page F-1 of this Annual Report on Form 10-K, and quarterly results incorporated by reference from Item 7 of this Annual Report on Form 10-K. ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE None. PART III ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT (a) Directors of the Registrant Incorporated herein by reference is the information appearing under the headings "Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" in our definitive Proxy Statement for the annual meeting of Shareholders to be held on August 27, 2003 (the "Proxy Statement"). (b) Executive Officers of the Registrant Incorporated herein by reference is the information appearing herein under Item 4a. (c) Compliance with Section 16(a) of the Exchange Act Incorporated by reference is the information appearing under the heading "Section

16(a) Beneficial Ownership Reporting Compliance" in our definitive Proxy Statement. ITEM 11. EXECUTIVE COMPENSATION Incorporated herein by reference is the information appearing under the headings "Executive Compensation" in our Proxy Statement. 36 ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT AND RELATED STOCKHOLDER MATTERS EQUITY COMPENSATION PLAN INFORMATION The following table provides information as of March 31, 2003 for compensation plans under which equity securities may be issued. (A) (B) (C) -------------------- -------------------- --------------------- NUMBER OF SECURITIES REMAINING AVAILABLE FOR FUTURE ISSUANCE NUMBER OF SECURITIES UNDER EQUITY TO BE ISSUED UPON WEIGHTED-AVERAGE COMPENSATION PLANS EXERCISE OF EXERCISE PRICE OF (EXCLUDING SECURITIES OUTSTANDING OPTIONS, OUTSTANDING OPTIONS, REFLECTED IN COLUMN PLAN CATEGORY WARRANTS AND RIGHTS WARRANTS AND RIGHTS (A)) ------------- -------------------- -------------------- --------------------- Equity Compensation Plans Approved by Security Holders...................... 3,382,631 $11.57 1,323,018(1) Equity Compensation Plans Not Approved by Security Holders................... 1,527,035 $17.20 1,879,705(2) ---------- ------ ---------- Total............................ 4,909,666 $13.32 3,202,723 ---------- ------ ---------- ------------------------- (1) Includes securities available for future issuance under shareholder approved compensation plans other than upon the exercise of an outstanding option, warrant or right, as follows: 256,115 shares under the 1994-1997 Stock Option Plan, 110,000 shares under the 1997 Director Stock Option Plan, and 956,903 under the 2000 Stock Incentive Plan. (2) Includes securities available for future issuance under non-shareholder approved compensation plans other than upon the exercise of an outstanding option, warrant or right, as follows: 794,200 shares under the 1999 Stock Option Plan, 0 shares under the InfoAcess, Inc. 1995 Stock Option Plan, and 1,085,505 under the 2000 Employee Stock Incentive Plan. 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 (the "1999 Plan"). The 1999 Plan has not been approved by the shareholders of the Company. Shares Subject to the 1999 Plan. As of March 31, 2003, 160,450 shares of the Company's common stock were subject to outstanding awards granted and 794,200 shares remained available for future award grants 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 again become available for issuance under the 1999 Plan. The number of shares available for future grant and 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 the Company and its subsidiaries who are not also officers or directors of the Company, and consultants to the 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 the Company's shareholders, under the Internal Revenue Code of 1986, as amended, incentive stock options may 37 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 the Company's 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 Company 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 the Company 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 the Company, 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 the Company 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 the 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 the 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 the Company. If a recipient's employment or other relationship with the 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 the 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. 38 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 the Company. STELLENT, INC. 2000 EMPLOYEE STOCK INCENTIVE PLAN In May 2000, the Board adopted the 2000 Employee Stock Incentive Plan (the "2000 Employee Plan"). The Plan was amended in October 2001. The 2000 Employee Plan has not been approved by the shareholders of the Company. Shares Subject to the 2000 Employee Plan. As of March 31, 2003, 1,105,466 shares of the Company's common stock were subject to outstanding awards granted and 1,085,505 shares remained available for future award grants under the 2000 Employee Plan. If 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 again become available for issuance under the 2000 Employee Plan. The number of shares available for future grant and 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 the Company and its affiliates 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 the Company, but who provide services to the Company or its 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 the Company's 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 the Company's 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 the Company's 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 the Company's common stock in any year. Payments with respect to stock appreciation rights and performance shares may be paid in cash, shares of the Company's 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 39 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 the corporate structure of the Company, upon a change of control of the Company or upon a recipient's death, disability or retirement. If a recipient's employment or other relationship with the 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 the 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. The Company (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 the Company. INFOACCESS PLANS In connection with the acquisition of InfoAccess, Inc. by the Company on September 29, 1999, the Company assumed the (1) InfoAccess, Inc. 1990 Stock Option Plan (the "InfoAccess 1990 Plan") and (2) InfoAccess, Inc. 1995 Stock Option Plan (the "InfoAccess 1995 Plan" and together with the InfoAccess 1990 Plan, the "InfoAccess Plans"). The InfoAccess

1990 Plan was approved by the InfoAccess, Inc. shareholders on July 26, 1991 and the InfoAccess 1995 Plan was approved by the InfoAccess, Inc. shareholders on May 10, 1995, but the InfoAccess Plans have not been approved by the shareholders of the Company. Shares Subject to the InfoAccess Plans. As of March 31, 2003, (a) no shares of the Company's common stock were subject to outstanding awards granted under the InfoAccess 1990 Plan and no shares remained available for future award grants under the InfoAccess 1990 Plan and (b) 36,119 shares of the Company's common stock were subject to outstanding awards granted under the InfoAccess 1995 Plan and no shares remained available for future award grants under the InfoAccess 1995 Plan. No additional stock options may be granted under either of the InfoAccess Plans. Plan Administration. The InfoAccess 1990 Plan is administered by the compensation committee of the Board, unless the compensation committee is not duly constituted at which time the Board may administer the InfoAccess 1990 Plan. The InfoAccess 1995 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 specific InfoAccess Plan, to 40 interpret provisions of that InfoAccess Plan and the options granted under them and to adopt rules and regulations for administering that InfoAccess Plan. Eligibility. All employees of InfoAccess were eligible to receive option grants under the InfoAccess Plans prior to their adoption by the Company. Non-statutory stock options could also be granted under the InfoAccess 1995 Plan prior to its adoption by the Company to individuals or entities that were not employees of InfoAccess, Inc., but that provided services to InfoAccess, Inc. 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 both of the InfoAccess Plans. The exercise price of an option was determined by the committee of the board of directors of InfoAccess, Inc. administering the InfoAccess Plans at the time of the grant. The exercise price for incentive stock options under the InfoAccess 1990 Plan and all options under the InfoAccess 1995 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, Inc. 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 exercise price for non-qualified stock options under the InfoAccess 1990 Plan may be less than, equal to or greater than the fair market value of the common stock of InfoAccess, Inc. on the date the option was granted. The number of shares and purchase price of each recipient's option grant has been adjusted to reflect the exchange ratio of InfoAccess, Inc. shares for the Company's 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, Inc. administering the InfoAccess Plans at the time of the grant determined; however, under the InfoAccess 1995 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 the 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 the 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, under the InfoAccess 1995 Plan, shares may be purchased in the Company's 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. InfoAccess 1990 Plan. If a recipient's employment with the Company or its affiliates is terminated, then any unexercised portion of such recipient's option grants will be forfeited, except as provided in the InfoAccess 1990 Plan or such recipient's option agreement; provided that: (a) if a recipient's employment with the Company or its affiliates is terminated by such recipient's death while such recipient is an employee of the Company or its affiliates, or during the period in which options granted under the InfoAccess 1990 Plan may be exercised due to the termination of such recipient's employment based on such recipient's dismissal other than for cause, disability or qualified retirement, such recipient's legal representative may exercise vested but unexercised options granted to that recipient under the InfoAccess 1990 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; (b) if a recipient's employment with the Company or its affiliates is terminated by such recipient's dismissal (other than for cause, as defined in the InfoAccess 1990 Plan) or qualified retirement, such recipient may exercise vested but unexercised options granted under the InfoAccess 1990 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; and (c) if a recipient's employment with the Company or its affiliates is terminated by such recipient's disability, as defined in the InfoAccess 1990 Plan, such recipient may exercise vested but unexercised options granted under the InfoAccess 1990 Plan for a period of one year after such recipient's termination date, subject to the expiration of the option under the terms of such recipient's agreement. InfoAccess 1995 Plan. If a recipient's relationship with the Company or its affiliates is terminated for any reason other than for cause (as defined in the InfoAccess 1995 Plan), death or total disability, then any 41 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 1995 Plan or such recipient's agreement. If a recipient's relationship with the Company or its affiliates is terminated for cause, as defined in the InfoAccess 1995 Plan, such recipient's options granted under the InfoAccess 1995 Plan will automatically terminate as of the first discovery by the Company of any reason for that recipient's termination for cause. If a recipient's employment with the Company or its affiliates is terminated by such recipient's total disability, as defined in the InfoAccess 1995 Plan, such recipient may exercise vested but unexercised options granted under the InfoAccess 1995 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 the Company or its affiliates is terminated by such recipient's death while an employee of the Company or its affiliates, or during the period in which options granted under the InfoAccess 1995 Plan may be exercised due to the termination of such recipient's employment with the Company or its affiliates other than for cause (as defined in the InfoAccess 1995 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 1995 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 1995 Plan provides that each option will be proportionately adjusted for any increase or decrease in the number of issued shares of common stock of the Company resulting from a split-up or consolidation of shares or any like capital adjustment, or the payment of any stock dividend. The InfoAccess 1990 Plan gives the committee discretion to adjust the kind and number of shares subject to outstanding grants, and the exercise price of outstanding stock options upon mergers, consolidations, reorganizations, recapitalizations, stock dividends, stock splits, combinations of shares, exchanges of shares, or similar changes affecting the Company. The InfoAccess Plans each give the Board the right to terminate, suspend, or modify the corresponding InfoAccess Plan as long as the rights and obligation related to outstanding option grants are not adversely affected. MERRILL LYNCH WARRANTS In February 2000, the Company issued Merrill, Lynch, Pierce, Fenner & Smith Incorporated ("Merrill Lynch") a warrant with a five-year term in exchange for various product related marketing services. The warrant entitles Merrill Lynch to purchase up to 150,000 shares of the Company's common stock at an exercise price of $35.89 per share. As of March 31, 2003, all of the shares have vested. The purchase price for common stock purchased upon the exercise of the warrant may be payable by certified bank check or by canceling a portion of the common stock to be purchased by Merrill Lynch under the warrant and using the proceeds from difference between the fair market value of the cancelled shares and the exercise price of such cancelled shares to pay for the remaining shares. Merrill Lynch may transfer the warrant provided that a registration statement under the Securities Act covering the warrant or its underlying shares remains effective or Merrill Lynch delivers an opinion of counsel that a transfer of the warrant or the underlying shares is exempt from registration under the Securities Act and applicable state securities laws. The number of shares is subject to adjustment for any future stock dividends, splits, combinations, or other changes in capitalization as described in the warrant. In June 2000 and September 2000, the Company issued Merrill Lynch additional warrants with a five-year term in exchange for various product related marketing services. These warrants entitle Merrill Lynch to purchase up to an aggregate of 50,000 shares of the Company's common stock at an exercise price of $41.2125 per share and up to an aggregate of 25,000 shares of the Company's common stock at an exercise price of $45.925 per share. As of March 31, 2003, all shares have vested. The purchase price for common stock purchased upon the exercise of the warrants may be payable by certified bank check or by canceling a portion of the common stock to be purchased by Merrill Lynch under the warrant and using the proceeds from difference between the fair market value of the cancelled shares and the exercise price of such cancelled shares to pay for the remaining shares. Merrill Lynch may transfer the warrants provided that a registration statement under the Securities Act covering the warrants or their underlying shares remains effective or 42 Merrill Lynch delivers an opinion of counsel that a transfer of the warrants or the underlying shares are exempt from registration under the Securities Act and applicable state securities laws. The number of shares is subject to adjustment for any future stock dividends, splits, combinations, or other changes in capitalization as described in the warrants. Incorporated herein by reference is the information appearing under the heading "Security Ownership of Principal Shareholders" in our Proxy Statement. ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS Incorporated herein by reference is the information appearing under the heading "Certain Relationships and Related Transactions" in our Proxy Statement. ITEM 14. CONTROLS AND PROCEDURES (a) Evaluation of Disclosure Controls and Procedures Our President and Chief Executive Officer and Chief Financial Officer conducted an evaluation of the effectiveness of the design and operation of our disclosure controls and procedures, as defined in Rules 13a-14(c) and 15d-14(c) under the Securities Exchange Act of 1934, within 90 days of the filing date of this report (the "Evaluation Date"). Based on this evaluation, our President and Chief Executive Officer and Chief Financial Officer concluded as of the Evaluation Date that our disclosure controls and procedures were effective such that the material information required to be included in our SEC reports is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms relating to us, including our consolidated subsidiaries and was made known to them by others within those entities, particularly during the period when this report was being prepared. (b) Changes in Internal Controls There were no significant changes in our internal controls or in other factors that could significantly affect these controls subsequent to the Evaluation Date. We have not identified any significant deficiencies or material weaknesses in our internal controls, and therefore there were no corrective actions taken. ITEM 15. PRINCIPAL ACCOUNTANT FEES AND SERVICES The disclosure for this item is not yet required. 43 PART IV ITEM 16. EXHIBITS, FINANCIAL STATEMENT SCHEDULES, AND REPORTS ON FORM 8-K (a) Documents filed as part of this report: 1. Financial Statements: PAGE NUMBER IN THIS DESCRIPTION ANNUAL REPORT ----------- ------------------ Audited Financial Statements: Report of Independent

