

SECURITIES AND EXCHANGE COMMISSION

FORM 10-Q

Quarterly report pursuant to sections 13 or 15(d)

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FILER

AIRONET WIRELESS COMMUNICATIONS INC

CIK: **1082852** | IRS No.: **341758180** | State of Incorporation: **DE**
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FAIRLAWN OH 44334-8758
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SECURITIES AND EXCHANGE COMMISSION
 WASHINGTON, D.C. 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D)
 OF THE SECURITIES EXCHANGE ACT OF 1934
 FOR THE QUARTERLY PERIOD ENDED JUNE 30, 1999

OR

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

COMMISSION FILE NUMBER 0-26747

AIRONET WIRELESS COMMUNICATIONS, INC.
 (Exact name of registrant as specified in its charter)

DELAWARE 34-1758180
 (State or other jurisdiction of (I.R.S. Employer Identification No.)
 incorporation or organization)

3875 EMBASSY PARKWAY, AKRON, OHIO 44333
 (Address of principal executive offices) (Zip Code)

(330) 664-7900
 (Registrant's telephone number, including area code)

NOT APPLICABLE
 (Former Name, Former Address and Former Fiscal Year,
 If Changed Since Last Report)

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

At September 10, 1999, there were 14,131,743 shares of Registrant's Common Stock outstanding.

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PART I. FINANCIAL INFORMATION

ITEM 1. FINANCIAL STATEMENTS

AIRONET WIRELESS COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	JUNE 30, 1999 (UNAUDITED)	MARCH 31, 1999
	-----	-----
ASSETS		
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents	\$ 4,703	\$ 6,137
Accounts receivable, trade, net	5,714	4,242
Accounts receivable, other	943	243
Receivable from affiliate	6,628	3,609
Inventories	4,786	4,625
Deferred tax asset	781	733
Prepaid expenses and other	374	404
Income taxes receivable	308	620
	-----	-----
Total current assets	24,237	20,613
Property and equipment, net	2,673	2,381
Deferred tax asset	882	882
Intangible assets, net	2,963	3,191
Other long-term assets	1,310	131
	-----	-----
Total assets	\$ 32,065	\$ 27,198
	=====	=====
LIABILITIES AND STOCKHOLDERS' EQUITY		
Current liabilities:		
Accounts payable	\$ 5,221	\$ 4,618
Payable to affiliate	5,253	2,085
Income taxes payable	423	30
Deferred tax liability	18	10
Accrued liabilities	3,506	3,358
	-----	-----
Total current liabilities	14,421	10,101
Line of credit	2,500	2,500
	-----	-----
Total liabilities	16,921	12,601
Commitments and Contingencies	--	--
Stockholders' equity:		
Common stock, \$.01 par value per share; 15,000,000 shares authorized; 9,567,181 shares issued and outstanding	96	96
Additional paid-in capital	19,203	19,101
Accumulated deficit	(4,155)	(4,600)
	-----	-----
Total stockholders' equity	15,144	14,597
	-----	-----
Total liabilities and stockholders' equity	\$ 32,065	\$ 27,198
	=====	=====

</TABLE>

See accompanying notes to the condensed consolidated financial statements.

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AIRONET WIRELESS COMMUNICATIONS, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)
(UNAUDITED)

<TABLE>
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	THREE MONTHS ENDED JUNE 30,	
	1999	1998
	-----	-----
<S>	<C>	<C>
Revenues:		
Non-affiliate	\$ 9,465	\$ 6,162
Affiliate product	1,493	1,434
Affiliate royalty	1,445	1,881
	-----	-----
Total revenues	12,403	9,477
	-----	-----
Cost of revenues:		
Non-affiliate	5,297	3,908
Affiliate	1,150	1,214
	-----	-----
Total cost of revenues	6,447	5,122
	-----	-----
Gross profit:		
Non-affiliate	4,168	2,254
Affiliate product	343	220
Affiliate royalty	1,445	1,881
	-----	-----
Total gross profit	5,956	4,355
	-----	-----
Operating expenses:		
Sales and marketing	2,359	1,482
Research and development	1,758	1,624
General and administrative	781	1,100
Goodwill amortization	216	216
	-----	-----
Total operating expenses	5,114	4,422
	-----	-----
Income (loss) from operations	842	(67)
Interest expense (income), net	(17)	(10)
	-----	-----
Income (loss) before income taxes	859	(57)
Provision (benefit) for income taxes	414	(78)
	-----	-----
Net income	\$ 445	\$ 21
	-----	-----
Net income per common share:		
Basic	\$ 0.05	\$ --
	-----	-----
Diluted	\$ 0.04	\$ --
	-----	-----
Weighted average shares used in calculating net income per common share:		
Basic	9,367	9,169
	-----	-----
Diluted	10,098	9,356
	-----	-----

</TABLE>

See accompanying notes to the condensed consolidated financial statements.

AIRONET WIRELESS COMMUNICATIONS, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
 (IN THOUSANDS)
 (UNAUDITED)

<TABLE>
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	THREE MONTHS ENDED JUNE 30,	
	1999	1998
Cash flows from operating activities:		
<S>	<C>	<C>
Net income	\$ 445	\$ 21
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation	299	315
Amortization	282	288
Provision for doubtful accounts	87	81
Provision for inventory obsolescence	90	81
Deferred income taxes	(41)	(2)
Stock compensation expense	108	394
Changes in other assets and liabilities:		
Accounts receivable, trade	(1,559)	(1,167)
Accounts receivable, other	(700)	58
Receivable from affiliate	(3,019)	891
Inventories	(250)	(328)
Prepaid expenses and other assets	30	12
Income taxes receivable	312	--
Other long-term assets	(6)	(63)
Accounts payable	603	177
Payable to affiliate	3,168	2,734
Income taxes payable	392	(75)
Accrued liabilities	148	(134)
Total adjustments	(56)	3,262
Net cash provided by operating activities	389	3,283
Cash flows from investing activities:		
Capital expenditures	(591)	(404)
Purchases of intangible assets	(53)	--
Net cash used in investing activities	(644)	(404)
Cash flows from financing activities:		
Payable to affiliate	--	(3,648)
Net proceeds from sales of stock	--	1,919
Deferred offering costs	(1,179)	--
Net cash used in financing activities	(1,179)	(1,729)
Net (decrease) increase in cash and cash equivalents	(1,434)	1,150
Cash and cash equivalents at beginning of period	6,137	2,864
Cash and cash equivalents at end of period	\$ 4,703	\$ 4,014

</TABLE>

See accompanying notes to the condensed consolidated financial statements.

AIRONET WIRELESS COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO THE CONDENSED CONSOLIDATED FINANCIAL STATEMENTS (UNAUDITED)

NOTE 1 -- BASIS OF PRESENTATION

The financial information herein includes the accounts of Aironet Wireless Communications, Inc. and its subsidiaries (the "Company"). The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all financial information and disclosures required by generally accepted accounting principles for complete financial statements. In the opinion of management, these unaudited condensed consolidated financial statements reflect all adjustments (consisting solely of normal recurring adjustments) necessary for a fair presentation of the condensed consolidated statement of financial position as of June 30, 1999 and the related statements of operations and cash flows for the three-month periods ended June 30, 1999 and 1998. The results of operations for interim periods are not necessarily indicative of the results to be expected for the full year. For further information refer to the Consolidated Financial Statements and the Notes thereto included in the Company's Registration Statement on Form S-1, as amended (Registration No. 333-78507), filed with the Securities and Exchange Commission on May 14, 1999 and which became effective on July 29, 1999 (the "Registration Statement").

The Company has no items of other comprehensive income.

NOTE 2 -- INVENTORIES

Inventories consisted of the following:

	JUNE 30, 1999	MARCH 31, 1999
	-----	-----
	(in thousands)	
	<C>	<C>
Purchased components	\$2,818	\$3,723
Work-in-process	1,312	290
Finished goods	656	612
	-----	-----
	\$4,786	\$4,625
	=====	=====

</TABLE>

NOTE 3 -- NET INCOME PER COMMON SHARE

Basic net income per common share is based on the weighted average number of common shares outstanding during the period. Diluted net income per common share is based on the weighted average number of common shares outstanding during the period plus, if dilutive, the incremental number of common shares issuable on a pro forma basis upon the exercise of employee and non-employee stock options and stock purchase warrants, assuming the proceeds are used to repurchase outstanding shares at the average market price during the quarter. A reconciliation of the denominators of the basic and diluted per share computations is provided below:

	THREE MONTHS ENDED JUNE 30,	
	1999	1998
	-----	-----
	(in thousands)	
	<C>	<C>
Weighted average common shares outstanding -- basic	9,367	9,169
Additional shares potentially issuable for stock options and stock purchase warrants	731	187
	-----	-----
Weighted average common shares outstanding -- diluted	10,098	9,356
	-----	-----

</TABLE>

For the three months ended June 30, 1999 and 1998, 525,000 and 1,032,737, respectively, of stock options and stock purchase warrants were not included in the diluted per share computations due to not being "in the money." The computations of net income per common share for all periods presented do not include the effects of any dilutive incremental common shares related to stock options granted or common stock warrants issued with exercise rights that are contingent, so long as the contingency is not resolved.

NOTE 4 -- BANK DEBT

During July 1998, the Company entered into a revolving credit agreement with a bank that provides for borrowings up to \$5.0 million, which expires July 1, 2000. Borrowings under the revolving credit agreement are limited to 80% of the balance of eligible accounts receivable and 50% of the balance of eligible inventories and cash on deposit with the bank. The revolving credit agreement carries a quarterly facility fee and a commitment fee on the unused amount of the agreement. Borrowings under the agreement bear interest at either the bank's prime rate (7.75% at June 30, 1999) or LIBOR plus 2% (7.28% at June 30, 1999). The weighted average interest rate on borrowings outstanding for the three months ended June 30, 1999 was 6.94%. The agreement contains certain covenants including prohibiting the Company from paying dividends. At June 30, 1999, \$2.5 million was available under this agreement. On August 12, 1999 the Company repaid all amounts then outstanding under the credit line and \$5 million was then available. The revolving credit agreement was amended in April 1999 to eliminate a requirement that Telxon Corporation's ownership of the Company be at least 50%.

NOTE 5 -- COMMITMENTS AND CONTINGENCIES

The Company had a Demand Revolving Promissory Note (the "Note") with Telxon under which the Company would have been required to pay Telxon, on demand, the lesser of \$50 million or amounts due under intercompany advances, plus interest at the LIBOR at the beginning of the fiscal year (6.34% at April 1, 1997). In May 1999, the Note was canceled. There were no amounts due to Telxon related to the Note at cancellation.

NOTE 6 -- STOCKHOLDERS' EQUITY AND STOCK WARRANTS AND OPTIONS

Stock-Based Compensation

In July 1996, the Company established the Aironet Wireless Communications, Inc. 1996 Stock Option Plan which was amended and restated on March 30, 1998 ("1996 Amended Plan"), was further amended effective March 31, 1999 and was terminated in April 1999. The termination eliminates the Company's ability to grant further options under the 1996 Amended Plan but does not affect options outstanding under the 1996 Plan at termination.

The 1996 Amended Plan provided for the granting of options to key employees of the Company and to certain employees of Telxon and outside directors. The total number of shares for which the Company may grant options under the 1996 Amended Plan could not exceed 2,150,500. Options were awarded at a price not less than the fair market value on the date the option was granted. Options granted prior to March 30, 1998 have a term of ten years and generally vest one-third on the date granted and one-third on each of the two successive anniversary dates therefrom. Options granted on or after March 30, 1998 have the same terms except an option can only be exercised after the earlier of a change in control or an initial public offering, as defined in the 1996 Amended Plan and vest one-third twelve months after the date of grant and one-third on each of the two successive anniversary dates therefrom. Options granted to non-employees have been accounted for pursuant to EITF Issue No. 96-18 "Accounting for Equity Instruments that are Issued to Other than Employees for Acquiring, or in Conjunction with Selling Goods or Services." The non-cash compensation expense related to non-employees was determined using

the Black-Scholes option pricing model utilizing average assumptions of a dividend yield of 0%, expected volatility of 51.57%, risk free interest rate of 5.14% and an expected life of two years.

On February 16, 1999, the Company's Board of Directors had approved, subject to stockholder approval (which was determined to be perfunctory), the to be adopted Aironet Wireless Communications, Inc. 1999 Omnibus Stock Incentive Plan (the "1999 Plan") and granted options to acquire 400,000 options under such plan. The 1999 Plan provides for the granting of options, stock appreciation rights, restricted stock and performance units, as defined, to certain officers and other key employees of the Company. The total number of shares the Company may grant under the 1999 Plan cannot exceed 1,765,817. Options granted under the 1999 Plan have a ten-year term and must have an exercise price equal to or greater than the fair market value of the Company's common stock on the date of grant. Options granted generally vest over a three-year period on the first three anniversary dates after the date of grant. The Company's Board of Directors formally adopted and approved the 1999 Plan on April 12, 1999, and the Company's Stockholders formally adopted and approved the 1999 Plan on May 7, 1999.

On May 25, 1999, a committee of the Board of Directors approved a grant of 100,000 stock options with an exercise price of \$9.00 per share to an officer of the Company under the terms of the 1999 Plan. The Company accounted for the grant of 100,000 stock options pursuant to APB Opinion No. 25 with no compensation expense recorded.

The Company's Board of Directors adopted and approved the Aironet Wireless Communications, Inc. 1999 Stock Option Plan for Non-Employee Directors (the "1999 Non-Employee Directors Plan") on April 27, 1999. The Company's Stockholders adopted and approved the 1999 Non-Employee Directors Plan on May 13, 1999. The 1999 Non-Employee Director Plan entitles each non-employee Director who is sitting on the Company's Board of Directors on the first day that the Company's common stock commences trading on NASDAQ subsequent to the Initial Public Offering (the "Offering"), to purchase 25,000 shares of the Company's common stock. These grants will be accounted for pursuant to APB Opinion No. 25. In addition, each non-employee Director who continues to serve on the Company's Board will automatically be granted options to purchase 5,000 shares of the Company's common stock on each anniversary of his or her election or re-election to the Board. The Board of Directors also retains the right to grant additional options to non-employee Directors at its sole discretion. Options granted under the 1999 Non-Employee Directors Plan have a ten-year term and must have an exercise price equal to or greater than the fair market value of the Company's common stock on the date of grant. Options granted immediately following the Offering vest ratably over a three-year period while the options granted on the individual Director's anniversary dates vest three years after they are granted.

On May 25, 1999, the Board of Directors approved a grant of 25,000 stock options with an exercise price of \$9.00 per share to a director of the Company for advisory services related to our initial public offering under the terms of the 1999 Non-Employee Directors Plan. The Company accounted for the grant of 25,000 stock options pursuant to SFAS No. 123 and will be reflected as a reduction of the offering proceeds in connection with the Offering.

Stock Purchase Plan

The Company's Board of Directors approved the Aironet Wireless Communications, Inc. 1999 Employee Stock Purchase Plan (the "1999 Stock Purchase Plan") on April 12, 1999. The Company's Stockholders approved the 1999 Stock Purchase Plan on May 7, 1999. The terms of the 1999 Stock Purchase Plan provide the opportunity for eligible employees to purchase unrestricted common shares of the Company, subjected to annual limitations, at a price per share equal to 85% of the closing price (as defined in the agreement) of the Company's stock. The total number of shares of common stock that may be purchased under the 1999 Stock Purchase Plan is 500,000 shares.

Stockholder Rights Agreement

On April 12, 1999, the Board of Directors adopted and approved a stockholder "Rights Plan" and the Board declared a dividend of one common stock purchase right on each share of common stock outstanding prior to the effectiveness of the plan; thereafter, shares are issued pursuant to the plan with a purchase right. The Company's Stockholders approved the Rights Plan on May 7, 1999. The Rights Plan is designed to deter abusive market manipulation or unfair takeover tactics and to prevent an acquirer from gaining control of the Company without offering a fair price to all stockholders. Each purchase right,

when exercisable, entitles the registered holder to purchase one share of common stock at a price of \$125 per share, subject to adjustment. The purchase rights become exercisable in the event the Company is a party to certain merger or business combination transactions, as defined, or in the event an "acquiring person," as defined, becomes a beneficial owner of 15% or more of the Company's outstanding common stock. In these circumstances, each holder of a share right (other than the acquiring person) will have the right to receive shares of the acquiring company or the Company, as appropriate, having a market value of two times the exercise price of the purchase right. The rights expire ten years from the effective date of the plan unless earlier redeemed by the Company. The rights can be redeemed at a price of \$.001 per right.

Authorized Capital Stock

On April 12, 1999, the Company's Board of Directors approved and adopted an amended and restated certificate of incorporation (the "Amended Certificate") which increased the number of authorized common shares of the Company from 15,000,000 shares to 60,000,000. In addition, the amended and restated certificate authorized 500,000 shares of undesignated preferred stock with a par value of \$.01 per share. The Amended Certificate was filed by the Secretary of State of Delaware and became effective on July 20, 1999.

Notes Payable and Receivable

In February 1998, an employee of the Company exercised 200,000 options with a grant price and fair value of \$1.86. At the date of grant the Company provided the employee a non-recourse loan of \$372,000 which was applied to payment of the exercise price of the options. The terms of the note did not extend the original option period. The note bears non-recourse interest at 6% per annum on amounts outstanding through maturity, October 31, 2002, and at a prime rate plus 4% per annum thereafter until paid. All unpaid principal and all accrued interest is due in full on October 31, 2002. The 200,000 shares issued (or approved replacement collateral of equal value at the employee's discretion) collateralize the note. Any amounts paid on the note shall be applied first to accrued but unpaid interest and then to unpaid principal. In April 1999, the Company and the employee amended the note to eliminate a prepayment provision. Prior to that the amendment the employee could at any time prepay the note without premium or penalty in amounts of at least \$25,000. Pursuant to Emerging Issues Task Force ("EITF") Issue No. 85-1, "Classifying Notes Received for Capital Stock" the note has been recorded as a reduction of additional paid-in capital rather than as an asset. In addition, pursuant to EITF No. 95-16, "Accounting for Stock Compensation Arrangements with Employee Loan Features Under APB Opinion No. 25," from the note issuance until the April 1999 amendment the options were accounted for as variable plan options resulting in a \$324,760 non-cash charge recorded in March 1998 and a non-cash charge of \$1,077,680 recorded for the year ended March 31, 1999.

NOTE 7 -- SUBSEQUENT EVENTS

In July 1999, the Company completed its initial public offering (the "Offering") of 6,000,000 shares of common stock, 4,000,000 of which were sold by the Company and 2,000,000 of which were sold by Telxon as a selling stockholder. Proceeds to the Company, after underwriting discounts and commissions but before offering expenses of approximately \$2.0 million was \$40,920,000. In August 1999, the Company used a portion of its proceeds from the Offering to repay the approximately \$2.5 million of indebtedness outstanding under its line of credit, and invested the balance in short-term, interest-bearing, investment grade securities pending further use of the proceeds as described in the Registration Statement. On August 27, 1999, the Company's underwriters exercised their option to purchase an additional 846,800 shares to cover over-allotments sold by the underwriters in the Offering, of which 564,562 shares were sold by the Company and 282,238 shares were sold by Telxon, as a selling stockholder. The closing of this transaction took place on September 1, 1999 with proceeds to the Company of \$5,775,469.26.

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ITEM 2. MANagements DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

THIS FORM 10-Q CONTAINS FORWARD-LOOKING STATEMENTS WITHIN THE MEANING OF SECTION 27A OF THE SECURITIES ACT OF 1933 AND SECTION 21E OF THE SECURITIES ACT OF 1934, AS AMENDED. SUCH STATEMENTS ARE BASED UPON MANagements' CURRENT EXPECTATIONS THAT INVOLVE RISKS AND UNCERTAINTIES. ANY STATEMENTS CONTAINED HEREIN THAT ARE NOT STATEMENTS OF HISTORICAL FACT MAY BE DEEMED TO BE FORWARD-LOOKING STATEMENTS. FOR EXAMPLE, THE WORDS "BELIEVES," "ANTICIPATES," "PLANS," "EXPECTS," "INTENDS" AND SIMILAR EXPRESSIONS ARE INTENDED TO IDENTIFY FORWARD-LOOKING STATEMENTS. AIRONET'S ACTUAL RESULTS AND THE TIMING OF CERTAIN

EVENTS MAY DIFFER SIGNIFICANTLY FROM THE RESULTS DISCUSSED IN THE FORWARD-LOOKING STATEMENTS. FACTORS THAT MIGHT CAUSE SUCH A DISCREPANCY INCLUDE, BUT ARE NOT LIMITED TO, THOSE DISCUSSED IN "OTHER FACTORS AFFECTING OPERATING RESULTS, LIQUIDITY AND CAPITAL RESOURCES" BELOW, AS WELL AS RISK FACTORS INCLUDED IN THE REGISTRATION STATEMENT. ALL FORWARD-LOOKING STATEMENTS IN THIS DOCUMENT ARE BASED ON INFORMATION AVAILABLE TO AIRONET AS OF THE DATE HEREOF AND AIRONET ASSUMES NO OBLIGATION TO UPDATE ANY FORWARD-LOOKING STATEMENTS.

OVERVIEW

Aironet designs, develops and markets high speed, standards-based wireless local area networking solutions. Our products utilize advanced radio frequency and data communication technologies to connect users to computer networks ranging in size and complexity from enterprise-wide LANs to home networks. Each of our product families is designed around our Microcellular Architecture, a distributed wireless network designed to support the unique requirements of mobile computing. Our wireless LAN solutions are used as extensions of existing enterprise networks, enabling personal computer users to maintain a wireless network connection anywhere throughout a building or around a campus. In addition, our LAN adapters are configurable as peer-to-peer wireless networks for providing shared access to files, peripherals and the Internet in small office/home office environments.

We sell indirectly through a network of distributors, resellers and OEMs. We have a dedicated OEM sales organization. The typical OEM sales cycle involves six months during which evaluations and negotiations over price and sometimes volume levels take place. Our distributors sell product to our resellers. Our distributors generally maintain inventory to fulfill orders from our resellers. We have a dedicated sales organization to support our resellers in their efforts to sell to end users. Resellers have a choice of directly purchasing through us or through our distributors.

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We recognize revenues from sales to resellers and OEMs at the time we ship the products. We are a party to contracts with our major distributors, wherein we either reserve against revenues from our sales to distributors or defer revenue recognition, depending on the nature and scope of the distributor's return right. Distributors under contract are afforded price protection. We reserve against revenue for these price protections, provided to the distributors under contract. We believe that these rights of return and price protections are standard negotiated terms provided by manufacturers to large distributors of high tech products.

RESULTS OF OPERATIONS

The following table presents, for the periods indicated, our operating results expressed as a percentage of our total revenues.

<TABLE>

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	THREE MONTHS ENDED JUNE 30,	
	1999	1998
	-----	-----
Revenues:		
<S>	<C>	<C>
Non-affiliate	76%	65%
Affiliate product	12	15
Affiliate royalty	12	20
	---	---
Total revenues	100	100
	---	---
Cost of revenues	52	54
	---	---
Gross profit	48	46
	---	---
Operating expenses:		
Selling and marketing	19	16
Research and development	14	17
General and administrative	6	11
Goodwill amortization	2	2

Total operating expenses	41	46
Income (loss) from operations	7	--
Interest expense (income), net	--	--
Income (loss) before income taxes	7	--
Provision (benefit) for income taxes	3	--
Net income	4%	--%

</TABLE>

The following table presents, for the periods indicated, costs of revenues and gross profits specifically as a percentage of non-affiliate, affiliate product and affiliate royalty revenues.

<TABLE>
<CAPTION>

	THREE MONTHS ENDED JUNE 30,	
	1999	1998
<S>	<C>	<C>
Cost of revenues:		
Non-affiliate	56%	63%
Affiliate product	77	85
Affiliate royalty	--	--
Gross profit:		
Non-affiliate	44%	37%
Affiliate product	23	15
Affiliate royalty	100	100

</TABLE>

THREE MONTHS ENDED JUNE 30, 1999 COMPARED TO THREE MONTHS ENDED JUNE 30, 1998

REVENUES

Total Revenues. Total revenues increased 31% from \$9.5 million in the three months ended June 30, 1998 to \$12.4 million in the three months ended June 30, 1999, primarily as a result of increased sales of our high speed and IEEE 802.11 products to our non-affiliate customers.

During the three months ended June 30, 1999, we derived 29% of our total revenues from sales to customers outside the United States, compared to 21% of our total revenues in the three months ended June 30, 1998. International revenues grew 80% from \$2.0 million in the three months ended June 30, 1998 to \$3.6 million in the three months ended June 30, 1999. This increase was due primarily to increased sales of our high speed and IEEE 802.11 based products. Our foreign sales are made in U.S. dollars, and therefore the adoption of the Euro should not have a direct impact on our foreign exchange.

Non-affiliate. Non-affiliate revenues grew 53% from \$6.2 million in the three months ended June 30, 1998 to \$9.5 million in the three months ended June 30, 1999. Increased non-affiliate revenues resulted primarily from an increase in unit shipments to customers of our new high speed (11 Mbps) 4800 Turbo DS in-building wireless LAN product line and the BR500 building-to-building product line.

As a percentage of total revenues, non-affiliate revenues increased from 65% in the three months ended June 30, 1998 to 77% in the three months ended June 30, 1999 as a result of higher non-affiliate sales and lower revenues from our affiliate.

