UNITED STATES SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

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

FOR THE YEAR ENDED DECEMBER 31, 2001

[ ] 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 000-27115

PCTEL, INC.
(Exact Name of Business Issuer as Specified in Its Charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	77-0364943 (I.R.S. Employer Identification Number)
1331 CALIFORNIA CIRCLE, MILPITAS, CA (Address of Principal Executive Office)	95035 (Zip Code)

(408) 965-2100
(Registrant's Telephone Number, Including Area Code)

SECURITIES REGISTERED PURSUANT TO SECTION 12(b) OF THE ACT:
None

SECURITIES REGISTERED PURSUANT TO SECTION 12(g) OF THE ACT:
Common Stock, $0.001 Par Value Per Share.

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

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

AS OF MARCH 22, 2002, THE AGGREGATE MARKET VALUE OF THE REGISTRANT'S COMMON STOCK HELD BY NONAFFILIATES OF THE REGISTRANT WAS $160,623,019 BASED ON THE CLOSING SALE PRICE AS REPORTED ON THE NASDAQ NATIONAL MARKET. THIS CALCULATION DOES NOT REFLECT A DETERMINATION THAT CERTAIN PERSONS ARE AFFILIATES OF THE REGISTRANT FOR ANY OTHER PURPOSES.

As of March 22, 2002, the number of shares of the Registrant's common stock outstanding was 19,953,170.

Items 10, 11, 12 and 13 of Part III incorporate information by reference from the definitive proxy statement for the Annual Meeting of Stockholders to be held on May 29, 2002.

PCTEL, INC.

FORM 10-K
FOR THE YEAR ENDED DECEMBER 31, 2001

PART I

ITEM 1: BUSINESS

This report contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. These statements include, among other things, statements concerning our future operations, financial condition and prospects, and business strategies. The words "believe," "expect," "anticipate" and other similar expressions generally identify forward-looking statements. Investors in our common stock are cautioned not to place undue reliance on these forward-looking statements. These forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition, or results of operations to differ materially from our historical results or currently anticipated results. Investors should carefully review the information contained under the caption "Factors That May Affect Our Business, Financial Condition, and Future Operating Results," beginning on page 20 of the section of this report entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations," and elsewhere in, or incorporated by reference into, this report.

OVERVIEW

We are a leading developer and supplier of cost-effective Internet access solutions. Today our products enable high-speed Internet connections through analog networks. Additionally, we are developing new technologies and products to address wireless local area networks.

As a pioneer in developing HSP (host signal processing) technology, a proprietary set of algorithms that enables cost-effective software-based digital signal processing solutions, our solution utilizes the computational and processing resources of a host central processing unit rather than requiring additional special-purpose hardware. Based on our own research and testing, this architecture can reduce space requirements by 50% and power requirements by 70% compared to conventional hardware-based solutions. The first implementation of our host signal processing technology was in a software modem, or soft modem, in 1995. Various original equipment manufacturers, including Compaq, Dell, Fujitsu, Hewlett Packard, NEC and Samsung, have integrated our soft modems into their products.

Our proprietary software architecture provides significant benefits over traditional hardware-based solutions. Our software architecture:

- Reduces the hardware, space and power requirements of conventional hardware-based connectivity devices, which reduces our customers' manufacturing costs while offering superior or comparable performance;

- Minimizes the risk of technological obsolescence and enables an array of communication solutions for PCs and alternative Internet access devices that are easily upgradeable;

- Allows us to quickly and cost-effectively develop new products to capitalize on rapidly growing market segments such as the developing wireless local area network markets; and

- Is compatible with multiple operating systems, including but not limited to Windows (3.1, 95, 98, 2000, NT, XP) and Linux.

CORPORATE BACKGROUND

We were incorporated in California in 1994 and reincorporated in Delaware in 1998. Our principal executive offices are located at 1331 California Circle, Milpitas, California 95035. Our telephone number at that address is (408) 965-2100.

PRODUCTS

CURRENT PRODUCTS

MicroModem(TM). The MicroModem integrates our host signal processing technology with a micro form-factor, silicon DAA (data access arrangement). In contrast to a conventional hardware modem, our soft architecture replaces the memory chip, digital signal processing chip, universal asynchronous receiver and transmitter, and controller chip with customized software that draws upon the excess capacity of the host central processing unit. Our patented MicroModem further reduces power and size requirements by replacing approximately 90 discrete hardware components with one or two silicon DAA chips. This integration reduces the number of components in a conventional modem data access arrangement by approximately 40%. The MicroModem is certified as being compatible with the telecommunications standards of most industrialized countries, allowing original equipment manufacturers to accomplish seamless global interoperability. The MicroModem currently comes with standard interfaces to computers such as PCI, ACR, Modem Riser and MDC.

Lansis(TM). In June 2001, we began to ship our Lansis product. Lansis is a combination HSP modem and LAN (local area network) solution. It allows PC original equipment manufacturers ("OEMs") to implement a solution for LAN connectivity with the same performance as more expensive branded CardBus and Personal Computer Memory Card International Association (PCMCIA) cards. Combined with V.90 modem functionality, it provides a cost-effective alternative to provide modem and network connectivity to the PC customer.

Solsis(TM). In the fourth quarter of 2000, we began to ship our Solsis product line. Solsis is our first embedded solution for Internet access devices that either do not use a central processing unit or lack the excess processing capacity necessary to support our host signal processing solution. Solsis operates on Texas Instruments DSPs (digital signal processing); targeted for Internet appliances, such as set-top boxes, game consoles and other Internet access devices. By offering reductions in size, cost and power consumption, we believe that our embedded solution is also ideal for many of these space-restricted mobile appliances.

Solsis II. In the fourth quarter of 2001, we began to ship the second generation of our Solsis embedded solution that utilizes a two-chip solution versus the previous five-chip version. This further reduces the cost and power consumption for these non-PC Internet appliances. Solsis II utilizes the new TI TMS320C54V90 DSP, integrating all modem functions into the DSP except the line side DAA chip.

FUTURE PRODUCTS

Future products are intended to address the expanding market for wireless LAN products intended for use directly by consumers. Further announcements are anticipated during 2002.

INTELLECTUAL PROPERTY LICENSING

We offer our intellectual property through licensing and product royalty arrangements. We have over 80 patents granted or pending addressing both essential International Telecommunications Union (ITU) and non-essential technologies. Our technology is licensed directly or indirectly by many companies in the communications industry, such as Conexant, ESS Technology, Smart Link and others, who use International Telecommunications Union standard technology.

In addition, we are developing wireless spread spectrum intellectual property technologies, which may be patentable. Once developed, we intend to file patents covering such technologies.

CUSTOMERS

Our MicroModem and Lansis products are targeted for manufacturing integration by PC OEMs, PC motherboard and modem card manufacturers. The Solsis embedded modem products are typically integrated by non-PC Internet access product manufacturers, such as set-top box makers. We sell directly to OEMs and indirectly through a number of distributors.

For the year ended December 31, 2001, approximately 79% of our revenues were generated by three of our customers, with Prewell International representing 47% of revenues, GVC Corporation representing 22% and Askey Computer representing 10% of revenues. For the year ended December 31, 2000, approximately 60% of our revenues were generated by the same three customers, with Prewell International representing 32% of revenues, GVC Corporation representing 13% and Askey Computer representing 15%. No other customers represented more than 10% of our product sales for these periods.

SALES, MARKETING AND SUPPORT

We sell our products directly to modem board and motherboard manufacturers who assemble and distribute the end product directly to original equipment manufacturers and systems integrators and indirectly through distributors. In many cases, modems are manufactured by third parties on behalf of the final brand name original equipment manufacturer. We focus on developing long-term customer relationships with our direct and indirect customers. In many cases, our indirect original equipment manufacturer customers specify our products be included on their modem boards or motherboards purchased from board manufacturers.

We employ a direct sales force with a thorough level of technical expertise, product background and industry knowledge. Our sales force includes a team of application engineers to assist customers in designing, testing and qualifying system designs that incorporate our products. Our sales force also supports the sales efforts of our distributors. We believe the depth and quality of our sales support team is critical to:

- Achieving design wins,

- Improving customers' time to market,

- Maintaining a high level of customer satisfaction, and

- Engendering customer loyalty for our next generation of products.

Our marketing strategy is focused on further building market awareness and acceptance of our new products. Our marketing organization also provides a wide range of programs, materials and events to support the sales organization.

As of December 31, 2001, we employed 34 individuals in sales, marketing and support and maintained regional sales support operations in Tokyo, Japan, Taipei, Taiwan, Seoul, Korea and Paris, France.

BACKLOG

Sales of our products are generally made pursuant to standard purchase orders, which are officially acknowledged by us according to our terms and conditions. Due to industry practice, which allows customers to cancel or reschedule orders with limited advance notice to us prior to shipment without significant penalties, we believe that our backlog, while useful for scheduling production, is not a meaningful indicator of future revenues.

RESEARCH AND DEVELOPMENT

We recognize that a strong technical base is essential to our long-term success and have made a substantial investment in research and development. We will continue to devote substantial resources to product development and patent submissions. We monitor changing customer needs and work closely with our customers, partners and market research organizations to track changes in the marketplace, including emerging industry standards.

As of December 31, 2001, we employed 47 employees in research and development. For the year ended December 31, 2001, total research and development costs incurred were $11.6 million, compared to $14.1 million and $10.3 million for 2000 and 1999, respectively.

MANUFACTURING

We procure DAA chips from Silicon Labs of Austin, Texas on a purchase order basis. We have a limited guaranteed supply of data access arrangement chips through a long-term business arrangement with Silicon Labs. We have no guaranteed supply or long-term contract agreements with any other of our suppliers.

LICENSES, PATENTS AND TRADEMARKS

We seek to protect our technology through a combination of patents, copyrights, trade secret laws, trademark registrations, confidentiality procedures and licensing arrangements. We have over 80 patents granted or pending addressing both essential ITU and non-essential technologies. Because of the fast pace of innovation and product development, our products are often obsolete before the patents related to them expire. As a result, we believe that the duration of the applicable patents is adequate relative to the expected lives of our products.

We believe that our patent portfolio is one of the largest in the analog modem market. To supplement our proprietary technology, we have licensed rights to use patents held by third parties.