 2. The following consolidated financial statement schedules of our company are included in Item 16(d): Schedule II Valuation and Qualifying Accounts 3. See Item 16(c) below for a listing of exhibits filed as part of this Annual Report on Form 10K. (b) Reports on Form 8-K No reports on Form 8-K were filed for the quarter ended March 31, 2003. (c) Exhibits: The following exhibits are filed as part of this Annual Report on Form 10-K for the year ended March 31, 2003. EXHIBITS FILE DESCRIPTION REFERENCE ---- ----------- --------- 3.1 Amended and Restated Articles of Incorporated by reference to Exhibit 3.1 Incorporation of the Registrant's Form 8-K dated August 29, 2001. 3.2 Bylaws Incorporated by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form S-8, File No. 333-75828. 4.1 Share Rights Agreement between the Incorporated by reference to Exhibit 99.1 Registrant and Wells Fargo Bank of the Registrant's Registration Minnesota, N.A., as Rights Agent, dated Statement on Form 8-A12G, File No. as of May 29, 2002 000-19817, filed June 3, 2002. 4.7 Warrant to purchase 225,000 shares of Incorporated by reference to Exhibit 4.7 common stock to Merrill, Lynch, Pierce, of the Registrant's form 10-K for the Fenner & Smith dated February 22, 2000 fiscal year ended March 31, 2001. 10.1 Stellent, Inc. 1994-1997 Stock Option and Incorporated by reference to Exhibit A of Compensation Plan* the Registrant's Definitive Proxy Statement Schedule 14A, filed with the Securities and Exchange Commission July 28, 1998 44 FILE DESCRIPTION REFERENCE ---- ----------- --------- 10.2 InfoAccess, Inc. 1990 Stock Option Plan Incorporated by reference to Exhibit 99.1 as amended September 29, 1999 of the Registrant's Registration Statement on Form S-8, File No. 333-90843 10.3 InfoAccess, Inc. 1995 Stock Option Plan Incorporated by reference to Exhibit 99.2 as amended September 29, 1999 of the Registrant's Registration Statement on Form S-8, File No. 333-90843 10.5 Stellent, Inc. 1999 Employee Stock Option Incorporated by reference to Exhibit and Compensation Plan 10.31 of the Registrant's Form 10-Q for the three months ended September 30, 1999 10.6 Stellent, Inc. 2000 Stock Incentive Plan* Incorporated by reference to Exhibit B to the Registrant's Definitive Proxy statement on Schedule 14A, filed with the Securities and Exchange Commission on July 25, 2000 10.7 Stellent, Inc. amended and restated 2000 Incorporated by reference to Exhibit Employee Stock Incentive Plan* 10.34 of the Registrant's Form 10-Q for the three months ended September 30, 2001 10.8 Stellent, Inc. Amended and Restated 1997 Incorporated by reference to Exhibit B of Directors Stock Option Plan* the Registrant's Definitive Proxy Statement Schedule 14A, filed with the Securities and Exchange Commission July 26, 2002 10.9 Stellent, Inc. Employee Stock Purchase Incorporated by reference to Exhibit A of Plan the Registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission July 29, 1999 10.37 Employment Agreement

Dated April 1, 2001, Incorporated by reference to Exhibit by and between the Registrant and Gregg 10.37 of the Registrant's Form 10-Q for A. Waldon* the quarter ended June 30, 2001. 10.38 Employment Agreement Dated October 1, Incorporated by reference to Exhibit 2001, by and between the Registrant and 10.38 of the Registrant's Form 10-Q for Vernon J. Hanzlik* the quarter ended September 30, 2001. 10.41 Employment Agreement Dated April 1, 2001 Incorporated by reference to Exhibit by and between the Registrant and Daniel 10.41 of the Registrant's Form 10-Q for Ryan * the quarter ended September 30, 2001. 10.42 Employment Agreement Dated March 9, 2001 Incorporated by reference to Exhibit by and between the Registrant and Mitch 10.42 of the Registrant's Form 10-Q for Berg* the quarter ended September 30, 2001. 10.43 Addendum to Employment Agreement dated Incorporated by reference to Exhibit March 27, 2002 by and between the 10.43 of the Registrant's Form 10-K for Registrant and Gregg Waldon* the fiscal year ended March 31, 2002. 10.44 Addendum to Employment Agreement dated Incorporated by reference to Exhibit March 27, 2002 by and between the 10.44 of the Registrant's Form 10-K for Registrant and Dan Ryan* the fiscal year ended March 31, 2002. 10.45 Addendum to Employment Agreement dated Incorporated by reference to Exhibit March 27, 2002 by and between the 10.45 of the Registrant's Form 10-K for Registrant and Mitch Berg* the fiscal year ended March 31, 2002. 10.46 French Annex to the Stellent, Inc. 2000 Incorporated by reference to Exhibit Stock Incentive Plan 10.46 of the Registrant's Form 10-K for the fiscal year ended March 31, 2002. 45 FILE DESCRIPTION REFERENCE ---- ----------- --------- 10.47 Transition Agreement Dated March 31, 2003 Previously Filed by and between the Registrant and Vernon J. Hanzlik* 10.48 Employment Agreement Dated April 1, 2003 Previously Filed by and between the Registrant and Vernon J. Hanzlik* 21 Subsidiaries of Registrant Previously Filed 23 Consent of Grant Thornton LLP Electronic transmission 24 Power of Attorney Previously Filed 31.1 Certification by Robert F. Olson, Electronic transmission Chairman of the Board, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 31.2 Certification by Gregg A. Waldon, Electronic transmission Executive Vice President, Chief Financial Officer, Secretary and Treasurer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 32.1 Certification by Robert F. Olson, Electronic transmission Chairman of the Board, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 32.2 Certification by Gregg A. Waldon, Electronic transmission Executive Vice President, Chief Financial Officer, Secretary and Treasurer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. -------------- * Management contract, compensation plan or arrangement. 46 (d) Schedule Stellent, Inc and Subsidiaries SCHEDULE II VALUATION OF QUALIFYING ACCOUNTS COLUMN A COLUMN B COLUMN C COLUMN D COLUMN E -------- ---------- --------- ---------- ---------- BALANCE AT BALANCE AT BEGINNING END OF DESCRIPTION OF PERIOD ADDITIONS DEDUCTIONS PERIOD ----------- ----------