Affiliate. Affiliate revenues are derived from Telxon Corporation and consist of product and royalty revenues. In recent periods, affiliate revenues have decreased both in absolute amounts and as a percentage of our

total revenues due to changes in the terms under which we make affiliate sales and an increase in sales to other customers. As a percentage of total revenues, affiliate revenues decreased from 76% in fiscal year 1997 to 55% in fiscal year 1998 and 37% in fiscal year 1999. Affiliate revenues as a percentage of total revenues continued to decrease during the three months ended June 30, 1999 to 24%. This continued decrease is due in large part to a significant increase in product sales to non-affiliate customers and reflects the market acceptance of our newer, high speed and standards-compliant products and growth of our customer base. The decrease is also due in part to a decrease in affiliate royalty revenue, offset in part by an increase in affiliate product revenue.

Affiliate Product. Product revenues from Telxon increased 7% from \$1.4 million in the three months ended June 30, 1998 to \$1.5 million in the three months ended June 30, 1999 as a result of increased sales to Telxon of our IEEE 802.11 based product lines: 4800 Turbo DS series, 4500 series and 3500 series.

Affiliate Royalty. Royalty revenues from Telxon decreased 26% from \$1.9 million in the three months ended June 30, 1998 to \$1.4 million in the three months ended June 30, 1999. In the fiscal quarter ended March 31, 1999, the License, Rights and Supply agreement with Telxon was amended to provide for a decreasing fixed royalty, instead of a per unit royalty. The fixed royalty permits us to recognize affiliate royalty income on a straight line basis and resulted in lower royalty revenue in the three months ended June 30, 1999 compared to the three months ended June 30, 1998.

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GROSS PROFIT

Gross profit is derived by subtracting the cost of revenues from revenues. The cost of revenues consists of expenses to purchase fabricated components and subassemblies manufactured to meet our design specifications, salaries and employee benefits for personnel to inspect, assemble, configure and test products and to manage operations and related overhead.

Total Gross Profit. Our total gross profit increased 36% from \$4.4 million in the three months ended June 30, 1998 to \$6.0 million in the three months ended June 30, 1999. Our total gross margin increased from 46% in the three months ended June 30, 1998 to 48% in the three months ended June 30, 1999.

Non-affiliate. Non-affiliate gross profit increased 83% from \$2.3 million in the three months ended June 30, 1998 to \$4.2 million in the three months ended June 30, 1999. In the fiscal quarter ended March 31, 1998, we began to ship new generation IEEE 802.11 based products lines to customers. We incurred increased cost of approximately \$0.4 million for the three months ended June 30, 1998 primarily in supplier start-up fees and rework charges. Gains in gross profit result from increased unit shipments and favorable product mix in the three months ended June 30, 1999, together with increased costs in the prior year comparable quarter. This resulted in an increase in gross margin from 37% in the three months ended June 30, 1998 to 44% in the three months ended June 30, 1999.

Affiliate Product. Gross profit from shipments of products to Telxon increased 50% from \$0.2 million in the three months ended June 30, 1998 to \$0.3 million in the three months ended June 30, 1999 due primarily to product mix.

Affiliate Royalty. Each dollar of royalty revenues results in an equivalent gross profit because there is a de minimus cost of revenues associated with royalties. Royalty gross profit decreased 26% from \$1.9 million in the three months ended June 30, 1998 to \$1.4 million in the three months ended June 30, 1999. In the fiscal quarter ended March 31, 1999, the License, Rights and Supply agreement with Telxon was amended to recognize royalty income on a straight line basis instead of a per unit basis. This resulted in lower royalty gross profit in the three months ended June 30, 1999 compared to the three months ended June 30, 1998.

OPERATING EXPENSES

Sales and Marketing. Sales and marketing expenses consist primarily of sales and marketing salaries, sales commissions, bad debt allowance, product advertising and promotion, travel and facility occupancy costs. Our sales and marketing expenses increased 60% from \$1.5 million in the three months ended June 30, 1998 to \$2.4 million in the three months ended June 30, 1999. This increase resulted primarily from additions to sales and marketing management and staff, greater recruiting and relocation fees incurred on behalf

of new hires, additions to trade shows, advertising and reseller support programs and expanded travel. There were no meaningful offsets in reductions in spending.

As a percentage of total revenues, sales and marketing expenses increased from 16% in the three months ended June 30, 1998 to 19% in the three months ended June 30, 1999. We expect that sales and marketing expenses will increase in absolute dollars as we expand our branding program and further develop our sales channels, but will vary from quarter to quarter due to timing of trade shows, advertising programs and product launches during the year.

Research and Development. Research and development expenses consist primarily of salaries and employee benefits for our technical employees who develop our products, as well as costs for prototype development, operating supplies, depreciation of equipment and amortization of software utilized in research and development efforts. Research and development expenses increased 13% from \$1.6 million in the three months ended June 30, 1998 to \$1.8 million in the three months ended June 30, 1999. This increase resulted primarily from additions to engineering personnel and related expenses supporting

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new product development, additions to prototype development expense and an addition in facility occupancy expenses. This increase was partially offset by decreases in operating parts and supplies and decreases in equipment rental and other outside services expenses.

As a percentage of total revenues, research and development expenses decreased from 17% in the three months ended June 30, 1998 to 15% in the three months ended June 30, 1999. We expect that research and development expenses will increase in absolute dollars as we expand our offering of high speed networking solutions.

General and Administrative. General and administrative expenses consist primarily of administrative salaries and wages, employee benefits and incentives, legal, audit and occupancy expenses. Our general and administrative expenses decreased 27% from \$1.1 million in the three months ended June 30, 1998 to \$0.8 million in the three months ended June 30, 1999. This decrease resulted primarily from the elimination of a \$0.3 million non-cash compensation expense relating to a non-recourse loan we provided to an employee in February 1998 and a decrease in occupancy expenses. This decrease was partially offset by additional expenses for new general and administrative personnel.

PROVISION FOR INCOME TAXES

Our effective income tax rate of 137% exceeded the statutory rate for the three months ended June 30, 1998 primarily due to various permanent items such as goodwill, state taxes, foreign rate differential, and non-deductible compensation expense resulting from the exercise of specific stock options paid for by a note to us in February 1998. Our effective income tax rate for the three months ended June 30, 1999 was 48% which exceeded the statutory rate primarily due to various permanent items such as goodwill, state taxes, and the foreign rate differential.

LIQUIDITY AND CAPITAL RESOURCES

During the periods presented, we have financed our operations primarily through funds provided from operating activities and the sale of equity securities. At June 30, 1999, we had cash and cash equivalents of \$4.7 million. At that time, we had \$2.5 million outstanding under a \$5.0 million line of credit. Amounts outstanding under this line of credit bear interest at London Interbank Overnight Rate plus 2% or the bank's prime rate. At June 30, 1999, the applicable rate was 7.02%. Outstanding amounts are uncollateralized, and credit availability under the line of credit is based upon a formula comprised of accounts receivable and inventory. There are no financial ratio compliance requirements under this credit line, and there are no material financial covenants beyond restrictions on further indebtedness, establishment of new subsidiaries, limitation on acquisitions and mergers and sale of assets outside of the normal course of business without the consent of the lender. At June 30, 1999, an additional \$2.5 million was available under this line of credit. In August 1999 we repaid all outstanding debt under the line of credit with a portion of the proceeds from the Offering, leaving available credit of \$5 million. The line of credit expires in July 2000, subject to renewal provisions.

Operating Activities. In the three months ended June 30, 1999, operations provided \$0.4 million of cash primarily from net income of \$0.4 million and increases in payables due to Telxon offset by increases in accounts receivables and receivables due from Telxon. The increase in non-affiliate accounts receivables was primarily due to growth in our business. In the three months ended June 30, 1998, operations provided \$3.3 million of cash, primarily

from increases in payables due to Telxon and depreciation and amortization partially offset by increases in trade accounts receivables and a reduction in receivables from Telxon. Net income for the period was essentially breakeven. Since our initial public offering in July 1999, we have begun to reduce the level of services acquired from Telxon and as a result we expect that payables to Telxon will decrease, and we expect the decrease to be partially offset by the cost of obtaining those services from others. To the extent that we experience further growth in operations, additional cash will be needed to fund increases in accounts receivables and inventory.

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Investment Activities. Investment activities used \$0.6 million and \$0.4 million in the three month periods ending June 30, 1999 and 1998, respectively. Cash was used in each of these periods primarily to fund purchases of engineering, product testing and laboratory equipment and software. Growth in expenditures was primarily due to expanded product development activities.

Financing Activities. Financing activities used \$1.2 million in the three months ended June 30, 1999, due to deferred offering costs in anticipation of our initial public offering. Financing activities used \$1.7 million in the three months ended June 30, 1998, primarily because of the repayment of cash advances from Telxon partially offset by the sale of common stock in a private offering.

On July 30, 1999, we concluded the Offering of 6,000,000 shares of common stock, in which we sold 4 million shares of common stock and received approximately \$40.9 million in cash after underwriter discounts and commissions but prior to deduction of unpaid offering expenses. A portion of the proceeds from the Offering was used to repay approximately \$2.5 in outstanding debt under our line of credit, with the balance remaining for general corporate purposes. We believe that the proceeds of the Offering, cash and cash equivalents balances generated from operations and our existing line of credit will be sufficient to meet our operating and capital expenditure requirements for at least the next twelve months. To the extent necessary, we may also satisfy capital needs through bank borrowings and capital leases if these sources are available on satisfactory terms. We currently anticipate capital expenditures of \$1.4 million over the balance of fiscal year 2000. We may also from time to time consider the acquisition of complementary technologies, although we have no present commitments or agreements with respect to any specific acquisitions. Any specific acquisitions could be of a size that would require us to raise additional funds through the issuance of additional equity or debt securities. There can be no assurance that these funds, if required, would be available on terms acceptable to us, if at all.

Significant Balance Sheet Fluctuations. Payables to Telxon increased 152% from \$2.1 million at March 31, 1999 to \$5.3 million at June 30, 1999. Receivables from Telxon increased 83% from \$3.6 million to \$6.6 million during the same time periods. Payables to Telxon are primarily for services and direct payments made on behalf of the Company, and receivables from Telxon are primarily for royalties and product purchases. The net receivable from Telxon decreased 13% from \$1.5 million to \$1.3 million during these same periods. Non-affiliate accounts receivables increased 36% from \$4.2 million at March 31, 1999 to \$5.7 million at June 30, 1999, due primarily to the growth in our business and the recent addition of new distributors.

YEAR 2000 READINESS DISCLOSURE

Year 2000 issues result from the fact that many computer programs were written with date-sensitive codes that utilize only the last two digits of a date rather than all four digits to refer to a particular year. As the year 2000 approaches, these computer programs may be unable to process accurately date-dependent information, as a program might interpret the year 2000 as 1900.

The potential for Year 2000 issues arise primarily in three areas:

- the products we sell, which might be date dependent and, as a result, improperly operate;
- our dependence on vendors and contract manufacturers for components and subassemblies that might be impacted by the Year 2000 issues, and their inability to provide us with goods on a timely basis and within specifications due to their unresolved Year 2000 issues; and
- our internal use of hardware or software computing resources which improperly recognize the true date and which could cause us to, among other things, improperly process customer orders or business

In the fiscal quarter ended March 31, 1999, we hired an independent Year 2000 consultant to augment our internal efforts to complete a plan for systematically assessing our Year 2000 exposure. Our assessment plan has been completed, and we are now taking actions consistent with that plan.

HOW FAR ALONG ARE WE?

We have completed testing of 100% of our critical systems and a majority of our non-critical systems, with the following results.

Our Products. We have evaluated our product line for year 2000 issues and found that our products are not date-dependent, and we will be making no Year 2000 product revisions.

Vendors. We have obtained a Year 2000 compliance response from 70% of our vendors. We continue to request vendor certifications from our remaining vendors.

Internal Systems. Consistent with the results of our readiness assessment, we have performed a live Year 2000 test of our payables, receivables and financial reporting systems, and our manufacturing, purchasing and sales systems. Of these systems, two add-on software packages which perform non-critical functions had Year 2000 deficiencies. These deficiencies have been corrected. We have completed testing of our desktop PCs. Of these PCs, only one PC was not Year 2000 compliant. This PC has been upgraded and is currently Year 2000 compliant. Laboratory PCs will not be tested as they are known not to be Year 2000 compliant and they perform only non date sensitive tasks. Our computer servers have been fully tested. One unit was not Year 2000 compliant and was replaced in July 1999.

YEAR 2000 PROBLEMS EXPERIENCED TO DATE

We have experienced no Year 2000 problems to date. No information technology projects have been deferred due to our Year 2000 efforts.

TIMETABLE

Our Year 2000 readiness plan is task oriented by department. We use no independent verification or validation process to assure reliability, risks or costs estimates. The following table illustrates our Year 2000 readiness.

<TABLE>
<CAPTION>

CATEGORY	TESTING	PROBLEMS DETECTED	REMEDIATION
-----	-----	-----	-----
<S>	<C>	<C>	<C>
Internal Systems	100% completed	Two add-on software packages, one PC and one computer server	Software packages and the PC have been upgraded and the server was replaced in July 1999
Products	100% completed	None to date	None required to date
Vendors	Response received from 70% of vendors	None to date	None required to date

</TABLE>

Cost of Remediation. We currently estimate that our Year 2000 assessment efforts and correction of any internal Year 2000 issues identified during our assessment, will total less than \$100,000; however, in the event we discover a Year 2000 issue which was previously unanticipated, we could incur costs far in excess of this amount which would have a material adverse effect on our business and financial results.

WILL WE BE READY?

Most Likely Consequences of Year 2000 Problems. We expect to identify and resolve all Year 2000 problems that could materially adversely affect our business operations. However, we believe that it is not possible to

determine with complete certainty that all Year 2000 problems affecting us have been identified or corrected. The number of devices and systems that could be affected and the interactions among these devices and systems are too numerous to address. In addition, no one can accurately predict which Year 2000 problem-related failures will occur or the severity, timing, duration or financial consequences of these potential failures. We believe that a significant number of operational inconveniences and inefficiencies for us, our contract manufacturers and our customers will divert management's time and attention, financial and human resources from ordinary business activity if any of these Year 2000 problem related failures occur. Contingency Plans. We continue to discuss contingency plans to be implemented if our efforts to identify and correct Year 2000 problems are not effective. We have begun to formalize our contingency plan and will test the plan when complete. Depending on the systems affected, these plans could include:

- accelerated replacement of affected equipment or software;
- short to medium-term use of backup equipment and software or other redundant systems;
- increased work hours for our personnel or the hiring of additional information technology staff; and
- the use of contract personnel to correct, on an accelerated basis, any Year 2000 problems that arise or to provide interim alternate solutions for information system deficiencies.

Our implementation of any of these contingency plans could have a material adverse effect on our business, financial condition and results of operations.

OTHER FACTORS AFFECTING OPERATING RESULTS, LIQUIDITY AND CAPITAL RESOURCES

OUR LIMITED OPERATING HISTORY MAKES IT DIFFICULT TO EVALUATE OUR BUSINESS AND PROSPECTS

We were incorporated in 1993 and therefore have only a short operating history for you to evaluate. Your evaluation of our business and results of operations must take into account this short operating history, which may not be indicative of future results. Our business and prospects should also be considered in light of the risks frequently encountered by companies in their early stages of development in new and rapidly evolving markets. Because of our short existence, our limited operating history as an independent company, fluctuations in our past results, past operating deficits and the early stage of development of our market, we cannot assure you that we will sustain profitability.

Only since March 1998 has our business operated without the financial support of Telxon. A significant portion of the revenues reflected in our financial statements are still earned from Telxon based on agreed upon prices determined when Telxon was our majority stockholder. For the periods presented, our financial statements do not represent our performance as an independent company. In the future, loss of this revenue for any reason could adversely affect our results of operations. We lease two facilities from Telxon and are parties to various agreements with Telxon, including our license and sales agreement. Arrangements with Telxon cannot be considered to be arm's length, and therefore they do not necessarily reflect terms which could have been negotiated with unrelated third parties. As a large stockholder and customer, Telxon may be able to assert influence over us, which could impact our business or prevent us from realizing benefits in some situations.

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FLUCTUATIONS IN OUR OPERATING RESULTS MAY ADVERSELY AFFECT THE TRADING PRICE OF OUR COMMON STOCK

Our quarterly and annual operating revenues, expenses and operating results may fluctuate due to a number of factors including:

- the timing and cancellation of customer orders;
- our ability to introduce new products and technologies on a timely basis;
- market acceptance of our and our customers' products;

- introduction of products by our competitors;
- the level of orders received which can be shipped in a quarter;
- the timing of our investments in research and development;
- the timing and provision of pricing protection and returns from our distributors;
- whether our customers buy from a distributor, an OEM or directly from us;
- cost and availability of components and subassemblies;
- competitive pressures on selling prices;
- finished product availability and quality;
- general economic conditions; and
- changes in product mix.

Our business is characterized by short-term orders and shipment schedules. We have experienced difficulties efficiently managing our production and inventory levels because, among other reasons, customers can typically cancel or reschedule orders without significant penalty. Since we do not have a substantial, noncancellable backlog, we typically plan our production and inventory levels based on internal forecasts of customer demand, which are highly unpredictable and can fluctuate substantially. Significant customer cancellations or unforeseen fluctuations in customer demand could cause us to over or under produce products, which could lead to overstocking or to frustrating customer expectations, either of which could negatively affect operating results or cause significant variations in our operating results from quarter to quarter.

DECLINING SELLING PRICES OF NETWORKING EQUIPMENT MAY ADVERSELY AFFECT OUR REVENUES

Historically, average selling prices of networking equipment have decreased over the life of a product. As a result, the average selling prices of our products should be expected to decrease in the future, which may adversely affect our operating results if we do not correspondingly decrease our costs.

OUR OPERATING RESULTS WILL SUFFER IF SALES DO NOT INCREASE AS ANTICIPATED TO SUPPORT THE EXPENSES OF EXPANDING OUR BUSINESS

Because our operating expenses for personnel, new product development and inventory continue to increase, we must continue to generate increased sales to offset these increased expenses. We have limited ability to reduce expenses quickly in response to any revenue shortfalls. In response to anticipated long lead times to obtain inventory and materials from our contract manufacturers and suppliers, we have in the past and may continue to need to order in advance of anticipated customer demand. This advance ordering has and may continue to result in higher inventory levels, and we have and will continue to depend on an increase in customer demand. Any significant shortfall in customer demand would adversely impact our quarterly and annual operating results.

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IF THE WIRELESS NETWORKING MARKET DOES NOT CONTINUE TO EVOLVE, OR IF OUR PRODUCT DEVELOPMENT DOES NOT KEEP PACE WITH ITS EVOLUTION, DEMAND FOR OUR PRODUCTS MAY DECLINE SIGNIFICANTLY

The wireless networking market is at an early stage of development, is rapidly evolving and its future is uncertain. Demand and market acceptance for recently introduced wireless networking products and services like ours are subject to a high level of uncertainty. It is likely that new wireless LAN products will not be generally accepted unless they operate at higher speeds and are sold at competitive prices. We cannot predict whether the wireless networking market will continue to develop in a way that sufficient demand for our products will emerge and become sustainable. Our prospects must be evaluated in light of the uncertainties relating to the new and evolving market in which we operate. If the wireless networking market does not develop sufficiently, or if our products are not sufficiently accepted, our business, financial condition and operating results will suffer.

WE MAY NOT SUCCEED OR MAY LOSE SIGNIFICANT MARKET SHARE AS A RESULT OF THE

The market for our products is very competitive, and we expect that competition will increase in the future. Increased competition could adversely affect our revenues and profitability through pricing pressure, loss of market share and other factors. This market has historically been dominated by relatively few companies, including Lucent, Proxim and BreezeCom. We believe we will encounter competition from a number of other companies that develop, or have announced plans to develop, wireless networking products. We believe that our success will depend in part on our ability to compete favorably in the following areas:

- expertise and familiarity with 2.4 GHz spread spectrum technology, wireless data communication protocols and LAN technology;
- product performance, features, functionality and reliability;
- price/performance characteristics;
- timeliness of new product introductions;
- adoption of emerging industry standards;
- customer service and support;
- size and scope of distribution network; and
- brand name.

We have also historically faced competitive pressure from companies that have increased their brand awareness by dedicating significant resources to marketing and advertising.

We face the risk that our competitors may introduce faster, more competitively priced products. Many of our current and potential competitors have significantly greater financial, marketing, research, technical and other resources. If we are unable to compete successfully, we could experience price reductions, reduced operating margins and loss of market share, any of which could have a material adverse effect on our business and operating results.

OUR SUCCESS DEPENDS ON THE TIMELY DEVELOPMENT OF NEW PRODUCTS

We derive substantially all of our product revenues from sales of products for wireless networking solutions. This market is characterized by:

- intense competition;
- rapid technological change;
- short product life cycles; and
- emerging industry standards.

We have in the past experienced delays in product development which resulted in delayed commercial introduction of new products. These kinds of delays could be repeated and could have an adverse effect on our business. The development of new wireless LAN products is highly complex. Our success in developing and introducing new products depends on a number of factors, including:

- accurate new product definition;
- timely completion and introduction of new product designs;
- achievement of cost efficiencies in design and manufacturing; and
- market acceptance of the new products.

We cannot guarantee that we will be successful in these efforts or that our competitors will not be more successful, which, in either case, would have a material adverse effect on our business and results of operations.

WE RELY ON LIMITED SOURCES OF KEY COMPONENTS AND IF WE ARE UNABLE TO OBTAIN THESE COMPONENTS WHEN NEEDED, WE WILL NOT BE ABLE TO DELIVER OUR PRODUCTS TO OUR CUSTOMERS ON TIME

We rely on Atmel Corporation, M/A-COM, Raytheon Company, Hewlett-Packard Company, Harris Semiconductor and Sawtek, Inc. as our critical sole source suppliers. Although we have been informed by some of these suppliers that they have redundant manufacturing facilities, there is no assurance that they will be able to manufacture or provide these components in a timely way. Should any supply disruption occur, we may not be able to develop an alternative source for these components.

We have experienced limited delays and shortages in the supply of other less critical components which have slowed the manufacturing schedule of our products or caused us to revise or adjust these schedules. We could experience delays and shortages in the future. We generally do not maintain a significant inventory of components and do not have long-term supply contracts with our suppliers. Our reliance on sole or limited source suppliers involves several risks, including:

- suppliers could increase component prices significantly, without notice and with immediate effect;
- suppliers could discontinue the manufacture or supply of components or delay delivery of components used in our products for reasons such as inventory shortages, new product offerings, increased cost of materials, destruction of manufacturing facilities, labor disputes and bankruptcy; and
- in order to compensate for potential component shortages or discontinuance, we may in the future decide to hold more inventory than is immediately required, resulting in increased inventory costs.

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Though we have not in the past experienced any significant delays in shipping or sales of product due to delays or shortages of components, if our suppliers were unable to deliver or ration components to us, we could experience interruptions and delays in product manufacturing, shipping and sales. This could result in our inability to fulfill customer orders, the cancellation of orders for our products, substantial delays in our product shipments, increased manufacturing costs and increased product prices. Further, we might not be able to develop alternative sources for these components in a timely way, if at all, and might not be able to modify our products to accommodate alternative components.

These factors could damage our relationships with current and prospective customers lasting longer than any underlying shortage or discontinuance. Any of these risks, if realized, could materially and adversely affect our business operating results and financial condition.

A LIMITED NUMBER OF CUSTOMERS ACCOUNT FOR A SIGNIFICANT PORTION OF OUR REVENUES AND DECREASED DEMAND BY THESE CUSTOMERS WOULD ADVERSELY AFFECT OUR REVENUES

Historically, a relatively small number of customers, especially Telxon, have accounted for a significant portion of our total revenues in any particular period. Three of our customers, Telxon, ARtem Datenfunksysteme GmbH, and Business Partner Solutions, Inc., each accounted for over 10% of our total revenues for the quarter ended June 30, 1999. In the quarter ended June 30, 1999, Telxon accounted for 24% of our total revenues. Our four largest non-affiliate customers accounted for 54% of our non-affiliate revenues or 41% of our total revenues for the same period. We have no long-term volume purchase commitments from any of our customers. We anticipate that sales of our products to relatively few customers will continue to account for a significant portion of our total revenues, because our customers generally resell our products to end users. Due to these factors, some of the following may reduce our operating results:

- reduction, delay or cancellation of orders from one or more of our significant customers;
- development by one or more of our significant customers of other, competitive sources of supply;
- selection by one or more of our significant customers of equipment manufactured by one of our competitors as a preferred solution;
- loss of one or more of our significant customers or a disruption in our sales and distribution channels to these customers; or

- failure of one of our significant customers to make timely payment of our invoices.

We cannot be certain that these significant customers will continue purchasing levels of previous periods and a decline in these levels for any reason would negatively affect our revenues.

WE MUST EXPAND OUR DISTRIBUTION CHANNELS IN ORDER TO INCREASE SALES OF OUR PRODUCTS

To increase revenues, we believe we must increase the number of our distribution partners. Our strategy includes an effort to reach a greater number of end users through indirect channels. We are currently investing, and plan to continue to invest, significant resources to develop these indirect channels. This could adversely affect our operating results if we do not generate the revenues necessary to offset these investments. We will be dependent upon the acceptance of our products by distributors and their active marketing and sales efforts relating to our products. The distributors to whom we sell our products are independent and are not obligated to deal with us exclusively or to purchase any specified amount of our products. Because we do not generally fulfill orders by end users of our products sold through distributors, we will be dependent upon the ability of distributors to accurately forecast demand and maintain appropriate levels of inventory. If we are unable to expand our distribution channels, we may not be able to increase sales of our product.

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OUR DISTRIBUTORS MAY NOT GIVE PRIORITY TO OUR PRODUCTS WHICH MIGHT RESULT IN LOWER PRODUCT SALES

We expect that our distributors will also sell competing products. These distributors may not continue, or may not give a high priority to, marketing and supporting our products. This and other channel conflicts could result in diminished sales through the indirect channel and adversely affect our operating results. Additionally, because lower prices are typically charged on sales made through indirect channels, increased indirect sales could adversely affect our average selling prices and result in lower gross margins.

