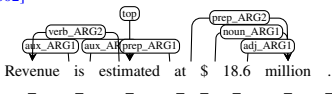


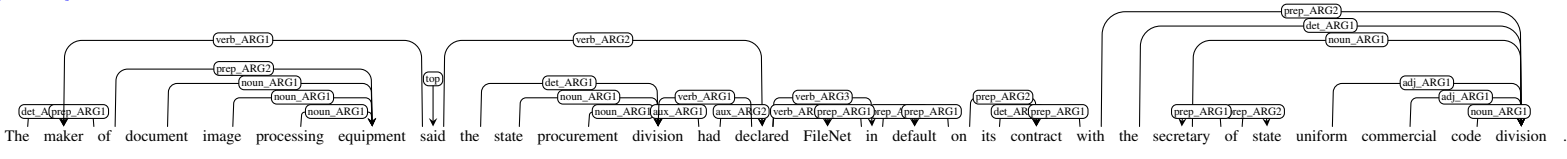
Document 1703

[21703002]



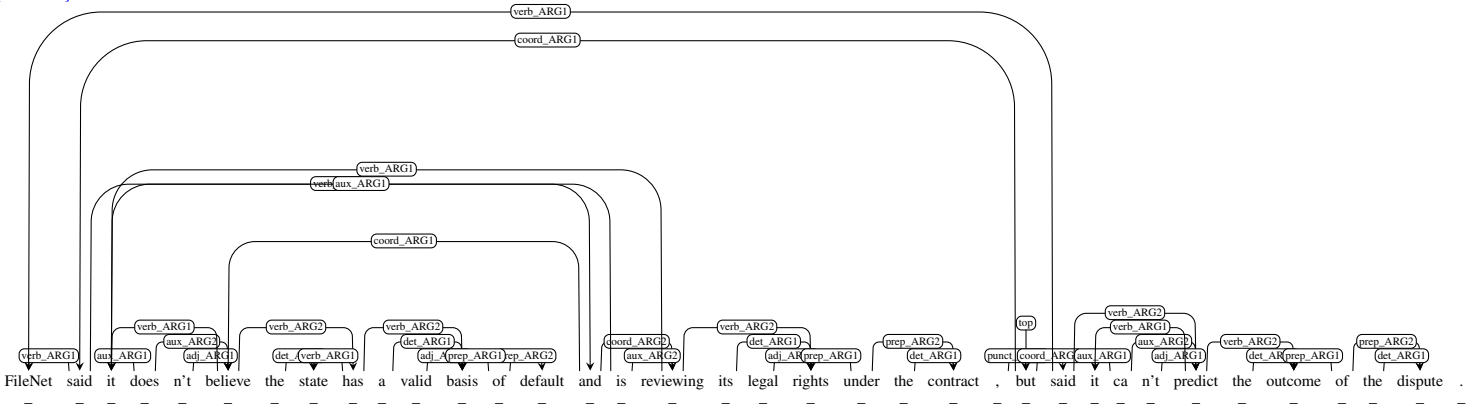
Revenue is estimated at \$ 18.6 million .

21703003]



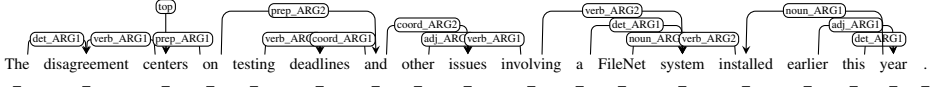
The maker of document image processing equipment said the state procurement division had declared FileNet in default on its contract with the secretary of state uniform commercial code division.

21703004]



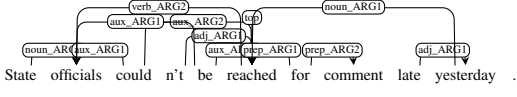
FileNet said it does n't believe the state has a valid basis of default and is reviewing its legal rights under the contract , but said it ca n't predict the outcome of the dispute .

21703005



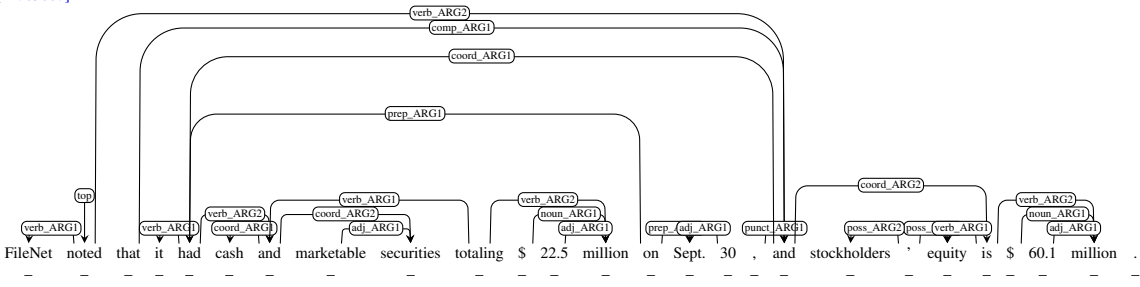
The disagreement centers on testing deadlines and other issues involving a FileNet system installed earlier this year.

21703006



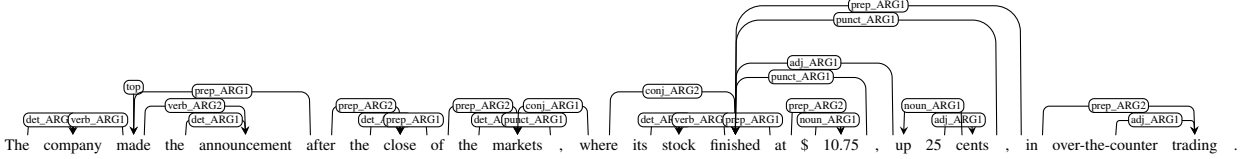
State officials could n't be reached for comment late yesterday .

21703007]



FinNet noted that it had cash and marketable securities totaling \$ 22.5 million on Sept. 30 , and stockholders equity is \$ 60.1 million .

21703008



The company made the announcement after the close of the markets, where its stock finished at \$ 10.75, up 25 cents, in over-the-counter trading.