--------- ---------- ---------- (IN THOUSANDS) Deducted From Assets: Allowance for doubtful accounts: Year ended March 31, 2001........................ $ 530 $3,273* $1,660 $2,143 ====== ====== ====== ====== Year ended March 31, 2002........................ $2,143 $2,105 $2,911 $1,337 ====== ====== ====== ====== Year ended March 31, 2003........................ $1,337 $3,679 $3,616 $1,400 ====== ====== ====== ====== --------------- * Includes $1,389 of additions resulting from the acquisition of CCD in July 2000, not recognized as expense, and a valuation allowance related to foreign currency transactions. 47 REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS ON SCHEDULE To the Board of Directors and Shareholders Stellent, Inc. In connection with our audits of the consolidated financial statements of Stellent, Inc. and subsidiaries referred to in our report dated April 28, 2003, which is included in the Annual Report to Shareholders and incorporated by reference in Part II of this form, we have also audited Schedule II for each of the three years in the period ended March 31, 2003. In our opinion, this schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly, in all material respects, the information required to be set forth therein. /s/ GRANT THORNTON LLP Minneapolis, Minnesota April 28, 2003 48 SIGNATURES Pursuant to the requirements of Section 13 or 15(d) 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, on April 21, 2004. STELLENT, INC. By: /s/ ROBERT F. OLSON ------------------------------------ Robert F. Olson , Chief Executive Officer and President Pursuant to the requirements of the Securities Exchange Act of 1934, this Amendment No. 1 has been signed by the following persons on behalf of the registrant and in the capacities indicated on April 21, 2004. /s/ ROBERT F. OLSON -------------------------------------- Robert F. Olson, Chairman of the Board, Chief Executive Officer and President (Principal Executive Officer) /s/ GREGG A. WALDON -------------------------------------- Gregg A. Waldon, Chief Financial Officer, Secretary, Treasurer (Principal Financial Officer and Principal Accounting Officer) * -------------------------------------- Kenneth H. Holec, Director * -------------------------------------- Philip E. Soran, Director * -------------------------------------- Raymond A. Tucker, Director * -------------------------------------- Steven C. Waldron, Director --------------- * Gregg A. Waldon, by signing his name hereto, does hereby sign this document on behalf of each of the above-named officers and directors of the registrant pursuant to powers of attorney duly executed by such persons. By /s/ GREGG A. WALDON ----------------------------- Gregg A. Waldon Attorney-in-Fact 49 STELLENT, INC. INDEX TO CONSOLIDATED FINANCIAL STATEMENTS PAGE ----

 F-1 REPORT OF INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS To the Board of Directors and Shareholders Stellent, Inc. We have audited the accompanying consolidated balance sheets of Stellent, Inc. and subsidiaries as of March 31, 2002 and 2003, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended March 31, 2003. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. 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 consolidated financial position of Stellent, Inc. and subsidiaries as of March 31, 2002 and 2003 and the consolidated results of their operations and their consolidated cash flows for each of the three years in the period ended March 31, 2003 in conformity with accounting principles generally accepted in the United States of America. As discussed in Note 1 to the consolidated financial statements, the Company adopted Statement of Financial Accounting Standards No. 142, Goodwill and Other Intangible Assets on April 1, 2002. /s/ GRANT THORNTON LLP Minneapolis, Minnesota April 28, 2003 F-2 STELLENT, INC. CONSOLIDATED BALANCE SHEETS (IN THOUSANDS) MARCH 31, -------------------- 2002 2003 -------- -------- ASSETS Current assets Cash and equivalents..................................... $ 26,656 $ 37,439 Short-term marketable securities.......................... 61,822 28,497 Trade accounts receivable, net........................... 18,576 15,602 Prepaid royalties, current portion........................ 3,383 2,335 Prepaid expenses and other current assets................ 6,229 3,423 -------- -------- Total current assets............................. 116,666 87,296 Long-term marketable securities............................ 7,680 15,233 Property and equipment, net................................ 6,054 4,830 Prepaid royalties, net of current portion.................. 3,011 1,934 Goodwill, net.. 11,453 12,703 Other acquired intangible assets, net...................... 11,235 4,837 Deferred income taxes...................................... 4,894 -- Investments in and notes with other companies............... 3,122 1,136 Other.. 1,811 1,740 -------- -------- $165,926 $129,709 ======== ======== LIABILITIES AND SHAREHOLDERS' EQUITY Current liabilities Accounts payable... $ 2,264 $ 2,287 Deferred revenues, current portion........................ 6,556 9,187 Commissions payable...................................... 1,000 1,353 Accrued expenses and other................................ 3,996 4,646 -------- -------- Total current liabilities......................... 13,816 17,473 Deferred revenue, net of current portion.................... 123 -- -------- -------- Total liabilities................................ 13,939 17,473 Commitments and contingencies.............................. -- -- 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, 2002 and 2003..... -- -- Common stock, 90,000 shares authorized, 22,660 and 22,874 shares issued and 22,399 and 21,856 shares outstanding at March 31, 2002 and 2003................ 224 219 Additional paid-in capital................................ 194,197 186,604 Accumulated deficit...................................... (42,502) (74,902) Accumulated other comprehensive income.................... 68 315 -------- -------- Total shareholders' equity....................... 151,987 112,236 -------- -------- Total liabilities and shareholders' equity........ $165,926 $129,709 ======== ======== The accompanying notes are an integral part of the consolidated financial statements. F-3 STELLENT, INC. CONSOLIDATED STATEMENTS OF OPERATIONS (IN THOUSANDS, EXCEPT PER SHARE DATA) YEAR ENDED MARCH 31, ------------------------------ 2001 2002 2003 -------- -------- -------- Revenues Product licenses.. $ 53,853 $ 66,908 $ 40,364 Services.. 12,868 21,432 25,070 -------- -------- -------- Total revenues....................................... 66,721 88,340 65,434 Cost of revenues Product licenses.. 3,899 5,005 6,480 Amortization of capitalized software from acquisitions... 700 966 1,892 Services.. 7,190 13,392 12,146 -------- -------- -------- Total cost of revenues................................ 11,789 19,363 20,518 -------- -------- -------- Gross profit.. 54,932 68,977 44,916 Operating expenses Sales and marketing..................................... 29,448 46,672 38,343 General and administrative.............................. 9,016 11,884 11,301 Research and development................................ 9,756 17,601 15,766 Acquisition and related costs........................... 775 237 1,127 Amortization of acquired intangible assets and other..... 9,808 12,914 6,635 Acquired in-process research and development............. 10,400 -- -- Restructuring charges.................................. -- -- 4,368 -------- -------- -------- Total operating expenses............................. 69,203 89,308 77,540 -------- -------- -------- Loss from operations...................................... (14,271) (20,331) (32,624) Other income (expense) Interest income, net.................................... 7,000 3,755 1,957 Investment impairment................................... (400) (5,722) (1,733) -------- -------- -------- Net loss.. $ (7,671) $(22,298) $(32,400) ======== ======== ======== Net loss per common share -- basic and diluted............ $ (0.36) $ (1.00) $ (1.45) ======== ======== ======== Weighted average shares outstanding Basic and diluted....................................... 21,472 22,286 22,345 ======== ======== ======== The accompanying notes are an integral part of the consolidated financial statements. F-4 STELLENT, INC. CONSOLIDATED STATEMENTS OF SHAREHOLDERS' EQUITY (IN THOUSANDS) ACCUMULATED COMMON STOCK ADDITIONAL OTHER -------------- PAID-IN ACCUMULATED UNEARNED COMPREHENSIVE SHARES AMOUNT CAPITAL DEFICIT COMPENSATION INCOME (LOSS) ------ ------ ---------- ----------- ------------ ------------ Balance at April 1, 2000.................. 20,665 $207 $153,485 $(12,533) $ (8) $(181) Exercise of stock options and warrants..... 778 8 5,608 -- -- -- Issuance of common stock, net of costs of $1,279................................. 520 5 22,641 -- -- -- Issuance of common stock in employee stock purchase plan........................... 21 -- 557 -- -- -- Tax benefit from employee stock option exercises.............................. -- -- 4,894 -- -- -- Other.................................... -- -- 327 -- 8 97 Net loss................................. -- -- -- (7,671) -- -- ------ ---- -------- -------- ----- ----- Balance at March 31, 2001................. 21,984 220 187,512 (20,204) -- (84) Exercise of stock options and warrants..... 430 4 3,763 -- -- -- Issuance of common stock in acquisition.... 200 2 5,494 -- -- -- Issuance of common stock in employee stock purchase plan........................... 46 1 1,017 -- -- -- Repurchase of common stock................ (261) (3) (3,589) -- -- -- Foreign currency translation adjustment loss................................... -- -- -- -- -- (59) Net unrealized gain on investments......... -- -- -- -- -- 211 Net loss................................. -- -- -- (22,298) -- -- ------ ---- -------- -------- ----- ----- Balance at March 31, 2002................. 22,399 224 194,197 (42,502) -- 68 Exercise of stock options and warrants..... 27 1 101 -- -- -- Issuance of common stock in employee stock purchase plan........................... 187 2 657 -- -- -- Repurchase of common stock................ (757) (8) (3,457) -- -- -- Reduction of tax benefit from employee stock option exercises.................. -- -- (4,894) -- -- -- Foreign currency translation adjustment gain.................................... -- -- -- -- -- 374 Net unrealized loss on investments......... -- -- -- -- -- (127) Net loss................................. -- -- -- (32,400) -- -- ------ ---- -------- -------- ----- ----- Balance at March 31, 2003................. 21,856 $219 $186,604 $(74,902) $ -- $ 315 ====== ==== ======== ======== ===== ===== TOTAL SHAREHOLDERS' COMPREHENSIVE EQUITY INCOME (LOSS) ------------ ------------ Balance at April 1, 2000.................. $140,970 Exercise of stock options and warrants..... 5,616 Issuance of common stock, net of costs of $1,279................................. 22,646 Issuance of common stock in employee stock purchase plan........................... 557 Tax benefit from employee stock option exercises.............................. 4,894 Other.................................... 432 $ 97 Net loss................................. (7,671) (7,671) -------- -------- Balance at March 31, 2001................. 167,444 $ (7,574) ======== Exercise of stock options and warrants..... 3,767 Issuance of common stock in acquisition.... 5,496 Issuance of common stock in employee stock purchase plan........................... 1,018 Repurchase of common stock................ (3,592) Foreign currency translation adjustment loss................................... (59) $ (59) Net unrealized gain on investments......... 211 211 Net loss................................. (22,298)