COMPLIANCE WITH EXISTING AND POTENTIAL INDUSTRY STANDARDS MAY BE DIFFICULT AND COSTLY

We have developed and continue to develop our products to comply with existing industry standards and anticipated future standards. We may not introduce products that comply with future industry standards on a timely basis. In particular, we expend, and intend to continue to expend, substantial resources in developing products and product features that are designed to conform to the IEEE 802.11 wireless LAN standard, as well as to other industry standards that have not yet been formally adopted. Further, our high speed 4800 Turbo DS series of products is designed to conform with the proposed high speed addition to the IEEE 802.11 standard. Our products may fail to meet future industry standards or the standards ultimately adopted by the industry may vary from those anticipated by us.

We participated in the promulgation of the IEEE 802.11 standard through two of our senior officers who are members of the IEEE 802.11 Standards Committee. Companies participating in the promulgation of the IEEE 802.11 standard have represented to the IEEE that they will grant licenses to their patents on a fair and equitable basis if those patents are required to implement products that comply with the standard. Our ability to market IEEE 802.11 compliant products may depend upon our ability to obtain these licenses from the other participating companies. Our failure to obtain any required license at a commercially reasonable cost could have a material adverse effect on our competitive position and results of operations.

EXISTING AND POTENTIAL WIRELESS LAN STANDARDS MAY NOT ACHIEVE MARKET ACCEPTANCE AND MAY LOWER BARRIERS TO MARKET ENTRY, EITHER OF WHICH WOULD HAVE A NEGATIVE IMPACT ON OUR BUSINESS

Because we develop our products to comply with industry standards, sales of our products could decline if these standards do not gain market acceptance or if consumers ultimately prefer to purchase products which do not comply with these standards, or which comply with new or competing standards, or which are based on proprietary designs. Also, product standardization may have the effect of lowering barriers to entry in the markets in which we seek to sell our products, by diminishing product differentiation. This would increase competition based upon criteria such as the relative size and marketing skills of competitors and we may not compete favorably.

In the United States, our products are subject to various Federal Communications Commission rules and regulations. Current FCC regulations permit license-free operation in certain FCC-certified bands in the radio frequency spectrum. FCC rules require compliance with administrative and technical requirements as a condition to the operation or marketing of devices that emit radio frequency energy, such as our products. Our products comply with Part 15 of the current FCC regulations permitting license-free operation of radio devices in the 902-928 MHz and 2.4-2.4835 GHz radio frequency bands.

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The Part 15 regulations are designed to minimize the probability of interference to the other users of those frequency bands and accord Part 15 systems secondary status. In order of priority, the primary users of those band widths are the following:

- devices which use radio waves to produce heat rather than to communicate;
- governmental uses;
- vehicle monitoring systems; and
- amateur radio.

In the event of interference between a primary user in those band widths and a Part 15 user, the primary user can require the Part 15 user to curtail transmissions that create interference. Our products are also subject to regulatory requirements in markets outside the United States, where we have limited experience in gaining regulatory approval. The regulatory environment in which we operate subjects us to several risks, including:

- if users must cease use of our products because their operation causes interference to authorized users of the radio frequency spectrum, or authorized users cause interference which must be accepted by users of our products, market acceptance of our products and our results of operations could be adversely affected;
- regulatory changes, including changes in the allocation of available radio frequency spectrum or requirements for licensed operation, may significantly impact our operations by rendering current products non-compliant or restricting the applications and markets served by our products; and
- we may not be able to comply with all applicable regulations in each of the countries where our products are sold or proposed to be sold, and we may need to modify our products to meet local regulations.

OUR SUCCESS DEPENDS ON OBTAINING AND PROTECTING INTELLECTUAL PROPERTY

Our success depends in part on our ability to obtain and preserve patent and other intellectual property rights covering our products and development and testing tools. The process of seeking patent protection can be time consuming and expensive. We cannot assure you that:

- patents will issue from currently pending or future applications;
- our existing patents or any new patents will be sufficient in scope to provide meaningful protection or any commercial advantage to us;
- foreign intellectual property laws will protect our intellectual property rights; or
- others will not independently develop similar products, duplicate our products or design around any patents issued to us.

Intellectual property rights are uncertain and involve complex legal and factual questions. Though we are not aware of any third party intellectual property rights that would prevent our use and sale of our products, we may unknowingly infringe the proprietary rights of others. Any infringement could result in significant liability to us. If we do infringe the proprietary rights of others, we could be forced to either seek a license to those intellectual property rights or alter our products so that they no longer infringe those proprietary rights. A license could be very expensive to obtain

or may not be available at all. Similarly, changing our products or processes to avoid infringing the rights of others may be costly or impractical.

We also rely on trade secrets, proprietary know-how and confidentiality provisions in agreements with employees and consultants to protect our intellectual property. Other parties may not comply with the terms of their agreements with us, and we may not be able to adequately enforce our rights against these parties.

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WE COULD BECOME SUBJECT TO LITIGATION REGARDING INTELLECTUAL PROPERTY RIGHTS WHICH COULD SERIOUSLY HARM OUR BUSINESS

Any dispute regarding intellectual property, whether ours or that of another company, may result in legal proceedings. These types of proceedings may be costly and time consuming for us, even if we eventually prevail. If we do not prevail, we might be forced to pay significant damages, the prevailing party's litigation expenses and obtain a license or stop making the subject product.

IF WE FAIL TO MANAGE OUR GROWTH, OUR BUSINESS, FINANCIAL CONDITION AND PROSPECTS COULD BE SERIOUSLY HARMED

We have expanded our operations in recent years, and we anticipate that further expansion will be required to address potential growth in our customer base and market opportunities, as well as to provide corporate services previously provided to us by Telxon. This expansion has placed, and future expansion is expected to place, a significant strain on our management, technical, operational, administrative and financial resources. We have recently hired new employees, including a number of key managerial and operations personnel, who have not yet been fully integrated into our operations.

Our current and planned expansion of personnel, systems, procedures and controls may be inadequate to support our future operations. We may be unable to attract, retain, motivate and manage required personnel, including finance, administrative and operations staff, or to successfully identify, manage and exploit existing and potential market opportunities because of inadequate staffing. We may also be unable to manage further growth in our multiple relationships with our OEMs, distributors and other third parties. If we are unable to manage growth effectively, our business, financial condition and results of operations could be adversely affected.

OUR INTERNATIONAL OPERATIONS MAY BE ADVERSELY AFFECTED BY ADDITIONAL RISKS UNIQUE TO THOSE MARKETS

Revenues from customers outside of the United States accounted for approximately 29% of our total revenues for the three months ended June 30, 1999. We anticipate that revenues from customers outside of the United States will continue to account for a significant portion of our total revenues for the foreseeable future. Expansion of our international operations has required, and will continue to require, significant management attention and resources. In addition, we remain heavily dependent on distributors to market, sell and support our products internationally. Our international operations are subject to additional risks, including the following:

- difficulties of staffing and managing foreign operations;
- longer customer payment cycles and greater difficulties in collecting accounts receivable;
- unexpected changes in regulatory requirements, exchange rates, trading policies, tariffs and other barriers;
- uncertainties of laws and enforcement relating to the protection of intellectual property;
- language barriers;
- potential adverse tax consequences; and
- political and economic instability.

We currently sell products in countries that have recently

experienced significant problems with their economies, the value of their currency, availability of credit and their ability to engage in foreign trade in general, including in Russia and Japan. We are unable to determine whether economic downturns in any particular country will adversely effect our business or results of operations. We cannot predict the impact that any future fluctuations

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in foreign currency exchange rates or the adoption of the Euro, the single European currency introduced in January 1999, may have on our operating results and financial condition.

RISKS RELATING TO YEAR 2000 ISSUES MAY ADVERSELY AFFECT OUR BUSINESS

Many existing computer systems and software products do not properly recognize dates after December 31, 1999. This "Year 2000" problem could result in miscalculations, data corruption, system failures or disruptions of operations. We reasonably expect that at worst these disruptions could result in our inability to process transactions, manufacture and ship products, send invoices or engage in similar normal business activities for an indefinite period of time, which could impair our viability.

The Year 2000 problem could also affect embedded systems, such as building security systems, machine controllers, telephone switches and other equipment. Our systems may suffer from date related problems, and if so, we may need to upgrade or replace our computer systems, software and other equipment, which could result in significant expenditures.

Neither our current products nor our prior products utilize internal calendars that are dependent upon the input of, or reference to, a specific date, and we do not anticipate designing any products that are date dependent. Furthermore, the purchasing patterns of our customers or potential customers may be affected by Year 2000 issues as companies expend significant resources to correct their current systems for Year 2000 compliance. These expenditures may result in reduced funds available for network equipment and other purchases, which could have a material adverse effect on our business, operating results and financial condition.

We rely on numerous third parties who may not be Year 2000 compliant. This includes our contract manufacturers, our sole and limited source component suppliers and other vendors, and our distributors, resellers and OEMs. Failure of any of these third parties to be Year 2000 compliant could require us to incur significant unanticipated expenses to remedy any resulting problems or to replace the affected third party. This could reduce our revenues and could have a material adverse effect on our business, operating results and financial condition. To date, we have not developed contingency plans for those eventualities.

WE ARE DEPENDENT ON KEY PERSONNEL AND IF WE ARE UNABLE TO HIRE OR RETAIN NEEDED PERSONNEL, OUR ABILITY TO DO BUSINESS PROFITABLY COULD BE HARMED

There are a limited number of skilled design, process and testing engineers and marketing professionals involved in the wireless data communication industry. The competition for these employees is intense. Skilled professionals often move among the various competitors in this industry. Our future growth depends in large part on retaining our current employees and attracting new technical, marketing and management personnel. The loss of key employees or failure to attract new key employees could materially affect our business.

RECENTLY HIRED KEY EMPLOYEES MAY NOT SUCCESSFULLY INTEGRATE INTO OUR MANAGEMENT TEAM

We have recently hired a number of our officers, including our Senior Vice President and Chief Financial Officer in January 1999, Senior Vice President, Sales and Marketing in August 1998 and Vice President, Marketing in January 1999. These individuals have not previously worked together and are in the process of integrating as a management team, together and with existing management. There can be no assurances that they will be able to effectively work together or successfully manage any growth we experience.

THERE MAY BE POTENTIAL HEALTH AND SAFETY RISKS RELATED TO OUR PRODUCTS WHICH COULD NEGATIVELY AFFECT PRODUCT SALES

There has been public concern regarding the potential health and safety risks of electromagnetic emissions. Our wireless networking products emit electromagnetic radiation, but we do not believe that our products pose a safety

concern. If safety or health issues do arise, product sales could decline or cease. These issues could have a

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material adverse effect on our business and results of operations. Even if safety concerns ultimately prove to be without merit, negative publicity could have a material adverse effect on our ability to market products.

OUR COMMON STOCK PRICE MAY BE VOLATILE

The stock market has experienced significant price and volume fluctuations, and the market prices of technology companies have been highly volatile. Our stock price may also be volatile.

DELAWARE LAW AND OUR CORPORATE DOCUMENTS INCLUDE ANTI-TAKEOVER PROVISIONS WHICH MAY LIMIT THE VALUE STOCKHOLDERS CAN REALIZE FROM OUR STOCK

Our corporate documents and applicable provisions of the Delaware General Corporation Law could discourage, delay or prevent a third party or significant stockholder from acquiring or gaining control of us. These provisions:

- authorize the issuance of preferred stock with rights senior to those of common stock, which our Board of Directors can create and issue without prior stockholder approval;
- prohibit stockholder action by written consent;
- establish advance notice requirements for submitting nominations for election to the Board of Directors and for proposing matters that can be acted upon by stockholders at a meeting; and
- establish staggered terms for members of the Board of Directors.

In addition, we are a party to a Rights Agreement, pursuant to which each share of our common stock includes a companion purchase right. Under circumstances controlled by our Board of Directors, the purchase rights may impose severe impediments to any person seeking to acquire us or gain control over us. Any of these anti-takeover provisions could lower the market price of the common stock and could deprive our stockholders of the opportunity to receive a premium for their shares in the event that we are sold.

THE NUMBER OF OUR SHARES WHICH ARE PUBLICALLY TRADED MAY INCREASE IN THE NEAR FUTURE

Over six million of our total outstanding shares are restricted from immediate resale but may be sold into the market in the near future, which could cause the market price of our common stock to drop significantly, even if our business is doing well. All of our officers, directors, stockholders, warrant holders and each holder of more than 5,000 options have executed lock up agreements in which they agreed not to sell any shares of common stock during the period ending 180 days after the date of the prospectus in the Registration Statement. This restriction can be waived by the underwriters at any time without notice to us, our stockholders or the public in general.

ITEM 3. QUALITATIVE AND QUANTITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to the impact of interest rate changes and, to a lesser extent, foreign currency fluctuations. We are experiencing increases in our sales into foreign markets of products manufactured in the United States. Foreign currency fluctuations could effect the price competitiveness and margins of foreign sales. We have not entered into interest rate or foreign currency transactions for speculative purposes or otherwise. Our foreign currency exposures were immaterial at June 30, 1999.

Our exposure to interest rate changes results in part from our variable-rate line of credit. At June 30, 1999, we had \$2.5 million due July 1, 2000 bearing interest at either the bank's prime rate or London Interbank Overnight Rate plus 2%. A one percentage point change in the weighted average interest would not have a material impact on our annual interest expense. In August 1999, we repaid all outstanding amounts under the line of credit.

Our exposure to interest rate changes also results from investment of funds in excess of current operating requirements. We invest our funds in short-term, interest-bearing, investment grade securities. Our interest income is sensitive to changes in the general level of U.S. interest rates. Due to the nature of our short-term investments, we have concluded that there is no material market risk exposure. Therefore, no quantitative tabular disclosures are required.

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

(c) We are furnishing the following information with regard to all securities sold by us during the period covered by this report that were not registered under the Securities Act of 1933. In May 1999, we granted options to purchase an aggregate of 125,000 shares of common stock, at an exercise price of \$9.00 per share. The sales of these securities were deemed to be exempt from registration under the Securities Act of 1933 in reliance on Section 4(2) or Regulation D promulgated thereunder, or Rule 701 promulgated under Section 3(b) of the Securities Act of 1933, as transactions by an issuer not involving a public offering or transactions pursuant to compensatory benefit plans and contracts relating to compensation as provided under such Rule 701. The recipients of securities in each such transaction represented their intention to acquire the securities for investment only and not with a view to, or for sale in connection with, any distribution thereof, and appropriate legends were affixed to share certificates and instruments issued in such transactions. All recipients had adequate access, through their relationships with us, to information about us.

(d) We are furnishing the following information with respect to the use of proceeds from our initial public offering. A Registration Statement on Form S-1, as amended (Registration No. 333- 78507), was initially filed with the Securities and Exchange Commission on May 14, 1999, was declared effective on July 29, 1999 and the offering commenced on July 30, 1999. The managing underwriters for the offering were Dain Rauscher Wessels, a division of Dain Rauscher Incorporated, Prudential Securities and CIBC World Markets.

Of the 6,000,000 shares of common stock, \$0.01 par value, offered, we sold 4,000,000 shares and a selling stockholder sold 2,000,000 shares. We received no proceeds from the shares sold by the selling stockholder. Payment of expenses from the proceeds were to persons other than our directors, officers, general partners or their associates, persons owning 10% or more of our equity securities or affiliates of the Company. The following table sets forth approximate proceeds and expenses.

<TABLE>

<CAPTION>

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Our aggregate public offering price	\$44,000,000
Selling stockholder's aggregate public offering price	\$22,000,000
Our underwriting discounts and commissions	\$ 3,080,000
Selling stockholder's underwriting discounts and commissions	\$ 1,540,000
Our offering expenses	\$ 2,000,000
Our aggregate net proceeds	\$38,920,000

</TABLE>

<C>

In August 1999, we repaid the approximately \$2,500,000 outstanding indebtedness under our credit line. Pending further uses, we have invested our net proceeds from the offering in short-term, interest-bearing, investment grade securities. We have not identified any other specific expenditures which will be made with the net proceeds from the offering, but we expect to use the proceeds for general corporate purposes, which may include:

- expansion of our engineering organization and product development programs;

- expansion of our marketing and sales capabilities;
- expansion of our general and administrative functions;

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- investment in complementary technology through licensing arrangements and otherwise; and
- working capital.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

1. By a written consent of the stockholders dated April 21, 1999, our stockholders removed Norton W. Rose from our Board of Directors and elected John W. Paxton to serve until the next annual meeting or until his successor is elected. Holders of 7,276,500 shares out of 9,567,181 shares issued and outstanding executed the written consent.

2. By a written consent of the stockholders dated May 7, 1999, our stockholders took the following actions by written consent:

- a. approved our initial public offering and the taking of all acts required in connection therewith;
- b. approved and adopted our 1999 Employee Stock Purchase Plan;
- c. approved and adopted our 1999 Omnibus Stock Incentive Plan;
- d. approved and adopted our Amended and Restated Certificate of Incorporation to, among other things, authorize preferred stock, stagger the terms of our Board of Directors, abolish the right of stockholders to act by written consent, establish procedures to call special meetings and to establish procedures to amend our bylaws;
- e. approved and adopted our Second Amended and Restated Bylaws to, among other things, effect certain changes to corporate governance; and
- f. approved and adopted our 1999 Rights Agreement with Harris Trust and Savings Bank, trustee.

Holders of 8,978,277 shares out of 9,567,181 shares issued and outstanding executed the written consent.

3. By a written consent of the stockholders dated May 13, 1999, our stockholders approved and adopted our 1999 Stock Option Plan for Non-Employee Directors. Holders of 7,276,500 shares out of 9,567,181 shares issued and outstanding executed the written consent.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits

EXHIBIT NUMBER -----	DESCRIPTION -----
3.1+	Amended and Restated Certificate of Incorporation of Aironet Wireless Communications, Inc.
3.2*	Second Amended and Restated Bylaws of Aironet Wireless Communications, Inc.
4.1*	Specimen of certificate for shares of Aironet's common stock

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4.2+ Rights Agreement between Aironet Wireless Communications, Inc.

and Harris Trust and Savings Bank, as Rights Agent, dated as of June 25, 1999, including form of rights certificate

- 4.3* Warrant certificate issued to Furneaux & Company, LLC
- 4.4 Registration Rights Agreement by and among Aironet and certain of its security holders, dated as of March 31, 1998 included as Exhibit 10.4.3 to Aironet's Registration Statement on Form S-1, as amended (Registration No. 333-78507)
- 10.1 Aironet's Compensation and Benefits Plans
 - 10.1.1* Aironet Wireless Communications, Inc. 1996 Stock Option Plan
 - 10.1.2* Amended and Restated Aironet Wireless Communications, Inc. 1996 Stock Option Plan
 - 10.1.3* First Amendment to Amended and Restated Aironet Wireless Communications, Inc. 1996 Stock Option Plan
 - 10.1.4* Aironet Wireless Communications, Inc. 1999 Employee Stock Purchase Plan
 - 10.1.5* Aironet Wireless Communications, Inc. 1999 Omnibus Stock Incentive Plan
 - 10.1.6* Aironet Wireless Communications, Inc. 1999 Stock Option Plan for Non-Employee Directors
 - 10.1.7* Employment Agreement between Aironet and Roger J. Murphy, Jr.
 - 10.1.8* Employment Letter Agreement between Aironet and Richard G. Holmes
 - 10.1.9* Employment Letter Agreement between Aironet and Ronald B. Willis
 - 10.1.10* Employment Letter Agreement between Aironet and Harvey A. Ikeman
 - 10.1.11* Promissory Note made by Roger J. Murphy, Jr. to the order of Aironet in the principal amount of \$372,000
 - 10.1.11.1* Amendment to Promissory Note, included as Exhibit 10.1.11
 - 10.1.12* Telxon's Retirement & Uniform Matching Profit Sharing Plan, as amended (in which Aironet's employees participate pursuant to the Services Agreement included as Exhibit 10.7)
 - 10.1.12.1* Supplemental Participation Agreement and Certificate of Resolution to Telxon's Retirement & Uniform Matching Profit Sharing Plan, as amended
 - 10.1.13* Telxon 1995 Employee Stock Purchase Plan
- 10.2 Material Leases
 - 10.2.1* Lease between Aironet and Telxon Corporation for 91 Springside Drive, Akron, Ohio, dated as of April 1, 1998
 - 10.2.2* Sublease Agreement between Aironet and Telxon Corporation for 3875 Embassy Parkway, Bath, Ohio dated as of September 1, 1998
 - 10.2.3* Lease renewal between Telxon Corporation and Aironet, dated June 16, 1999, for Lease included as Exhibit 10.2.1 and Sublease included as 10.2.2
- 10.3* Loan Agreement between Aironet and The Huntington National Bank, dated as of July 24, 1998
 - 10.3.1+ First Amendment to Loan Agreement dated April 30, 1999 amending the Loan Agreement included as Exhibit 10.3.
- 10.4* Subscription Agreement by and among Aironet and the investors who executed the same, dated as of March 31, 1998
 - 10.4.1* Form of warrant issued pursuant to the Subscription Agreement included as Exhibit 10.4

- 10.4.2* Stockholders Agreement by and among Aironet and its stockholders party thereto, dated as of March 31, 1998, in connection with the transactions under the Subscription Agreement included as Exhibit 10.4
- 10.4.2.1* Form of Addendum to Stockholders Agreement included as Exhibit 10.4.2
- 10.4.3* Registration Rights Agreement by and among Aironet and certain of its security holders, dated as of March 31, 1998
- 10.4.3.1* Form of Addendum to Registration Rights Agreement included as Exhibit 10.4.3
- 10.4.3.2* Addendum by Telantis Venture Partners IV, Inc. to Registration Rights Agreement included as Exhibit 10.4.3
- 10.5* License, Rights and Supply Agreement between Aironet and Telxon Corporation, dated as of March 31, 1998
- 10.5.1* First Amendment to License, Rights and Supply Agreement dated as of March 31, 1999
- 10.6* Tax Benefit and Indemnification Agreement between Aironet and Telxon Corporation, dated as of March 31, 1998
- 10.6.1* Promissory Note made by Aironet to the order of Telxon Corporation with the Tax Benefit and Indemnification Agreement included as Exhibit 10.6
- 10.7* Services Agreement between Aironet and Telxon Corporation, dated as of March 31, 1998
- 10.8* Assignment of Patent Applications made by Telxon Corporation in favor of Aironet, dated as of March 30, 1998
- 10.9* Assignment of Patent Applications made by Aironet in favor of Telxon Corporation, dated as of March 30, 1998
- 10.10* Cross Covenant Not to Sue between Aironet and Telxon Corporation, dated as of March 31, 1998
- 10.11* AirAware Acknowledgment between Aironet and Telxon Corporation, dated as of March 30, 1998
- 10.12* LM3000 Software Agreement between Aironet and Telxon Corporation, dated as of March 30, 1998

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- 10.13* Patent Continuation in Part Agreement between Aironet and Telxon Corporation, dated as of March 30, 1998
- 10.14* Patent License Agreement between Aironet and Telxon Corporation, dated as of March 30, 1998
- 10.15* Nondisclosure Agreement between Aironet and Telxon Corporation, dated as of March 31, 1998

27+ Financial Data Schedule

+Filed herewith.

*Incorporated by reference to this exhibit number to Aironet's Registration Statement on Form S-1, as amended (Registration No. 333-78507) filed on May 14, 1999 and declared effective on July 29, 1999.

(b) We filed no reports on Form 8-K during the quarter ended June 30, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

Dated: September 10, 1999 Aironet Wireless Communications, Inc.

By:/s/ Richard G. Holmes

Richard G. Holmes
Senior Vice President and Chief Financial
Officer
(Principal Financial and Accounting Officer)

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1999 and declared effective on July 29, 1999.

AMENDED AND RESTATED
 CERTIFICATE OF INCORPORATION
 OF
 AIRONET WIRELESS COMMUNICATIONS, INC.

The name of the corporation (which is hereinafter referred to as the "Corporation") is "Aironet Wireless Communications, Inc."

The original certificate of incorporation was filed with the Secretary of State of the State of Delaware on August 25, 1993, under the name "Spider, Inc." Such certificate of incorporation was amended on August 30, 1993, October 13, 1993, January 19, 1994, and June 20, 1996.

This Amended and Restated Certificate of Incorporation has been duly approved and adopted by the Corporation's Board of Directors and stockholders, and has been duly executed and acknowledged by the officers of the Corporation in accordance with Sections 103, 242 and 245 of the General Corporation Law of the State of Delaware.

The text of the Certificate of Incorporation of the Corporation is hereby amended and restated to read in its entirety as follows:

ARTICLE I

NAME

The name of the corporation (which is hereinafter referred to as the "Corporation") is Aironet Wireless Communications, Inc.

ARTICLE II

REGISTERED AGENT

The address of the registered office of the Corporation in the State of Delaware is Corporation Trust Center, 1209 Orange Street, City of Wilmington, County of New Castle, Delaware 19801. The name of its registered agent at such address is The Corporation Trust Company.

ARTICLE III

PURPOSE

The purpose of the Corporation is to engage in any lawful act or

activity for which corporations may be organized under the General Corporation Law of the State of Delaware as the same exists or may hereafter be amended ("Delaware Law").

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ARTICLE IV

CAPITAL STOCK

SECTION 1. TOTAL NUMBER OF SHARES.

(a) The total number of shares of capital stock which the Corporation shall have authority to issue is 60,500,000, consisting of 60,000,000 shares of Common Stock, par value of \$0.01 per share (the "Common Stock"), and 500,000 shares of Preferred Stock, par value of \$0.01 per share (the "Preferred Stock"). The Common Stock of the Corporation shall be all of one class. The Preferred Stock may be issued in one or more series having such designations as may be fixed by the Board of Directors.