We have received communications from Agere Systems and 3Com, and may receive communications from other third parties in the future, claiming to own patent rights in technologies that are part of communications standards adopted by the International Telecommunications Union, such as V.90, V.34, V.42bis and V.32bis, and other common communications standards. These third parties claim that our products utilize these patented technologies and have requested that we enter into license agreements with them. We have also recently settled patent infringement litigation against ESS Technology and Dr. Brent Townshend. Other than the ESS Technology and Dr. Townshend lawsuits described below, no material lawsuits relating to intellectual property are currently filed against us.

In addition, there are numerous risks that result from our reliance on our proprietary technology in the conduct of our business. See "Risk Factors -- We rely heavily on our intellectual property rights which offer only limited protection against potential infringers. Unauthorized use of our technology may result in development of products that compete with our products, which could cause our market share and our revenues to be reduced."

COMPETITION

The Internet access device market is intensely competitive. Our current competitors include Agere Systems, Broadcom, Conexant, ESS Technology and SmartLink. We expect competition to increase in the future as current competitors enhance their product offerings and new communication technologies are introduced and deployed.

We may in the future also face competition from other suppliers of products based on new or emerging communication technologies, which may render our existing or future products obsolete or otherwise unmarketable. We believe that these competitors may include 3Com, Alcatel, Analog Devices, GlobespanVirata, Intersil, and Proxim.

We believe that the principal competitive factors required by users and customers in the Internet access device market include compatibility with industry standards, price, functionality, ease of use, customer service and support. We believe that our products currently compete favorably in these areas.

EMPLOYEES

As of December 31, 2001, we employed 112 people full-time, including 34 in sales and marketing, 47 in research and development, and 31 in general and administrative functions. None of our employees is represented by a labor union. We consider our employee relations to be good.

EXECUTIVE OFFICERS

The following table sets forth information with respect to our executive officers as of December 31, 2001:

NAME	AGE	POSITION
Martin H. Singer	50	Chief Executive Officer, Chairman of the Board
John Schoen	46	Chief Operating Officer, Chief Financial Officer and Secretary
Jeffrey A. Miller	46	Vice President, Engineering and Development
Mark Wilson	49	Vice President, Marketing

Dr. Martin H. Singer has been our Chief Executive Officer and Chairman of the Board since October 17, 2001. Prior to that, Dr. Singer has served as our Non-Executive Chairman of the Board since February 2001 and a director for the Company from August 1999. From October 2000 to May 2001, Dr. Singer served as President and Chief Executive Officer of Ultra Fast Optical Systems, Inc. From December 1997 to August 2000, Dr. Singer served as President and CEO of SAFCO Technologies, Inc., a wireless communications company. He left SAFCO in August 2000 after its sale to Agilent Technologies. From September 1994 to December 1997, Dr. Singer served as Vice President and General Manager of the Wireless Access Business Development Division for Motorola, Inc., a communications equipment company. Prior to this period, Dr. Singer held senior management and technical positions in Motorola Inc., Tellabs, Inc., AT&T and Bell Labs. Dr. Singer holds a Bachelor of Arts in Psychology from the University of Michigan, and a Master of Arts and a Ph.D. in Experimental Psychology from Vanderbilt University.

Mr. John Schoen has been our Chief Operating Officer, Chief Financial Officer and Secretary since November 12, 2001. Prior to that, Mr. Schoen was Business Development Manager at Agilent Technologies. From May 1999 to July 2001, Mr. Schoen served as Chief Operating Officer and Chief Financial Officer of SAFCO Technologies, Inc. before its acquisition by Agilent Technologies Inc. Prior to this period, Mr. Schoen held various financial positions for over 19 years in Motorola Inc., including Controller of its Wireless Access Business Development Division. Mr. Schoen received a Bachelor of Science in Accounting from DePaul University and is a Certified Public Accountant.

Mr. Jeffrey A. Miller has been our Vice President of Engineering and Development since November 7, 2001. Prior to that, Mr. Miller was Functional Manager of Wireless Optimization Products at Wireless Network Test Division of Agilent Technologies Inc. From January 1998 to July 2001, Mr. Miller served as Vice President of Engineering of SAFCO Technologies, Inc. and led its Test and Measurement Group before its acquisition by Agilent Technologies Inc. Prior to this period, Mr. Miller held various technical positions in Motorola Inc., including its Cellular Infrastructure Group. Mr. Miller received a Bachelor of Science in Computer Science from University of Illinois.

Mr. Mark Wilson has been our Vice President of Marketing since July 2000. Before joining us, Mr. Wilson most recently served as director of product management for privately-held NARUS, Inc., a leading provider of Internet business infrastructure solutions. With more than twenty years of experience in the industry, Mr. Wilson's portfolio of industry experience includes upper-level management positions in firms such as Hewlett Packard, where he was charged with market development and product management for the Internet Business Unit of the VeriFone Division. While with Cirrus Logic, Inc., he served as Vice President of Customer Marketing. Mr. Wilson also held the position of Vice President of OEM Marketing at IBM Corporation's Storage Systems Division and was Vice President of Marketing at Quantum Corporation. Mr. Wilson holds an MBA from Boston University and an undergraduate degree in Electrical Engineering from the University of Massachusetts.

ITEM 2: PROPERTIES

In September 1999, we entered into an operating lease for our new headquarter facilities in Milpitas, California. This office building is 100,026 square feet and the lease expires February 2003. In addition, we have a subsidiary office in Waterbury, Connecticut, an engineering office in Taipei, Taiwan, and sales support

offices in Tokyo, Japan, Taipei, Taiwan, Seoul, Korea and Paris, France. We believe that we have adequate space for our current needs.

As a result of the restructuring programs implemented in 2001, a portion of our current headquarter facilities was closed and became available for rent. We are currently actively marketing the excess facilities. As of December 31, 2001, the idle space has not been subleased.

ITEM 3: LEGAL PROCEEDINGS

We record an accrual for estimated future royalty payments for relevant technology of others used in our product offerings in accordance with SFAS No. 5, "Accounting for Contingencies." The estimated royalties accrual reflects management's broader litigation and cost containment strategies, which may include alternatives such as entering into cross-licensing agreements, cash settlements and/or ongoing royalties based upon our judgment that such negotiated settlements would allow management to focus more time and financial resources on the ongoing business. We have accrued our best estimate of the amount of royalties payable for royalty agreements already signed, agreements that are in negotiation and unasserted but probable claims of others using advice from third party technology advisors and historical settlements. Should the final license agreements result in royalty rates significantly different than our current estimates, our business, operating results and financial condition could be materially and adversely affected.

PCTEL, Inc. v. Brent Townshend

In September 1998 and May 1999, Dr. Brent Townshend ("Townshend") alleged by letter that our products infringe a number of patents owned by him and that we owed him royalties. In May 2001, we filed a complaint against Townshend in the U.S. District Court for the Northern District of California, contending that Townshend's ITU-related patents are invalid, void, unenforceable and/or not infringed ("Federal Court Action"). Our complaint also contends that Townshend's patents are already licensed to us.

In September 2001, Townshend answered and filed a motion to dismiss the complaint. Townshend also asserted counter-claims for patent infringement against us seeking damages. Townshend sought exemplary and punitive damages and asked that damages be increased three times the amount found or assessed, alleging willful infringement. Townshend's answer also sought costs, fees, interest and restitution. In January 2002, Townshend's motion to dismiss was denied.

In September 2001, on behalf of ourselves and the general public, we filed a complaint against Townshend and others in the California Superior Court for unfair competition in the marketplace ("State Court Action"). This Superior Court action was stayed, pending resolution of the U.S. District Court litigation.

On March 19, 2002, Townshend entered into a settlement agreement with us, which settled the Federal Court Action and State Court Action. Under the Settlement Agreement, the terms of the settlement are confidential. The Settlement Agreement required us to make a cash royalty payment on March 19, 2002 of $14.3 million related to past liability and prepayment of future liabilities.

ESS Technology, Inc. v. PCTEL, Inc.

In April 1999, ESS Technology, Inc. ("ESS") filed a complaint against us in the U.S. District Court for the Northern District of California, alleging that we failed to grant licenses for some of our International Telecommunications Union-related patents to ESS on fair, reasonable and non-discriminatory terms. ESS's complaint includes claims based on antitrust law, patent misuse, breach of contract and unfair competition. In its complaint, ESS also seeks a declaration that some of our International Telecommunications Union-related patents are unenforceable and that we should be ordered by the court to grant a license to ESS on fair, reasonable and non-discriminatory terms.

We entered into a settlement agreement with ESS on February 5, 2002, which settled this litigation matter and the litigation matter involving ESS pending in the United States International Trade Commission described below. The settlement required ESS to make an initial license payment of $2.0 million and future royalty payments to us based on the terms under the settlement agreement.

In the Matter of Certain HSP Modems, Software and Hardware Components Thereof, and Products Containing the Same.

In September 2000, we filed a complaint under Section 337 of the Tariff Act of 1930, as amended, with the United States International Trade Commission ("ITC"). Our complaint requested that the ITC commence an investigation into whether Smart Link and ESS are engaged in unfair trade practices by selling for importation into the United States, directly or indirectly importing into the United States, or selling in the United States after importation devices which infringe our patents.

Smart Link entered into a settlement agreement with us on May 17, 2001. The settlement requires Smart Link to make royalty payments to us based on the terms under the settlement agreement. The settlement did not have a material effect on our financial position or operating results.

The hearing in this investigation against ESS took place from July 17, 2001 to July 27, 2001. In October 2001, the administrative law judge issued an initial determination, which found that ESS infringes one of our key patents.

We entered into a settlement agreement and cross-license with ESS on February 5, 2002, which settled this litigation matter and the litigation matter between ESS and us pending in the United States District Court described above. The settlement required ESS to make an initial license payment of $2.0 million and future royalty payments to us based on the terms under the settlement agreement. On February 22, 2002, ESS and us jointly filed a motion for termination on the basis of the settlement agreement and on March 13, 2002, the ITC granted the motion for termination.

Based on the settlements discussed above in the quarter ending March 31, 2002 and the settlement record within the modem industry, management has re-evaluated its best estimate of accrued royalties, within a range of possible settlement losses. We have concluded that these settlements do not have a significant impact on our results of operations.

We are subject to various other claims which arise in the normal course of business. In the opinion of management, the ultimate disposition of these claims will not have a material adverse effect on our financial position, liquidity or results of operations.

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

No stockholder votes took place during the fourth quarter of the year ended December 31, 2001.

PART II

ITEM 5: MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

PRICE RANGE OF COMMON STOCK

Our common stock has been traded on the Nasdaq National Market under the symbol PCTI since our initial public offering on October 19, 1999. The following table shows the high and low sale prices of our common stock as reported by the Nasdaq National Market for the periods indicated.