(22,298) -------- -------- Balance at March 31, 2002................. 151,987 $(22,146) ======== Exercise of stock options and warrants..... 102 Issuance of common stock in employee stock purchase plan........................... 659 Repurchase of common stock................ (3,465) Reduction of tax benefit from employee stock option exercises.................. (4,894) Foreign currency translation adjustment gain.................................... 374 $ 374 Net unrealized loss on investments......... (127) (127) Net loss.................................. (32,400) (32,400) -------- -------- Balance at March 31, 2003................. $112,236 $(32,153) ======== ======== The accompanying notes are an integral part of the consolidated financial statements. F-5 STELLENT, INC. CONSOLIDATED STATEMENTS OF CASH FLOWS (IN THOUSANDS) YEAR ENDED MARCH 31, ------------------------------ 2001 2002 2003 -------- -------- -------- Operating activities: Net loss.. $ (7,671) $(22,298) $(32,400) Adjustments to reconcile net loss to cash flows provided by (used in) operating activities: Depreciation and amortization.......................... 1,253 2,309 3,179 Acquired in-process research and development............ 10,400 -- -- Amortization of acquired intangible assets and other.... 10,508 13,880 8,527 Tax benefit (benefit reduction) from employee stock option exercises... 4,894 -- (4,894) Changes in operating assets and liabilities, net of amounts acquired....................................... (13,523) (2,903) 15,626 Investment impairment.................................... 400 5,722 1,733 Other.. (2,597) 400 209 -------- -------- -------- Net cash flows provided by (used in) operating activities.. 3,664 (2,890) (8,020) Investing activities: Maturities (purchases) of marketable securities, net...... 33,024 22,357 25,772 Business acquisitions, net of cash acquired.............. (54,521) -- (3,486) Purchases of property and equipment...................... (2,494) (3,408) (1,002) Purchase of intangibles.................................. (189) (1,633) (201) Investments in and advances on notes with other companies.. (2,386) (3,084) -- Issuance of other note receivable........................ -- (3,500) -- Payments received on other note receivable............... -- 3,250 50 Other.. -- (99) -- -------- -------- -------- Net cash flows provided by (used in) investing activities.. (26,566) 13,883 21,133 Financing activities: Payments on long-term obligations........................ (148) (122) -- Repurchase of common stock............................... -- (3,592) (3,465) Issuance of common stock................................. 23,203 1,018 659 Proceeds from stock options and warrants................. 5,616 3,767 102 Other.. 23 -- -- -------- -------- -------- Net cash flows provided by (used in) financing activities.. 28,694 1,071 (2,704) Effect of exchange rate changes on cash and equivalents..... -- (59) 374 -------- -------- -------- Net increase in cash................................. 5,792 12,005 10,783 Cash and equivalents at beginning of year.................. 8,859 14,651 26,656 -------- -------- -------- Cash and equivalents at end of year......................... $ 14,651 $ 26,656 $ 37,439 ======== ======== ======== Supplemental disclosure of cash flows information: Cash paid for interest................................... $ 13 $ 10 $ -- Non-cash investing activities: Common stock issued in business acquisition............... $ -- $ 5,496 $ -- Exchange of prepaid royalty for purchase of software technology.. -- 252 -- Detail of changes in operating assets and liabilities, net of amounts acquired: Accounts receivable...................................... $ (7,991) $ 2,769 $ 2,974 Prepaid expenses and other current assets................ (1,460) (5,591) 4,408 Accounts payable... (2,498) 884 23 Accrued expenses and other liabilities.................... (1,574) (965) 8,221 -------- -------- -------- Net changes in operating assets and liabilities....... $(13,523) $ (2,903) $ 15,626 ======== ======== ======== The accompanying notes are an integral part of the consolidated financial statements. F-6 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (IN THOUSANDS, EXCEPT PER SHARE DATA) 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES In 1997, Stellent (the "Company") launched one of the first software product suites on the market that was fully developed and created expressly for Web-based content and document management. At the time, content management, which currently is considered a critical component of an organization's communication and information technology (IT) infrastructures, was an emerging technology used to help companies easily and quickly share information internally or externally using the Web. Currently, the Company's solutions, which are comprised of content components, universal content management and vertical applications, help customers worldwide solve real business problems related to efficiently creating, managing and sharing critical information. The Company's customers are primarily located throughout the United States and Europe. Its headquarters are located in Eden Prairie, Minnesota and the company has operations or collaborations in Australia, France, Germany, Japan, Korea, the Netherlands, the United Kingdom and in other cities in the United States. Principles of Consolidation: The consolidated financial statements include the accounts of the Company and its wholly owned subsidiaries. All significant intercompany transactions and balances have been eliminated. Revenue Recognition: The Company currently derives all of its revenues from licenses of software products and related services. The Company recognizes 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 additional services or modifications that are essential to the functionality of the software. Persuasive Evidence of an Arrangement Exists -- The Company determines 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 the Company, 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 the Company or will receive a shrink-wrap license agreement with the software. The Company does not offer product return rights to end users or resellers. Delivery has Occurred -- The Company's software may be either physically or electronically delivered to the customer. The Company determines 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, the Company determines 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 -- The Company determines whether collectibility is probable and supported on a case-by-case basis. The Company may generate a high percentage of its license revenue from its current customer base, for whom there is a history of successful collection. The Company assesses 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 the Company is unable to determine from the outset of an F-7 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) arrangement that collectibility is probable based upon its review process, revenue is recognized as payments are received. With regard to software arrangements involving multiple elements, the Company allocates revenue to each element based on the relative fair value of each element. The Company's determination of fair value of each element in multiple-element arrangements is based on vendor-specific objective evidence ("VSOE"). The Company limits its assessment of VSOE for each element to the price charged when the same element is sold separately. The Company has analyzed all of the elements included in its multiple-element arrangements and has determined that it has sufficient VSOE to allocate revenue to consulting services and post-contract customer support ("PCS") components of its license arrangements. The Company sells its consulting services separately, and has 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. The Company's direct customers typically enter into perpetual license arrangements. The Company's Content Components Division generally enters into term-based license arrangements with its customers, the term of which generally exceeds one year in length. The Company recognizes 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, the Company recognizes 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. The Company bills consulting services fees either on a time and materials basis or on a fixed-price schedule. In general, the Company's consulting services are not essential to the functionality of the software. The Company's software products are fully functional upon delivery and implementation and generally do not require any significant modification or alteration for customer use. Customers purchase the Company's consulting services to facilitate the adoption of the Company's 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. The Company recognizes revenue from consulting services as services are performed. The Company's customers typically purchase PCS annually, and the Company prices 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. Cost of Revenues: The Company expenses all manufacturing, packaging and distribution costs associated with product license revenue as cost of revenues. The Company expenses all technical support service costs associated with service revenue as cost of revenues. The Company also expenses amortization of capitalized software from acquisitions as cost of revenues. In January 2002, the FASB issued Emerging Issues Task Force (EITF) Issue No. 01-14, Income Statement Characterization of Reimbursements Received for Out-of-Pocket Expenses Incurred, which requires companies to report reimbursements of "out-of-pocket" expenses as revenues and the corresponding expenses incurred as costs of revenues within the income statement. The Company reports its out-of-pocket expenses reimbursed by customers as revenue and the corresponding expenses incurred as costs of revenues within the F-8 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) statement of operations. As a result, this EITF did not have a material effect on the Company's consolidated financial statements. Cash and Equivalents: The Company considers all short-term, highly liquid investments that are readily convertible into known amounts of cash and have original maturities of three months or less to be cash equivalents. At March 31, 2002 and 2003, $1,871 and $2,965, respectively, was held at various financial institutions located in Europe and other foreign countries. Marketable Securities: Investments in debt securities with a remaining maturity of one year or less at the date of purchase are classified as short-term marketable securities. Investments are held in debt securities of the United States government and with corporations that have the highest possible credit rating. Investments in debt securities with a remaining maturity of greater than one year are classified as long-term marketable securities. All investments are classified as held to maturity and recorded at amortized cost as the Company has the ability and positive intent to hold to maturity. At March 31, 2002 and 2003, cost approximated market value of these investments. Purchases of investments were $1,015,661 and $255,089 for the years ended March 31, 2002 and 2003. Maturities of investments were $1,038,018 and $280,861 for the years ended March 31, 2002 and 2003, respectively. The contractual maturities of the marketable securities held at March 31, 2003 are $28,497 in fiscal 2004 and $15,233 in fiscal 2005. At March 31, 2003, short and long-term marketable securities consisted of the following (in thousands): Short-term: U.S. Government debt securities.......................... $ 5,402 Corporate debt securities................................ 23,095 ------- $28,497 ======= Long-term: U.S. Government debt securities.......................... $13,232 Corporate debt securities................................ 2,001 ------- $15,233 ======= Investments in and Notes with Other Companies: Investments in other equity securities and related notes with other companies in the software industry 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. A portion of these investments are publicly traded and are deemed by management to be available for sale. The Company uses the specific identification method to determine cost and fair value for computing gains and losses. Accordingly, these investments are reported at fair value with net unrealized gains or losses reported within shareholders' equity as accumulated other comprehensive income or loss. No sales of available for sale investments have occurred through March 31, 2003. During fiscal 2001, 2002 and 2003, the Company determined that permanent declines in the value of these publicly traded investments had occurred. As a result, the Company recorded write-downs of $400, $96, and $1,083 during the years ended March 31, 2001, 2002 and 2003, respectively. Investments in other companies also include investments in several start-up technology companies for which the Company uses the cost method of accounting. During fiscal 2002 and 2003, the Company determined, based on its review of the financial statements of such other companies, discussions of business plans and forecasts with other companies' executives and judgments and assumptions about the respective F-9 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) other companies' industry, as well as the U.S. and world economies in general, that a permanent decline in value of certain investments had occurred and recorded a $5,626 and $650 write-down on the investments in and advances to these entities. Accounts Receivable: Accounts receivable are presented net of allowances of $1,337 and $1,400 as of March 31, 2002 and 2003, respectively. The Company's accounts receivable balances are due from companies across a broad range of industries -- 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 payment terms are considered past due. The Company determined its allowance by considering a number of factors, including the length of time trade receivables are past due, the Company's previous loss history, the customer's current ability to pay its obligation to the Company, and the condition of the general economy and the industry as a whole. The Company writes-off accounts receivable when they become uncollectible, and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. No customer accounted for 10% or more of the Company's revenues in the years ended March 31, 2001, 2002, and 2003. Property and Equipment: Property and equipment, including leasehold improvements, are recorded at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets, ranging from two to eight years, or the life of the lease for leasehold improvements, whichever is shorter. Maintenance, repairs and minor renewals are expensed when incurred. Goodwill and Other Acquired Intangible Assets: Goodwill represents the excess of the purchase price over the fair value of net assets acquired. Prior to April 1, 2002, goodwill was amortized on a straight-line basis over three years. Effective April 1, 2002, the Company adopted Statement of Financial Accounting Standards (SFAS) 142, Goodwill and Other Intangible Assets, which provides that goodwill, as well as identifiable intangible assets with indefinite lives, should not be amortized but reviewed for impairment annually. Accordingly, the Company ceased amortization of goodwill as of April 1, 2002. At March 31, 2002, other acquired intangible assets represented core technology, customer base, workforce, capitalized software, trademarks, and other intangible assets acquired through business acquisitions, and were amortized on a straight-line basis over three to four years. Effective April 1, 2002, the Company adopted SFAS 141, Business Combinations, which requires that all business combinations be accounted for utilizing the purchase method of accounting and specifies the criteria to use in determining whether intangible assets identified in purchase accounting must be recorded separately from goodwill. The Company determined that its acquired workforce did not meet the separability criteria of SFAS 141, and therefore the net unamortized balance at March 31, 2002 was reclassified to goodwill effective April 1, 2002, and amortization of the balance ceased. The remaining other acquired intangible assets continue to be amortized on a straight-line basis over their remaining, definite useful lives. F-10 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) Goodwill and intangible assets consist of the following at: MARCH 31, ---------------- 2002 2003 ------- ------- Goodwill, gross... $20,676 $20,676 Re-characterization of acquired workforce, from goodwill.... -- 3,000 ------- ------- Adjusted goodwill... 20,676 23,676 Accumulated amortization, including re-characterization of acquired workforce....................................... (9,223) (10,973) ------- ------- Goodwill, net.. $11,453 $12,703 ======= ======= MARCH 31, ------------------ 2002 2003 -------- -------- Other acquired intangible assets, gross..................... $ 26,085 $ 29,465 Re-characterization of acquired workforce, to goodwill...... -- (3,000) -------- -------- Adjusted other acquired intangible assets.................. 26,085 26,465 Accumulated amortization, including re-characterization of acquired workforce....................................... (14,850) (21,628) -------- -------- Other acquired intangible assets, net...................... $ 11,235 $ 4,837 ======== ======== Other acquired intangible assets by major intangible asset class at March 31, 2003 were as follows (in thousands): AMORTIZATION ACQUIRED PERIOD VALUE (YEARS) -------- ------------ Core technology............................ $13,200 3 Customer base.............................. 3,840 3 Capitalized software....................... 6,310 3 Trademarks................................ 1,715 3 Other intangible assets.................... 1,400 4 ------- ---- $26,465 3.05 Weighted average years ======= The acquired other intangibles have no significant residual values. There are no other intangible assets, which are not subject to amortization. F-11 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) Gross carrying amounts and accumulated amortization of the acquired other intangibles were as follows for each major intangible asset class (in thousands): AS OF MARCH 31, 2003 ---------------------------- GROSS CARRYING ACCUMULATED AMOUNT AMORTIZATION ------------- ------------ Core technology... $13,200 $12,100 Customer base.. 3,840 3,406 Capitalized software...................................... 6,310 3,590 Trademarks.. 1,715 1,568 Other intangible assets................................... 1,400 964 ------- ------- $26,465 $21,628 ======= ======= AS OF MARCH 31, 2002 ---------------------------- GROSS CARRYING ACCUMULATED AMOUNT AMORTIZATION ------------- ------------ Core technology... $13,200 $ 7,700 Customer base.. 3,840 2,126 Capitalized software...................................... 2,930 1,665 Trademarks.. 1,715 996 Acquired workforce.. 3,000 1,750 Other intangible assets.................................. 1,400 613 ------- ------- $26,085 $14,850