(b) The Board of Directors is expressly authorized to provide for the issuance of all or any shares of the Common Stock and the Preferred Stock, to determine the number of shares of each series and to fix for each series of Common Stock and for any series of Preferred Stock such voting powers, full or limited, or no voting powers, and such designations, preferences and relative, participating, optional or other special rights, and such qualifications, limitations or restrictions thereof, as shall be stated and expressed in the resolution or resolutions adopted by the Board of Directors or a duly authorized committee thereof providing for the issue of such series and as may be permitted by Delaware Law.

(c) The number of authorized shares of any class or classes of stock may be increased or decreased (but not below the number of shares thereof then outstanding) by the affirmative vote of a majority of the Common Stock of the Corporation irrespective of the provisions of Section 242(b)(2) of Delaware Law.

SECTION 2. COMMON STOCK.

(a) ISSUANCE AND CONSIDERATION. Any unissued or treasury shares of the Common Stock may be issued for such consideration as may be fixed in accordance with applicable law from time to time by the

(b) DIVIDENDS. Subject to the rights of holders of the Preferred Stock, the holders of the Common Stock shall be entitled to receive, when and as declared by the Board of Directors, out of the assets of the Corporation which are by law available therefor, dividends payable either in cash, in property, or in shares of stock, and the holders of the Preferred Stock shall not be entitled to participate in any such dividends (unless otherwise provided by the Board of Directors in any resolution providing for the issue of a series of Preferred Stock).

(c) POWERS, PREFERENCES. The following is a statement of the powers, preferences and relative participating, optional or other special rights and qualifications, limitations and restrictions of the Common Stock of the Corporation:

(1) The powers, preferences and relative participating, optional or other special rights and qualifications, limitations or restrictions of the shares of Common Stock shall be identical in all respects.

(2) Subject to the rights of the holders of Preferred Stock, and subject to any other provisions of this Amended and Restated Certificate of Incorporation ("Certificate of Incorporation"), holders of Common Stock shall be entitled to receive such dividends and other distributions in cash, stock of any corporation (including the Common Stock of the Corporation) or property of the Corporation as may be declared thereon by the Board of Directors from time to time out of assets or funds of the Corporation legally available therefor and shall share equally on a per share basis in all such dividends and other distributions.

(3) (A) At every meeting of the stockholders of the Corporation, every holder of Common Stock shall be entitled to one vote in person or by proxy for each share of Common Stock standing in his name on the transfer books of the Corporation in connection with the election of directors and all other matters submitted to a vote of stockholders.

(B) Every reference in this Certificate of Incorporation to a majority or other proportion of shares of Common Stock shall refer to such majority or other proportion of the votes to which such shares of Common Stock are entitled.

(4) In the event of any dissolution, liquidation or winding up of the affairs of the Corporation, whether voluntary or involuntary, after payment in full of the amounts required to be paid to the holders of Preferred Stock, the remaining assets and funds of the Corporation shall be distributed pro rata to the holders of Common Stock. For purposes of this paragraph, the voluntary sale, conveyance, lease, exchange or transfer (for cash, shares of stock, securities or other consideration) of all or substantially all of the assets of the Corporation or a consolidation or merger of the Corporation with one or more other corporations (whether or not the Corporation is the corporation surviving such consolidation or merger) shall not be deemed to be a liquidation, dissolution or winding up, voluntary or involuntary.

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SECTION 3. PREFERRED STOCK.

SERIES AND LIMITS OF VARIATIONS BETWEEN SERIES. Any unissued or treasury shares of the Preferred Stock may be issued from time to time in one or more series for such consideration as may be fixed from time to time by the Board of Directors, and each share of a series shall be identical in all respects with the other shares of such series, except that, if the dividends thereon are cumulative, the date from which they shall be cumulative may differ. Before any shares of Preferred Stock of any particular series shall be issued, a certificate shall be filed with the Secretary of State of Delaware setting forth the designation, rights, privileges, restrictions and conditions to be attached to the Preferred Stock of such series and such other matters as may be required, and the Board of Directors shall fix and determine, and is hereby expressly empowered to fix and determine, in the manner provided by law, the particulars of the shares of such series (so far as not inconsistent with the provisions of this Article IV applicable to all series of Preferred Stock), including, but not limited to, the following:

(a) the distinctive designation of such series and the number of shares which shall constitute such series, which number may be increased (except where otherwise provided by the Board of Directors in creating such series) or decreased (but not below the number of shares thereof then outstanding) from time to time by like action of the Board of Directors;

(b) the annual rate of dividends payable on shares of such series, the conditions upon which such dividends shall be

payable and the date from which dividends shall be cumulative in the event the Board of Directors determines that dividends shall be cumulative;

(c) whether such series shall have voting rights, in addition to the voting rights provided by law and, if so, the terms of such voting rights;

(d) whether such series shall have conversion privileges and, if so, the terms and conditions of such conversion privileges, including, but not limited to, provision for adjustment of the conversion rate upon such events and in such manner as the Board of Directors shall determine;

(e) whether or not the shares of such series shall be redeemable and, if so, the terms and conditions of such redemption, including the date or dates upon or after which they shall be redeemable, and the amount per share payable in case of redemption, which amount may vary under different conditions and at different redemption dates;

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(f) whether such series shall have a sinking fund for the redemption or purchase of shares of that series and, if so, the terms and amount of such sinking fund;

(g) the rights of the shares of such series in the event of voluntary or involuntary liquidation, dissolution or winding up of the Corporation, and the relative rights of priority, if any, of payment of shares of that series; and

(h) any other relative rights, preferences and limitations of or otherwise relating to such series.

SECTION 4. NO PREEMPTIVE RIGHTS. Except as otherwise set forth above in this Article IV, no holder of shares of this Corporation of any class shall be entitled, as such, as a matter of right, to subscribe for or purchase shares of any class now or hereafter authorized, or to purchase or subscribe for securities convertible into or exchangeable for shares of the Corporation or to which there shall be attached or appertain any warrants or rights entitling the holders thereof to purchase or subscribe for shares.

ARTICLE V

BYLAWS AMENDMENT

SECTION 1. AMENDMENT OF BYLAWS BY DIRECTORS. In furtherance and not in limitation of the powers conferred by statute, the Board of Directors is expressly authorized to make, repeal, alter, amend and rescind the Bylaws of the Corporation.

SECTION 2. AMENDMENT OF BYLAWS BY THE STOCKHOLDERS. The Bylaws shall not be made, repealed, altered, amended or rescinded by the stockholders of the Corporation except by the vote of not less than eighty percent (80%) of the outstanding shares of the Corporation entitled to vote thereon. Any amendment to this Certificate of Incorporation which shall contravene any bylaw in existence on the record date of the stockholders meeting at which such amendment is to be voted upon by the stockholders shall require the vote of not less than eighty percent (80%) of the outstanding shares entitled to vote thereon.

ARTICLE VI

BOARD OF DIRECTORS

SECTION 1. CLASSIFIED BOARD. The number of directors of the Corporation (exclusive of directors to be elected by the holders of any one or more series of Preferred Stock voting separately as a class or classes) shall be five (5) or such other number as may be fixed from time to time by action of not less than a majority of the members of the Board of Directors then in office but in no event more than nine (9) or less than three (3). Nominations for directors shall

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be made in accordance with the Bylaws. The Board of Directors (exclusive of directors to be elected by the holders of any one or more series of Preferred Stock voting separately as a class or classes) shall be divided into three classes, Class A, Class B and Class C. The number of directors in each class shall be the whole number contained in the quotient arrived at by dividing the authorized number of directors by three, and if a fraction is also contained in such quotient, then if such fraction is one-third, the extra director shall be a member of Class A and if the fraction is two-thirds, one of the extra directors shall be a member of Class A and the other shall be a member of Class B. Each director shall serve for a term ending on the date of the third annual meeting following the annual meeting at which such director was elected; provided, however, that the directors first elected to Class A shall serve for a term ending on the date of the annual meeting next following the end of the calendar year 1999, the directors first elected to Class B shall serve for a term ending on the date of the second annual meeting next following the end of the calendar year 2000, and the directors first elected to Class C shall serve for a term ending on the date of the third annual meeting next following the end of the calendar year 2001. Notwithstanding the foregoing formula provisions, in the event that, as a result of any change in the authorized number of directors, the number of directors in any class would differ from the number allocated to that class under the formula provided in this Article VI immediately prior to such

change, the following rules shall govern:

(a) each director then serving as such shall nevertheless continue as a director of the class of which such director is a member until the expiration of his current term, death, resignation or removal;

(b) at each subsequent election of directors, even if the number of directors in the class whose term of office then expires is less than the number then allocated to that class under said formula, the number of directors then elected for membership in that class shall not be greater than the number of directors in that class whose term of office then expires, unless and to the extent that the aggregate number of directors then elected plus the number of directors in all classes then duly continuing in office does not exceed the then authorized number of directors of the Corporation;

(c) at each subsequent election of directors, if the number of directors in the class whose term of office then expires exceeds the number then allocated to that class under said formula, the Board of Directors shall designate one or more of the directorships then being elected as directors of another class or classes in which the number of directors then serving is less than the number then allocated to such other class or classes under said formula;

(d) in the event of the death, resignation or removal of any director who is a member of a class in which the number of directors serving immediately preceding the creation of such vacancy exceeded the number then allocated to that class under said formula, the Board of Directors shall designate the vacancy thus created as a vacancy in

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another class in which the number of directors then serving is less than the number then allocated to such other class under said formula;

(e) in the event of any increase in the authorized number of directors, the newly created directorships resulting from such increase shall be apportioned by the Board of Directors to such class or classes as shall, so far as possible, bring the composition of each of the classes into conformity with the formula in this Article VI, as it applies to the number of directors authorized immediately following such increase; and

(f) designation of directorships or vacancies into other classes and apportionments of newly created directorships to classes by the Board of Directors under the foregoing items (c), (d) and (e) shall, so far as possible, be effected so that the class whose term of

office is due to expire next following such designation or apportionment shall contain the full number of directors then allocated to said class under said formula. Notwithstanding any of the foregoing provisions of this Article VI, each director shall serve until his successor is elected and qualified or until his death, resignation or removal.

SECTION 2. ELECTION BY HOLDERS OF PREFERRED STOCK. During any period when the holders of any Preferred Stock or any one or more series thereof, voting as a class, shall be entitled to elect a specified number of directors, by reason of dividend arrearages or other provisions giving them the right to do so, then and during such time as such right continues (i) the then otherwise authorized number of directors shall be increased by such specified number of directors, and the holders of such Preferred Stock or such series thereof, voting as a class, shall be entitled to elect the additional director(s) so provided for, pursuant to the provisions of such Preferred Stock or series; (ii) each such additional director shall serve for such term, and have such voting powers, as shall be stated in the provisions pertaining to such Preferred Stock or series; and (iii) whenever the holders of any such Preferred Stock or series thereof are divested of such rights to elect a specified number of directors, voting as a class, pursuant to the provisions of such Preferred Stock or series, the terms of office of all directors elected by the holders of such Preferred Stock or series, voting as a class pursuant to such provisions or elected to fill any vacancies resulting from the death, resignation or removal of directors so elected by the holders of such Preferred Stock or series, shall forthwith terminate and the authorized number of directors shall be reduced accordingly.

SECTION 3. BALLOTS. Elections of directors at an annual or special meeting of stockholders need not be by written ballot unless the bylaws of the Corporation shall provide otherwise.

SECTION 4. INITIAL DIRECTORS. The directors of the Corporation shall, at the date hereof, be:

(a) Class A Directors

(i) John W. Paxton

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(b) Class B Directors

(i) Samuel F. McKay

(ii) vacant (to be filled as a newly-created seat under the Bylaws)

(c) Class C Directors

- (i) Roger J. Murphy, Jr.
- (ii) James H. Furneaux

ARTICLE VII

STOCKHOLDER ACTION

No action shall be taken by the stockholders except at a duly called annual or special meeting of stockholders and may not be effected by any consent in writing by such stockholders.

ARTICLE VIII

ACQUISITION EVALUATION

The Board of Directors of the Corporation, when evaluating any offer of another party to (i) make a tender or exchange offer for any equity security of the Corporation; (ii) merge or consolidate the Corporation with another corporation; or (iii) purchase or otherwise acquire all or substantially all of the properties and assets of the Corporation, shall in connection with the exercise of its judgment in determining what is in the best interests of the Corporation and its stockholders, give due consideration to all relevant factors, including without limitation the social and economic effects on the employees, customers, suppliers and other constituents of the Corporation and its subsidiaries and on the communities in which the Corporation and its subsidiaries operate or are located.

ARTICLE IX

REMOVAL OF DIRECTOR

Any director may be removed at any annual or special stockholders' meeting upon the affirmative vote of not less than eighty percent (80%) of the outstanding shares of voting stock of the Corporation at that time entitled to vote thereon; provided, however, that such director may be removed only for cause and shall receive a copy of the charges against him, delivered to him personally or by mail at his last known address at least ten (10) days prior to the date of the stockholders' meeting; AND PROVIDED FURTHER, that directors who shall have been elected by the

holders of a series or class of Preferred Stock, voting separately as a class, shall be removed only pursuant to the provisions establishing the rights of such series or class to elect such directors.

ARTICLE X

AMENDMENT OF CERTIFICATE OF INCORPORATION

SECTION 1. AMENDMENT OF CERTAIN ARTICLES. The provisions set forth in this Article X and in Articles V; VI, Sections 1 and 5; VII; VIII; IX; XI and XII may not be amended, altered, changed or repealed in any respect unless such amendment, alteration, change or repealer is approved by the affirmative vote of not less than eighty percent (80%) of the outstanding shares of the Corporation entitled to vote thereon; provided that with respect to any proposed amendment, alteration or change to this Certificate of Incorporation, or repealing of any provision of this Certificate of Incorporation, which would amend, alter or change the powers, preferences or special rights of the shares of Common Stock so as to affect them adversely, the affirmative vote of not less than eighty percent (80%) of the outstanding shares affected by the proposed amendment, voting as a separate class, shall be required in addition to the vote otherwise required pursuant to this Article X; and PROVIDED, FURTHER, that with respect to any amendment, alteration or change to, or repealing of, any provision of Article XI, the affirmative vote of not less than eighty percent (80%) of the outstanding shares of the Corporation entitled to vote thereon, other than and excepting shares held by the Interested Person (as referred to and defined in Article XI) (if any) seeking or proposing to effect any transaction involving the Corporation or any subsidiary of the Corporation, shall be required in addition to the vote otherwise required pursuant to this Article X.

SECTION 2. AMENDMENTS GENERALLY. Subject to the provisions of Section 1 of this Article X, the Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation, in the manner now or hereafter prescribed by statute, and all rights conferred on stockholders herein are granted subject to this reservation.

ARTICLE XI

BUSINESS COMBINATION

SECTION 1. DELAWARE LAW SECTION 203. This Article XI is in addition to, not in limitation of, Delaware Law section 203.

SECTION 2. VOTE REQUIRED FOR CERTAIN BUSINESS COMBINATIONS. The affirmative vote of not less than seventy-five percent (75%) of the outstanding shares of "Voting Stock" (as hereinafter defined) held by stockholders other than the "Interested Person" (as hereinafter defined) seeking to effect a "Business Combination" (as hereinafter defined) shall be required for the approval or authorization of any Business Combination with any Interested Person.

SECTION 3. DEFINITIONS. Certain words and terms as used in this Article XI shall have the meanings given to them by the definitions and descriptions in this Section.

(a) BUSINESS COMBINATION. The term "Business Combination" shall mean (i) any merger or consolidation of the Corporation or a subsidiary of the Corporation with or into an Interested Person; (ii) any sale, lease, exchange, transfer or other disposition, including without limitation, a mortgage or any other security device, of all or any "Substantial Part" (as hereinafter defined) of the assets either of the Corporation (including without limitation, any voting securities of a subsidiary) or of a subsidiary of the Corporation to an Interested Person; (iii) any merger or consolidation of an Interested Person with or into the Corporation or a subsidiary of the Corporation; (iv) any sale, lease, exchange, transfer or other disposition, including without limitation, a mortgage or other security device, of all or any Substantial Part of the assets of an Interested Person to the Corporation or a subsidiary of the Corporation; (v) the issuance or transfer by the Corporation or any subsidiary of the Corporation of any securities of the Corporation or a subsidiary of the Corporation to an Interested Person; (vi) any reclassification of securities, recapitalization or other comparable transaction involving the Corporation that would have the effect of increasing the voting power of any Interested Person with respect to Voting Stock of the Corporation; and (vii) any agreement, contract or other arrangement providing for any of the transactions described in this definition of Business Combination.

(b) INTERESTED PERSON. The term "Interested Person" shall mean and include any individual, corporation, partnership or other person or entity which, together with its "Affiliates" and "Associates" (as defined in Rule 12b-2 of the General Rules and Regulations under the Securities Act of 1934 as in effect at the date of the adoption of this Article XI by the stockholders of the Corporation), "Beneficially Owns" (as defined in Rule 13d-3 of the General Rules and Regulations under the Securities Exchange Act of 1934 as in effect at the date of the adoption of this Article XI by the stockholders of the Corporation) in the aggregate five percent (5%) or more of the outstanding Voting Stock of the Corporation, and any Affiliate or Associate of any such individual, corporation, partnership or other person or entity. Without limitation, any share of Voting Stock of the Corporation that any Interested Person has the right to acquire at any time (notwithstanding that Rule 13d-3 deems such shares to be beneficially owned only if such right may be exercised within sixty (60) days) pursuant to any agreement, or upon exercise of conversion rights, warrants or options, or otherwise, shall be deemed to be Beneficially Owned by the Interested Person and to be outstanding for purposes of this definition. An Interested Person shall be deemed to have acquired a share of the Voting Stock of the Corporation at the time when such

Interested Person became the Beneficial Owner thereof. With respect to the shares owned by Affiliates, Associates or other persons whose ownership is attributed to an Interested Person under the foregoing definition of Interested Person, if the price paid by such Interested Person for such shares is not determinable by two-thirds of the Continuing Directors, the price so paid shall be deemed to be the higher of (i) the price paid upon the acquisition thereof by the Affiliate, Associate or other person

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or (ii) the market price of the shares in question at the time when the Interested Person became the Beneficial Owner thereof.

(c) VOTING STOCK. The term "Voting Stock" shall mean all of the outstanding shares of Common Stock of the Corporation and any outstanding shares of Preferred Stock entitled to vote on each matter on which the holders of record of Common Stock shall be entitled to vote, and each reference to a proportion of shares of Voting Stock shall refer to such proportion of the votes entitled to be cast by all of such shares.

(d) SUBSTANTIAL PART. The term "Substantial Part" shall mean more than twenty percent (20%) of the fair market value of the total consolidated assets of the Corporation and its subsidiaries taken as a whole as of the end of its most recent fiscal year ended prior to the time the determination is being made, and determined by a vote of two-thirds of the Corporation's directors.

ARTICLE XII

RELATED PARTY TRANSACTIONS

SECTION 1. VALIDITY OF AGREEMENTS. No contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof) between the Corporation and any Related Entity (as defined below) or between the Corporation and one or more of the directors or officers of the Corporation or any Related Entity, shall be void or voidable solely for the reason that any Related Entity or any one or more of the officers or directors of the Corporation or any Related Entity are parties thereto, or solely because any such directors or officers are present at or participate in the meeting of the Board of Directors or committee thereof which authorizes the contract, agreement, arrangement, transaction, amendment, modification or termination or solely because his or their votes are counted for such purpose, but any such contract, agreement, arrangement or transaction (or any amendment, modification or termination thereof) shall be governed by the provisions of this Certificate

of Incorporation, the Corporation's Bylaws, Delaware Law and other applicable law. For purposes of this Article XII, (i) the term "Related Entity" means one or more directors of this Corporation, or one or more corporations, partnerships, associations or other organizations in which one or more of its directors have a direct or indirect financial interest and (ii) the term "Corporation" shall mean the Corporation and all corporations, partnerships, joint ventures, associations and other entities in which the Corporation beneficially owns (directly or indirectly) fifty percent (50%) or more of the outstanding voting stock, voting power or similar voting interests.

SECTION 2. DUAL DIRECTORSHIPS. Directors of the Corporation who are also directors or officers of any Related Entity may be counted in determining the presence of a quorum at a meeting of the Board of Directors or of a committee that authorizes or approves any such contract, agreement, arrangement or transaction (or amendment, modification or termination thereof). Outstanding Shares of Common Stock owned by any Related Entity may be counted in

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determining the presence of a quorum at a meeting of stockholders that authorizes or approves any such contract, agreement, arrangement or transaction (or amendment, modification or termination thereof).

SECTION 3. GOOD FAITH ACTIVITY. No officer or director of any Related Entity shall be liable to the Corporation or its stockholders for breach of any fiduciary duty or duty of loyalty or failure to act in (or not opposed to) the best interests of the Corporation or the derivation of any improper personal benefit by reason of the fact that an officer or director of such Related Entity in good faith takes any action or exercises any rights or gives or withholds any consent in connection with any agreement or contract between any Related Entity and the Corporation. No vote cast or other action taken by any person who is an officer, director or other representative of such Related Entity, which vote is cast or action is taken by such person in his capacity as a director of the Corporation, shall constitute an action of or the exercise of a right by or a consent of such Related Entity for the purpose of any such agreement or contract.

SECTION 4. NOTICE AND WAIVER. Any person or entity purchasing or otherwise acquiring any interest in any shares of capital stock of the Corporation shall be deemed to have notice of, to understand the ramifications of, to have consented to the provisions of, and, to the fullest extent permitted by Delaware Law, to have waived his right to contest this Article XII.

SECTION 5. ALTER EGO. For purposes of this Article XII, any contract, agreement, arrangement or transaction with any corporation, partnership, joint venture, association or other entity in which the Corporation beneficially owns (directly or indirectly) fifty percent (50%) or more of the outstanding voting stock, voting power or similar voting interests, or with any officer or director thereof, shall be deemed to be a contract, agreement, arrangement or transaction

with the Corporation.

SECTION 6. EFFECTIVENESS. Neither the alteration, amendment, change or repeal of any provision of this Article XII nor the adoption of any provision inconsistent with any provision of this Article XII shall eliminate or reduce the effect of this Article XII in respect of any matter occurring, or any cause of action, suit or claim that, but for this Article XII, would accrue or arise, prior to such alteration, amendment, change, repeal or adoption.

SECTION 7. NON-EXCLUSIVE PROVISIONS. The provisions of this Article XII are in addition to the provisions of Article VI, Section 5.

ARTICLE XIII

LIMITED LIABILITY; INDEMNIFICATION

SECTION 1. LIMITED LIABILITY OF DIRECTORS. A director of the Corporation shall not be personally liable to the Corporation or its stockholders for monetary damages for breach of

fiduciary duty as a director, except, if required by Delaware Law, as amended from time to time, for liability (i) for any breach of the director's duty of loyalty to the Corporation or its stockholders; (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law; (iii) under Section 174 of Delaware Law; or (iv) for any transaction from which the director derived an improper personal benefit. Neither the amendment nor repeal of Section 1 of this Article XIII shall eliminate or reduce the effect of Section 1 of this Article XIII in respect of any matter occurring, or any cause of action, suit or claim that, but for Section 1 of this Article XIII would accrue or arise, prior to such amendment or repeal.

SECTION 2. INDEMNIFICATION AND INSURANCE.

(a) RIGHT TO INDEMNIFICATION. Each person who was or is made a party or is threatened to be made a party to or is involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "Proceeding"), by reason of the fact that such person, or a person of whom such person is the legal representative, is or was a director or officer of the Corporation or is or was serving at the request of the Corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer,

employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the Corporation to the fullest extent authorized by Delaware Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the Corporation to provide broader indemnification rights than said law permitted the Corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, amounts paid or to be paid in settlement, and excise taxes or penalties arising under the Employee Retirement Income Security Act of 1974, as in effect from time to time) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of such person's heirs, executors and administrators; provided, however, that, except as provided in paragraph (b) hereof, the Corporation shall indemnify any such person seeking indemnification in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the Board of Directors. The right to indemnification conferred in this Section shall be a contract right and shall include the right to have the Corporation pay the expenses incurred in defending any such proceeding in advance of its final disposition; any advance payments to be paid by the Corporation within twenty (20) calendar days after the receipt by the Corporation of a statement or statements from the claimant requesting such advance or advances from time to time; provided, however, that, if and to the extent Delaware law requires, the payment of such expenses incurred by a director or officer in such person's capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person while a director or officer, including, without limitation, service

to an employee benefit plan) in advance of the final disposition of a proceeding, shall be made only upon delivery to the Corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that such director or officer is not entitled to be indemnified under this Section or otherwise. The Corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and rights to have the Corporation pay the expenses incurred in defending any proceeding in advance of its final disposition, to any employee or agent of the Corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the Corporation.

(b) RIGHT OF CLAIMANT TO BRING SUIT. If a claim under paragraph (a) of this Section is not paid in full by the Corporation within thirty (30) calendar days after a written claim has been received by the Corporation, the claimant may at any time thereafter bring suit against the Corporation to recover the unpaid amount of the claim and, if successful in whole or in part, the claimant shall be entitled to be paid also the expense of prosecuting such claim. It shall be a defense to any such action (other than an action brought to enforce a claim for expenses incurred in defending any proceeding in advance of its final disposition where the required undertaking, if any is required, has been tendered to the Corporation) that the claimant has not met the standard of conduct which makes it permissible under Delaware Law for the Corporation to indemnify the claimant for the amount claimed, but the burden of proving such defense shall be on the Corporation. Neither the failure of the Corporation (including its Board of Directors, independent legal counsel or its stockholders) to have made a determination prior to the commencement of such action that indemnification of the claimant is proper in the circumstances because the claimant has met the applicable standard of conduct set forth in Delaware Law, nor an actual determination by the Corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the claimant has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the claimant has not met the applicable standard of conduct.