	HIGH	LOW
FISCAL 2001:		
Fourth Quarter	$10.46	$ 6.66
Third Quarter	$ 8.86	$ 6.74
Second Quarter	$10.70	$ 6.50
First Quarter	$12.19	$ 7.00
FISCAL 2000:		
Fourth Quarter	$22.63	$ 8.88
Third Quarter	$36.50	$22.94
Second Quarter	$62.50	$25.06
First Quarter	$95.88	$44.19

The closing sale price of our common stock as reported on the Nasdaq National Market on December 31, 2001, the last trading day of fiscal year 2001, was $9.71 per share. As of that date there were 88 holders of record of our common stock.

DIVIDENDS

We have never declared or paid cash dividends on our capital stock. We currently intend to retain all of our earnings, if any, for use in our business and do not anticipate paying any cash dividends in the foreseeable future. The payment of any future dividends will be at the discretion of our Board of Directors and will depend upon a number of factors, including future earnings, the success of our business activities, regulatory capital requirements, the general financial condition and our future prospects, general business conditions and such other factors as the Board of Directors may deem relevant.

ITEM 6: SELECTED FINANCIAL DATA

The following selected consolidated financial data should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations," our Consolidated Financial Statements and related notes and other financial information appearing elsewhere in this Form 10-K. The statement of operations data for the years ended December 31, 2001, 2000 and 1999 and the balance sheet data as of December 31, 2001 and 2000 are derived from audited financial statements included elsewhere in this Form 10-K. The statement of operations data for the years ended December 31, 1998 and 1997 and the balance sheet data as of December 31, 1999, 1998 and 1997 are derived from audited financial statements not included in this Form 10-K. For the year ended December 31, 2001, operating results include the $10.9 million provision for inventory losses, the $3.8 million restructuring charges and the $16.8 million impairment of goodwill and intangible assets related to our acquisitions of Communications Systems Division ("CSD"), Voyager Technologies, Inc. ("Voyager") and BlueCom Technology Corp. ("BlueCom"). The operating results for the year ended December 31, 2000 include the $1.6 million write-off of in-process research and development costs related to our acquisition of Voyager. For the year ended December 31, 1998, operating results include the $6.1 million write-off of in-process research and development costs related to our acquisition of CSD. The operating results for the year ended December 31, 1999 include an extraordinary loss of $1.6 million related to the early extinguishment of debt.

	YEARS ENDED DECEMBER 31,				
	2001	2000	1999	1998	1997
	(IN THOUSANDS, EXCEPT PER SHARE DATA)				
CONSOLIDATED STATEMENT OF OPERATIONS DATA:					
Revenues	$ 40,971	$97,183	$76,293	$33,004	$24,009
Cost of revenues	27,899	53,940	39,428	13,878	12,924
Inventory losses	10,920	--	--	--	--
Gross profit	2,152	43,243	36,865	19,126	11,085
Operating expenses:					
Research and development	11,554	14,130	10,317	4,932	3,348
Sales and marketing	10,926	14,293	10,523	5,624	3,168
General and administrative	14,023	8,058	5,459	2,169	1,612
Acquired in-process research and development	--	1,600	--	6,130	--
Amortization of goodwill and intangible assets	3,068	2,638	--	--	--
Impairment of goodwill and intangible assets	16,775	--	--	--	--
Restructuring charges	3,787	--	--	--	--
Amortization of deferred stock compensation	1,081	1,308	790	43	--
Total operating expenses	61,214	42,027	27,089	18,898	8,128
Income (loss) from operations	(59,062)	1,216	9,776	228	2,957
Other income, net	6,154	7,288	271	479	299
Income (loss) before provision for income taxes	(52,908)	8,504	10,047	707	3,256
Provision for income taxes	5,311	2,366	3,014	212	955
Net income (loss) before extraordinary loss	(58,219)	6,138	7,033	495	2,301
Extraordinary loss, net of income taxes	--	--	(1,611)	--	--
Net income (loss)	$(58,219)	$ 6,138	$ 5,422	$ 495	$ 2,301
Basic earnings (loss) per share before extraordinary loss	$ (3.02)	$ 0.34	$ 1.33	$ 0.21	$ 1.13
Basic earnings (loss) per share after extraordinary loss	$ --	$ --	$ 1.03	$ --	$ --
Shares used in computing basic earnings (loss) per share	19,275	18,011	5,287	2,355	2,032
Diluted earnings (loss) per share before extraordinary loss	$ (3.02)	$ 0.30	$ 0.48	$ 0.04	$ 0.20
Diluted earnings (loss) per share after extraordinary					

loss........................ $ -- $ -- $ 0.37 $ -- $ -- Shares used in computing diluted earnings (loss) per share.......................... 19,275 20,514 14,666 12,325 11,645

	DECEMBER 31,				
	2001	2000	1999	1998	1997
	(IN THOUSANDS)				
CONSOLIDATED BALANCE SHEET DATA:					
Cash, cash equivalents and short-term investments	$125,628	$118,380	$ 98,290	$12,988	$ 6,685
Working capital	104,521	130,911	89,892	14,011	12,840
Total assets	140,183	192,956	130,605	45,996	23,148
Long term debt, net of current portion	--	--	--	14,709	38
Total stockholders' equity	107,761	159,847	104,278	15,139	13,610

ITEM 7: MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

You should read the following discussion in conjunction with our Consolidated Financial Statements and related notes appearing elsewhere in this Form 10-K. Except for historical information, the following discussion contains forward looking statements that involve risks and uncertainties, including statements regarding our anticipated revenues, profits, costs and expenses and revenue mix. These forward looking statements include, among others, those statements including the words, "may," "will," "plans," "seeks," "expects," "anticipates," "intends," "believes" and words of similar import, constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. You should not place undue reliance on these forward-looking statements. Our actual results could differ materially from those anticipated in these forward-looking statements for many reasons, including the risks faced by us described below and elsewhere in this Form 10-K, and in other documents we file with the SEC. Factors that might cause future results to differ materially from those discussed in the forward looking statements include, but are not limited to, those discussed in "Business" and elsewhere in this Form 10-K.

OVERVIEW

We provide cost-effective software-based communications solutions that address high-speed Internet connectivity requirements for existing and emerging technologies. Our communications products enable Internet access through PCs and alternative Internet access devices. Our soft modem products consist of a hardware chipset containing a proprietary host signal processing software architecture which allows for the utilization of the computational and processing resources of a host central processor, effectively replacing special-purpose hardware required in conventional hardware-based modems. Together, the combination of the chipset and software drivers are a component part within a computer which allows for telecommunications connectivity. By replacing hardware with a software solution, our host signal processing technology lowers costs while enhancing capabilities.

From our inception in February 1994 through the end of 1995, we were a development stage company primarily engaged in product development, product testing and the establishment of strategic relationships with customers and suppliers. From December 31, 1995 to December 31, 2000, our total headcount increased from 18 to 198. In 2001, we reduced our headcount by 90 through reductions in force. As of December 31, 2001, our total headcount was 112. We first recognized revenue on product sales in the fourth quarter of 1995, and became profitable in 1996, our first full year of product shipments. Revenues increased from $24.0 million in 1997 to $33.0 million in 1998, $76.3 million in 1999 and $97.2 million in 2000. Since the fourth quarter of 2000, our customers, primarily our PC motherboard and distribution manufacturers, were impacted by significantly lower PC demand. As a result, our revenues decreased to $41.0 million in 2001. Because we expect PC demand to continue to be weak for the foreseeable term, we expect our revenues and earnings to continue to be negatively affected.

We sell soft modems to manufacturers and distributors principally in Asia through our sales personnel, independent sales representatives and distributors. Our sales to manufacturers and distributors in Asia were 91%, 91% and 99% of our total sales for the years ended 2001, 2000 and 1999, respectively. The predominance of our sales is in Asia because our customers are primarily motherboard and modem manufacturers, and the

majority of these manufacturers are located in Asia. In many cases, our indirect original equipment manufacturer customers specify that our products be included on the modem boards or motherboards that they purchase from the board manufacturers, and we sell our products directly to the board manufacturers for resale to our indirect original equipment manufacturer customers, both in the United States and internationally.

CRITICAL ACCOUNTING POLICIES

Our significant accounting policies are more fully described in Note 1 to the consolidated financial statements included in this Form 10-K. The preparation of our consolidated financial statements in accordance with generally accepted accounting principles require us to make estimates and judgments that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the period reported. By their nature, these estimates and judgments are subject to an inherent degree of uncertainty. Management bases its estimates and judgments on historical experience, market trends, and other factors that are believed to be reasonable under the circumstances. Actual results may differ from these estimates under different assumptions or conditions. Management believes the following critical accounting policies affect its more significant judgments and estimates used in the preparation of its consolidated financial statements.

REVENUE RECOGNITION

Revenues consist primarily of sales of products to OEMs and distributors. Revenues from sales to customers are recognized upon shipment when title and risk of loss passes to the customers, unless we have future obligations or have to obtain customer acceptance, in which case revenue is not recorded until such obligations have been satisfied or customer acceptance has been achieved. We provide for estimated sales returns and customer rebates related to sales to OEMs at the time of shipment. Customer rebates are recorded against receivables to the extent that the gross amount has not been collected by the end customer. Once the gross amount has been collected, the accrued customer rebate is then reclassified to liabilities. As of December 31, 2001 and 2000, we have an allowance for customer rebates against accounts receivable of $200,000 and $6.8 million, respectively, and accrued customer rebates of $2.1 million and $0, respectively, presented as current liabilities on the balance sheet. Accrued customer rebates will be paid to the customers, upon request, in the future unless they are forfeited by the customer. Revenues from sales to distributors are made under agreements allowing price protection and rights of return on unsold products. We record revenue relating to sales to distributors only when the distributors have sold the product to end-users. Customer payment terms generally range from letters of credit collectible upon shipment to open accounts payable 60 days after shipment.

We also generate revenues from engineering contracts. Revenues from engineering contracts are recognized as contract milestones and customer acceptance are achieved. Royalty revenue is recognized when confirmation of royalties due to us is received from licensees. Furthermore, revenues from technology licenses are recognized after delivery has occurred and the amount is fixed and determinable, generally based upon the contract's nonrefundable payment terms. To the extent there are extended payment terms on these contracts, revenue is recognized as the payments become due and the cancellation privilege lapses. To date, we have not offered post-contract customer support.