Amortization expense for the years ended March 31, 2001, 2002, and 2003 related to the acquired other intangibles assets was $5,877, $7,538, and $8,527, respectively. Estimated amortization expense for other acquired intangible assets is as follows for the years ended March 31: 2004... $3,405 2005.. 1,225 2006.. 207 ------ $4,837 ====== The carrying value of goodwill and other intangible assets is tested for impairment on an annual basis or when factors indicating impairment are present. The Company completed its transitional goodwill impairment test on April 1, 2002 and determined that no impairment existed at that time. The Company has elected to complete the annual impairment test of goodwill on January 1 of each year. The Company completed its annual goodwill impairment test on January 1, 2003 and determined that there was no impairment of goodwill at that time. Additionally, no circumstances occurred during the fourth quarter of the year ended March 31, 2003 which the Company believes would have created an impairment loss at March 31, 2003. F-12 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) The following is a summary of what reported net loss would have been in all periods presented, exclusive of the amortization expense recognized in those periods related to goodwill and intangible assets no longer being amortized: MARCH 31, ---------------------------- 2001 2002 2003 ------- -------- -------- Net loss, as reported................................ $(7,671) $(22,298) $(32,400) Adjustments: Amortization of goodwill........................... 3,881 5,342 -- Amortization of acquired workforce................. 750 1,000 -- ------- -------- -------- Net loss, as adjusted........................... $(3,040) $(15,956) $(32,400) ======= ======== ======== Basic and diluted net loss per share, as reported..... $ (0.36) $ (1.00) $ (1.45) Adjustments: Amortization of goodwill........................... 0.18 0.24 -- Amortization of acquired workforce................. 0.03 0.04 -- ------- -------- -------- Basic and diluted net loss per share, as adjusted...................................... $ (0.15) $ (0.72) $ (1.45) ======= ======== ======== Impairment of Long-Lived Assets: The Company evaluates the recoverability of its long-lived assets in accordance with SFAS 144, Accounting for the Impairment or Disposal of Long-Lived Assets. SFAS 144 requires recognition of 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. The Company assesses 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 through the year ended March 31, 2003. Restructuring Charges: In June 2002, the Financial Accounting Standards Board (FASB) issued SFAS 146, Accounting for Costs Associated with Exit or Disposal Activities. SFAS 146 addresses accounting and reporting costs associated with exit or disposal activities and requires the recognition of a liability for a cost associated with an exit or disposal activity when the liability is incurred versus the date a company commits to an exit plan. SFAS 146 is effective for exit or disposal activities that are initiated after December 31, 2002. The Company adopted SFAS 146 effective January 1, 2003 and has accounted for the restructuring charge initiated during the fourth quarter of the year ended March 31, 2003 under SFAS 146. Software Development Costs: Software development costs may be capitalized once the technological feasibility of the project is established. The amount of software development costs that may be capitalized is subject to limitations based on the net realizable value of the potential product. Typically the period between achieving technological feasibility of the Company's products and the general availability of the products has been short. Consequently, prior to fiscal 2002, software development costs qualifying for capitalization were immaterial and were generally expensed to research and development costs. During fiscal 2002 and 2003, the Company capitalized $2,000 and $354 in software development costs. Prior to fiscal 2002, software development costs have been immaterial. Developed capitalized software amortization is determined annually as the greater of the amount computed using the ratio of current gross revenues for the products to their total of current and anticipated future gross revenues or the straight-line method over the estimated economic life of the products. Accumulated amortization was $328 and $1,088 at March 31, 2002 and 2003. Amortization expense of developed capitalized software is included in Cost of Revenues -- Product Licenses. The capitalized software primarily relates to software purchased from a third F-13 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) party or developed for the Company by a third party. The gross amount and the description of the capitalized software is broken down into four main projects, as follows: - Content Categorizer is a module sold by the Company for use in contributing large amounts of text-based content. This software was purchased in the June 30, 2001 quarter from Active IQ for $706; - ExtraSite Server is a server sold by the Company and built on J2EE architecture for high-end Web site consumption. The Company contracted with an outside independent entity to build this for the Company for $947. The product was generally released in the June 30, 2002 quarter; - Localization of certain of the Universal Content Management software into French and German was done by an outside entity for approximately $448. These products were generally released in the September 30, 2001 quarter; and - Contents Components Division purchased third party software to enhance the Company's development of multiple viewing and conversion products for approximately $253. In addition to the capitalized software developed for the Company described above, the fair value of certain software that has been capitalized relating to acquisitions have been recorded (see note 2). Warranties: In November 2002, the FASB issued FASB Interpretation Number (FIN) 45, Guarantor's Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others. FIN 45 addresses the disclosure requirements of a guarantor in its interim and annual financial statements about its obligations under certain guarantees that it has issued. FIN 45 also requires a guarantor to recognize, at the inception of guarantee, a liability for the fair value of the obligation undertaken in issuing the guarantee. The disclosure requirements of FIN 45 were effective for the Company for its quarter ended December 31, 2002. The liability recognition requirements are applicable to all guarantees issued or modified after December 31, 2002. Other than the additional disclosure requirements related to warranties and the Company's indemnification obligations, this pronouncement is not anticipated to have a material effect on the Company's consolidated financial position or results of operations. The Company generally warrants its software products for a period of 30 to 90 days from the date of delivery and estimates probable product warranty costs at the time revenue is recognized. The Company exercises judgment in determining its accrued warranty liability. Factors that may affect the warranty liability include historical and anticipated rates of warranty claims, material usage, and service delivery costs. Warranty costs incurred have not been material. Indemnification Obligations: The Company generally provides to its customers intellectual property indemnification in its arrangements for the Company's software products or services. Typically these arrangements provide that the Company will indemnify, defend and hold the customers harmless against claims by third parties that the Company's software products or services infringe upon the copyrights, trademarks, patents or trade secret rights of such third parties. Translation of Foreign Currencies: Foreign currency assets and liabilities of the Company's international subsidiaries are translated using the exchange rates in effect at the balance sheet date. Results of operations are translated using the average exchange rates prevailing throughout the year. The effects of exchange rate fluctuations on translating foreign currency assets and liabilities into U.S. dollars are accumulated as part of the foreign currency translation adjustment in shareholders' equity. Comprehensive Income (Loss): Comprehensive income (loss) includes foreign currency translation adjustments and unrealized gains or losses on the Company's available for sale securities. Marketing: The Company expenses the cost of marketing as it is incurred. Marketing expense for the years ended March 31, 2001, 2002 and 2003 was $3,044, $4,451 and $3,557. F-14 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) The Company enters into cooperative marketing programs with some of its resellers, and when the Company receives an identifiable benefit in return for consideration, and the Company can reasonably estimate the fair value of the benefit received, the cooperative marketing is accounted for as marketing expense. If the fair value cannot be estimated or an identifiable benefit is not received the cooperative marketing is accounted for as a reduction of revenue. Net Loss per Common Share: The Company's basic net loss per share amounts have been computed by dividing net loss by the weighted average number of outstanding common shares. The Company's diluted net loss per share is computed by dividing net loss by the weighted average number of outstanding common shares and common share equivalents relating to stock options and warrants, when dilutive. For the years ended March 31, 2001, 2002 and 2003, the Company incurred net losses and therefore, basic and diluted per share amounts are the same. Common stock equivalent shares consist of stock options and warrants (using the treasury stock method), of 2,005, 1,191 and 129 shares for the years ended March 31, 2001, 2002 and 2003. Options and warrants to purchase 906, 3,607 and 5,327 shares of common stock were outstanding at March 31, 2001, 2002 and 2003, but were excluded from the computation of common share equivalents because they were antidilutive. Stock-based Compensation: In December 2002, the FASB issued SFAS 148, Accounting for Stock-Based Compensation -- Transition and Disclosure: an amendment of FASB Statement 123 (SFAS 123). This statement provides alternative methods of transition for a voluntary change to the fair value based method of accounting for stock-based employee compensation. Additionally, the statement amends the disclosure requirements of SFAS 123, Accounting for Stock-Based Compensation, to require prominent disclosure in both annual and interim financial statements about the method of accounting for stock based employee compensation and the effect of the method used on reported results. The Company utilizes the intrinsic value method for stock-based employee compensation, and it elected not to adopt the transitional provision to the fair value method under SFAS 148; however, the Company did adopt the expanded annual disclosure provisions of SFAS 148 effective March 31, 2003. The Company will adopt the interim disclosure provisions of SFAS 148 during the first quarter of fiscal year 2004. The Company has stock option plans for employees and a separate stock option plan for directors, as described more fully in Note 5. The intrinsic value method is used to value the stock options issued to employees and directors, and the Company accounts for those plans under the recognition and measurement principles of APB Opinion No. 25, Accounting for Stock Issued to Employees, and related interpretations. In the years presented, no stock-based employee compensation cost is reflected in net loss, as all options granted under those plans had an exercise price equal to the market value of the underlying common stock on the date of grant. Had the fair value method been applied, the compensation expense would have been different. The following table illustrates the effect on net loss and net loss per share if the Company had applied the fair value method for the following fiscal years: YEARS ENDED MARCH 31, ------------------------------ 2001 2002 2003 -------- -------- -------- Net loss -- as reported........................... $ (7,671) $(22,298) $(32,400) Less: Total stock-based employee compensation expense determined under fair value based method for all awards.................................. (12,662) (33,868) (9,866) -------- -------- -------- Net loss -- pro forma............................. $(20,333) $(56,166) $(42,266) ======== ======== ======== F-15 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) YEARS ENDED MARCH 31, ------------------------- 2001 2002 2003 ------ ------ ------