(c) NON-EXCLUSIVITY OF RIGHTS. The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the Certificate of Incorporation, Bylaw, agreement, vote of stockholders or disinterested directors or otherwise. No repeal or modification of this Article shall in any way diminish or adversely affect the rights of any director, officer, employee or agent of the Corporation hereunder in respect of any occurrence or matter arising prior to any such repeal or modification.

(d) INSURANCE. The Corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation, partnership, joint venture, trust or other enterprise against any such expense,

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liability or loss, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under Delaware Law.

(e) SEVERABILITY. If any provision or provisions of this

Article XIII shall be held to be invalid, illegal or unenforceable for any reason whatsoever: (1) the validity, legality and enforceability of the remaining provisions of this Article XIII (including, without limitation, each portion of any paragraph of this Article XIII containing any such provision held to be invalid, illegal or unenforceable, that is not itself held to be invalid, illegal or unenforceable) shall not in any way be affected or impaired thereby and (2) to the fullest extent possible, the provisions of this Article XIII (including, without limitation, each such portion of any paragraph of this Article XIII containing any such provision held to be invalid, illegal or unenforceable) shall be construed so as to give effect to the intent manifested by the provision held invalid, illegal or unenforceable.

ARTICLE XIV

GENDER AND FORM

Whenever the context may require, any pronouns used in this Certificate of Incorporation shall include the corresponding masculine, feminine or neuter forms, and the singular form of nouns and pronouns, including capitalized terms defined herein, shall include the plural and vice versa. "Including" and words of similar import shall be construed as words of inclusion and not of limitation such that matters described following such words of inclusion shall be regarded as nonexclusive, noncharacterizing illustrations of the matters described prior to such words of inclusion.

ARTICLE XV

EFFECTIVE DATE

Upon the adoption of this Certificate of Incorporation by the stockholders of the Corporation and its filing by the Secretary of State of Delaware as required by applicable provisions of Delaware Law, this Certificate of Incorporation shall become effective and shall supersede the existing Certificate of Incorporation, as amended to date.

IN WITNESS WHEREOF, this Certificate of Incorporation has been duly adopted by the written consent of the stockholders of the Corporation in accordance with the provisions of Sections 228, 242 and 245 of Delaware Law and has been executed this 20th day of July, 1999.

By: /s/ Roger J. Murphy

Roger J. Murphy, President

Attest:

/s/ Jay R. Faeges

Jay R. Faeges, Secretary

AIRONET WIRELESS COMMUNICATIONS, INC.

and

HARRIS TRUST AND SAVINGS BANK

as

Rights Agent

Rights Agreement

Dated as of
June 25, 1999

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RIGHTS AGREEMENT

This Agreement ("Agreement") is dated as of June 25, 1999 between Aironet Wireless Communications, Inc., a Delaware corporation (the "Company"), and Harris Trust and Savings Bank, an Illinois banking corporation (the "Rights Agent") and will become effective immediately upon the closing of the Company's

initial firm commitment public offering.

W I T N E S S E T H:

WHEREAS, on April 12, 1999, the Board of Directors of the Company authorized and declared a dividend distribution of one Right (as defined below) for each share of Common Stock (as defined below) outstanding the date of this Agreement (the "Record Date"), and contemplated the issuance of one Right for each share of Common Stock issued between the Record Date and the earlier of the Distribution Date and the Expiration Date (as such capitalized terms are defined below) and certain shares of Common Stock issued after the Distribution Date, each Right representing the right to purchase Common Stock upon the terms and subject to the conditions set forth in this Agreement (the "Rights"); and

WHEREAS, the Board of Directors of the Company determined it advisable and in the best interest of the Company and its stockholders to enter into this Agreement;

NOW, THEREFORE, in consideration of the premises and the mutual agreements set forth, the parties agree as follows:

Section 1. Certain Definitions. For purposes of this Agreement, the following terms have the meaning indicated:

"Act" means the Securities Act of 1933, as amended.

"Acquiring Person" means any Person (as defined below) who or which alone or, together with all Affiliates (as defined below) and Associates (as defined below) of such Person, shall be the

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Beneficial Owner (as defined below) of fifteen percent (15%) or more of the shares of Common Stock then outstanding or who was such a Beneficial Owner at any time after the date of this Agreement, whether or not such Person continues to be the Beneficial Owner of fifteen percent (15%) or more of the shares of Common Stock outstanding from time to time, but does not include an Exempt Person (as defined below).

"Acquisition Date" means the first date of public announcement (which for purposes of this definition shall include, without limitation, a report filed pursuant to Section 13(d) under the Exchange Act (as defined below)) by the Company or by an Acquiring Person that an Acquiring Person has become such.

"Affiliate" and "Associate" have the respective meanings ascribed to such terms in Rule 12b-2 of the General Rules and Regulations under the Exchange Act, as in effect on the date of this Agreement.

A "Person" shall be deemed the "Beneficial Owner" of, and shall be deemed to "beneficially own," any securities:

(i) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to acquire (whether such right is exercisable immediately or only after the passage of time) pursuant to any agreement, arrangement or understanding (whether or not in writing), or upon the exercise of any conversion, exchange or purchase rights, warrants or options, or otherwise; provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," (A) securities tendered pursuant to a tender or exchange offer made by or on behalf of such Person or any of such Person's Affiliates or Associates until such tendered securities are accepted for payment or exchange; (B) securities issuable upon the exercise of Rights at any time

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prior to the occurrence of a Triggering Event (as defined below); or (C)

securities issuable upon the exercise of Rights from and after the occurrence of a Triggering Event, which Rights were acquired by such Person or any of such Person's Affiliates or Associates prior to the Distribution Date pursuant to Section 23 (the "Original Rights") or pursuant to Section 11(i) in connection with any adjustment made with respect to any Original Rights;

(ii) which such Person or any of such Person's Affiliates or Associates, directly or indirectly, has the right to vote or dispose of or has beneficial ownership of (as determined pursuant to Rule 13d-3 of the General Rules and Regulations under the Exchange Act or any successor rule thereto), including pursuant to any agreement, arrangement or understanding (whether or not in writing); provided, however, that a Person shall not be deemed the "Beneficial Owner" of, or to "beneficially own," any securities under this Section 1(e) (ii) as a result of an agreement, arrangement or understanding to vote such security which: (A) arises solely by reason of the grant of a revocable proxy or consent to any Person who shall have obtained such proxy or consent pursuant to and as a result of a public proxy or consent solicitation subject to and conducted in accordance with the applicable provisions of the Exchange Act and the applicable rules and regulations thereunder and (B) also is not then reportable on Schedule 13D under the Exchange Act (or any comparable or successor report); or

(iii) which are "beneficially owned," directly or indirectly, by any other Person (or any Affiliate or Associate thereof) with which such Person or any of such Person's Affiliates or Associates has any agreement, arrangement or understanding (whether or not in writing) for the purpose of acquiring, holding, voting (except pursuant to a revocable proxy as described in clause (A) of subparagraph (ii) of this Section 1(e)) or disposing of any securities of the Company; provided,

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however, that nothing in this Section 1(e) shall cause a Person engaged in business as an underwriter of securities to be the "Beneficial Owner" of, or to "beneficially own," any securities acquired through such Person's participation in good faith in a firm commitment underwriting until the expiration of forty (40) days after the date of such acquisition.

"Board" means the Board of Directors of the Company.

"Business Day" means any day other than a Saturday, Sunday or a day on which banking institutions in the States of Ohio or Illinois are authorized or obligated by law or executive order to close.

"Close of Business" on any given date means 5:00 P.M., Cleveland, Ohio time, on such date; provided, however, that if such date is not a Business Day it means 5:00 P.M., Cleveland, Ohio time, on the next succeeding Business Day.

"Common Stock" means the common stock, presently having a par value of \$.01 per share, of the Company or any other shares of capital stock of the Company into which such stock shall be reclassified or changed; provided, however, that (i) "Common Stock," when used with reference to any Person other than the Company organized in corporate form, means the capital stock or other equity security with the greatest voting power, or the equity securities or other equity interest having power to control or direct the management, of such Person or, if such Person is a subsidiary of another Person, the Person which ultimately controls such first-mentioned Person and which has issued any such outstanding capital stock, equity securities or equity interests and (ii) "Common Stock," when used with reference to any Person which shall not be organized in corporate form, means units of beneficial interest which (A) shall represent the right to participate generally in the profits and losses of such Person (including, without limitation, any flow-through tax benefits

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resulting from an ownership interest in such Person) and (B) shall be entitled to exercise the greatest voting power of such Person or, in the case of a

limited partnership, shall have the power to remove the general partner or partners.

"Exchange Act" means the Securities Exchange Act of 1934, as amended.

"Exempt Person" means: (i) the Company; (ii) any subsidiary of the Company; (iii) any employee benefit plan of the Company or of any subsidiary of the Company; (iv) any Person or entity organized, appointed or established by the Company for or pursuant to the terms of any such plan; (v) any Person who obtains the approval of the Board and is deemed by the Board not to be an Acquiring Person prior to such Person otherwise becoming an Acquiring Person; (vi) any Person who on the Record Date is the Beneficial Owner of fifteen percent (15%) or more of the shares of Common Stock of the Company then outstanding (a "Record Date Owner"), unless and until such time as the Record Date Owner shall directly or indirectly purchase or otherwise become (as a result of actions taken by the Record Date Owner or its Affiliates or Associates) the Beneficial Owner of any additional shares of Common Stock of the Company, or unless and until, directly or indirectly, (x) the Record Date Owner shall consolidate or otherwise combine with, or merge with and into any other Person and the Record Date Owner shall not be the continuing or surviving corporation of such consolidation, combination or merger, (y) any Person shall consolidate or otherwise combine with the Record Date Owner, or merge with and into the Record Date Owner and the Record Date Owner shall be the continuing or surviving corporation of such consolidation, combination or merger and, in connection with such consolidation, combination or merger, all or part of the shares of Common Stock of the Record Date Owner shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (z) the Record Date Owner shall sell, mortgage

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or otherwise transfer (or one or more of its subsidiaries shall sell, mortgage or otherwise transfer), in one or more transactions, assets or earning power aggregating more than fifty percent (50%) of the assets or earning power of the Record Date Owner and its subsidiaries (taken as a whole) to any other Person (upon any such event in this part (vi) the Exempt Person shall become an Acquiring Person); (vii) any Person who, together with its Affiliates and Associates, becomes the Beneficial Owner of fifteen percent (15%) or more of the shares of Common Stock of the Company then outstanding solely as a result of a reduction in the number of shares of Common Stock of the Company outstanding due to the repurchase of shares of Common Stock of the Company by the Company, unless and until such time as such Person shall purchase or otherwise become (as a result of actions taken by such Person or its Affiliates or Associates) the Beneficial Owner of additional shares of Common Stock of the Company constituting one percent (1%) or more of the then outstanding shares of Common Stock of the Company; or (viii) any Person whom the Board determines became an Acquiring Person solely as a result of inadvertence, provided, however, that such Person divests as promptly as practicable a sufficient number of shares of Common Stock so that such Person, together with all Affiliates and Associates of such Person, would no longer be the Beneficial Owner of fifteen percent (15%) or more of the shares of Common Stock outstanding.

"Expiration Date" shall have the meaning set forth in Section 7(a) of this Agreement.

"Final Expiration Date" shall have the meaning set forth in Section 7(a) of this Agreement.

"Person" means any individual, firm, corporation, partnership, trust, limited liability company or other entity and shall include any successor (by merger or otherwise) of such entity.

"Section 11(a) (ii) Event" shall have the meaning set forth in Section 11(a) (ii) of this Agreement.

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"Section 13 Event" shall have the meaning set forth in Section 13(a) of this Agreement.

A "Subsidiary" of any Person means any corporation or other entity of which a majority of the voting power of the voting equity securities or voting interests is owned, directly or indirectly, by such Person, or which is otherwise controlled by such Person.

"Tender Date" means the date (after the date of this Agreement and prior to the issuance of the Rights Certificates) on which a tender offer or exchange offer by any Person (other than the Company, any subsidiary of the Company or any employee benefit plan sponsored or maintained by the Company or any of its subsidiaries) is first published or sent or given within the meaning of Rule 14d-2 of the General Rules and Regulations under the Exchange Act (or any successor rule thereto), which shall not have been approved prior thereto by the Board and which would, if successful, result in such Person becoming an Acquiring Person.

"Triggering Event" means any Section 11(a) (ii) Event or any Section 13 Event.

Section 2. Appointment of Rights Agent. The Company hereby appoints the Rights Agent to act as agent for the Company and the holders of the Rights (who, in accordance with Section 3 of this Agreement, shall, prior to the Distribution Date (or later in certain circumstances), also be the holders of the Common Stock) in accordance with the terms and conditions of this Agreement, and the Rights Agent hereby accepts such appointment. The Company may from time to time appoint such Co-Rights Agents as it may deem necessary or desirable. In the event the Company appoints one or more Co-Rights Agents, the respective duties of such Co-Rights Agents shall be as the Company determines.

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Section 3. Issuance of Rights Certificates.

(a) At all times prior to the earlier of (i) the tenth (10th) Business Day after the Acquisition Date (or such specified or unspecified later date as may be determined by the Board prior to such tenth (10th) Business Day) and (ii) the tenth (10th) Business Day after the Tender Date (or such specified or unspecified later date as may be determined by the Board prior to such tenth (10th) Business Day) (the earlier of such dates being referred to in this Agreement as the "Distribution Date"), (x) the Rights will be evidenced (subject to the provisions of paragraph (b) of this Section 3) by the certificates for Common Stock registered in the names of the holders of the Common Stock (which certificates for Common Stock shall be deemed also to be certificates for Rights) and not by separate certificates and (y) the Rights (and the right to receive certificates therefor) will be transferable only in connection with the transfer of the underlying shares of Common Stock. As soon as practicable after the Distribution Date, the Rights Agent will send, at the expense of the Company, by first-class, insured, postage prepaid mail, to each record holder of the Common Stock as of the Close of Business on the Distribution Date, at the address of such holder shown on the records of the Company, a certificate for Rights, in substantially the form of Exhibit A hereto (the "Rights Certificates"), evidencing one Right for each share of Common Stock so held, subject to adjustment as provided in this Agreement. As of and after the Distribution Date, the Rights will be evidenced solely by such Rights Certificates.

In certain circumstances provided in Section 23 of this Agreement, Rights will be issued in respect of shares of Common Stock which are issued (whether originally issued or delivered from the Company's treasury) after the Distribution Date, and as soon as practicable after the issuance thereof, the Rights Agent will so send Rights Certificates to the record holders of such shares.

(b) The Company shall send a copy of a Summary of Rights to Purchase Common Stock, (the "Summary of Rights"), by first-class, postage prepaid mail, to each record holder of the Common Stock as of the Close of Business on the Record Date, at the address of such holder shown on the records of the Company. With respect to certificates for the Common Stock outstanding as of the Record Date, at all times from and after the Record Date until the Distribution Date (or earlier redemption, expiration or termination of the Rights), the Rights are evidenced by such certificates for Common Stock, with or without a copy of the Summary of Rights attached thereto, and the registered holders of the Common Stock also are the registered holders of the associated Rights. Until the Distribution Date (or earlier redemption, expiration or termination of the Rights), the surrender for transfer of any of the certificates for Common Stock outstanding on the Record Date, with or without a copy of the Summary of Rights attached thereto, also constitutes the transfer of the Rights associated with the Common Stock represented by such certificate.

(c) Certificates for Common Stock issued (whether originally issued or delivered from the Company's treasury) after the Record Date, but prior to the earlier of the Distribution Date and the Expiration Date (as defined below), shall also be deemed to be certificates for Rights and shall have impressed, printed, stamped, written or otherwise affixed onto them either of the following legends:

"This certificate also evidences and entitles the holder hereof to certain Rights as set forth in a Rights Agreement between Aironet Wireless Communications, Inc. and Harris Trust and Savings Bank (the "Rights Agent") dated as of _____, 1999 (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal offices of Aironet Wireless Communications, Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be redeemed, may expire, or may be evidenced by separate certificates and will no longer be evidenced by this certificate. Aironet Wireless Communications, Inc. will mail to the holder of this certificate a copy of the Rights Agreement without charge within five (5) days after receipt of a written

request therefor. Under certain circumstances, Rights issued to Acquiring Persons (as defined in the Rights Agreement) or certain related persons and any subsequent holder of such Rights may become null and void with respect to certain rights set forth in Section 11(a)(ii) of the Rights Agreement."

"This certificate also evidences and entitles the holder hereof to certain Rights as set forth in the Rights Agreement between Aironet Wireless Communications, Inc. and the Rights Agent, as the same may be amended, restated, renewed or extended from time to time (the "Rights Agreement"), the terms of which are hereby incorporated herein by reference and a copy of which is on file at the principal offices of Aironet Wireless Communications, Inc. Under certain circumstances, as set forth in the Rights Agreement, such Rights may be redeemed, may expire, or may be evidenced by separate certificates and will no longer be evidenced by this certificate. Aironet Wireless Communications, Inc. will mail to the holder of this certificate a copy of the Rights Agreement without charge within five (5) business days after receipt of a written request therefor. Under certain circumstances, Rights beneficially owned (as such term is defined in the Rights Agreement) by an Acquiring Person (as such term is defined in the Rights Agreement) or certain related persons and any subsequent holder of such Rights, may become null and void. The Rights shall not be exercisable, and shall be void so long as held, by a holder in any jurisdiction where

the requisite qualification to the issuance to such holder, or the exercise by such holder, of the Rights in such jurisdiction shall not have been obtained or be obtainable."

With respect to such certificates containing either of the foregoing legends, until the Distribution Date (or earlier redemption, expiration or termination of the Rights), the Rights associated with the Common Stock represented by such certificates are evidenced by such certificates alone, and the surrender for transfer of any of such certificates shall also constitute the transfer of the Rights associated with the Common Stock represented by such certificates.

Section 4. Form of Rights Certificate.

(a) The Rights Certificates (and the forms of election to purchase shares and of assignment to be printed on the reverse thereof) shall each be substantially in the form set forth in Exhibit A hereto and may have such marks of identification or designation and such legends, summaries or endorsements printed thereon as the Company may deem appropriate and as are not

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inconsistent with the provisions of this Agreement, or as may be required to comply with any applicable law or with any rule or regulation made pursuant thereto or with any rule or regulation of any stock exchange or over-the-counter market reporting system on which the Rights may from time to time be listed or included, or to conform to common usage in the financial community. Subject to the provisions of Section 11 and Section 23 of this Agreement, the Rights Certificates, whenever distributed, shall be dated as of the Record Date and on their face shall entitle the holders thereof to purchase such number of shares of Common Stock as shall be set forth therein at the price per share set forth therein (the "Purchase Price"), but the number of such shares and the Purchase Price shall at all times after the distribution thereof be subject to adjustment as provided in this Agreement.

(b) Any Rights Certificate issued pursuant to Section 3(a) or Section 23 of this Agreement that represents Rights beneficially owned by an Acquiring Person or an Associate or Affiliate thereof, any Rights Certificate issued at any time upon the transfer of any Rights to such an Acquiring Person or any Associate or Affiliate thereof or to any nominee of such Acquiring Person, Associate or Affiliate, and any Rights Certificate issued pursuant to Section 6 or Section 11 upon transfer, exchange, replacement or adjustment of any other Rights Certificate referred to in this sentence, shall contain the following legend:

The Rights represented by this Rights Certificate were issued to a Person who was an Acquiring Person or an Affiliate or an Associate of an Acquiring Person. This Rights Certificate and the Rights represented hereby may become void to the extent provided by, and under certain circumstances as specified in, Section 7(e) of the Rights Agreement.

The provisions of Section 7(e) of this Rights Agreement shall be operative whether or not the foregoing legend is contained on any such Rights Certificate.

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Section 5. Countersignature and Registration. The Rights Certificates shall be executed on behalf of the Company by its Chairman of the Board, any Vice Chairman of the Board, its President or any Vice President and by its Treasurer, its Secretary or any Assistant Secretary, either manually or by facsimile signature, and shall have affixed thereto the Company's seal or a

facsimile thereof. The Rights Certificates shall be countersigned by the Rights Agent, either manually or by facsimile signature, and shall not be valid for any purpose unless so countersigned. In case any officer of the Company who shall have signed any of the Rights Certificates shall cease to be such officer of the Company before countersignature by the Rights Agent and issuance and delivery by the Company, such Rights Certificates, nevertheless, may be countersigned by the Rights Agent and issued and delivered by the Company with the same force and effect as though the person who signed such Rights Certificates had not ceased to be such officer of the Company; and any Rights Certificates may be signed on behalf of the Company by any person who, at the actual date of execution of such Rights Certificates, shall be a proper officer of the Company to sign such Rights Certificates, although at the date of execution of this Agreement any such person was not such an officer.

Following the Distribution Date, the Rights Agent will keep, or cause to be kept, at its offices in Cleveland, Ohio, books for registration and transfer of the Rights Certificates issued under this Agreement. Such books shall show the names and addresses of the respective holders of the Rights Certificates, the number of Rights evidenced on its face by each of the Rights Certificates and the date of each of the Rights Certificates.

Section 6. Transfer, Split Up, Combination and Exchange of Rights Certificates; Mutilated, Destroyed, Lost or Stolen Rights Certificates. Subject to the provisions of Section 4(b), Section 7(e) and Section 15 of this Agreement, at any time after the Close of Business on the

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Distribution Date, and on or prior to the Close of Business on the Expiration Date, any Rights Certificate or Rights Certificates may be transferred, split up, combined or exchanged for another Rights Certificate or Rights Certificates, entitling the registered holder to purchase a like number of shares of Common Stock (or, after a Triggering Event, other securities, cash or other assets, as the case may be) as the Rights Certificate or Rights Certificates surrendered then entitled such holder to purchase. Any registered holder desiring to transfer, split up, combine or exchange any Rights Certificate or Rights Certificates must make such request in writing delivered to the Rights Agent and must surrender the Rights Certificate or Rights Certificates to be transferred, split up, combined or exchanged at the principal office of the Rights Agent. Thereupon, the Rights Agent shall countersign and deliver to the Person entitled thereto a Rights Certificate or Rights Certificates, as the case may be, as so requested. The Company may require payment of a sum sufficient to cover any tax or governmental charge that may be imposed in connection with any transfer, split up, combination or exchange of Rights Certificates.

Upon receipt by the Company and the Rights Agent of evidence reasonably satisfactory to them of the loss, theft, destruction or mutilation of a valid Rights Certificate and, in case of loss, theft or destruction, of indemnity or security reasonably satisfactory to them, and upon reimbursement to the Company and the Rights Agent of all reasonable expenses incidental thereto, and upon surrender to the Rights Agent and cancellation of the Rights Certificate if mutilated, the Company will execute and deliver a new Rights Certificate of like tenor to the Rights Agent for countersignature and delivery to the registered owner in lieu of the Rights Certificate so lost, stolen, destroyed or mutilated.

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Section 7. Exercise of Rights; Purchase Price; Expiration Date of Rights.

(a) The registered holder of any Rights Certificate may exercise the Rights evidenced thereby (except as otherwise provided in this Agreement, including, without limitation the restrictions on exercisability set forth in Section 7(e), Section 11(a)(ii) and Section 24(a)) in whole or in part at any time after the Distribution Date upon presentation of the Rights Certificate,

with the appropriate form of election to purchase on the reverse side thereof duly executed, to the Rights Agent at the principal office of the Rights Agent, together with payment of the Purchase Price for each share of Common Stock (or, following a Triggering Event, other securities, cash or other assets, as the case may be) as to which such Rights are exercisable, at or prior to the earlier of (i) the later of (A) _____, 2009 and (B) the date two (2) years after any Distribution Date occurring prior to _____, 2009 (the later of such dates described in clauses (i) (A) and (i) (B) above in this Section 7(a) being referred to in this Agreement as the "Final Expiration Date") and (ii) the date on which the Rights are redeemed as provided in Section 24 hereof (the earlier of such dates described in clauses (i) and (ii) above in this Section 7(a) being referred to in this Agreement as the "Expiration Date"). Notwithstanding any other provision of this Agreement, any Person who prior to the Distribution Date becomes a record holder of shares of Common Stock may exercise all of the rights of a registered holder of a Rights Certificate with respect to the Rights associated with such shares of Common Stock in accordance with and subject to the provisions of this Agreement, including the provisions of Section 7(e) hereof, as of the date such Person becomes a record holder of shares of Common Stock, regardless of whether the legends provided for in Section 3(c) of this Agreement are reflected on the certificate evidencing such Common Stock.

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(b) The Purchase Price for each share of Common Stock pursuant to the exercise of a Right shall initially be One Hundred Twenty-Five Dollars (\$125.00), shall be subject to adjustment from time to time as provided in Sections 11 and 13 of this Agreement and shall be payable in lawful money of the United States of America in accordance with paragraph (c) below.