INVENTORY RESERVES

Due to the changing market conditions, recent economic downturn and technological innovation, inventory valuation charges of $10.9 million were recorded in the second half of 2001. Given the volatility of the market, the age of the inventories on hand and the introduction of new products in 2002, we wrote down excess inventories to net realizable value based on forecasted demand and the firm purchase order commitments from our major suppliers. Of the $10.9 million inventory valuation charges recorded, $2.3 million is related to firm purchase order commitments and the remaining $8.6 million is related to excess inventories on hand or disposed. Actual demand may differ from forecasted demand and such difference may have a material effect on our financial position and results of operations. In addition to the reserve for excess inventory, we also provide for an allowance against obsolete inventory. As of December 31, 2001, there is an allowance for inventory obsolescence of $1.4 million.

ACCRUED ROYALTIES

We record an accrual for estimated future royalty payments for relevant technology of others used in our product offerings in accordance with SFAS No. 5, "Accounting for Contingencies." The estimated royalties accrual reflects management's broader litigation and cost containment strategies, which may include alternatives such as entering into cross-licensing agreements, cash settlements and/or ongoing royalties based upon our judgment that such negotiated settlements would allow management to focus more time and financial resources on the ongoing business. Accordingly, the royalties accrual reflects estimated costs of settling claims rather than continuing to defend our legal positions, and is not intended to be, nor should it be interpreted as, an admission of infringement of intellectual property, valuation of damages suffered by any third parties or any specific terms that management has predetermined to agree to in the event of a settlement offer. We have accrued our best estimate of the amount of royalties payable for royalty agreements already signed, agreements that are in negotiation and unasserted but probable claims of others using advice from third party technology advisors and historical settlement rates.

As of December 31, 2001 and 2000, we had accrued royalties of approximately $12.3 million and $11.7 million, respectively. However, the amounts accrued may be inadequate and we will be required to take an immediate charge if royalty payments are settled at a higher rate than expected, or if we do not prevail in the litigation. In addition, settlement arrangements may require royalties for both past and future sales of the associated products. If this is the case, in addition to an immediate charge if our accrual is inadequate, our gross margins will decrease on these future product sales. As a result of the litigation settlement with Townshend, we made a cash royalty payment of $14.3 million related to past liability and prepayment of future liabilities to Townshend in March 2002. See discussion under "Contingencies" in Note 11 for the impact of settlement on our financial position and results of operations.

INCOME TAXES

We currently operate with subsidiaries in the Cayman Islands and Japan as well as branch offices in Taiwan, Korea and France. The complexities brought on by operating in several different tax jurisdictions inevitably lead to an increased exposure to worldwide tax challenges. Should the tax authorities challenge us and the tax challenges result in unfavorable outcomes, our operating results and financial position could be materially and adversely affected.

RESULTS OF OPERATIONS

YEARS ENDED DECEMBER 31, 2001, 2000 AND 1999
(ALL AMOUNTS IN TABLES, OTHER THAN PERCENTAGES, ARE IN THOUSANDS)

REVENUES

	2001	2000	1999
Revenues	$40,971	$97,183	$76,293
% change from prior period	(57.8)%	27.4%	131.2%

Our revenues primarily consist of product sales of soft modems to board manufacturers and distributors in Asia. Revenues decreased $56.2 million for the year ended December 31, 2001 from 2000. The revenue decrease was primarily attributable to 53% less unit shipments as a result of an abnormally poor PC market due to poor economic conditions. Additionally, the decrease in sales revenues was due to downward pressure on average selling prices commonly seen in the industry. Our average selling prices decreased 9% from 2000 to 2001, mainly due to the downward pricing pressure which is commonly seen in the industry. Because we expect PC demand to continue to be weak for the foreseeable term, we expect our revenues to continue to be negatively affected in 2002.

Revenues increased $20.9 million for the year ended December 31, 2000 compared to the same period in 1999. These increases were attributable to increased units sold to tier-one OEMs such as Compaq Corporation, Intel Corporation, Fujitsu Limited and NEC Corporation, and to a lesser extent, increased license revenues recognized during fiscal year 2000. The increase in sales volume was partly offset by downward pressure on average selling prices and sales discounts to customers.

GROSS PROFIT

	2001	2000	1999
Gross profit	$2,152	$43,243	$36,865
Percentage of revenues	5.3%	44.5%	48.3%
% change from prior period	(95.0)%	17.3%	92.7%

Cost of revenues consists primarily of chipsets we purchase from third party manufacturers and also includes amortization of intangibles related to the CSD acquisition, accrued intellectual property royalties, cost of operations, provision for inventory obsolescence and distribution costs. Provision for inventory losses are also included in the determination of gross profit.

Gross profit decreased $41.1 million for the year ended December 31, 2001 compared to the same period last year primarily due to decreased sales revenues and the provision for inventory losses of $10.9 million recorded in the second half of 2001. Gross margin as a percentage of revenue decreased from 44.5% for the year ended December 31, 2000 to 5.3% for the year ended December 31, 2001 because of the provision for inventory losses and because average selling prices decreased faster than the rate of cost reduction. In addition, the fixed portion of our costs as a percentage of revenue increased due to the decrease in revenues. We expect the gross profit and gross margin as a percentage of revenue in 2002 to be higher than 2001 as we do not expect to record additional provision for inventory losses in 2002 and licensing/royalty revenue as a percentage of revenues will be higher in 2002 as a result of the ESS litigation settlement, offset by the continuing pressure for price decreases.

Gross profit increased $6.4 million for the year ended December 31, 2000 compared to 1999 due to increased volume, partially offset by a decline in the per-unit average gross profit. Gross profit as a percentage of revenue decreased from 48.3% for the year ended December 31, 1999 to 44.5% for the year ended December 31, 2000 because of a shift to higher volume, lower margin sales to OEMs and, generally, average selling prices decreased faster than the rate of cost reductions. On the other hand, higher-margin license revenues favorably impacted gross margins during the year, partially offsetting the decrease from average selling prices.

RESEARCH AND DEVELOPMENT

	2001	2000	1999
Research and development	$11,554	$14,130	$10,317
Percentage of revenues	28.2%	14.5%	13.5%
% change from prior period	(18.2)%	37.0%	109.2%

Research and development expenses include compensation costs for software and hardware development, prototyping, certification and pre-production costs. We expense all research and development costs as incurred.

Research and development expenses decreased $2.6 million for the year ended December 31, 2001 compared to 2000 as a result of the completion of certain projects and the reduction in headcount gradually through the year. As a percentage of revenues, research and development increased for the year ended December 31, 2001 because of lower revenues in 2001. Research and development headcount decreased from 76 to 47 from December 31, 2000 to December 31, 2001. We expect research and development expenses, as a percentage of revenues, to be lower in 2002 because of lower average headcount. However, in the event that we decide to pursue new research and development opportunities, research and development expenses may increase in 2002.

Research and development expenses increased $3.8 million for the year ended December 31, 2000 compared to 1999 as we continued to invest heavily in the development of the G.DMT, wireless and embedded modems, as well as a V.92 upgrade.

SALES AND MARKETING

	2001	2000	1999
Sales and marketing	$10,926	$14,293	$10,523
Percentage of revenues	26.7%	14.7%	13.8%
% change from prior period	(23.6)%	35.8%	87.1%

Sales and marketing expenses consist primarily of personnel costs, sales commissions and marketing costs. Sales commissions payable to our distributors are recognized when our products are "sold through" from the distributors to end-users so that the commission expense is matched with related recognition of revenues. Marketing costs include promotional costs, public relations and trade shows.

Sales and marketing expenses decreased $3.4 million for the year ended December 31, 2001 compared to 2000. The decrease in spending reflects the reduction of sales and marketing personnel as a result of lower revenues and the reduction in force in 2001. Sales and marketing headcount decreased from 75 to 34 from December 31, 2000 to December 31, 2001. We expect sales and marketing expenses, as a percentage of revenues, to be lower in 2002 because of lower average headcount.

Sales and marketing expenses increased $3.8 million for the year ended December 31, 2000 compared to 1999. The increase reflects the increased costs to support higher sales and the addition of sales and marketing personnel to develop new accounts and drive new product development and product launches. Public relation costs, trade shows, press tours, sales programs, the production of collateral sales materials and travel costs also increased from 1999.

GENERAL AND ADMINISTRATIVE

	2001	2000	1999
General and administrative	$14,023	$8,058	$5,459
Percentage of revenues	34.2%	8.3%	7.2%
% change from prior period	74.0%	47.6%	151.6%

General and administrative expenses include costs associated with our general management and finance functions as well as professional service charges, such as legal, tax and accounting fees. Other general expenses include rent, insurance, utilities, travel and other operating expenses to the extent not otherwise allocated to other functions.

General and administrative expenses increased $6.0 million for the year ended December 31, 2001 compared to 2000. The increase was primarily due to the increased legal costs associated with the patent infringement litigation against Smart Link, ESS and Townshend. We expect that our general and administrative expenses will be significantly lower in 2002 as a result of reaching a settlement with Smart Link in 2001 and ESS and Townshend in early 2002. However, should any new litigation arise in 2002, our legal costs and general and administrative expenses could significantly increase.

General and administrative expenses increased $2.6 million for the year ended December 31, 2000 compared to 1999. The increase was primarily due to our increase in staffing and related infrastructure to support our growth and the legal costs associated with the patent infringement litigation against Smart Link and ESS.

ACQUIRED IN-PROCESS RESEARCH AND DEVELOPMENT

	2001	2000	1999
	----	------	----
Acquired in-process research and development................	$--	$1,600	$--
Percentage of revenues......................................	--	1.6%	--

Upon completion of the Voyager acquisition on February 24, 2000, we immediately expensed $1.6 million representing purchased in-process technology that had not yet reached technological feasibility and had no alternative future use. The $1.6 million expensed as in-process research and development was approximately 9% of the purchase price and was attributed and supported by a discounted cash flow analysis that identified revenues and costs on a project by project basis. The value assigned to purchased in-process technology, based on a percentage of completion discounted cash flow method, was determined by identifying research projects in areas for which technological feasibility has not been established. The following in-process projects existed at Voyager as of the acquisition date: Bluetooth, HomeRF, Direct Sequence Cordless, Bluetooth/HomeRF Combo, Bluetooth/HomeRF/Direct Sequence, Wireless Gas Tank Sensor, Wireless GPS and Wireless Industrial Garage Door Opener projects.