Basic and diluted net loss per common share -- as reported... $(0.36) $(1.00) $(1.45) ====== ====== ====== Basic and diluted net loss per common share -- pro forma.. $(0.95) $(2.52) $(1.89) ====== ====== ====== Fair Value of Financial Instruments: The Company's financial instruments including cash and cash equivalents, short-term marketable securities, long-term marketable securities, accounts receivable and accounts payable, and are carried at cost, which approximates fair value due to the short-term maturity of these instruments. Use of Estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions 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. 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 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. In January 2003, the FASB issued FIN 46, Consolidation of Variable Interest Entities, which requires the assets, liabilities and results of operations of variable interest entities (VIE) be consolidated into the financial statements of the company that has controlling financial interest. FIN 46 is not anticipated to have a material effect on the Company's consolidated financial statements. Reclassifications: Certain reclassifications have been made to the 2001 and 2002 financial statements to conform to the presentation used in 2003. These reclassifications had no effect on shareholders' equity or net loss as previously reported. 2. BUSINESS COMBINATIONS On July 10, 2000, the Company acquired the Information Exchange Division ("IED" now referred to as "CCD") of eBT International, Inc. (formerly Inso Corporation ("Inso")). CCD is a producer of software products used in mobile and viewing technologies, applications and Web file conversions. The total cost of the acquisition, including transaction costs, was approximately $55,270. The transaction was accounted for under F-16 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) the purchase method of accounting and, accordingly, the acquired net assets were recorded at their estimated fair values at the date of acquisition. The following table presents the allocation of the purchase price: In-process research and development........................ $10,400 Core technology.. 13,200 Customer base.. 3,500 Workforce.. 3,000 Capitalized software...................................... 2,800 Trademarks.. 1,700 Other intangibles... 1,400 Excess of cost over fair value of net assets acquired....... 15,212 Net fair value of tangible assets acquired and liabilities assumed... 4,058 ------- Purchase price.. $55,270 ======= In connection with the acquisition of CCD, $10,400 of purchased in-process research and development was charged to operations. The fair value of the in-process research and development projects acquired were estimated utilizing a discounted economic income method which is based on estimates of operating results and capital expenditures for an eight to ten year estimated life including a life-cycle phase out beginning in year seven to nine and a risk adjusted discount rate of 26.0%. Since the acquisition date these projects have been completed and the Company has begun to receive the resulting benefits. The purchased in-process research and development consisted of the following: OIVT Symbian Viewer -- The Symbian Viewer technology is a port of the Outside in Viewer Technology to the Symbian operating system platform. The technology is targeted at wireless devices built on the Symbian platform that require viewing business documents. This project was estimated to be 75% complete as of the acquisition date. At the date of acquisition, the fair value of the project was $3,000 and the total cost to complete the project was estimated to be approximately $500, primarily consisting of engineering salaries. The project was completed as expected in August 2000. WML Export -- The WML Export technology adds value to any wireless application that requires access to documents created in current legacy word processing, spreadsheet, and presentation applications. WML Export is designed to be incorporated into a server-side application with no additional software requirements on the wireless device beyond a WAP-compatible micro-browser. This project was estimated to be 50% complete as of the acquisition date with the Beta Version of WML Export for Windows NT having been released on March 15, 2000 and CCD focusing on an additional beta release. At the date of acquisition the fair value of the project was $1,000 and the total cost to complete the project was estimated to be approximately $10, primarily consisting of engineering salaries. The project was completed as expected in July 2000. XML Export -- XML Export provides fully attributed access to a wide range of business documents through XML using an Inso defined DTD. This project includes development of an enterprise grade XML-based transformation architecture applicable to a wide range of conversion markets. As of the acquisition date, the Beta 2 version was in the market and CCD was focused on reaching the final release. This project was estimated to be 95% complete as of the acquisition date. At the date of acquisition, the fair value of the project was $6,400 and the total cost to complete the project was estimated to be approximately $55, primarily consisting of engineering salaries. The project was completed as expected in July 2000. F-17 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL

STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) On July 10, 2001, the Company acquired certain assets of RESoft, a leading provider of end-to-end content management solutions for the real estate and legal industries, for 200 shares of Stellent common stock. The acquisition was valued at approximately $5,600, including transaction costs, with approximately $4,600 of the purchase price allocated to goodwill, $500 to other intangible assets and $500 to property and equipment. Goodwill related to this acquisition has not been amortized. On April 3, 2002, the Company acquired certain assets and assumed certain liabilities of Kinecta Corp., a provider of software infrastructure for digital networks. The acquisition was valued at $2,800 including transaction costs, with $2,760 of the purchase price allocated to capitalized software, $224 to property and equipment and $184 to deferred revenue. On March 14, 2003, the Company acquired certain assets of Active IQ, a provider of hosted solution technology. The acquisition was valued at $686, including transactions costs, with $619 of the purchase price allocated to capitalized software and $67 to property and equipment. 3. RELATED PARTY TRANSACTIONS In December 2001, Stellent entered into a note receivable of $3,500 with a distributor. Through March 2002, the distributor paid the minimum payments required under the note receivable with its own cash, and at the end of March 2002, it paid off the remaining note receivable with short-term bridge financing. The distributor completely repaid this short-term bridge financing in April 2002 through a traditional banking relationship. The short-term bridge financing was provided at normal market rates by Beartooth Capital, a venture financing organization controlled and funded by Robert Olson, a shareholder and chairman of Stellent. There was no relationship prior to the bridge financing, and there is no existing relationship between Beartooth Capital and the distributor. Furthermore, Stellent provided no compensation or guarantees to Beartooth Capital or Robert Olson for the short-term bridge financing, nor was Stellent otherwise involved in this transaction. At March 31, 2002, the Company held investments in and notes with five non-public start-up technology companies, owning approximately 3% to 12% of these companies, and in publicly traded technology companies listed on Nasdaq, primarily Active IQ, in which the Company owned 5.4%, exclusive of warrants. At March 31, 2003, the Company had investments in two non-public companies, owning approximately 9% to 13% of the companies, for which a permanent decline in value had not been recorded. Investments in these companies were made with the intention of giving the Company opportunities to have new technologies developed for the Company or to give the Company leverage into certain vertical markets that the Company may not otherwise be able to obtain on its own. The value of these investments at March 31, 2002 and 2003 was approximately $3,100 and $1,100, respectively. At March 31, 2002, the market value of the Company's equity in Active IQ was approximately $127 more than the investment value of $1,158. This difference was reported as "accumulated other comprehensive income (loss)" in the shareholders' equity section on the consolidated balance sheet for the year ended March 31, 2002.

Upon the Company's acquisition of certain assets of Active IQ (see note 2) in March 2003, the Company recorded an impairment of approximately $1,100 related to its investment in Active IQ. For substantially all of the year ended March 31, 2003, the Company's investment in Active IQ was less than 5%. During the year ended March 31, 2002, the Company recognized license revenue of approximately $2,000 from companies in which the Company had an equity investment, including approximately $1,400 coming from Active IQ in December 2001. At March 31, 2002, the Company had an account receivable balance of $125 associated from these transactions. License revenue recognized for the year ended March 31, 2001 from companies in which the Company had an equity investment was approximately $2,400. The Company also acquired intellectual property from Active IQ in April 2001 for approximately $700, which was capitalized and is being amortized over a three-year period. F-18 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) Certain officers and directors of the Company also held investment interests in Active IQ during the year ended March 31, 2002, approximating 2%. These investments were sold at no gain during the year ended March 31, 2002. In December 2001 and March 2003, the Company entered into software license agreements with a company whose Chief Financial Officer is a member of the Company's Board of Directors. Revenue of $273 and $393, respectively, from these sales transactions were recorded. At March 31, 2003, the Company has an account receivable balance of $340 associated with the March 2003 transaction. The terms and conditions, including fees, with respect to the transactions were substantially similar to those with unaffiliated third parties negotiated at arms length. 4. PROPERTY AND EQUIPMENT Property and equipment consists of the following: MARCH 31, ----------------- 2002 2003 ------- ------- Equipment and furniture.................................... $ 9,342 $10,008 Leasehold improvements..................................... 1,066 1,562 ------- ------- 10,408 11,570 Less accumulated depreciation.............................. 4,354 6,740 ------- ------- $ 6,054 $ 4,830 ======= ======= 5. SHAREHOLDERS' EQUITY Common Stock: On April 10, 2000, 520 shares of the underwriters' overallotment option from the Company's March 9, 2000 secondary offering were issued for net proceeds of $22,646. Warrants: The Company has 225 stock purchase warrants with exercise prices of $35.89 to $45.93 outstanding at March 31, 2003. The warrants expire on various dates through September 2005. In February 2000, the Company issued a warrant with a five-year term in exchange for various product related marketing services. The warrant entitles the holder to purchase 150 shares of the Company's common stock at an exercise price of $35.89 per share. The value of the marketing services received was $460. During fiscal 2001, the Company issued 75 additional warrants for product related marketing services at an average exercise price of $42.78 per share. These services were valued at $248. Stock Repurchase: In April 2000, the board of directors authorized the repurchase of up to $10,000 of the Company's common stock at a price not exceeding $20 per share. In