(c) Upon receipt of a Rights Certificate representing exercisable Rights with the appropriate form of election to purchase duly executed, accompanied by payment of the Purchase Price for the shares to be purchased and an amount equal to any applicable transfer tax (as determined by the Rights Agent) in cash, or by certified check or bank draft payable to the order of the Company, the Rights Agent shall, subject to Section 7(f) and Section 21(k), thereupon (i) promptly requisition from any transfer agent of the shares of Common Stock (or make available, if the Rights Agent is the transfer agent) certificates for the number of shares of Common Stock to be purchased, and the Company hereby irrevocably authorizes its transfer agent to comply with all such requests, (ii) when appropriate, requisition from the Company the amount of cash, if any, to be paid in lieu of issuance of fractional shares in accordance with Section 15, (iii) promptly after receipt of such certificates, cause the same to be delivered to or upon the order of the registered holder of such Rights Certificate, registered in such name or names as may be designated by such holder and (iv) when appropriate, after receipt, promptly deliver such cash to or upon the order of the registered holder of such Rights Certificate. In addition, in the case of an exercise of the rights of a holder pursuant to Section 11(a)(ii), the Rights Agent shall return such Rights Certificate to the registered holder thereof after imprinting, stamping or otherwise indicating thereon that the Rights represented by such Rights Certificate no longer include the rights provided by Section 11(a)(ii) of the Rights Agreement, and if less than all the Rights represented by such Rights Certificate were so exercised, the Rights

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Agent shall indicate that rights under Section 11(a)(ii) continue to the extent the Rights were not previously exercised pursuant thereto.

(d) In case the registered holder of any Rights Certificate shall exercise (except pursuant to Section 11(a)(ii)) less than all the Rights evidenced thereby, a new Rights Certificate evidencing Rights equivalent to the Rights remaining unexercised shall be issued by the Rights Agent and delivered to the registered holder of such Rights Certificate or to his duly authorized

assigns, subject to the provisions of Section 15 of this Agreement.

(e) Notwithstanding anything in this Agreement to the contrary, from and after the occurrence of a Section 11(a)(ii) Event, any Rights beneficially owned by (i) an Acquiring Person or an Associate or Affiliate of an Acquiring Person, (ii) a transferee of such Acquiring Person (or of any such Associate or Affiliate) who becomes such a transferee after such Acquiring Person becomes such or (iii) a transferee of such Acquiring Person (or of any such Associate or Affiliate) who becomes such a transferee prior to or concurrently with such Acquiring Person becoming such and receives such Rights pursuant to either (A) a transfer (whether or not for consideration) from such Acquiring Person (or any such Associate or Affiliate) to holders of equity interests in such Acquiring Person (or such Associate or Affiliate) or to any Person with whom such Acquiring Person (or any such Associate or Affiliate) has any continuing agreement, arrangement or understanding regarding the transferred Rights or (B) a transfer which the Board determines is part of a plan, arrangement or understanding which has as a primary purpose or effect the avoidance of this Section 7(e), shall become null and void without any further action, and no holder of such Rights shall have any rights whatsoever with respect to such Rights, whether under any provision of this Agreement or otherwise. The Company shall use all reasonable efforts to ensure that the provisions of this Section 7(e) and

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Section 4(b) hereof are complied with, but shall have no liability to any holder of Rights Certificates or any other Person as a result of its failure to make any determinations with respect to an Acquiring Person or its Affiliates, Associates or transferees under this Agreement.

(f) Notwithstanding anything in this Agreement to the contrary, neither the Rights Agent nor the Company shall be obligated to undertake any action with respect to a registered holder upon the occurrence of any purported exercise as set forth in this Section 7 unless the certificate contained in the appropriate form of election to purchase set forth on the reverse side of the Rights Certificate surrendered for such exercise shall have been completed and signed by the registered holder thereof and the Company shall have been provided with such additional evidence of the identity of the Beneficial Owner (or former Beneficial Owner) or Affiliates or Associates thereof as the Company shall reasonably request.

Section 8. Cancellation and Destruction of Rights Certificates. All Rights Certificates surrendered for the purpose of exercise, transfer, split up, combination or exchange shall, if surrendered to the Company or any of its agents, be delivered to the Rights Agent for cancellation or in canceled form, or if surrendered to the Rights Agent, shall be canceled by it, and no Rights Certificates shall be issued in lieu thereof except as expressly permitted by any of the provisions of this Rights Agreement. The Company shall deliver to the Rights Agent for cancellation and retirement, and the Rights Agent shall so cancel and retire, any other Rights Certificate purchased or acquired by the Company otherwise than upon the exercise thereof. The Rights Agent shall deliver all canceled Rights Certificates to the Company or shall, at the written request of the Company, destroy such canceled Rights Certificates, and in such case shall deliver a certificate of destruction thereof to the Company.

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Section 9. Reservation and Availability of Common Stock. The Company covenants and agrees that it will cause to be reserved and kept available out of its authorized and unissued shares of Common Stock, or any authorized and issued shares of Common Stock held in its treasury, the number of shares of Common Stock that will be sufficient to permit the exercise in full of all outstanding

Rights; provided, however, that the Company need not so reserve and keep available shares of Common Stock which may be required to be issued upon exercise of the Rights in accordance with Section 11(a)(ii) until the occurrence of a Section 11(a)(ii) Event; and provided, further, that if pursuant to Section 11(a)(iii), the Company makes provision to substitute alternative consideration for some or all of the shares of Common Stock which may be required to be issued upon exercise of the Rights, the Company shall be required to reserve and keep available only the number of shares of Common Stock, if any, that may then be required to be issued upon exercise of the Rights.

So long as the shares of Common Stock issuable upon the exercise of the Rights may be listed on any national securities exchange or included on any over-the-counter market reporting system, the Company shall use its best efforts to cause, from and after such time as the Rights become exercisable, all shares reserved for such issuance to be listed on such exchange or included on such reporting system upon official notice of issuance upon such exercise.

The Company covenants and agrees that it will take all such action as may be necessary to ensure that all shares of Common Stock (and, following the occurrence of a Triggering Event, any other equity securities) delivered upon the exercise of Rights shall, at the time of delivery of the certificates for such shares (or such other equity securities), subject to payment of the Purchase Price, be duly and validly authorized, issued and fully paid and nonassessable.

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The Company further covenants and agrees that it will pay when due and payable any and all federal and state transfer taxes and charges which may be payable in respect of the issuance or delivery of the Rights Certificates or of any certificates for shares of Common Stock (or other securities, as the case may be) upon the exercise of Rights. The Company shall not, however, be required to pay any transfer tax which may be payable in respect of any transfer or delivery of Rights Certificates to a person other than, or in respect of the issuance or delivery of the shares of Common Stock (or other securities, as the case may be) in a name other than that of, the registered holder of the Rights Certificates evidencing Rights surrendered for exercise or to issue or deliver any certificates for shares of Common Stock (or other securities, as the case may be) in a name other than that of the registered holder upon the exercise of any Rights, until such tax shall have been paid (any such tax being payable by the holder of such Rights Certificate at the time of surrender) or until it has been established to the Company's satisfaction that no such tax is due.

The Company shall use its best efforts to (i) file, as soon as practicable following the Distribution Date, a registration statement on an appropriate form under the Act with respect to any securities purchasable upon exercise of the Rights, (ii) cause such registration statement to become effective as soon as practicable after such filing and (iii) cause such registration statement to remain effective (with a prospectus at all times meeting the requirements of the Act) until the earlier of (A) the date as of which the Rights are no longer exercisable for such securities and (B) the Expiration Date. The Company shall also use its best efforts to qualify or register the securities purchasable upon exercise of the Rights as may be necessary or appropriate under the blue sky laws of the various states. The Company may temporarily suspend, for a period of time not to exceed ninety (90) days after the filing of a registration statement pursuant to clause (i) of the first sentence of this paragraph,

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the exercisability of the Rights in order to prepare and file such registration

statement and permit it to become effective. In the event of any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended and shall issue a public announcement at such time as the suspension is no longer in effect. In addition, if the Company shall determine that a registration statement is required in other circumstances or for additional or different securities following the Distribution Date, the Company may similarly temporarily suspend the exercisability of the Rights until such time as that registration statement has been declared effective. Notwithstanding any provision of this Agreement to the contrary, the Rights shall not be exercisable in any jurisdiction if the requisite qualification in such jurisdiction shall not have been obtained, the exercise thereof shall not otherwise be permitted under applicable law or a registration statement shall not have been declared effective.

Section 10. Common Stock Record Date. Each Person in whose name any certificate for shares of Common Stock (or other securities, as the case may be) is issued upon the exercise of Rights shall for all purposes be deemed to have become the holder of record of the shares of Common Stock (or other securities, as the case may be) represented thereby on, and such certificate shall be dated, the date upon which the Rights Certificate evidencing such Rights was duly presented and payment of the Purchase Price (and any applicable transfer taxes) was made; provided, however, that if the date of such presentation and payment is a date upon which the transfer books for the Common Stock (or other securities, as the case may be) of the Company are closed, such Person shall be deemed to have become the record holder of such shares (or other securities, as the case may be) on, and such certificate shall be dated, the next succeeding Business Day on which such transfer books of the Company are open. Prior to the exercise of the Rights evidenced thereby, the holder of a

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Rights Certificate shall not be entitled to any rights of a stockholder of the Company with respect to the shares (or other securities, as the case may be) for which the Rights shall be exercisable, including without limitation, where applicable, the right to vote, to receive dividends or other distributions or to exercise any preemptive rights and shall not be entitled to receive any notice of any proceedings of the Company, except as provided in this Agreement.

Section 11. Adjustment of Purchase Price, Number and Kind of Shares or Number of Rights. The Purchase Price, the number and kind of shares covered by each Right and the number of Rights outstanding are subject to adjustment from time to time as provided in this Section 11.

(a) (i) In the event the Company shall at any time after the date of this Agreement (A) declare a dividend on the Common Stock payable in shares of Common Stock, (B) subdivide or split the outstanding Common Stock, (C) combine or consolidate its outstanding Common Stock into a smaller number of shares or (D) issue any shares of its capital stock in a reclassification of all of the Common Stock (including any such reclassification in connection with a consolidation or merger in which the Company is the continuing or surviving corporation), except as otherwise provided in this Section 11(a) and in Section 7(e), the Purchase Price in effect at the time of the record date for such dividend or of the effective date of such subdivision, split, combination, consolidation or reclassification, and the number and kind of shares of capital stock issuable on such date, shall be proportionately adjusted so that the holder of any Right exercised after such time shall be entitled to receive, upon the payment of the Purchase Price then in effect, the aggregate number and kind of shares of capital stock which, if such Right had been exercised immediately prior to such date and at a time when the Common Stock transfer books of the Company were open, such holder would have owned upon such exercise and been entitled to receive by virtue of such dividend, subdivision, split,

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combination, consolidation or reclassification, provided, however, that if the record date for any such dividend, subdivision, combination or reclassification shall occur prior to the Distribution Date, the Company shall make an appropriate adjustment only to the Purchase Price (taking into account any additional Rights which may be issued as a result of such dividend, subdivision, combination or reclassification), in lieu of also adjusting (as described above) the number of Common Shares (or other capital shares, as the case may be) issuable upon exercise of the Rights. If an event occurs which would require an adjustment under both Section 11(a)(i) and Section 11(a)(ii), the adjustment provided for in this Section 11(a)(i) shall be in addition to, and shall be made prior to, any adjustment required pursuant to Section 11(a)(ii).

(ii) In the event (a "Section 11(a)(ii) Event") that, at any time after the date of this Agreement, any Person, alone or together with all Affiliates and Associates of such Person, shall become the Beneficial Owner of fifteen percent (15%) or more of the shares of Common Stock then outstanding or a Record Date Owner is no longer an Exempt Person, then, promptly following the occurrence of such Section 11(a)(ii) Event, proper provision shall be made so that each holder of a Right, except as provided below and in Section 7(e) of this Agreement, shall thereafter have the right to receive, upon exercise thereof at the then current Purchase Price in accordance with the terms of this Agreement, such number of shares of Common Stock of the Company as shall equal the result obtained by dividing (x) the product obtained by multiplying (1) the then current Purchase Price by (2) the number of shares of Common Stock for which a Right is then exercisable by (y) fifty percent (50%) of the current market price (as defined below) per share of the Common Stock (determined pursuant to Section 11(d)) on the date of the occurrence of such 11(a)(ii) Event (such number of shares being referred to as the "Adjustment Shares").

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(iii) In lieu of issuing shares of Common Stock in accordance with Section 11(a)(ii), the Company, acting by resolution of the Board, may, and in the event that the number of shares of Common Stock which are authorized by the Company's Amended and Restated Certificate of Incorporation but not outstanding or reserved for issuance for purposes other than upon exercise of the Rights is not sufficient to permit the exercise in full of the Rights in accordance with Section 11(a)(ii), the Company, acting by resolution of the Board, shall: (A) determine the excess of (1) the value of the Adjustment Shares issuable upon the exercise of a Right (the "Current Value") over (2) the Purchase Price attributable to each Right (such excess being referred to as the "Spread") and (B) with respect to all or a portion of each Right (subject to Section 7(e) hereof), make adequate provision to substitute for the Adjustment Shares, upon payment of the applicable Purchase Price, (1) cash, (2) a reduction in the Purchase Price, (3) equity securities of the Company other than Common Stock (including, without limitation, shares, or units of shares, of preferred stock which the Board has determined to have the same value as shares of Common Stock (such securities being referred to as "Common Stock Equivalents")), (4) debt securities of the Company, (5) other assets or (6) any combination of the foregoing which, when added to any shares of Common Stock issued upon such exercise, has an aggregate value equal to the Current Value, where such aggregate value has been determined by the Board based upon the advice of a nationally recognized investment banking firm selected by the Board which has theretofore performed no services for the Company or any of its subsidiaries in the immediately preceding five (5) years; provided, however, if the Company shall not have made adequate provision to deliver value pursuant to clause (B) above within thirty (30) Business Days following the later of (x) the occurrence of a Section 11(a)(ii) Event and (y) the date on which the Company's right of redemption pursuant to Section 24(a) expires (the later of (x)

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and (y) being referred to herein as the "Section 11(a)(ii) Trigger Date"), then the Company shall be obligated to deliver, upon the surrender for exercise of a

Right and without requiring payment of the Purchase Price, shares of Common Stock (to the extent available) and then, if necessary, cash, which shares and/or cash have an aggregate value equal to the Spread. If the Board shall determine in good faith that it is likely that sufficient additional shares of Common Stock could be authorized for issuance upon exercise in full of the Rights, the period of thirty (30) Business Days set forth above may be extended (such period, as it may be extended, the "Substitution Period") to the extent necessary, but not more than ninety (90) Business Days after the Section 11(a)(ii) Trigger Date, in order that the Company may seek stockholder approval for the authorization of such additional shares. To the extent that the Company determines that some action need be taken pursuant to the first and/or second sentences of this Section 11(a)(iii), the Company (x) shall provide, subject to Section 7(e) hereof, that such action shall apply uniformly to all outstanding Rights and (y) may suspend the exercisability of the Rights until the expiration of the Substitution Period in order to seek any authorization of additional shares and/or to decide the appropriate form of distribution to be made pursuant to such first sentence and to determine the value thereof. In the event of any such suspension, the Company shall issue a public announcement stating that the exercisability of the Rights has been temporarily suspended and a public announcement at such time as the suspension is no longer in effect. For purposes of this Section 11(a)(iii), the value of the Common Stock shall be the current market price per share of the Common Stock on the Section 11(a)(ii) Trigger Date and the value of any "Common Stock Equivalent" shall be deemed to have the same value as the Common Stock of the Company on such date.

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(b) If the Company shall fix a record date for the issuance of rights, options or warrants to all holders of Common Stock entitling them (for a period expiring within forty-five (45) calendar days after such record date) to subscribe for or purchase shares of Common Stock or Common Stock Equivalent, securities convertible into shares of Common Stock or a Common Stock Equivalent, at a price per share of Common Stock or such Common Stock Equivalent (or having a conversion price per share, if a security is convertible into shares of Common Stock or such Common Stock Equivalent) that is less than the current market price per share of Common Stock or such Common Stock Equivalent on such record date, the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such date by a fraction, the numerator of which shall be (i) the number of shares of Common Stock outstanding on such record date plus (ii) the number of additional shares of Common Stock or such Common Stock Equivalent which the aggregate offering price of the total number of shares of Common Stock to be offered (or the average initial conversion price of the convertible securities to be offered) would purchase at such current market price, and the denominator of which shall be (i) the number of shares of Common Stock outstanding on such record date plus (ii) the number of additional shares of Common Stock or such Common Stock Equivalent to be offered for subscription or purchase (or into which the convertible securities so to be offered are initially convertible). In case such subscription price may be paid in a consideration part or all of which shall be in a form other than cash, the value of such consideration shall be determined by the Board reasonably and with good faith to the holders of Rights, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and conclusive for all purposes. Shares of Common Stock owned by or held for the account of the Company shall not be deemed outstanding for the purpose of any

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such computation. Such adjustment shall be made successively whenever such a record date is fixed and, in the event that such rights or warrants are not so issued, the Purchase Price shall be readjusted to be the Purchase Price which would then be in effect if such record date had not been fixed.

(c) If the Company shall fix a record date for the making of a distribution to all holders of Common Stock (including any such distribution

made in connection with a merger in which the Company is the continuing or surviving corporation) of evidence of indebtedness, cash (other than a regular, periodic cash dividend at a rate not in excess of one hundred twenty-five percent (125%) of the rate of the last regular, periodic cash dividend theretofore paid), assets (other than a dividend payable in Common Stock, but including any dividend payable in stock other than Common Stock) or subscription rights or warrants (excluding those referred to in Section 11(b)), the Purchase Price to be in effect after such record date shall be determined by multiplying the Purchase Price in effect immediately prior to such record date by a fraction, the numerator of which shall be the current market price) per share of Common Stock on such record date, less the fair market value (as determined by the Board reasonably and with good faith to the holders of Rights, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent and conclusive for all purposes) of the portion of the cash, assets or evidences of indebtedness so to be distributed or of such subscription rights or warrants distributable in respect of one (1) share of Common Stock, and the denominator of which shall be the current market price per share of Common Stock. Such adjustments shall be made successively whenever such a record date is fixed and, in the event that such distribution is not so made, the Purchase Price shall be adjusted to be the Purchase Price which would be in effect if such record date had not been fixed.

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(d) Except as otherwise expressly provided in this Agreement, the "current market price" per share of Common Stock on any date for the purpose of any computation under this Agreement shall be deemed to be the average of the daily closing prices per share of such Common Stock for the thirty (30) consecutive Trading Days (as such term is defined below) immediately prior to such date; provided, however, that in the event that current market price per share of Common Stock is determined during the period following the announcement by the issuer of such Common Stock of (i) a dividend or distribution on such Common Stock payable in shares of such Common Stock or securities convertible into shares of such Common Stock other than the Rights or (ii) any subdivision, split, combination, consolidation or reclassification of such Common Stock, and prior to the expiration of thirty (30) Trading Days after the ex-dividend date for such dividend or distribution, or the record date for such subdivision, split, combination, consolidation or reclassification, then, and in each such case, the "current market price" shall be equitably adjusted to take into account ex-dividend trading or the effects of such subdivision, split, combination, consolidation or reclassification, as the case may be. The closing price for each day shall be the last sale price, regular way, or in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or, if the shares of such Common Stock are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the shares of such Common Stock are listed or admitted to trading or, if the shares of such Common Stock are not listed or admitted to trading on any national securities exchange, the closing sale price or the last quoted price or, if not so quoted,

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the average of the high bid and low asked prices in the over-the-counter market, as reported by any market or quotation system of The Nasdaq Stock Market ("Nasdaq") or such other reporting system then in use, or, if on any such date the shares of such Common Stock are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in such Common Stock selected by the Board. If on any such date no market maker is making a market in such Common Stock, the fair value of such shares on such date as determined by the Board reasonably and with

good faith to the holders of Rights shall be used and shall be binding on the Rights Agent. The term "Trading Day" shall mean a day on which the principal national securities exchange or over-the-counter market reporting system on which the shares of such Common Stock are listed or admitted to trading or included is open for or reports the transaction of business or, if the shares of such Common Stock are not listed or admitted to trading on any national securities exchange or included on any over-the-counter market reporting system, a Business Day. If such Common Stock is not publicly held or not so listed or traded, "current market price" per share shall mean the fair value per share determined by the Board reasonably and with good faith to the holders of Rights, whose determination shall be described in a statement filed with the Rights Agent and shall be binding on the Rights Agent.

(e) Anything in this Agreement to the contrary notwithstanding, no adjustment in the Purchase Price shall be required unless such adjustment would require an increase or decrease of at least one percent (1%) in the Purchase Price; provided, however, that any adjustments which by reason of this Section 11(e) are not required to be made shall be carried forward and taken into account in any subsequent adjustment. All calculations under this Section 11 shall be made to the nearest cent or to the nearest ten-thousandth (1/10,000th) of a share of Common Stock, as the case

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may be. Notwithstanding the first sentence of this Section 11(e), any adjustment required by this Section 11 shall be made no later than the earlier of (i) three (3) years from the date of the transaction which mandates such adjustment and (ii) the Expiration Date.

(f) If, as a result of any provision of Section 11(a) or Section 13(a), the holder of any Right thereafter exercised shall become entitled to receive any shares of capital stock of the Company other than Common Stock, thereafter the number of such other shares so receivable upon exercise of any Right and the Purchase Price thereof shall be subject to adjustment from time to time in a manner and on terms as nearly equivalent as practicable to the provisions with respect to the shares of Common Stock contained in Sections 11(a), (b), (c), (e), (g), (h), (i), (j), (k), (l) and (m), inclusive, and the provisions of Sections 7, 9, 10, 13 and 15 of this Agreement with respect to the Common Stock shall apply on like terms to any such other shares.

(g) All Rights originally issued by the Company subsequent to any adjustment or adjustments made to the Purchase Price under this Agreement shall evidence the right to purchase, at the Purchase Price as theretofore adjusted, the number of shares of Common Stock purchasable from time to time under this Agreement upon exercise of the Rights, all subject to further adjustment as provided in this Agreement.

(h) Unless the Company shall have exercised its election as provided in Section 11(i), upon each adjustment of the Purchase Price as a result of the calculations made in Section 11(b) and Section 11(c), each Right outstanding immediately prior to the making of such adjustment shall thereafter evidence the right to purchase, at the adjusted Purchase Price, that number of shares of Common Stock (calculated to the nearest ten-thousandth (1/10,000th)) obtained by (i) multiplying (x) the number of shares of Common Stock covered by a Right immediately prior to such adjustment

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of the Purchase Price by (y) the Purchase Price in effect immediately prior to such adjustment of the Purchase Price and (ii) dividing the product so obtained by the Purchase Price in effect immediately after such adjustment of the Purchase Price.

(i) The Company may elect on or after the date of any adjustment of the

Purchase Price to adjust the number of Rights in lieu of making any adjustment in the number of shares of Common Stock purchasable upon the exercise of a Right. Each of the Rights outstanding after any such adjustment in the number of Rights shall be exercisable for the number of shares of Common Stock for which a Right was exercisable immediately prior to such adjustment. Each Right held of record prior to any such adjustment of the number of Rights shall become that number of Rights (calculated to the nearest ten-thousandth (1/10,000th)) obtained by dividing the Purchase Price in effect immediately prior to such adjustment of the Purchase Price by the Purchase Price in effect immediately after such adjustment of the Purchase Price. The Company shall make a public announcement of its election to adjust the number of Rights, indicating the record date for the adjustment and, if known at the time, the amount of the adjustment to be made. Such record date may be the date on which the Purchase Price is adjusted or any day thereafter, but, if Rights Certificates have been issued, such record date shall be at least ten (10) Business Days later than the date of the public announcement. If Rights Certificates have theretofore been issued, upon each adjustment of the number of Rights pursuant to this Section 11(i), the Company shall, as promptly as practicable, cause to be distributed, to the holders of record of Rights Certificates on such record date, Rights Certificates evidencing, subject to Section 15 hereof, the additional Rights to which such holders shall be entitled as a result of such adjustment, or at the option of the Company, shall cause to be distributed to such holders of record in substitution and replacement for the Rights Certificates

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held by such holders prior to the date of such adjustment, and upon surrender thereof, if required by the Company, new Rights Certificates evidencing all the Rights to which such holders shall be entitled after such adjustment. Rights Certificates so to be distributed shall be issued, executed and countersigned in the manner provided for in this Agreement (and may bear, at the option of the Company, the Purchase Price as theretofore adjusted) and shall be registered in the names of the holders of record of Rights Certificates on the record date specified in the public announcement.

(j) Irrespective of any adjustment or change in the Purchase Price or the number of shares of Common Stock issuable upon the exercise of the Rights, the Rights Certificates theretofore and thereafter issued may continue to express the Purchase Price per share and the number of shares which were expressed in the initial Rights Certificates issued under this Agreement.

(k) Before taking any action that would cause an adjustment reducing the Purchase Price below the then par value, if any, of the shares of Common Stock issuable upon exercise of the Rights, the Company shall take any corporate action which may, in the opinion of its counsel, be necessary in order that the Company may validly and legally issue fully paid and nonassessable shares of Common Stock at such adjusted Purchase Price.

(l) In any case in which this Section 11 shall require that an adjustment of the Purchase Price be made effective as of a record date for a specified event, the Company may elect to defer until the occurrence of such event the issuing to the holder of any Right exercised after such record date the shares of Common Stock and other capital stock or securities of the Company, if any, issuable upon such exercise over and above the shares of Common Stock and other capital stock or securities of the Company, if any, issuable upon such exercise on the basis of the Purchase Price in effect prior to such adjustment; provided, however, that the Company shall deliver to such holder a due bill or

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other appropriate instrument evidencing such holder's right to receive such additional shares upon the occurrence of the event requiring such adjustment.