The value of in-process research and development was determined by estimating the costs to develop the purchased in-process technology into commercially viable products, estimating the resulting net cash flows from such projects and discounting the net cash flows back to their present value. The discount rate includes a risk adjusted discount rate to take into account the uncertainty surrounding the successful development of the purchased in-process technology. The risk-adjusted discount rate applied to the projects' cash flows was 15% for existing technology and 20% for the in-process technology. Based upon assessment of each in-process project's development stage, including relative difficulty of remaining development milestones, it was determined that application of a 20% discount rate was appropriate for all acquired in-process projects. The valuation includes cash inflows from in-process technology through 2005 with revenues commencing in 2000 and increasing significantly in 2001 before declining in 2005. The projected total revenue of Voyager was broken down to revenue attributable to the in-process technologies, existing technologies, core technology and future technology. The revenue attributable to core technology was determined based on the extent to which the in-process technologies rely on the already developed intellectual property. The Bluetooth and HomeRF projects were approximately 25% complete at the time of the valuation and the expected timeframe for achieving these product releases was assumed to be in the second half of 2000. The Direct Sequence Cordless project was approximately 65% complete at the time of the valuation and the expected time frame for achieving this product release was assumed to be in the second half of 2000. The Bluetooth/HomeRF Combo and Bluetooth/HomeRF/Direct Sequence projects were approximately 10% complete at the time of the valuation and the expected timeframe for achieving these product releases was assumed to be in the second half of 2000 and the first half of 2000, respectively. The Wireless Gas Tank Sensor and the Wireless Industrial Garage Door Opener projects were approximately 70% complete at the time of the valuation and the expected time frame for achieving these product releases was assumed to be 2001. The Wireless GPS was approximately 50% complete at the time of the valuation and the expected time frame for achieving this product release was assumed to be in the second half of 2000. The percentage complete calculations for all projects were estimated based on research and development expenses incurred to date and management estimates of remaining development costs. Significant remaining development efforts were to be completed in the next 6 to 18 months in order for Voyager's projects to become implemented in a commercially viable timeframe. Management's cash flow and other assumptions utilized at the time of acquisition did not materially differ from historical pricing/licensing, margin, and expense levels of the Voyager group prior to acquisition.

Approximately $0.5 million was attributed to core wireless technology and royalty revenue associated with the Wireless Water Meter Reading Device project.

AMORTIZATION OF GOODWILL AND INTANGIBLE ASSETS

	2001	2000	1999
Amortization of goodwill and intangible assets..............	$3,068	$2,638	$--
Percentage of revenues......................................	7.5%	2.7%	--

On December 14, 2000, we completed the acquisition of BlueCom. The purchase price of BlueCom was allocated based upon the estimated fair value of the assets acquired and liabilities assumed, which approximated book value. The acquisition was accounted for under the purchase method of accounting. Under this method, if the purchase price exceeds the net tangible assets acquired, the difference is recorded as excess purchase price. In this circumstance, the difference was $1.8 million which was attributed to goodwill ($1,124,000) and a covenant not to compete ($656,000). We classified this balance of $1.8 million as goodwill and other intangible assets, net, in the accompanying consolidated balance sheets and were amortizing it over useful lives of two to five years prior to the impairment recorded in the quarter ended December 31, 2001 (see below).

On February 24, 2000, we completed the acquisition of Voyager. The purchase price of Voyager was allocated based upon the estimated fair value of the assets acquired and liabilities assumed, which approximated book value. The acquisition was structured as a tax-free reorganization and was accounted for under the purchase method of accounting. Under this method, if the purchase price exceeds the net tangible assets acquired, the difference is recorded as excess purchase price. In this circumstance, the difference was $17.8 million. We attributed $1.6 million of the excess purchase price to in-process research and development, which we expensed immediately, and the balance of $16.2 million was attributed to intellectual property ($0.5 million), workforce ($0.3 million) and goodwill ($15.4 million). We classified this balance of $16.2 million as goodwill and other intangible assets, net, in the accompanying consolidated balance sheets and were amortizing it over useful lives of five years prior to the impairment recorded in the quarter ended September 30, 2001 (see below).

In July 2001, the Financial Accounting Standards Board issued SFAS No.'s 141 and 142, "Business Combinations" and "Goodwill and Other Intangibles". SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are not amortized but are subject to at least an annual assessment for impairment applying a fair-value based test. Effective January 1, 2002, existing goodwill will no longer be amortized. Additionally, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquirer's intent to do so. Upon adoption of SFAS No. 142 on January 1, 2002, we will no longer amortize goodwill, thereby eliminating annual goodwill amortization of approximately $192,000, based on anticipated amortization for 2002.

IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

	2001	2000	1999
Impairment of goodwill and intangible assets................	$16,775	$--	$--
Percentage of revenues......................................	40.9%	--	--

In the second half of 2001, pursuant to SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," we evaluated the recoverability of the long-lived assets, including intangibles, acquired from CSD, Voyager and BlueCom, and recorded impairment charges totaling $16.8 million. Due to the recent economic downturn, we determined that CSD's estimated future undiscounted cash flows were below the carrying value of CSD's long-lived assets. Accordingly, during the third quarter of 2001, we adjusted the carrying value of CSD's long-lived assets, primarily goodwill, to their estimated fair value of approximately $0.4 million, resulting in an impairment charge of approximately $4.5 million. The estimated fair value was based on anticipated future cash flows discounted at a rate commensurate with the risk involved. In regards to the goodwill and intangible assets acquired from Voyager, as a result of the recent corporate restructuring and reorganization, we determined that there are no future cash flows expected from this business. Accordingly, during the third quarter of 2001, we wrote off the carrying value of Voyager's long-lived assets, primarily goodwill, resulting in an impairment charge of approximately $11.1 million. In regards to the goodwill and intangible assets acquired from BlueCom, as a result of the recent corporate restructuring and reorganization, we determined that there are no future cash flows expected from this business. Accordingly, during the fourth quarter of 2001, we wrote off the carrying value of BlueCom's long-lived assets, resulting in an impairment charge of approximately $1.2 million.

RESTRUCTURING CHARGES

	2001	2000	1999
Restructuring charges	$3,787	$--	$--
Percentage of revenues	9.2%	--	--

On February 8, 2001, we announced a series of actions to streamline support for our voiceband business and sharpen our focus on emerging growth sectors. These measures were part of a restructuring program to return the company to profitability and operational effectiveness and included a reduction in worldwide headcount of 7 research and development employees, 9 sales and marketing employees and 6 general and administrative employees, a hiring freeze and cost containment programs. On May 1, 2001, we announced a new business structure to provide greater focus on our activities with a significantly reduced workforce. 13 research and development, 12 sales and marketing and 17 general and administrative positions were eliminated as part of this reorganization. In the fourth quarter of 2001, 7 research and development, 8 sales and marketing and 11 general and administrative positions were eliminated to further focus our business. In total, 90 positions were eliminated during the year ended December 31, 2001. The restructuring resulted in $3.8 million of charges for the year ended December 31, 2001, consisting of severance and employment related costs of $2.5 million and costs related to closure of excess facilities of $1.3 million as a result of the reduction in force.

AMORTIZATION OF DEFERRED STOCK COMPENSATION

	2001	2000	1999
Amortization of deferred stock compensation	$1,081	$1,308	$ 790
Percentage of revenues	2.6%	1.3%	1.0%
% change from prior period	(17.4)%	65.6%	1,737.2%

In connection with the grant of stock options to employees prior to our initial public offering in 1999, we recorded deferred stock compensation of $5.4 million representing the difference between the exercise price and deemed fair value of our common stock on the date these stock options were granted. Such amount is presented as a reduction of stockholders' equity and is amortized ratably over the vesting period of the applicable options. The amount of deferred stock compensation expense to be recorded in future periods could decrease if options for which accrued but unvested compensation has been recorded are forfeited.

In connection with the grant of restricted stock to employees in 2001, we recorded deferred stock compensation of $1.8 million representing the fair value of our common stock on the date the restricted stock was granted. Such amount is presented as a reduction of stockholders' equity and is amortized ratably over the vesting period of the applicable shares. Subsequent to the issuance of the restricted stock, employee terminations resulted in the reversal of $859,000 from deferred stock compensation. The amount of deferred stock compensation expense to be recorded in future periods could decrease if options for which accrued but unvested compensation has been recorded are forfeited.

The amortization of deferred stock compensation decreased $227,000 for the year ended December 31, 2001 compared to 2000 primarily due to the termination of employees in 2001 and the corresponding reversal of the remaining deferred stock compensation balance, offset by the additional expense related to the restricted stock grants in 2001. We expect the amortization of deferred stock compensation to decrease to approximately $170,000 per quarter through 2003, based on restricted stock grants and stock option grants through December 31, 2001.

The amortization of deferred stock compensation increased $518,000 for the year ended December 31, 2000 compared to 1999 because 2000 reflected a full year of amortization whereas 1999 reflected amortization from the date of grant, and there were more grants in the second half of 1999.

In December 2000, an employee and the Company mutually agreed to rescind an option exercise to purchase 30,000 shares of common stock which occurred in January 2000. There was no effect on our financial position or results of operations for the year ended December 31, 2000 as a result of this rescission.

OTHER INCOME, NET

	2001	2000	1999
Other income, net	$6,154	$7,288	$271
Percentage of revenues	15.0%	7.5%	0.4%

Other income, net, consists of interest income, net of interest expense. Interest income is expected to fluctuate over time, depending on future interest rates. Other income, net, decreased $1.1 million for the year ended December 31, 2001 compared to 2000 primarily due to the decrease in interest rates in 2001.

Other income, net, increased $7.0 million for the year ended December 31, 2000 compared to 1999 primarily due to interest earned on the proceeds from our initial and secondary public offerings and the elimination of interest expense on the loan used to acquire Communications Systems Division.

PROVISION FOR INCOME TAXES

	2001	2000	1999
Provision for income taxes	$5,311	$2,366	$3,014

During the third quarter of 2001, we recorded $5.3 million of provision for income taxes to establish valuation allowances against deferred tax assets in accordance with the provisions of FASB No. 109, "Accounting for Income Taxes" as a result of uncertainties regarding realizability. After the establishment of the valuation allowances, we have $400,000 in remaining net deferred tax assets as of December 31, 2001.

We had $5.7 million in deferred tax assets as of December 31, 2000. Our effective tax rate was below the statutory tax rate of 35% due to international sales and profits through our wholly owned subsidiaries, which are taxed at rates below the statutory tax rate in the U.S.