September 2001, the board of directors authorized the repurchase of up to $20,000 of the Company's common stock at a price not exceeding $15 per share. During fiscal 2002 and 2003, the Company reacquired 261 and 757 shares of common stock at a cost of $3,592 and $3,465, respectively, which was equal to the fair value of the shares on the date acquired. No common stock was repurchased during fiscal 2001. Shareholder Rights Plan: On May 29, 2002, the Board of Directors of the Company approved a shareholder rights plan which provides for fair and equal treatment of all shareholders in the event an unsolicited attempt is made to acquire the Company. Under the plan, the Company declared a dividend of one preferred share purchase right for each outstanding share of common stock of the Company, payable to shareholders of record on June 13, 2002. Each right entitles the holder to purchase from the Company one-hundredth of a Series A junior participating preferred share of the Company at an exercise price of $75. The F-19 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) rights will separate from the common shares and a distribution for the rights will occur, subject to certain criteria, in the event an investor group acquires 15% or more of the Company's common stock. The rights are not exercisable until the distribution date and expire on June 13, 2012. Stock Options: The Company maintains the 1994-1997 Stock Option Plan, the 1997 Director Stock Option Plan, the 1999 Employee Stock Option and Compensation Plan, the 2000 Employee Stock Incentive Plan and the 2000 Stock Incentive Plan (collectively, the "Plan"), pursuant to which options and other awards to acquire an aggregate of 3,100, 500, 1,000, 2,300 and 3,100 shares, respectively, of the Company's common stock may be granted. The Company integrated all previously granted options into the Plan. The Plan is administered by the Board of Directors, which has the discretion to determine the number and purchase price of shares subject to stock options (which may be below the fair market value of the common stock on the date thereof), the term of each option, and the terms of exercisability. Certain options have exercise prices less than the fair market value of the Company's common stock on the date of the grant. The Company recognizes the compensation element of these grants over the vesting period of the related options, generally five years. The options generally vest over periods of one to five years. A summary of the Company's stock option activity, and related information through March 31, 2003 is as follows: WEIGHTED- AVERAGE SHARES EXERCISE PRICE ------ ------------- Outstanding as of April 1, 2000............................ 2,150 $ 8.51 Granted.. 3,780 35.60 Exercised.. (649) 7.66 Forfeited.. (259) 26.28 ------ Outstanding as of March 31, 2001........................... 5,022 27.25 Granted.. 2,215 18.26 Exercised.. (326) 10.43 Forfeited.. (500) 25.24 ------ Outstanding as of March 31, 2002........................... 6,411 25.12 Granted.. 2,469 5.52

Exercised.. (27) 3.71 Forfeited.. (4,168)* 28.25 ------ Outstanding as of March 31, 2003........................... 4,685 $12.13 ====== -------------- * Includes 2,196 stock options forfeited in connection with a stock option exchange program. MARCH 31, ------------------------- 2001 2002 2003 ------ ------ ------ Options exercisable at end of year...................... 627 1,898 1,579 ====== ====== ====== Weighted-average fair value of options granted during the year... $23.06 $13.43 $ 5.52 ====== ====== ====== F-20 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) The following table summarizes information about the stock options outstanding at March 31, 2003: OPTIONS OUTSTANDING ---------------------------------- OPTIONS EXERCISABLE WEIGHTED-AVERAGE ----------------------------- RANGE OF NUMBER REMAINING WEIGHTED-AVERAGE NUMBER WEIGHTED-AVERAGE EXERCISE PRICE OUTSTANDING CONTRACTUAL LIFE EXERCISE PRICE EXERCISABLE EXERCISE PRICE --------------- ----------- --------------- ---------------- ----------- ---------------- $0.20 - $0.99.. 39 1.3 $ 0.23 39 $ 0.23 $1.00 - $2.99.. 1 6.5 1.61 1 1.61 $3.00 - $3.99.. 344 1.8 3.40 204 3.20 $4.00 - $5.99.. 1,163 9.3 4.51 120 5.02 $6.00 - $7.99.. 1,354 8.4 6.54 265 7.03 $8.00 - $9.99.. 181 7.1 8.63 79 8.71 $10.00 - $14.99.. 420 8.5 13.56 239 13.56 $15.00 - $19.99.. 365 7.8 17.34 158 17.32 $20.00 - $29.99.. 156 8.0 22.92 51 24.31 $30.00 - $39.99.. 614 7.6 36.43 397 36.80 $40.00 - $49.99.. 48 7.6 41.91 26 41.77 ----- ----- 4,685 8.1 $12.13 1,579 $16.92 ===== ===== Pro forma information regarding the fair value of stock options is determined at the date of grant using the Black-Scholes option-pricing model with the following weighted-average assumptions: YEARS ENDED MARCH 31, ---------------------- 2001 2002 2003 ----- ----- ----- Risk free interest yields.................................. 5.7% 5.2% 4.8% Dividend yield.. -- -- -- Volatility factor of expected market price of company's stock.. 85% 105% 95% Weighted average expected life of options (years)........... 4.00 4.00 3.25 Stock Option Exchange Program: In December 2002, the Company conducted a voluntary stock option exchange program for its employees. Under the program, options to purchase 2,196 shares of common stock were exchanged by employees for promises to grant options to purchase 700 shares of common stock at a future date, which is anticipated to be July 1, 2003. The Company expects there will be no variable compensation charges to the Company as a result of this stock option exchange program. 6. EMPLOYEE BENEFIT PLANS The Company maintains pre-tax salary reduction/profit sharing plans under the provisions of Section 401(k) of the Internal Revenue Code. The plans cover substantially all full-time employees who have reached the age of 21. Total Company contributions to the plans for the years ended March 31, 2001, 2002, and 2003 were $536, $1,086 and $631. The Company has an employee stock purchase plan (the Plan), which allows eligible employees to purchase stock of the Company at 85% of its fair market value through elected payroll deductions equal up to 10% of their compensation. During fiscal 2001, 2002 and 2003, 21, 46 and 187 shares of common stock, respectively, had been purchased under the Plan. F-21 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) 7. INCOME TAXES Due to net operating loss carryforwards through March 2002, the Company has recorded no current income tax provision. The tax effects of temporary differences giving rise to deferred income taxes consisted of the following: MARCH 31, -------------------- 2002 2003 -------- -------- Deferred tax liabilities: Depreciation... $ (134) $ (87) Other.. -- (307) Deferred tax assets: Deferred revenue... 2,078 3,104 Accounts receivable and other reserves................... 699 731 Net operating loss carryforwards......................... 19,387 31,797 Amortization of intangibles.............................. 9,303 11,082 Foreign tax credits...................................... 240 309 Prepaid license agreement................................ 464 171 Permanent investment write-down.......................... 1,311 2,139 Research and development credit carryforward............. 1,935 3,159 -------- -------- 35,283 52,098 Valuation allowance.. (30,389) (52,098) -------- -------- Net deferred tax asset................................ $ 4,894 $ -- ======== ======== 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. The 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 $84,300 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 fiscal 2003 the Company increased the valuation allowance to fully offset the deferred tax asset. The increase in the valuation allowance has been recognized as a reduction in paid in capital to the extent that a tax benefit from employee stock option exercises was previously recognized as additional paid in capital. The Company 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. F-22 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) The Company's provision for income taxes differs from the expected tax benefit amount computed by applying the statutory federal income tax rate of 34.0% to loss before taxes as a result of the following: YEAR ENDED MARCH 31, ---------------------- 2001 2002 2003 ----- ----- ----- Federal statutory rate..................................... (34.0)% (34.0)% (34.0)% Research and development credits............................ -- (8.7) (3.8) Change in valuation allowance.............................. 34.5 43.8 38.8 Other.. (.5) (1.1) (1.0) ----- ----- ----- --% --% --% ===== ===== ===== 8. COMMITMENTS AND CONTINGENCIES Operating Leases: The Company has entered into certain non-cancelable operating lease agreements related to office/warehouse space, equipment and vehicles. Total rent expense under operating leases net of sublease income, was, $2,804, $5,104 and $5,814 for the years ended March 31, 2001, 2002 and 2003. Minimum remaining rental commitments under operating leases net of sublease arrangements are as follows as of March 31, 2003: For the year ended March 31, 2004... $ 3,874 2005... 2,690 2006... 1,952 2007... 1,169 2008... 512 Thereafter.. 3,245 ------- $13,442 ======= Software Royalties: The Company has entered into several software royalty agreements whereby it is required to pay a royalty amount based upon predetermined payment schedules. At March 31, 2002 and 2003, the Company recorded advanced royalties as prepaid expense of $6,394 and $4,269, respectively. Royalties are recognized as expense based on sales. During the years ended March 31, 2001, 2002 and 2003 royalty expense totaled $3,064, $3,490 and $4,365, respectively. Legal Proceedings: The Company is subject to legal proceedings in the normal course of business. Management believes these proceedings will not have a material adverse effect on the consolidated financial statements. 9. RESTRUCTURING CHARGES During the year ended March 31, 2003, in connection with management's plans to reduce costs and improve operating efficiencies, the Company recorded restructuring charges of $4,368. The Company initiated four plans during the year in an effort to better align its expenses and revenues in light of the continued economic slowdown. F-23 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) These cost saving efforts resulted in the termination of 112 employees throughout all functional areas and geographies. The Company recorded charges of $3,221 associated with involuntary terminations, which included severance payments and benefits. The workforce reductions associated with these plan were substantially completed as of March 31, 2003, and $327 is included in accrued expenses at March 31, 2003 associated with future severance payments related to terminations which had been communicated prior to March 31, 2003. The cost saving efforts included an evaluation of the Company's current facilities requirements and identified facilities that were in excess of current and estimated future needs. As a result of this analysis, the Company recorded $1,147 in exit costs in relation to

four vacated facilities in Germany, Arizona, California, and Massachusetts. The closing of these facilities were substantially completed as of March 31, 2003, and $347 is included in accrued expenses at March 31, 2003 associated with future lease payments. It is reasonably possible that actual results could differ from these estimates in the near term as a result of actual sublease income attributable to vacated facilities deviating from the assumptions used to calculate the Company's accrual for facility lease commitments.
RESTRUCTURING CHARGES