(m) Anything to the contrary in this Section 11 notwithstanding, the

Company by action of the Board shall be entitled to make such reductions in the Purchase Price, in addition to those adjustments expressly required by this Section 11, as and to the extent that the Board shall determine to be advisable in order that any (i) consolidation or subdivision of the Common Stock, (ii) issuance wholly for cash of any shares of Common Stock at less than the current market price, (iii) issuance wholly for cash of shares of Common Stock or securities which by their terms are convertible into or exchangeable for shares of Common Stock, (iv) stock dividends or (v) issuance of rights, options or warrants referred to above in this Section 11, hereafter made by the Company to holders of its Common Stock shall not be taxable to such stockholders.

(n) The exercise of Rights under Section 11(a) (ii) shall only result in the loss of rights under Section 11(a) (ii) to the extent so exercised and shall not otherwise affect the rights represented by the Rights under this Rights Agreement, including the rights under Section 13.

Section 12. Certificate of Adjusted Purchase Price or Number of Shares. Whenever an adjustment is made as provided in Sections 11 and 13 of this Agreement, the Company shall (a) promptly prepare a certificate setting forth such adjustment and a brief statement of the facts accounting for such adjustment, (b) promptly file with the Rights Agent and with each transfer agent for the Common Stock a copy of such certificate and (c) mail a brief summary thereof to each holder of a Rights Certificate in accordance with Section 26 of this Agreement. Notwithstanding the foregoing sentence, the failure of the Company to prepare such certificate or statement or make such filings or mailings shall not affect the validity of, or the force or effect of, the requirement for such

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adjustment. The Rights Agent shall be fully protected in relying on any such certificate and on any adjustment therein contained, and shall not be obligated or responsible for calculating any adjustment nor shall it be deemed to have knowledge of such adjustment unless and until it shall have received such certificate.

Section 13. Consolidation, Merger or Sale or Transfer of Assets or Earning Power.

(a) In the event (a "Section 13 Event") that, following the Acquisition Date, directly or indirectly, (x) the Company shall consolidate or otherwise combine with, or merge with and into, any other Person (other than a subsidiary of the Company in one or more transactions each of which complies with Section 14(c)), and the Company shall not be the continuing or surviving corporation of such consolidation, combination or merger, (y) any Person shall consolidate or otherwise combine with the Company, or merge with and into the Company and the Company shall be the continuing or surviving corporation of such consolidation, combination or merger and, in connection with such consolidation, combination or merger, all or part of the shares of Common Stock shall be changed into or exchanged for stock or other securities of any other Person or cash or any other property, or (z) the Company shall sell, mortgage or otherwise transfer (or one or more of its subsidiaries shall sell, mortgage or otherwise transfer), in one or more transactions, assets or earning power aggregating more than fifty percent (50%) of the assets or earning power of the Company and its subsidiaries (taken as a whole) to any other Person (other than to subsidiaries of the Company in one or more transactions each of which complies with Section 14(c)), provided, however, that this clause (z) of Section 13(a) shall not apply to the pro rata distribution by the Company of assets (including securities) of the Company or any of its subsidiaries to all holders of the Company's Common Stock; then, and in each such case, proper provision shall be made so that (i) each holder of a Right (except

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as provided in Section 7(e) hereof) shall thereafter have the right to receive, upon the exercise thereof at the then current Purchase Price in accordance with the terms of this Agreement, such number of validly authorized and issued, fully paid, nonassessable and freely tradable shares of Common Stock of the Principal Party (as defined below), not subject to any liens, encumbrances, rights of call, rights of first refusal or other adverse claims, as shall be equal to the result obtained by dividing (A) the product obtained by multiplying (1) the then current Purchase Price by (2) the number of shares of Common Stock for which a Right is then exercisable by (B) fifty percent (50%) of the current market price per share of Common Stock of such Principal Party on the date of consummation of such Section 13 Event; (ii) such Principal Party shall thereafter be liable for, and shall assume by virtue of such Section 13 Event, all the obligations and duties of the Company pursuant to this Agreement; (iii) the term "Company" shall thereafter be deemed to refer to such Principal Party, it being specifically intended that the provisions of Section 11 hereof shall apply to such Principal Party following the first occurrence of a Section 13 Event; and (iv) such Principal Party shall take such steps (including but not limited to the reservation of a sufficient number of shares of its Common Stock in accordance with Section 9 of this Agreement) in connection with such consummation as may be necessary to assure that the provisions of this Agreement shall thereafter be applicable, as nearly as reasonably may be, in relation to shares of its Common Stock thereafter deliverable upon the exercise of the Rights.

(b) "Principal Party" shall mean:

(i) In the case of any transaction described in clause (x) or (y) of Section 13(a), the Person that is the issuer of any securities into which shares of Common Stock of the Company are converted, changed or exchanged in such merger, consolidation or combination or, if there is more than one issuer, the issuer of the Common Stock having the greatest market value, or if no

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securities are so issued, the Person that is the other party to the merger (and survives the merger), consolidation or combination (or, if there is more than one such Person, the Person the Common Stock of which has the greatest value), or if the other party to the merger does not survive the merger, the Person that does survive the merger (including the Company, if it survives); and

(ii) In the case of any transaction described in clause (z) of Section 13(a), the Person that is the party receiving the greatest portion of the assets or earning power transferred pursuant to such transaction or transactions; or, if each Person that is a party to such transaction or transactions receives the same portion of the assets or earning power so transferred or if the Person receiving the greatest portion of the assets or earning power cannot be determined, whichever of such Persons is the issuer of Common Stock having the greatest market value; provided, however, that in any such case, (A) if the Common Stock of such Person is not at such time, or has not been continuously over the preceding 12-month period, registered under Section 12 of the Exchange Act, and such Person is a direct or indirect subsidiary of another Person, "Principal Party" shall refer to such other Person; (B) in case such Person is a subsidiary, directly or indirectly, of more than one Person, the Common Stocks of two or more of which are and have been so registered, "Principal Party" shall refer to whichever of such Persons is the issuer of the Common Stock having the greatest aggregate market value; and (C) in case such Person is owned, directly or indirectly, by a joint venture formed by two or more Persons that are not owned, directly or indirectly, by the same Person, the rules set forth in clauses (A) and (B) immediately above shall apply to each of the chains of ownership having an interest in such joint venture as if such party were a subsidiary of both or all of such joint venturers, and the Principal Parties in each such chain shall bear the obligations set forth

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in this Section 13 in the same ratio as their direct or indirect interests in such Person bear to the total of such interests.

(c) The Company shall not consummate any such Section 13 Event unless prior thereto the Company and each Principal Party and each other Person who may become a Principal Party as a result of such Section 13 Event shall have executed and delivered to the Rights Agent a supplemental agreement confirming that the terms set forth in paragraphs (a) and (b) of this Section 13 shall promptly be performed in accordance with their terms and that such Section 13 Event shall not result in a default by the Principal Party under this Agreement as the same shall have been assumed by the Principal Party pursuant to Section 13(a) and Section 13(b) and further providing that, as soon as practicable after the date of such Section 13 Event, the Principal Party at its own expense will:

(i) Prepare and file a registration statement on an appropriate form under the Act with respect to the Rights and the securities purchasable upon exercise of the Rights and will use its best efforts to cause such registration statement to become effective as soon as practicable after such filing and to remain effective (with a prospectus at all times meeting the requirements of the Act) until the Expiration Date;

(ii) Use its best efforts to qualify or register the Rights and the securities purchasable upon exercise of the Rights under the blue sky laws of such jurisdictions as may be necessary or appropriate;

(iii) Use its best efforts to list or obtain quotation of (or continue the listing or quotation of) the Rights and the securities purchasable upon exercise of the Rights on a national securities exchange or automated quotation service;

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(iv) Deliver to holders of the Rights historical financial statements for the Principal Party and each of its Affiliates which comply in all material respects with the requirements for registration on Form 10 (or any successor form) under the Exchange Act; and

(v) Use its best efforts to obtain waivers of any rights of first refusal or preemptive rights in respect of the shares of Common Stock or other securities of the Principal Party subject to purchase upon exercise of outstanding Rights.

(d) In the event that, following the Acquisition Date, directly or indirectly, any of the transactions described in Section 13(a) shall be consummated and, as a result of application of the rules set forth in Section 13(b), "Principal Party" shall mean a Person the Common Stock of which (i) is not at such time, or has not been continuously over the preceding 12-month period, registered under Section 12 of the Exchange Act or (ii) is not listed on a national securities exchange or regularly quoted in the over-the-counter market by one or more members of a national or affiliated securities association, each holder of a Right shall have the right to receive, upon the exercise thereof at the then current Purchase Price in accordance with the terms of this Agreement, cash in an amount equal to the result obtained by multiplying (A) the product obtained by multiplying (1) the then current Purchase Price by (2) the number of shares of Common Stock for which a Right is then exercisable by (B) two (2). In such event, clauses (ii) and (iii) of Section 13(a) shall continue to apply.

(e) The provisions of this Section 13 shall similarly apply to successive mergers, consolidations, combinations, sales or other transfers. The rights of a holder of a Right under this Section 13 shall be in addition to the rights of such holder to exercise such Right pursuant to, and the

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adjustments required by, Section 11(a)(ii) and shall survive any exercise thereof under Section 11(a)(ii).

Section 14. Additional Covenants.

(a) Notwithstanding any other provision of this Agreement, except as permitted by Section 11(a)(iii), no adjustment to the Purchase Price, the number and kind of shares (or fractions of a share) for which a Right is exercisable or the number of Rights outstanding or any similar adjustment shall be made or be effective if such adjustment would have the effect of reducing or limiting the benefits the holders of the Rights would have had absent such adjustment, including, without limitation, the benefits under Section 11(a)(ii) and Section 13.

(b) The Company covenants and agrees that it shall not at any time after the Distribution Date, (i) consolidate or combine with any other Person (other than a subsidiary of the Company in a transaction which complies with Section 14(c)), (ii) merge with or into any other Person (other than a subsidiary of the Company in a transaction which complies with Section 14(c)) or (iii) sell or otherwise transfer, in one or more transactions, assets or earning power aggregating more than fifty percent (50%) of the assets or earning power of the Company and its subsidiaries taken as a whole to any other Person (other than the Company and/or any of its subsidiaries in one or more transactions each of which complies with Section 14(c)), if (x) at the time of or after such consolidation, combination, merger, sale or other transfer, there are any provisions effecting the Company's Amended and Restated Certificate of Incorporation or Second Amended and Restated By-Laws or any rights, warrants or other instruments outstanding or any other action has been taken which would diminish or otherwise eliminate the benefits intended to be afforded by the Rights or (y) prior to, simultaneously with or immediately after such consolidation, combination, merger, sale or

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transfer, the stockholders of the Person who constitutes, or would constitute, the "Principal Party" for purposes of Section 13(a) hereof shall have received a distribution of Rights previously owned by such Person or any of its Affiliates and Associates. The Company shall not consummate any such consolidation, merger, sale or other transfer unless prior thereto the Company and such other Person shall have executed and delivered to the Rights Agent a supplemental agreement evidencing compliance with this Section 14(b).

(c) The Company covenants and agrees that, after the Distribution Date, it will not, except as otherwise provided herein, take, or permit any of its subsidiaries to take, any action, if at the time such action is taken it is reasonably foreseeable that such action will diminish or otherwise eliminate the benefits intended to be afforded by the Rights.

Section 15. Fractional Rights and Fractional Shares.

(a) The Company shall not be required to issue fractions of Rights or to distribute Rights Certificates which evidence fractional Rights. If the Company determines that fractional Rights will not be issued, then, in lieu of such fractional Rights, there shall be paid to the registered holders of the Rights Certificates with regard to which such fractional Rights would otherwise be issuable, an amount in cash equal to the same fraction of the current market value of a whole Right. For the purposes of this Section 15(a), the current market value of a whole Right shall be the closing price of the Rights for the Trading Day immediately prior to the date on which such fractional Rights would have been otherwise issuable. The closing price of the Rights for any day shall be the last sale price, regular way, or, in case no such sale takes place on such day, the average of the closing bid and asked prices, regular way, in either case as reported in the principal consolidated transaction reporting system with respect to securities listed or admitted to trading on the New York Stock Exchange or,

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if the Rights are not listed or admitted to trading on the New York Stock Exchange, as reported in the principal consolidated transaction reporting system with respect to securities listed on the principal national securities exchange on which the Rights are listed or admitted to trading, or, if the Rights are not listed or admitted to trading on any national securities exchange, the closing sale price or the last quoted price or, if not so quoted, the average of the high bid and low asked prices in the over-the-counter market, as reported by any market or quotation system of Nasdaq or such other reporting system then in use, or, if on any such date the Rights are not quoted by any such organization, the average of the closing bid and asked prices as furnished by a professional market maker making a market in the Rights selected by the Board. If on any such date no such market maker is making a market in the Rights, the fair value of the rights on such date as determined by the Board reasonably and with good faith to the holders of Rights shall be used and shall be binding on the Rights Agent.

(b) The Company shall not be required to issue fractions of shares of Common Stock upon exercise of the Rights or to distribute certificates which evidence fractional shares of Common Stock. If the Company determines that fractional shares of Common Stock will not be issued, then, in lieu of such fractional shares of Common Stock, the Company shall pay to the registered holders of Rights Certificates at the time such Rights are exercised as provided in this Agreement an amount in cash equal to the same fraction of the current market price of a share of Common Stock. For purposes of this Section 15(b), the current market price of a share of Common Stock shall be the closing price of a share of Common Stock for the Trading Day immediately prior to the date of such exercise.

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(c) By the acceptance of a Right, each holder of a Right expressly waives his right to receive any fractional Rights or any fractional shares upon exercise of a Right.

Section 16. Rights of Action. All rights of action in respect of this Agreement, except the rights of action given to the Rights Agent under Section 19 hereof, are vested in the respective registered holders of the Rights Certificates (and, prior to the Distribution Date, the registered holders of the Common Stock). Any registered holder of any Rights Certificate (or, prior to the Distribution Date, of the Common Stock), without the consent of the Rights Agent or of the holder of any other Rights Certificate (or, prior to the Distribution Date, of the Common Stock), may, in his own behalf and for his own benefit, enforce, and may institute and maintain any suit, action or proceeding against the Company to enforce, or otherwise act in respect of, such holder's right to exercise the Rights evidenced by such Rights Certificate in the manner provided in such Rights Certificate and in this Agreement. Without limiting the foregoing or any remedies available to the holders of Rights, it is specifically acknowledged and agreed that the holders of Rights would not have an adequate remedy at law for any breach of this Agreement and shall be entitled to specific performance of the obligations under this Agreement and injunctive relief against actual or threatened violations of the obligations under this Agreement of any Person subject to this Agreement. Holders of Rights shall be entitled to recover the reasonable costs and expenses, including attorneys' fees, incurred by them in any action to enforce the provisions of this Agreement.

Section 17. Agreement of Rights Holders. By accepting a Right, each holder of a Right consents and agrees with the Company and the Rights Agent and with every other holder of a Right that:

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(a) Prior to the Distribution Date, the Rights will be transferable only in connection with the transfer of Common Stock;

(b) After the Distribution Date, the Rights Certificates are transferable only on the registry books of the Rights Agent if surrendered at the principal office of the Rights Agent, duly endorsed or accompanied by a proper instrument of transfer;

(c) The Company and the Rights Agent may deem and treat the person in whose name a Rights Certificate (or, prior to the Distribution Date, the associated Common Stock certificate) is registered as the absolute owner thereof and of the Rights evidenced thereby (notwithstanding any notations of ownership or writing on the Rights Certificates or the associated Common Stock certificate made by anyone other than the Company or the Rights Agent) for all purposes whatsoever, and neither the Company nor the Rights Agent shall be affected by any notice to the contrary; and

(d) Notwithstanding anything in this Agreement to the contrary, neither the Company nor the Rights Agent shall have any liability to any holder of a Right or other Person as a result of its inability to perform any of its obligations under this Agreement by reason of any preliminary or permanent injunction or other order, decree or ruling issued by a court of competent jurisdiction or by a governmental, regulatory or administrative agency or commission, or any statute, rule, regulation or executive order promulgated or enacted by any governmental authority, prohibiting or otherwise restraining performance of such obligation; provided, however, the Company must use its best efforts to have any such order, decree or ruling lifted or otherwise overturned as soon as possible.

Section 18. Rights Certificate Holder Not Deemed a Stockholder. No holder, as such, of any Rights Certificate shall be entitled to vote, receive dividends or be deemed for any purpose the holder of the shares of Common Stock or any other securities of the Company which may at any time

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be issuable on the exercise of the Right represented thereby, nor shall anything contained in this Agreement or in any Rights Certificate be construed to confer upon the holder of any Rights Certificate, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in Section 25 of this Agreement), or to receive dividends or subscription rights, or otherwise, until the Rights evidenced by such Rights Certificate shall have been exercised in accordance with the provisions thereof.

Section 19. Concerning the Rights Agent. The Company agrees to pay to the Rights Agent reasonable compensation for all services rendered by it under this Agreement and, from time to time on demand of the Rights Agent, its reasonable expenses and counsel fees and disbursements and other disbursements incurred in the administration and execution of this Agreement and the exercise and performance of its duties under this Agreement. The Company also agrees to indemnify the Rights Agent for, and to hold it harmless against, any loss, liability or expense incurred without gross negligence, bad faith or willful misconduct on the part of the Rights Agent and for anything done or omitted by the Rights Agent in connection with the acceptance and administration of this Agreement, including the costs and expenses of defending against any claim of liability arising therefrom, directly or indirectly. The costs and expenses of enforcing this right of indemnification shall also be paid by the Company. The indemnification provided for hereunder shall survive the expiration of the Rights and termination of this Agreement.

The Rights Agent may conclusively rely upon and shall be protected and shall incur no liability for or in respect of any action taken, suffered or omitted by it in connection with its administration

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of this Agreement in reliance upon any Rights Certificate or certificate for Common Stock or for other securities of the Company, instrument of assignment or transfer, power of attorney, endorsement, affidavit, letter, notice, direction, consent, certificate, statement or other paper or document believed by it to be genuine and to be signed, executed and, where necessary, verified or acknowledged by the proper Person or Persons. Notwithstanding anything in this Agreement to the contrary, in no event shall the Rights Agent be liable for special, indirect or consequential loss or damage of any kind whatsoever (including but not limited to lost profits), even if the Rights Agent has been advised of the likelihood of such loss or damage and regardless of the form of the action.

Section 20. Merger or Consolidation or Change of Name of Rights Agent. Any corporation into which the Rights Agent or any successor Rights Agent may be merged or with which it may be consolidated or combined, or any corporation resulting from any merger or consolidation or combination to which the Rights Agent or any successor Rights Agent shall be a party, or any corporation succeeding to the shareholder services business of the Rights Agent or any successor Rights Agent, shall be the successor to the Rights Agent under this Agreement without the execution or filing of any paper or any further act on the part of any of the parties to this Agreement, provided that such corporation would be eligible for appointment as a successor Rights Agent under the provisions of Section 22 of this Agreement. In case at the time such successor Rights Agent shall succeed to the agency created by this Agreement, any of the Rights Certificates shall have been countersigned but not delivered, any such successor Rights Agent may adopt the countersignature of the predecessor Rights Agent and deliver such Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, any successor Rights Agent may countersign such Rights Certificates either in the name of the predecessor or in the name

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of the successor Rights Agent; and, in all such cases, such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

In case at any time the name of the Rights Agent shall be changed and at such time any of the Rights Certificates shall have been countersigned but not delivered, the Rights Agent may adopt the countersignature under its prior name and deliver Rights Certificates so countersigned; and in case at that time any of the Rights Certificates shall not have been countersigned, the Rights Agent may countersign such Rights Certificates either in its prior name or in its changed name; and, in all such cases, such Rights Certificates shall have the full force provided in the Rights Certificates and in this Agreement.

Section 21. Duties of Rights Agent. The Rights Agent undertakes the duties and obligations imposed by this Agreement upon the following terms and conditions, and no implied duties or obligations shall be read into this Agreement against the Rights Agent, by all of which the Company and the holders of Rights Certificates, by their acceptance thereof, shall be bound:

(a) Before the Rights Agent acts or refrains from acting, the Rights Agent may consult with legal counsel selected by it (who may be legal counsel for the Company), and the opinion of such counsel shall be full and complete authorization and protection to the Rights Agent as to any action taken or omitted by it in good faith and in accordance with such opinion.

(b) Whenever, in the performance of its duties under this Agreement, the Rights Agent shall deem it necessary or desirable that any fact or matter (including, without limitation, the identity of any Acquiring Person and the determination of current market price) be proved or established by the Company prior to taking or suffering any action under this Agreement, such fact or matter (unless other evidence in respect thereof be specifically prescribed in this Agreement) may be deemed to be

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conclusively proved and established by a certificate signed by the President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company and delivered to the Rights Agent; and such certificate shall be full authorization to the Rights Agent for any action taken or suffered in good faith by it under the provisions of this Agreement in reliance upon such certificate.

(c) The Rights Agent shall be liable under this Agreement only for its own gross negligence, bad faith or willful misconduct.

(d) The Rights Agent shall not be liable for or by reason of any of the statements of fact or recitals contained in this Agreement or in the Rights Certificates (except as to the fact that it has countersigned the Rights Certificates) or be required to verify the same, but all such statements and recitals are and shall be deemed to have been made by the Company only.

(e) The Rights Agent shall not be under any responsibility in respect of the validity of this Agreement or the execution and delivery of this Agreement (except the due execution of this Agreement by the Rights Agent) or in respect of the validity or execution of any Rights Certificate (except its countersignature thereof); nor shall it be responsible for any breach by the Company of any covenant or condition contained in this Agreement or in any Rights Certificate; nor shall it be responsible for any adjustment required under the provisions of Sections 11 or 13 of this Agreement or responsible for the manner, method or amount of any such adjustment or the ascertaining of the existence of facts that would require any such adjustment (except with respect to the exercise of Rights evidenced by Rights Certificates after actual notice of any such adjustment); nor shall it be responsible for any determination by the Board of current market value of the Rights or Common Stock pursuant to the provisions of Section 15 of this Agreement; nor shall it by any act under this

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Agreement be deemed to make any representation or warranty as to the authorization or reservation of any shares of Common Stock to be issued pursuant to this Agreement or any Rights Certificate or as to whether any shares of Common Stock will, when so issued, be validly authorized and issued, fully paid and nonassessable.

(f) The Company agrees that it will perform, execute, acknowledge and deliver, or cause to be performed, executed, acknowledged and delivered, all such further and other acts, instruments and assurances as may reasonably be required by the Rights Agent for the carrying out or performing by the Rights Agent of the provisions of this Agreement.

(g) The Rights Agent is hereby authorized and directed to accept instructions from the Chief Executive Officer, President, any Vice President, the Treasurer, any Assistant Treasurer, the Secretary or any Assistant Secretary of the Company (the "Authorized Officers") with respect to the performance of its duties under this Agreement and to accept certificates delivered pursuant to any provision of this Agreement from any of the Authorized Officers and is authorized to apply to such officers for advice or instructions in connection with its duties, and it shall not be liable for any action taken or suffered to be taken by it in good faith in accordance with the instructions of or certificates delivered by any of the Authorized Officers. Any application by the Rights Agent for written instructions from the Company may, at the option of the Rights Agent, set forth in writing any action proposed to be taken or omitted by the Rights Agent under this Agreement and the date on or after which such actions shall be taken or such omission shall be effective. The Rights Agent shall not be liable for any action taken by, or omission of, the Rights Agent in accordance with a proposal included in any such application on or after the date specified in such application (which date shall not be less than ten Business

application, unless any such officer shall have consented in writing to an earlier date) unless, prior to taking any such action (or the effective date in the case of an omission), the Rights Agent shall have received written instructions in response to such application subject to the proposed action or omission and/or specifying the action to take taken or omitted.

(h) The Rights Agent, and any stockholder, director, officer or employee of the Rights Agent, may buy, sell or deal in any of the Rights or other securities of the Company or become pecuniarily interested in any transaction in which the Company may be interested, or contract with or lend money to the Company or otherwise act as fully and freely as though it were not the Rights Agent under this Agreement. Nothing in this Agreement shall preclude the Rights Agent from acting in any other capacity for the Company or for any other legal entity.

(i) The Rights Agent may execute and exercise any of the rights or powers hereby vested in it or perform any duty under this Agreement either itself or by or through its attorneys or agents, and the Rights Agent shall not be answerable or accountable for any act, omission, default, neglect or misconduct of any such attorneys or agents or for any loss to the Company or to the holders of the Rights resulting from any such act, omission, default, neglect or misconduct, provided reasonable care was exercised in the selection and continued employment thereof.

(j) No provision of this Agreement shall require the Rights Agent to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties under this Agreement or in the exercise of its rights if there shall be reasonable grounds for believing that repayment of such funds or adequate indemnification against such risk or liability is not reasonably assured to it.

(k) If, with respect to any Rights Certificate surrendered to the Rights Agent for exercise or transfer, the certificate attached to the form of assignment or form of election to purchase, as the case may be, has either not been completed or indicates an affirmative response to clause 1 and/or 2 thereof, the Rights Agent shall not take any further action with respect to such requested exercise or transfer without first consulting with the Company.

(l) The Rights Agent shall not be required to take notice or be deemed to have any notice of any fact, event or determination (including, without limitation, any dates or events defined in this Agreement or the designation of any Person as an Acquiring Person, Affiliate or Associate) under this Agreement unless and until the Rights Agent shall be specifically notified in writing by the Company of such fact, event or determination.