EXTRAORDINARY ITEMS

On October 25, 1999, we retired $15.0 million of notes payable with proceeds from the initial public offering. In connection with the early retirement of debt, we incurred a $1.6 million, net of taxes, extraordinary loss of prepayment penalties and the write-off of deferred debt charges.

LIQUIDITY AND CAPITAL RESOURCES

	2001	2000	1999
Net cash provided by (used in) operating activities	$ 4,343	$ (5,215)	$ 21,541
Net cash provided by (used in) investing activities	5,626	(47,236)	(56,380)
Net cash provided by financing activities	3,027	33,143	66,556
Cash, cash equivalents and short-term investments at the end of year	125,628	118,380	98,290
Working capital at the end of year	104,521	130,911	89,892

For the year ended December 31, 2001, net cash provided by operating activities was $4.3 million, compared to net cash used in operating activities of $5.2 million for the year ended December 31, 2000. The primary source of cash provided by operating activities for the year ended December 31, 2001 was the decrease in accounts receivable and inventories. Net cash provided by investing activities for the year ended December 31, 2001 consisted of maturities and sales of short-term investments of $82.1 million, offset by purchases of property and equipment of $702,000 and purchases of short-term investments of $75.8 million. Net cash provided by financing activities for the year ended December 31, 2001 consisted of proceeds from issuance of common stock from stock option exercises and shares issued through the employee stock purchase plan.

As of December 31, 2001, we had $125.6 million in cash, cash equivalents and short-term investments, and working capital of $104.5 million. Accounts receivable, as measured in days sales outstanding ("DSO"), was 34 days at December 31, 2001 compared to 130 days in December 31, 2000. The decrease in DSO from December 31, 2000 to 2001 was primarily due to lower revenue in 2001 and the increased cash collection efforts throughout 2001.

The decrease in net cash provided by operating activities for 2000 compared to 1999 was primarily due to the increase in accounts receivable. Net cash used in investing activities for 2000 consisted of the acquisition of Voyager Technologies and BlueCom Technology of $5.1 million, purchases of property and equipment of $3.0 million and purchases of short-term investments of $109.6 million, offset by maturities and sales of short-term investments of $70.6 million. Net cash provided by financing activities for 2000 consisted of proceeds from issuance of common stock associated with the secondary public offering and proceeds from stock option exercises and shares issued through the employee stock purchase plan.

We believe that our existing sources of liquidity, consisting of cash, short-term investments and cash from operations, will be sufficient to meet our working capital for the foreseeable future, after the $14.3 million cash royalty payment to Townshend discussed in Note 11. We will continue to evaluate opportunities for development of new products and potential acquisitions of technologies or businesses that could complement our business. We may use available cash or other sources of funding for such purposes. However, possible investments in or acquisitions of complementary businesses, products or technologies, or cash settlements resulting from existing or new litigation, may require us to use our existing working capital or to seek additional financing. In addition, if the current economic downturn prolongs, we will need to continue to expend our cash reserves to fund our operations. As of December 31, 2001, we have outstanding firm inventory purchase order commitments with our major suppliers of $3.0 million, of which $2.3 million was accrued as inventory losses, and non-cancelable operating leases for office facilities of $1.8 million through 2005.

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No.'s 141 and 142, "Business Combinations" and "Goodwill and Other Intangible Assets". SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are not amortized but are subject to at least an annual assessment for impairment applying a fair-value based test. Effective January 1, 2002, existing goodwill will no longer be amortized. Additionally, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquirer's intent to do so. Upon adoption of SFAS No. 142 on January 1, 2002, we will no longer amortize goodwill, thereby eliminating annual goodwill amortization of approximately $192,000, based on anticipated amortization for 2002.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 supercedes SFAS No. 121 by requiring that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired and by broadening the presentation of discontinued operations to include more disposal transactions. The Statement will be effective for fiscal years beginning after December 15, 2001. We do not expect that the adoption of SFAS No. 144 will have a material impact on our financial position or results of operations.

FACTORS THAT MAY AFFECT OUR BUSINESS, FINANCIAL CONDITION AND FUTURE OPERATING RESULTS

This annual report on Form 10-K, including this Management's Discussion and Analysis, contains forward-looking statements. These forward-looking statements are subject to substantial risks and uncertainties that could cause our future business, financial condition or results of operations to differ materially from our historical results or currently anticipated results, including those set forth below.

RISKS RELATED TO OUR BUSINESS

THE RECENT ECONOMIC SLOWDOWN, PARTICULARLY THE RAPID DETERIORATION IN PC DEMAND, MAKES IT DIFFICULT TO FORECAST CUSTOMER DEMAND FOR OUR PRODUCTS, AND WILL LIKELY RESULT IN EXCESSIVE OPERATING COSTS AND LOSS OF PRODUCT REVENUES.

Since the fourth quarter of 2000, our customers, primarily our PC motherboard and distribution manufacturers, have been impacted by significantly lower PC demand. As a result, our revenues and earnings in fiscal year of 2001 were negatively affected. Because we expect PC demand to continue to be weak for the foreseeable term, we expect our revenues and earnings to continue to be negatively affected.

In addition, the current economic environment also makes it extremely difficult for us to forecast customer demand for our products. We must forecast and place purchase orders for specialized semiconductor chips several months before we receive purchase orders from our own customers. This forecasting and order lead time requirement limits our ability to react to unexpected fluctuations in demand for our products. These fluctuations can be unexpected and may cause us to have excess inventory or a shortage of a particular product. During the second half of 2001, due to the changing market conditions, recent economic downturn and technological innovation, a provision for inventory losses of $10.9 million was charged against operations. Given the volatility of the market, the age of the inventories on hand and the introduction of a new products in 2002, we wrote down inventories to net realizable value based on forecasted demand and firm purchase order commitments from our major suppliers. Of the $10.9 million inventory valuation charges recorded, $2.3 million is related to firm purchase order commitments with our major suppliers and the remaining $8.6 million is related to excess inventory on hand or disposed. Actual demand may differ from forecasted demand and such difference may have a material effect on our financial position and result of operations.

OUR SALES ARE CONCENTRATED AMONG A LIMITED NUMBER OF CUSTOMERS AND THE LOSS OF ONE OR MORE OF THESE CUSTOMERS COULD CAUSE OUR REVENUES TO DECREASE.

Our sales are concentrated among a limited number of customers. If we were to lose one or more of these customers, or if one or more of these customers were to delay or reduce purchases of our products, our sales revenues may decrease. For the year ended December 31, 2001, approximately 79% of our revenues were generated by three of our customers, with one customer representing 47% of revenues, another customer representing 22% and a third customer representing 10% of revenues. These customers may in the future decide not to purchase our products at all, purchase fewer products than they did in the past or alter their purchasing patterns, because:

- we do not have any long-term purchase arrangements or contracts with these or any of our other customers,

- our product sales to date have been made primarily on a purchase order basis, which permits our customers to cancel, change or delay product purchase commitments with little or no notice and without penalty, and

- many of our customers also have pre-existing relationships with current or potential competitors which may affect our customers' purchasing decisions.

We expect that a small number of customers will continue to account for a substantial portion of our revenues for at least the next 12 to 18 months and that a significant portion of our sales will continue to be made on the basis of purchase orders. Our number of customers may be reduced in the future through mergers in the PC OEM sector, such as HP and Compaq.

CONTINUING DECREASES IN THE AVERAGE SELLING PRICES OF OUR PRODUCTS COULD RESULT IN DECREASED REVENUES.

Product sales in the connectivity industry have been characterized by continuing erosion of average selling prices. Price erosion experienced by any company can cause revenues and gross margins to decline. The average selling price of our products has decreased by approximately 9% from fiscal year 2000 to fiscal year 2001. We believe that the average selling price of our products is likely to continue to decline in the future due principally to competition pressure.

In addition, we believe that the widespread adoption of industry standards in the soft modem industry is likely to further erode average selling prices, particularly for analog modems. Adoption of industry standards is driven by the market requirement to have interoperable modems. End-users need this interoperability to ensure modems from different manufacturers communicate with each other without problems. Historically, users have deferred purchasing modems until these industry standards are adopted. However, once these standards are accepted, it lowers the barriers to entry and price erosion results. Decreasing average selling prices in our products could result in decreased revenues even if the number of units that we sell increases. Therefore, we must continue to develop and introduce next generation products with enhanced functionalities that can be sold at higher gross margins. Our failure to do this could cause our revenues and gross margin to decline.

OUR GROSS MARGINS MAY VARY BASED ON THE MIX OF SALES OF OUR PRODUCTS AND SERVICES, AND THESE VARIATIONS MAY HURT OUR NET INCOME.

We derive a significant portion of our sales from our software-based connectivity products. We expect margins on newly introduced products generally to be higher than our existing products. However, due in part to the competitive pricing pressures that affect our products and in part to increasing component and manufacturing costs, we expect margins from both existing and future products to decrease over time. In addition, licensing revenues from our intellectual property historically have provided higher margins than our product sales. Changes in the mix of products sold and the percentage of our sales in any quarter attributable to products as compared to licensing revenues will cause our quarterly results to vary and could result in a decrease in gross margins and net income.

WE HAVE SIGNIFICANT SALES CONCENTRATED IN ASIA. CONTINUED POLITICAL AND ECONOMIC INSTABILITY IN ASIA AND DIFFICULTY IN COLLECTING ACCOUNTS RECEIVABLE MAY MAKE IT DIFFICULT FOR US TO MAINTAIN OR INCREASE MARKET DEMAND FOR OUR PRODUCTS.

Our sales to customers located in Asia accounted for 91% of our total revenues for the year ended December 31, 2001. The predominance of our sales is in Asia, mostly in Taiwan and China, because our customers are primarily motherboard or modem manufacturers that are located there. In many cases, our indirect original equipment manufacturer customers specify that our products be included on the modem boards or motherboards, the main printed circuit board containing the central processing unit of a computer system, that they purchase from board manufacturers, and we sell our products directly to the board manufacturers for resale to our indirect original equipment manufacturer customers, both in the United States and internationally. Due to the industry wide concentration of modem manufacturers in Asia, we believe that a high percentage of our future sales will continue to be concentrated with Asian customers. As a result, our future operating results could be uniquely affected by a variety of factors outside of our control, including:

- delays in collecting accounts receivable, which we have experienced from time to time,

- fluctuations in the value of Asian currencies relative to the U.S. dollar, which may make it more costly for us to do business in Asia and which may in turn make it difficult for us to maintain or increase our revenues,

- changes in tariffs, quotas, import restrictions and other trade barriers which may make our products more expensive compared to our competitors' products, and

- political and economic instability.