FIRST PLAN SECOND PLAN THIRD PLAN FOURTH PLAN
------------------ ------------------ ------------------ -------------------
EMPLOYEE OTHER EMPLOYEE OTHER EMPLOYEE OTHER EMPLOYEE OTHER TERMINATION EXIT TERMINATION EXIT TERMINATION EXIT TERMINATION EXIT BENEFITS COSTS BENEFITS COSTS BENEFITS COSTS BENEFITS COSTS TOTAL
----------- ----- ----------- ----- ---------- ----- ---------- ----- -------
Balance at April 1, 2002.... $ -- $ -- $ -- $ -- $ -- $ -- $ -- $-- $ -- Expense.................. 2,100 404 -- -- -- -- -- -- 2,504 Payments................. (1,488) (316) -- -- -- -- -- -- (1,804) ------- ----- ----- ---- ----- ----- ---- --- ------- Balance at June 30, 2002.... 612 88 -- -- -- -- -- -- 700 Expense.................. -- -- 434 405 -- -- -- -- 839 Payments................. (612) (88) (230) (40) -- -- -- -- (970) ------- ----- ----- ---- ----- ----- ---- --- ------- Balance at September 30, 2002..................... -- -- 204 365 -- -- -- -- 569 Expense.................. -- -- -- -- 382 292 -- -- 674 Payments................. -- -- (36) (24) (312) (256) -- -- (628) ------- ----- ----- ---- ----- ----- ---- --- ------- Balance at December 31, 2002..................... -- -- 168 341 70 36 -- -- 615 Expense.................. -- -- -- -- -- -- 305 46 351 Payments................. -- -- (114) (37) (37) (36) (65) (3) (292) ------- ----- ----- ---- ----- ----- ---- --- ------- Balance at March 31, 2003... $ -- $ -- $ 54 $304 $ 33 $ -- $240 $43 $ 674 ======= ===== ===== ==== ===== ===== ==== === ======= As part of the Company's fourth restructuring plan, which occurred during March 2003, the Company anticipates the recording of approximately $400 during the first quarter of fiscal 2004 related to employee termination costs for five employees who were identified to be terminated as part of the plan, but had not been communicated their termination until after March 31, 2003. This plan also included the closing of an office facility as part of its acquisition of Active IQ (see note 2). The Company anticipates the facility will be closed during the first quarter of fiscal 2004 and approximately $50 will be recorded to facility closing costs and future lease payments. The Company is estimating restructuring costs of $450 will be recorded in the first quarter of fiscal 2004 in accordance with SFAS 146 as at March 31, 2003 the liabilities associated with the exit plan and restructuring have not been incurred. F-24 STELLENT, INC. NOTES TO CONSOLIDATED FINANCIAL STATEMENTS -- (CONTINUED) (IN THOUSANDS, EXCEPT PER SHARE DATA) 10. SEGMENTS OF BUSINESS AND GEOGRAPHIC AREA INFORMATION The Company operates in two operating segments which meet the aggregation criteria for a single reporting segment. A

summary of the Company's operations by geographic area follows: YEAR ENDED MARCH 31, --- 2001 % 2002 % 2003 % ------- ----- ------- ----- ------- ----- Revenues: United States............................. $50,889 76.3 $68,407 77.4 $50,676 77.4 Europe.................................. 9,622 14.4 9,872 11.2 10,964 16.8 Canada.................................. 4,913 7.4 5,614 6.4 1,965 3.0 Other.................................... 1,297 1.9 4,447 5.0 1,829 2.8 ------- ----- ------- ----- ------- ----- Total revenues........................... $66,721 100.0 $88,340 100.0 $65,434 100.0 ======= ===== ======= ===== ======= ===== Identifiable assets: United States............................ $ 3,972 $ 5,105 $ 3,864 Europe................................... 66 933 952 Other.................................... 13 16 14 ------- ------- ------- Total.................................... $ 4,051 $ 6,054 $ 4,830 ======= ======= ======= Sales are attributed to countries or region based on the location of the customer. F-25 EXHIBITS FILE DESCRIPTION REFERENCE ---- ----------- --------- 3.1 Amended and Restated Articles of Incorporated by reference to Exhibit 3.1 Incorporation of the Registrant's Form 8-K dated August 29, 2001. 3.2 Bylaws Incorporated by reference to Exhibit 4.2 of the Registrant's Registration Statement on Form S-8, File No. 333-75828. 4.1 Share Rights Agreement between the Incorporated by reference to Exhibit 99.1 Registrant and Wells Fargo Bank of the Registrant's Registration Minnesota, N.A., as Rights Agent, dated Statement on Form 8-A12G, File No. as of May 29, 2002 000-19817, filed June 3, 2002. 4.7 Warrant to purchase 225,000 shares of Incorporated by reference to Exhibit 4.7 common stock to Merrill, Lynch, Pierce, of the Registrant's form 10-K for the Fenner & Smith dated February 22, 2000 fiscal year ended March 31, 2001. 10.1 Stellent, Inc. 1994-1997 Stock Option and Incorporated by reference to Exhibit A of Compensation Plan* the Registrant's Definitive Proxy Statement Schedule 14A, filed with the Securities and Exchange Commission July 28, 1998 10.2 InfoAccess, Inc. 1990 Stock Option Plan Incorporated by reference to Exhibit 99.1 as amended September 29, 1999 of the Registrant's Registration Statement on Form S-8, File No. 333-90843 10.3 InfoAccess, Inc. 1995 Stock Option Plan Incorporated by reference to Exhibit 99.2 as amended September 29, 1999 of the Registrant's Registration Statement on Form S-8, File No. 333-90843 10.4 Employment Agreement Dated August 1,1999, Incorporated by reference to Exhibit by and between the Registrant and Robert 10.30 of the Registrant's Form 10-Q for F. Olson* the quarter ended September 30, 1999 10.5 Stellent, Inc. 1999 Employee Stock Option Incorporated by reference to Exhibit and Compensation Plan 10.31 of the Registrant's Form 10-Q for the three months ended September 30, 1999 10.6 Stellent, Inc. 2000 Stock Incentive Plan* Incorporated by reference to Exhibit B to the Registrant's Definitive Proxy statement on Schedule 14A, filed with the Securities and Exchange Commission on July 25, 2000 10.7 Stellent, Inc. amended and restated 2000 Incorporated by reference to Exhibit Employee Stock Incentive Plan* 10.34 of the Registrant's Form 10-Q for the three months ended September 30, 2001 10.8 Stellent, Inc. Amended and Restated 1997 Incorporated by reference to

Exhibit B of Directors Stock Option Plan* the Registrant's Definitive Proxy Statement Schedule 14A, filed with the Securities and Exchange Commission July 26, 2002 10.9 Stellent, Inc. Employee Stock Purchase Incorporated by reference to Exhibit A of Plan the Registrant's Definitive Proxy Statement filed with the Securities and Exchange Commission July 29, 1999 10.37 Employment Agreement Dated April 1, 2001, Incorporated by reference to Exhibit by and between the Registrant and Gregg 10.37 of the Registrant's Form 10-Q for A. Waldon* the quarter ended June 30, 2001. FILE DESCRIPTION REFERENCE ---- ----------- --------- 10.38 Employment Agreement Dated October 1, Incorporated by reference to Exhibit 2001, by and between the Registrant and 10.38 of the Registrant's Form 10-Q for Vernon J. Hanzlik* the quarter ended September 30, 2001. 10.41 Employment Agreement Dated April 1, 2001 Incorporated by reference to Exhibit by and between the Registrant and Daniel 10.41 of the Registrant's Form 10-Q for Ryan* the quarter ended September 30, 2001. 10.42 Employment Agreement Dated March 9, 2001 Incorporated by reference to Exhibit by and between the Registrant and Mitch 10.42 of the Registrant's Form 10-Q for Berg* the quarter ended September 30, 2001. 10.43 Addendum to Employment Agreement dated Incorporated by reference to Exhibit March 27, 2002 by and between the 10.43 of the Registrant's Form 10-K for Registrant and Gregg Waldon* the fiscal year ended March 31, 2002. 10.44 Addendum to Employment Agreement dated Incorporated by reference to Exhibit March 27, 2002 by and between the 10.44 of the Registrant's Form 10-K for Registrant and Dan Ryan* the fiscal year ended March 31, 2002. 10.45 Addendum to Employment Agreement dated Incorporated by reference to Exhibit March 27, 2002 by and between the 10.45 of the Registrant's Form 10-K for Registrant and Mitch Berg* the fiscal year ended March 31, 2002. 10.46 French Annex to the Stellent, Inc. 2000 Incorporated by reference to Exhibit Stock Incentive Plan 10.46 of the Registrant's Form 10-K for the fiscal year ended March 31, 2002. 10.47 Transition Agreement Dated March 31, 2003 Previously Filed by and between the Registrant and Vernon J. Hanzlik* 10.48 Employment Agreement Dated April 1, 2003 Previously Filed by and between the Registrant and Vernon J. Hanzlik* 21 Subsidiaries of Registrant Previously Filed 23 Consent of Grant Thornton LLP Electronic transmission 24 Power of Attorney Previously Filed 31.1 Certification by Robert F. Olson, Electronic transmission Chairman of the Board, President and Chief Executive Officer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 31.2 Certification by Gregg A. Waldon, Electronic transmission Executive Vice President, Chief Financial Officer, Secretary and Treasurer, pursuant to Section 302 of the Sarbanes-Oxley Act of 2002. 32.1 Certification by Robert F. Olson, Electronic transmission Chairman of the Board, President and Chief Executive Officer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. 31.2 Certification by Gregg A. Waldon, Electronic transmission Executive Vice President, Chief Financial Officer, Secretary and Treasurer, pursuant to Section 906 of the Sarbanes-Oxley Act of 2002. --------------- * Management contract, compensation plan or arrangement.