Section 22. Change of Rights Agent. The Rights Agent or any successor Rights Agent may resign and be discharged from its duties under this Agreement upon thirty (30) days' notice in writing mailed to the Company and, at the expense of the Company, to each transfer agent of the Common Stock by registered or certified mail and to holders of the Rights Certificates by first-class mail. The Company may remove the Rights Agent or any successor Rights Agent upon thirty (30) days' notice in writing, mailed to the Rights Agent or successor Rights Agent, as the case may be, and to each transfer agent of the Common Stock by registered or certified mail and to the holders of the Rights Certificates by first-class mail. If the Rights Agent shall resign or be removed or shall otherwise become incapable of acting, the Company shall appoint a successor

Rights Agent. If the Company shall fail to make such appointment within a period of thirty (30) days after giving notice of such removal or after it has been notified in writing of such resignation or incapacity by the resigning or incapacitated Rights Agent or by the holder of a Rights Certificate (who shall, with such notice,

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submit his Rights Certificate for inspection by the Company), then the registered holder of any Rights Certificate may apply to any court of competent jurisdiction for the appointment of a new Rights Agent. Any successor Rights Agent, whether appointed by the Company or by such a court, shall be a corporation organized and doing business under the laws of the United States (or of any state of the United States so long as such corporation is authorized to do business as a banking institution in such state) in good standing, which is authorized under such laws to exercise corporate trust powers and is subject to supervision or examination by federal or state banking authorities and which has at the time of its appointment as Rights Agent a combined capital and surplus of at least Fifty Million Dollars (\$50,000,000). After appointment, the successor Rights Agent shall, without further act or deed, be vested with the same powers, rights, duties and responsibilities as if it had been originally named as Rights Agent, and the predecessor Rights Agent shall deliver and transfer to the successor Rights Agent any property at the time held by it under this Agreement and shall execute and deliver any further assurance, conveyance, act or deed necessary for such purposes. Not later than the effective date of any such appointment, the Company shall file a notice thereof in writing with the predecessor Rights Agent and each transfer agent of the Common Stock and mail a notice thereof in writing to the registered holders of the Rights Certificates. Failure to give any notice provided for in this Section 22 or any defect therein shall not affect the legality or validity of the resignation or removal of the Rights Agent or the appointment of the successor Rights Agent, as the case may be.

Section 23. Issuance of New Rights Certificates. Notwithstanding any of the provisions of this Agreement or of the Rights Certificates to the contrary, the Company may, at its option, issue new Rights Certificates evidencing Rights in such form as may be approved by the Board to reflect

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any adjustment of or change in the Purchase Price per share and the number or kind or class of shares or other securities or property purchasable under the Rights Certificates made in accordance with the provisions of this Agreement. In addition, in connection with the issuance or sale of shares of Common Stock following the Distribution Date and prior to the redemption or expiration of the Rights, the Company (a) shall, with respect to shares of Common Stock so issued or sold pursuant to the exercise of stock options or stock appreciation rights or under any employee plan or arrangement, or upon the exercise, conversion or exchange of securities heretofore or hereafter granted, issued or sold by the Company, and (b) may, in any other case, if deemed necessary or appropriate by the Board, issue Rights Certificates representing the appropriate number of Rights in connection with the issuance or sale of such shares of Common Stock; provided, however, that (i) no such Rights Certificate shall be issued if, and to the extent that, the Company shall be advised by counsel that such issuance would create a significant risk of material adverse tax consequences to the Company or the Person to whom such Rights Certificate would be issued, and (ii) no such Rights Certificate shall be issued if, and to the extent that, appropriate adjustment shall otherwise have been made in lieu of the issuance thereof.

Section 24. Redemption and Termination.

(a) The Board may, at its option, at any time prior to the earlier of (x) the Close of Business on the tenth (10th) Business Day following the Acquisition Date (or such specified or unspecified later date as may be determined by the Board prior to the expiration of such ten (10) Business Day

period) and (y) the Final Expiration Date, redeem all, but not less than all, of the then outstanding Rights at a redemption price of One One-Thousandth Dollar (\$.001) per Right (payable in cash, shares of Common Stock (based on the current market price of the Common Stock at the

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time of redemption) or any other form of consideration deemed appropriate by the Board), as such amount may be appropriately adjusted to reflect any stock split, stock dividend or similar transaction occurring after the date of this Agreement (such redemption price being hereinafter referred to as the "Redemption Price"). Notwithstanding anything contained in this Agreement to the contrary, the Rights shall not be exercisable after the first occurrence of a Triggering Event until such time as the Company's right of redemption hereunder has expired.

(b) Immediately upon the action of the Board ordering the redemption of the Rights, evidence of which shall have been filed with the Rights Agent, and without any further action and without any notice, the right to exercise the Rights will terminate and the only right thereafter of the holders of Rights shall be to receive the Redemption Price for each Right so held. Promptly after the action of the Board ordering the redemption of the Rights, the Company shall give notice of such redemption to the Rights Agent and the holders of the then outstanding Rights by mailing such notice to all such holders at each holder's last address as it appears upon the registry books of the Rights Agent or, prior to the Distribution Date, on the registry books of the transfer agent for the Common Stock of the Company. Any notice which is mailed in the manner herein provided shall be deemed given whether or not the holder receives the notice. Each such notice of redemption will state the method by which the payment of the Redemption Price will be made.

Section 25. Notice of Certain Events. In case the Company shall propose (a) to pay any dividend payable in stock of any class to the holders of Common Stock or to make any other distribution to the holders of Common Stock (other than a regular periodic cash dividend at a rate not in excess of one hundred twenty-five percent (125%) of the rate of the last regular periodic cash dividend theretofore paid), or (b) to offer to the holders of Common Stock rights or warrants to

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subscribe for or to purchase any additional shares of Common Stock or shares of stock of any class or any other securities, rights or options, or (c) to effect any reclassification of its Common Stock (other than a reclassification involving only the subdivision or split of the outstanding shares of Common Stock), or (d) to effect any consolidation, combination or merger with or into, or to effect any sale or other transfer (or to permit one or more of its subsidiaries to effect any sale or other transfer), in one or more transactions, of more than fifty percent (50%) of the assets or earning power of the Company and its subsidiaries, taken as a whole, to any other Person or (e) to effect the liquidation, dissolution or winding up of the Company, then, in each such case, the Company shall give to each holder of a Rights Certificate, in accordance with Section 26 of this Agreement, a notice of such proposed action specifying the record date for the purposes of such stock dividend or distribution of rights or warrants, or the date on which such reclassification, consolidation, combination, merger, sale, transfer, liquidation, dissolution or winding up is to take place and the date of participation therein by the holders of Common Stock, if any such date is to be fixed, and such notice shall be so given in the case of any action described in clause (a) or (b) above in this Section 25 at least ten (10) Business Days prior to the record date for determining the holders of Common Stock for purposes of such action, and in the case of any other such action, at least ten (10) days prior to the date of the taking of such proposed action or the date of participation therein by the holders of Common Stock, whichever shall be earlier. Failure to give any such required notice prior to the Distribution Date shall not affect the validity of any such

action.

In the case that any Section 11(a) (ii) Event shall occur, then, in any such case, the Company shall as soon as practicable thereafter give to each holder of a Rights Certificate, in accordance with

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Section 26 of this Agreement, a notice of the occurrence of such event specifying the event and the consequences of the event to holders of Rights under Section 11(a) (ii) of this Agreement.

Section 26. Notices. Except as may be otherwise expressly required by this Agreement, notices or demands authorized by this Agreement to be given or made by the Rights Agent or by the holder of any Rights Certificate to or on the Company shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed (until another address is filed in writing with the Rights Agent) as follows:

Aironet Wireless Communications, Inc.
3875 Embassy Parkway
Akron, Ohio 44334-8758
Attention: Treasurer

Subject to the provisions of Section 22 and except as may be otherwise expressly required by this Agreement, notices or demands authorized by this Agreement to be given or made by the Company or by the holder of any Rights Certificate to or on the Rights Agent shall be sufficiently given or made if sent by registered or certified mail and shall be deemed given upon receipt, addressed (until another address is filed in writing with the Company) as follows:

Harris Trust and Savings Bank
311 West Monroe Street, 14th Floor
Chicago, Illinois 60606
Attn: Shareholder Services

Notices or demand authorized by this Agreement to be given or made by the Company or the Rights Agent to the holder of any Rights Certificate shall be sufficiently given or made if sent by first-class mail, postage prepaid, addressed to such holder at the address of such holder as shown on the registry books of the Company.

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Section 27. Supplements and Amendments. The Company may from time to time supplement or amend this Agreement without the approval of any holders of Rights Certificates (and, prior to the Distribution Date, the registered holders of the Common Stock) in order to cure any ambiguity, to correct or supplement any provision contained in this Agreement which may be defective or inconsistent with any other provisions in this Agreement, or to make any other provisions in regard to matters or questions arising under this Agreement which the Company may deem necessary or desirable and, as to any supplement or amendment made after the Distribution Date, which shall not adversely affect the interests of the holders of Rights Certificates; provided, however, that the Company shall not amend or otherwise change the rights, duties and compensation of the Rights Agent without its prior written consent.

Section 28. Successors. All of the covenants and provisions of this Agreement by or for the benefit of the Company or the Rights Agent shall bind and inure to the benefit of their respective successors and assigns hereunder.

Section 29. Benefits of this Agreement. Nothing in this Agreement shall be construed to give to any Person other than the Company, the Rights Agent and the registered holders of the Rights Certificates (and, prior to the Distribution Date, the registered holders of the Common Stock) any legal or

equitable right, remedy or claim under this Agreement, but this Agreement shall be for the sole and exclusive benefit of the Company, the Rights Agent and the registered holders of the Rights Certificates (and, prior to the Distribution Date, the registered holders of the Common Stock).

Section 30. Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void or unenforceable, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in

full force and effect and shall in no way be affected, impaired or invalidated; provided, however, that notwithstanding anything in this Agreement to the contrary, if any such term, provision, covenant or restriction is held by such court or authority to be invalid, void or unenforceable and the Board determines in its good faith judgment that severing the invalid language from this Agreement would adversely affect the purpose or effect of this Agreement, the right of redemption set forth in Section 24 hereof shall be reinstated and shall not expire until the Close of Business on the tenth (10th) Business Day following the date of such determination by the Board.

Section 31. Governing Law. This Agreement, each Right and each Rights Certificate issued under this Agreement shall be deemed to be a contract made under the laws of the State of Delaware and for all purposes shall be governed by and construed in accordance with the laws of such State applicable to contracts to be made and to be performed entirely within such State.

Section 32. Counterparts. This Agreement may be executed in any number of counterparts; each of such counterparts shall for all purposes be deemed to be an original; and all of such counterparts shall together constitute but one and the same instrument.

Section 33. Descriptive Headings. Descriptive headings of the several Sections of this Agreement are inserted for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be duly executed and their respective corporate seals to be hereunto affixed and attested, all as of the day and year first above written.

Attest:	AIRONET WIRELESS COMMUNICATIONS, INC.
/s/ Bill J. Brodnick -----	By /s/ Roger J. Murphy, Jr. -----
Name: Bill J. Brodnick -----	Name: Roger J. Murphy, Jr. -----
Title: VP Finance & Treasurer -----	Title: President & CEO -----

Attest:	HARRIS TRUST AND SAVINGS BANK, as Rights Agent
/s/ Susan M. Shadel	By /s/ Deborah J. Hokinson

Name: Susan M. Shadel

Name: Deborah J. Hokinson

Title: Vice President

Title: Trust Officer

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EXHIBIT A

[FORM OF RIGHTS CERTIFICATE]

Certificate No. R-

Common Stock Purchase Rights

NOT EXERCISABLE AFTER THE LATER OF _____, 2009 AND THE DATE TWO YEARS AFTER ANY DISTRIBUTION DATE OCCURRING PRIOR TO _____, 2009, OR EARLIER IF NOTICE OF REDEMPTION IS GIVEN. THE COMMON STOCK PURCHASE RIGHTS ARE SUBJECT TO REDEMPTION, AT THE OPTION OF THE COMPANY, AT \$.001 PER RIGHT ON THE TERMS SET FORTH IN THE RIGHTS AGREEMENT. THE RIGHTS SHALL NOT BE EXERCISABLE, AND SHALL BE VOID SO LONG AS HELD, BY A HOLDER IN ANY JURISDICTION WHERE THE REQUISITE QUALIFICATION FOR THE ISSUANCE TO SUCH HOLDER, OR THE EXERCISE BY SUCH HOLDER, OF THE RIGHTS IN SUCH JURISDICTION SHALL NOT HAVE BEEN OBTAINED OR BE OBTAINABLE. UNDER CERTAIN CIRCUMSTANCES, RIGHTS BENEFICIALLY OWNED BY AN ACQUIRING PERSON (AS SUCH TERMS ARE DEFINED IN THE RIGHTS AGREEMENT) AND ANY SUBSEQUENT HOLDER OF SUCH RIGHTS MAY BECOME NULL AND VOID. [THE RIGHTS REPRESENTED BY THIS RIGHTS CERTIFICATE WERE ISSUED TO A PERSON WHO WAS AN ACQUIRING PERSON OR AN AFFILIATE OR AN ASSOCIATE OF AN ACQUIRING PERSON. THIS RIGHTS CERTIFICATE AND THE RIGHTS REPRESENTED HEREBY MAY BECOME VOID TO THE EXTENT PROVIDED BY, AND UNDER CERTAIN CIRCUMSTANCES SPECIFIED IN, SECTION 7(e) OF THE RIGHTS AGREEMENT.]*

* The portion of the legend in brackets shall be inserted only if applicable.

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RIGHTS CERTIFICATE

AIRONET WIRELESS COMMUNICATIONS, INC.

This certifies that _____, or registered assigns, is the registered owner of the number of Common Stock Purchase Rights (the "Rights") set forth above, each of which entitles the owner thereof, subject to the terms, provisions and conditions of the Rights Agreement, dated as of _____, 1999, (as amended, restated, renewed or extended from time to time thereafter, the "Rights Agreement"), between Aironet Wireless Communications, Inc., a Delaware corporation (the "Company"), and Harris Trust and Savings Bank, an Illinois banking corporation (the "Rights Agent") to purchase from the Company at any time after the Distribution Date (as such term is defined in the Rights Agreement) and prior to 5:00 P.M. (Cleveland, Ohio time) on _____, 2009 at the principal office of the Rights Agent in Cleveland, Ohio, or its successors as Rights Agent, one fully paid, nonassessable share of the Common Stock, par value \$.01 per share, of the Company (the "Common Stock"), at a purchase price of \$125.00 per share (the "Purchase Price"), upon presentation and surrender of this Rights Certificate with the appropriate Form of Election to Purchase duly executed. The number of Rights evidenced by this Rights Certificate (and the number of shares which may be purchased upon exercise thereof) set forth above, and the Purchase Price per share set forth above, are the number and Purchase Price as of _____, 1999, based on the Common Stock as constituted at such date. The

Company reserves the right to require prior to the occurrence of a Triggering Event (as such term is defined in the Rights Agreement) that a number of Rights be exercised so that only whole shares of Common Stock will be issued.

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As provided in the Rights Agreement, the Purchase Price and the number of shares of Common Stock which may be purchased upon the exercise of the Rights evidenced by this Rights Certificate are subject to modification and adjustment upon the happening of certain events.

This Rights Certificate is subject to all of the terms, provisions and conditions of the Rights Agreement, which terms, provisions and conditions are hereby incorporated herein by reference and made a part hereof and to which Rights Agreement reference is hereby made for a full description of the rights, limitations of rights, obligations, duties and immunities hereunder of the Rights Agent, the Company and the holders of the Rights Certificates. Reference is also made to the Rights Agreement for definitions of capitalized terms used but not defined herein. Copies of the Rights Agreement are on file at the principal office of the Company and are also available upon written request to the Company.

This Rights Certificate, either alone or together with other Rights Certificates, upon surrender at the principal office of the Rights Agent may be exchanged for another Rights Certificate or Rights Certificates of like tenor and date evidencing Rights entitling the holder to purchase a like aggregate number of shares of Common Stock as the Rights evidenced by the Rights Certificate or Rights Certificates surrendered shall have entitled such holder to purchase. If this Rights Certificate shall be exercised (other than pursuant to Section 11(a)(ii) of the Rights Agreement) in part, the holder shall be entitled to receive upon surrender hereof another Rights Certificate or Rights Certificates for the number of whole Rights not exercised. If this Rights Certificate shall be exercised in whole or in part pursuant to Section 11(a)(ii) of the Rights Agreement, the holder shall be entitled to receive this Rights Certificate duly marked to indicate that such exercise has occurred as set forth in the Rights Agreement.

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Subject to the provisions of the Rights Agreement, the Rights evidenced by this Certificate may be redeemed by the Company at its option at a redemption price of \$.001 per Right.

The Company is not required to issue fractional shares of Common Stock upon the exercise of any Right or Rights evidenced hereby, but in lieu thereof a cash payment shall be made as provided in the Rights Agreement.

No holder of this Rights Certificate shall be entitled to vote or receive dividends or be deemed for any purpose the holder of shares of Common Stock or of any other securities of the Company which may at any time be issuable on the exercise hereof, nor shall anything contained in the Rights Agreement or herein be construed to confer upon the holder hereof, as such, any of the rights of a stockholder of the Company or any right to vote for the election of directors or upon any matter submitted to stockholders at any meeting thereof, or to give or withhold consent to any corporate action, or to receive notice of meetings or other actions affecting stockholders (except as provided in the Rights Agreement), or to receive dividends or subscription rights, or otherwise, until the Right or Rights evidenced by this Rights Certificate shall have been exercised as provided in the Rights Agreement.

This Rights Certificate shall not be valid or obligatory for any purpose until it shall have been countersigned by the Rights Agent.

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WITNESS the facsimile signature of the proper officers of the Company

and its corporate seal. Dated as of _____.

[Corporate Seal]

AIRONET WIRELESS COMMUNICATIONS,
INC.

By _____

Name: _____

Title: _____

By _____

Name: _____

Title: _____

Countersigned:

HARRIS TRUST AND SAVINGS BANK,
as Rights Agent

By: _____

Authorized Signature

[Form of Reverse Side of Rights Certificate]

FORM OF ASSIGNMENT

(To be executed by the registered holder if such
holder desires to transfer the Rights Certificate.)

FOR VALUE RECEIVED _____ does
hereby sell, assign and transfer unto _____

(Please print name and address of transferee)

this Rights Certificate, together with all right, title and interest therein,
and does hereby irrevocably constitute and appoint _____
Attorney, to transfer the within Rights Certificate on the books of the
within-named Company, with full power of substitution.

Dated: _____, 19__

Signature

Signature Guaranteed:

CERTIFICATE

The undersigned hereby certifies by checking the appropriate boxes that:

(1) This Rights Certificate [] is [] is not being exercised, sold, assigned or transferred by or on behalf of a Person who is or was an Acquiring Person or an Affiliate or Associate of any such Acquiring Person (as such terms are defined pursuant to the Rights Agreement); and

(2) After due inquiry and to the best knowledge of the undersigned, the undersigned [] did [] did not acquire the rights evidenced by this Rights Certificate from any Person who is, was or subsequently became an Acquiring Person or an Affiliate or Associate of an Acquiring Person.

Dated: _____, 19__

Signature

NOTICE

The signature to the foregoing Assignment must correspond to the name as written upon the face of this Rights Certificate in every particular, without alteration or enlargement or any change whatsoever.

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FORM OF ELECTION TO PURCHASE

(To be executed if holder desires to exercise the Rights represented by the Rights Certificate.)

To: AIRONET WIRELESS COMMUNICATIONS, INC.

The undersigned hereby irrevocably elects to exercise _____ Rights represented by this Rights Certificate to purchase the shares of Common Stock issuable upon the exercise of the Rights and requests that certificates for such shares be issued in the name of:

(Please print name and address)

Please insert Social Security or tax identification number:

If such number of Rights shall not be all the Rights evidenced by this Rights Certificate, a new Rights Certificate for the balance of such Rights shall be registered in the name of and delivered to:

(Please print name and address)

Please insert Social Security or tax identification number: _____

Dated: _____, 19__

Signature

Signature Guaranteed:

FIRST AMENDMENT TO LOAN AGREEMENT

THIS AMENDMENT (this "Amendment") to the Loan Agreement is entered into as of the 30th day of April, 1999, by and between Aironet Wireless Communications, Inc. (the "Borrower"), and The Huntington National Bank (the "Bank").

RECITALS:

A. As of July 24, 1998, the Borrower and the Bank executed a certain Loan Agreement (the "Loan Agreement"), setting forth the terms of certain extensions of credit to the Borrower; and

B. As of July 24, 1998, the Borrower executed and delivered to the Bank, inter alia, a revolving note in the original principal sum of Five Million and 00/100 Dollars (\$5,000,000.00) (hereinafter the "Note"); and

C. In connection with the Loan Agreement and the Note, the Borrower executed and delivered to the Bank certain other loan documents, promissory notes, security agreements, agreements, instruments and financing statements in connection with the indebtedness referred to in the Loan Agreement (all of the foregoing, together with the Note and the Loan Agreement, are hereinafter collectively referred to as the "Loan Documents"); and

D. The Borrower has requested that the Bank amend and modify certain terms and covenants in the Loan Agreement, and the Bank is willing to do so upon the terms and conditions contained herein.

NOW, THEREFORE, in consideration of the mutual covenants, agreements and promises contained herein, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound, the parties hereto for themselves and their successors and assigns do hereby agree, represent and warrant as follows:

1. DEFINITIONS. All capitalized terms not otherwise defined herein shall have the meanings ascribed to such terms in the Loan Agreement.

2. Section 1.3, "LOAN TERMINATION," of the Loan Agreement is hereby amended to recite in its entirety as follows:

Borrower shall have the right, upon five (5) days prior written notice to Bank, to terminate the Loan at any time prior to the maturity date of July 1, 2000 without the imposition of any prepayment fee or premium.

3. Section 7.9, "MANAGEMENT," of the Loan Agreement is hereby deleted.

4. CONDITIONS OF EFFECTIVENESS. This Amendment shall become effective as of April 30th, 1999, upon satisfaction of all the following conditions precedent:

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(a) The Bank shall have received a fully executed copy of the First Amendment to Loan Agreement, and such other certificates, instruments, documents, agreements, and opinions of counsel as may be required by the Bank, each of which shall be in form and substance satisfactory to the Bank and its counsel; and

(b) The representations contained in paragraph 6 below shall be true and accurate.

5. REPRESENTATIONS. The Borrower represents and warrants that after give effect to this Amendment (a) each and every one of the representations and warranties made by or on behalf of the Borrower in the Loan Agreement or the Loan Documents is true and correct in all respects on and as of the date hereof, except to the extent that any of such representations and warranties related, by the expressed terms thereof, solely to a date prior hereto; (b) the Borrower has duly and properly performed, complied with and observed each of its covenants, agreements and obligations contained in the Loan Agreement and Loan Documents; and (c) no event has occurred or is continuing, and no condition exists which would constitute an Event of Default or a Pending Default.

6. AMENDMENT TO LOAN AGREEMENT. (a) Upon the effectiveness of this Amendment, such reference in the Loan Agreement to "Loan and Security Agreement," "Loan Agreement," "Agreement," the prefix "herein," "hereof," or words of similar import, and each reference in the Loan Documents to the Loan Agreement, shall mean and be a reference to the Loan Agreement as amended hereby. (b) Except as modified herein, all of the representations, warranties, terms, covenants and conditions of the Loan Agreement, the Loan Documents and all other agreements executed in connection therewith shall remain as written originally and in full force and effect in accordance with their respective terms, and nothing herein contained shall affect, modify, limit or impair any of the rights and powers which the Bank may have thereunder. The amendment set forth herein shall be limited precisely as provided for herein, and shall not be deemed to be a waiver of, amendment of, consent to or modification of any of the Bank's rights under or of any other term or provisions of the Loan Agreement, any Loan Document, or other agreement executed in connection therewith, or of any term or provision of any other instrument referred to therein or herein or of any transaction or future action on the part of the Borrower which would require the consent of the Bank, including, without limitation, waivers of Events of Default which may exist after giving effect hereto. The Borrower ratifies and confirms each term, provision, condition and covenant set forth in the Loan Agreement and the Loan Documents and acknowledges that the agreement

set forth therein continue to be legal, valid and binding agreements, and enforceable in accordance with their respective terms.

7. AUTHORITY. The Borrower hereby represents and warrants to the Bank that (a) the Borrower has legal power and authority to execute and deliver the within Amendment; (b) the officer executing the within Amendment on behalf of the Borrower has been duly authorized to execute and deliver the same and bind the Borrower with respect to the provisions provided for herein; (c) the execution and delivery hereof by the Borrower and the performance and observance by the Borrower of the provisions hereof do not violate or conflict with the articles of incorporation, regulations or by-laws of the Borrower or any law applicable to the Borrower or result in the breach of any

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provisions of or constitute a default under any agreement, instrument or document binding upon or enforceable against the Borrower; and (d) this Amendment constitutes a valid and legally binding obligation upon the Borrower in every respect.

8. COUNTERPARTS. This Amendment may be executed in two or more counterparts, each of which, when so executed and delivered, shall be an original, but all of which together shall constitute one and the same document. Separate counterparts may be executed with the same effect as if all parties had executed the same counterparts.

9. COSTS AND EXPENSES. The Borrower agrees to pay on demand in accordance with the terms of the Loan Agreement all costs and expenses of the Bank in connection with the preparation, reproduction, execution and delivery of this Amendment and all other loan documents entered into in connection herewith, including the reasonable fees and out-of-pocket expenses of the Bank's counsel with respect thereto.

10. GOVERNING LAW. This Amendment shall be governed by and construed in accordance with the law of the State of Ohio.

IN WITNESS WHEREOF, the Borrower and the Bank have hereunto set their hands as of the date first set forth above.

THE BORROWER:

AIRONET WIRELESS COMMUNICATIONS, INC.

By: /s/ R. G. Holmes

Name: R. G. Holmes

Its: Sr. Vice President & CFO

THE BANK:

THE HUNTINGTON NATIONAL BANK

By: /s/ Christine C. Genar

Name: Christine C. Genar

Its: Vice President

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