OUR FUTURE SUCCESS DEPENDS ON OUR ABILITY TO DEVELOP AND SUCCESSFULLY INTRODUCE NEW AND ENHANCED PRODUCTS THAT MEET THE NEEDS OF OUR CUSTOMERS.

Our revenue depends on our ability to anticipate our customers' needs and develop products that address those needs. In particular, our success will depend on our ability to introduce new products for the wireless market. Introduction of new products and product enhancements will require coordination of our efforts with those of our suppliers to rapidly achieve volume production. If we fail to coordinate these efforts, develop product enhancements or introduce new products that meet the needs of our customers as scheduled, our revenues may be reduced and our business may be harmed. We cannot assure you that product introductions will meet the anticipated release schedules.

OUR REVENUES MAY FLUCTUATE EACH QUARTER DUE TO BOTH DOMESTIC AND INTERNATIONAL SEASONAL TRENDS.

We have experienced and expect to continue to experience seasonality in sales of our connectivity products. These seasonal trends materially affect our quarter-to-quarter operating results. Our revenues are typically higher in the third and fourth quarters due to the back-to-school and holiday as well as purchasers of PCs making purchase decisions based on their calendar year-end budgeting requirements.

We are currently expanding our sales in international markets, particularly in Asia, Europe. To the extent that our revenues in Asia, Europe or other parts of the world increase in future periods, we expect our period-to-period revenues to reflect seasonal buying patterns in these markets.

ANY DELAYS IN OUR NORMALLY LENGTHY SALES CYCLES COULD RESULT IN CUSTOMERS CANCELING PURCHASES OF OUR PRODUCTS.

Sales cycles for our products with major customers are lengthy, often lasting nine months or longer. In addition, it can take an additional nine months or more before a customer commences volume production of equipment that incorporates our products. Sales cycles with our major customers are lengthy for a number of reasons:

- our original equipment manufacturer customers usually complete a lengthy technical evaluation of our products, over which we have no control, before placing a purchase order,

- the commercial integration of our products by an original equipment manufacturer is typically limited during the initial release to evaluate product performance, and

- the development and commercial introduction of products incorporating new technologies frequently are delayed.

A significant portion of our operating expenses is relatively fixed and is based in large part on our forecasts of volume and timing of orders. The lengthy sales cycles make forecasting the volume and timing of product orders difficult. In addition, the delays inherent in lengthy sales cycles raise additional risks of customer decisions to cancel or change product phases. If customer cancellations or product changes were to occur, this could result in the loss of anticipated sales without sufficient time for us to reduce our operating expenses.

WE RELY HEAVILY ON OUR INTELLECTUAL PROPERTY RIGHTS WHICH OFFER ONLY LIMITED PROTECTION AGAINST POTENTIAL INFRINGERS. UNAUTHORIZED USE OF OUR TECHNOLOGY MAY RESULT IN DEVELOPMENT OF PRODUCTS THAT COMPETE WITH OUR PRODUCTS, WHICH COULD CAUSE OUR MARKET SHARE AND OUR REVENUES TO BE REDUCED.

Our success is heavily dependent upon our proprietary technology. We rely primarily on a combination of patent, copyright and trademark laws, trade secrets, confidentiality procedures and contractual provisions to protect our proprietary rights. These means of protecting our proprietary rights may not be adequate. We have over 80 patents granted or pending addressing both essential ITU and non-essential technologies. These patents may never be issued. These patents, both issued and pending, may not provide sufficiently broad protection against third party infringement lawsuits or they may not prove enforceable in actions against alleged infringers.

Despite precautions that we take, it may be possible for unauthorized third parties to copy aspects of our current or future products or to obtain and use information that we regard as proprietary. We may provide our licensees with access to our proprietary information underlying our licensed applications. Additionally, our competitors may independently develop similar or superior technology. Finally, policing unauthorized use of software is difficult, and some foreign laws, including those of various countries in Asia, do not protect our proprietary rights to the same extent as United States laws. Litigation may be necessary in the future to enforce our intellectual property rights, to protect our trade secrets or to determine the validity and scope of the proprietary rights of others. Litigation could result in substantial costs and diversion of resources.

WE ARE SUBJECT TO LITIGATION REGARDING INTELLECTUAL PROPERTY, WHICH HAS DIVERTED MANAGEMENT ATTENTION, IS COSTLY TO DEFEND AND COULD PREVENT US FROM USING OR SELLING THE CHALLENGED TECHNOLOGY.

From time to time, we have been subject to legal proceedings and claims with respect to such matters as patents, product liabilities and other actions arising out of the normal course of business.

We have recently settled two significant patent infringement lawsuits, as described in more detail in Management's Discussion and Analysis of Financial Condition and Results of Operations and Note 11 in this Form 10-K. We entered into a settlement agreement with ESS on February 5, 2002. The settlement requires ESS to make an initial license payment of $2.0 million and future royalty payments to us based on the terms under the settlement agreement. On March 19, 2002, Townshend entered into a settlement agreement with us, which settled the Federal Court Action and State Court Action. Under the Settlement Agreement, terms of the settlement are confidential. The Settlement Agreement requires us to make a cash royalty payment of $14.3 million related to past liability and prepayment of future liabilities to Townshend based on terms under the Settlement Agreement. See discussion under "Contingencies" in Note 11 for the impact of settlement on our financial position and results of operations.

We have also received communications from Agere Systems and 3Com, and may receive communications from other third parties in the future, asserting that our products infringe on their intellectual property rights, that our patents are unenforceable or that we have inappropriately licensed our intellectual property to third parties. These claims could affect our relationships with existing customers and may prevent potential future customers from purchasing our products or licensing our technology. Because we depend upon a limited number of products, any claims of this kind, whether they are with or without merit, could be time consuming, result in costly litigation, cause product shipment delays or require us to enter into royalty or licensing agreements. In the event that we do not prevail in litigation, we could be prevented from selling our products or be required to enter into royalty or licensing agreements on terms which may not be acceptable to us. We could also be prevented from selling our products or be required to pay substantial monetary damages. Should we cross license our intellectual property in order to obtain licenses, we may no longer be able to offer a unique product. To date, we have not obtained any licenses from Agere Systems and 3Com.

New patent applications may be currently pending or filed in the future by third parties covering technology that we use currently or may use in the future. Pending U.S. patent applications are confidential until patents are issued, and thus it is impossible to ascertain all possible patent infringement claims against us. We believe that several of our competitors, including Agere Systems and Texas Instruments, may have a strategy of protecting their market share by filing intellectual property claims against their competitors and may assert claims against us in the future. The legal and other expenses and diversion of resources associated with any such litigation could result in a decrease in our revenues and cash.

In addition, some of our customer agreements include an indemnity clause that obligates us to defend and pay all damages and costs finally awarded by a court should third parties assert patent and/or copyright claims against our customers. As a result, we may be held responsible for infringement claims asserted against our customers.

WE HAVE ACCRUED FOR NEGOTIATED LICENSE FEES AND ESTIMATED ROYALTY SETTLEMENTS RELATED TO EXISTING AND PROBABLE CLAIMS OF PATENT INFRINGEMENT. IF THE ACTUAL SETTLEMENTS EXCEED THE AMOUNTS ACCRUED, ADDITIONAL LOSSES COULD BE SIGNIFICANT, WHICH WOULD ADVERSELY AFFECT FUTURE OPERATING RESULTS.

We recorded an accrual for estimated future royalty payments for relevant technology of others used in our product offerings in accordance with SFAS No. 5, "Accounting for Contingencies." The estimated royalties accrual reflects management's broader litigation and cost containment strategies, which may include alternatives such as entering into cross-licensing agreements, cash settlements and/or ongoing royalties based upon our judgment that such negotiated settlements would allow management to focus more time and financial resources on the ongoing business. Accordingly, the royalties accrual reflects estimated costs of settling claims rather than continuing to defend our legal positions, and is not intended to be, nor should it be interpreted as, an admission of infringement of intellectual property, valuation of damages suffered by any third parties or any specific terms that management has predetermined to agree to in the event of a settlement offer. We have accrued our best estimate of the amount of royalties payable for royalty agreements already signed, agreements that are in negotiation and unasserted but probable claims of others using advice from third party technology advisors and historical settlements. Should the final license agreements result in royalty rates significantly higher than our current estimates, our business, operating results and financial condition could be materially and adversely affected.

COMPETITION IN THE CONNECTIVITY MARKET IS INTENSE, AND IF WE ARE UNABLE TO COMPETE EFFECTIVELY, THE DEMAND FOR OUR PRODUCTS MAY BE REDUCED.

The connectivity device market is intensely competitive. We may not be able to compete successfully against current or potential competitors. Our current competitors include Agere Systems, Boardcom, Conexant, ESS Technology and Smart Link. We expect competition to increase in the future as current competitors enhance their product offerings, new suppliers enter the connectivity device market, new communication technologies are introduced and additional networks are deployed.

We may in the future also face competition from other suppliers of products based on broadband and/or wireless technologies or on emerging communication technologies, which may render our existing or future products obsolete or otherwise unmarketable. We believe that these competitors may include 3Com, Alcatel, Analog Devices, GlobespanVirata, Intersil and Proxim.

We believe that the principal competitive factors required by users and customers in the connectivity product market include compatibility with industry standards, price, functionality, ease of use and customer service and support. Although we believe that our products currently compete favorably with respect to these factors, we may not be able to maintain our competitive position against current and potential competitors.

IN ORDER FOR US TO OPERATE AT A PROFITABLE LEVEL AND CONTINUE TO INTRODUCE AND DEVELOP NEW PRODUCTS FOR EMERGING MARKETS, WE MUST ATTRACT AND RETAIN OUR EXECUTIVE OFFICERS AND QUALIFIED TECHNICAL, SALES, SUPPORT AND OTHER ADMINISTRATIVE PERSONNEL.

Our past performance has been and our future performance is substantially dependent on the performance of our current executive officers and certain key engineering, sales, marketing, financial, technical and customer support personnel. If we lose the services of one or more of our executives or key employees, a replacement could be difficult to recruit and we may not be able to grow our business.

Competition for personnel, especially qualified engineering personnel, is intense. We are particularly dependent on our ability to identify, attract, motivate and retain qualified engineers with the requisite education, background and industry experience. As of December 31, 2001, we employed a total of 47 people in our engineering department. If we lose the services of one or more of our key engineering personnel, our ability to continue to develop products and technologies responsive to our markets will be impaired.

WE MAY HAVE TO CONTINUE TO REDUCE OUR HEADCOUNT, WHICH MAY HINDER OUR ABILITY TO DEVELOP AND GROW OUR BUSINESS, WHICH MAY ULTIMATELY AFFECT OUR ABILITY TO BECOME PROFITABLE.

In 2001, we reduced our workforce by 90 employees. If economic conditions and the PC market do not improve, or if we decide to pursue new business structures or focus on different sectors, we may need to reduce our workforce even further. This may result in, as it has in the past, additional charges and costs relating to severance and employment costs, as well as the closure of excess facilities. If such an action is taken, it may temporarily inhibit our ability to develop new products or become profitable.

FAILURE TO MANAGE OUR TECHNOLOGICAL AND PRODUCT GROWTH COULD STRAIN OUR MANAGEMENT, FINANCIAL AND ADMINISTRATIVE RESOURCES.

Our ability to successfully sell our products and implement our business plan in rapidly evolving markets requires an effective management planning process. Future product expansion efforts could be expensive and put a strain on our management by significantly increasing the scope of their responsibilities and by increasing the demands on their management abilities during periods of constrained spending. We are focusing on the wireless areas as well as placing substantial effort on sustaining our leadership position in the analog modem space. To effectively manage our growth in these new technologies, we must enhance our marketing, sales, research and development areas. With revenues either stabilizing or declining, these efforts will have to be accomplished with limited funding. This will require management to effectively manage significant technological advancement within reduced budgets.

WE RELY ON INDEPENDENT COMPANIES TO MANUFACTURE, ASSEMBLE AND TEST OUR PRODUCTS. IF THESE COMPANIES DO NOT MEET THEIR COMMITMENTS TO US, OUR ABILITY TO SELL PRODUCTS TO OUR CUSTOMERS WOULD BE IMPAIRED.

We do not have our own manufacturing, assembly or testing operations. Instead, we rely on independent companies to manufacture, assemble and test the semiconductor chips that are integral components of our products. Most of these companies are located outside of the United States. There are many risks associated with our relationships with these independent companies, including reduced control over:

- delivery schedules,

- quality assurance,

- manufacturing costs,

- capacity during periods of excess demand, and

- access to process technologies.

In addition, the location of these independent parties outside of the United States creates additional risks resulting from the foreign regulatory, political and economic environments in which each of these companies exists. Further, some of these companies are located near earthquake fault lines. While we have not experienced any material problems to date, failures or delays by our manufacturers to provide the semiconductor chips that we require for our products, or any material change in the financial arrangements we have with these companies, could have an adverse impact on our ability to meet our customer product requirements.

We design, market and sell application specific integrated circuits and outsource the manufacturing and assembly of the integrated circuits to third party fabricators. The majority of our products and related components are manufactured by four principal companies: Taiwan Semiconductor Manufacturing Corporation, Kawasaki/LSI, ADMTek and Silicon Labs. We expect to continue to rely upon these third parties for these services. Currently, the data access arrangement chips used in our soft modem products are provided by a sole source, Silicon Labs, on a purchase order basis, and we have only a limited guaranteed supply of data access arrangement chips through a long-term business arrangement with Silicon Labs. We have no guaranteed supply or long-term contract agreements with any other of our suppliers. Although we believe that we would be able to qualify an alternative manufacturing source for data access arrangement chips within a relatively short period of time, this transition, if necessary, could result in loss of purchase orders or customer relationships, which could result in decreased revenues. As of December 31, 2001, we have outstanding firm inventory purchase order commitments of $3.0 million with our major suppliers, of which $2.3 million was accrued as inventory losses.

UNDETECTED SOFTWARE ERRORS OR FAILURES FOUND IN NEW PRODUCTS MAY RESULT IN LOSS OF CUSTOMERS OR DELAY IN MARKET ACCEPTANCE OF OUR PRODUCTS.

Our products may contain undetected software errors or failures when first introduced or as new versions are released. To date, we have not been made aware of any significant software errors or failures in our products. However, despite testing by us and by current and potential customers, errors may be found in new products after commencement of commercial shipments, resulting in loss of customers or delay in market acceptance.

CONNECTIVITY DEVICES GENERALLY REQUIRE INDIVIDUAL GOVERNMENT APPROVALS THROUGHOUT THE WORLD TO OPERATE ON LOCAL TELEPHONE NETWORKS. THESE CERTIFICATIONS COLLECTIVELY REFERRED TO AS HOMOLOGATION CAN DELAY OR IMPEDE THE ACCEPTANCE OF OUR PRODUCTS ON A WORLDWIDE BASIS.

Connectivity products require extensive testing prior to receiving certification by each government to be authorized to connect to their telephone systems. This testing can delay the introduction or, in extreme cases, prohibit the product usage in a particular country. International Telecommunications Union standards seek to provide a worldwide standard to avoid these issues, but they do not eliminate the need for testing in each country. In addition to these government certifications, individual Internet Service Providers, or "ISPs", can also have unique line conditions that must be addressed. Since most large PC manufacturers want to be able to release their products on a worldwide basis, this entire process can significantly slow the introduction of new products.

OUR FINANCIAL POSITION AND RESULTS OF OPERATIONS CAN BE ADVERSELY AFFECTED IF TAX AUTHORITIES CHALLENGE US AND THE TAX CHALLENGES RESULT IN UNFAVORABLE OUTCOMES.

We currently operate with subsidiaries in the Cayman Islands and Japan as well as branch offices in Taiwan, Korea and France. The complexities brought on by operating in several different tax jurisdictions inevitably leads to an increased exposure to worldwide tax challenges. Should the tax authorities challenge us and the tax challenges result in unfavorable outcomes, our operating results and financial position could be materially and adversely affected.

RISKS RELATED TO OUR INDUSTRY

IF THE MARKET FOR PRODUCTS USING OUR HSP TECHNOLOGY DOES NOT GROW AS WE PLAN, OR IF OUR PRODUCTS ARE NOT ACCEPTED IN THESE MARKETS, OUR REVENUES MAY BE ADVERSELY AFFECTED.

Our success depends on market demand and growth patterns for products using our HSP technology in soft analog modems. Market success for our products depends primarily on cost and performance benefits relative to competing solutions. Although we have shipped a significant number of soft modems since we began commercial sales of these products, the current level of demand for soft modems may not be sustained or may not grow. Further, the company's success in the soft modem market is dependent on developing, selling and supporting next generation products and applications. If these new products are not accepted in the markets as they are introduced, our revenues and profitability will be negatively affected.

In 2000, we introduced our Solsis(TM) modem for the embedded Internet access market. We anticipate sales of this product to grow and become an important component in our product mix. However, if the non-PC Internet appliance market does not accept our product or if demand for embedded analog modems is weaker than projected, our revenues can be adversely affected.

OUR INDUSTRY IS CHARACTERIZED BY RAPIDLY CHANGING TECHNOLOGIES. IF WE ARE NOT SUCCESSFUL IN RESPONSE TO RAPIDLY CHANGING TECHNOLOGIES, OUR PRODUCTS MAY BECOME OBSOLETE AND WE MAY NOT BE ABLE TO COMPETE EFFECTIVELY.

The Internet access business is characterized by rapidly changing technologies, short product life cycles and frequent new product introductions. To remain competitive, we have successfully introduced several new products with advanced technologies since our company was founded. For example, we introduced a 14.4 Kbps product in 1995, a 28.8 Kbps product in 1996, a 33.6 Kbps product in late 1996, a non-International Telecommunications Union standard 56 Kbps modem in the second half of 1997 and a V.90 International Telecommunications Union standard 56 Kbps modem in early 1998. Starting in 2001 and continuing into 2002, we expect to see the introduction of additional International Telecommunications Union standards, referred to as V.92 and V.44. We continue to develop and sell advanced analog modem products in order to remain competitive in our core business.

The market for high speed Internet connectivity is also characterized by rapidly changing technologies and strong competition, such as broadband and wireless solutions, which provide higher modem speeds and faster Internet access. While these alternative technologies offer much faster data rates, they are comparatively more costly than analog modems. They are also not as widely available in the world markets. We will continue to evaluate, develop and introduce technologically advanced products that will position the company for possible growth in the Internet access market. If we are not successful in response to rapidly changing technologies, our products may become obsolete and we may not be able to compete effectively.

CHANGES IN LAWS OR REGULATIONS, IN PARTICULAR, FUTURE FCC REGULATIONS AFFECTING THE BROADBAND MARKET, INTERNET SERVICE PROVIDERS, OR THE COMMUNICATIONS INDUSTRY, COULD NEGATIVELY AFFECT OUR ABILITY TO DEVELOP NEW TECHNOLOGIES OR SELL NEW PRODUCTS AND THEREFORE, REDUCE OUR PROFITABILITY.

The jurisdiction of the Federal Communications Commission, or FCC, extends to the entire communications industry, including our customers and their products and services that incorporate our products. Future FCC regulations affecting the broadband access services industry, our customers or our products may harm our business. For example, future FCC regulatory policies that affect the availability of data and Internet services may impede our customers' penetration into their markets or affect the prices that they are able to charge. In addition, international regulatory bodies are beginning to adopt standards for the communications industry. Although our business has not been hurt by any regulations to date, in the future, delays caused by our compliance with regulatory requirements may result in order cancellations or postponements of product purchases by our customers, which would reduce our profitability.

WE RELY ON A CONTINUOUS POWER SUPPLY TO CONDUCT OUR OPERATIONS, AND CALIFORNIA'S CURRENT ENERGY CRISIS COULD DISRUPT OUR OPERATIONS AND INCREASE OUR EXPENSES.

Our business operations depend on our ability to maintain and protect our facilities, computer systems and personnel, which are primarily located in or near our principal headquarters in Milpitas, California. California has experienced power outages due to a shortage in the supply of power within the state. In anticipation of continuing power shortages, the electric utility industry in California has warned power consumers to expect rolling blackouts throughout the state, particularly during the summer months when power usage peaks. We currently do not have backup generators or alternate sources of power in the event of a blackout, and our current insurance does not provide coverage for any damages we or our customers may suffer as a result of any interruption in our power supply. Although the blackouts we have experienced to date have not materially impacted our business, an increase in the frequency or length of the blackouts could damage our reputation, harm our ability to retain existing customers and to obtain new customers, and could result in lost revenue, any of which could substantially harm our business and results of operations. Furthermore, the deregulation of the energy industry has caused power prices to increase. If wholesale prices continue to increase, our operating expenses will likely increase, as the majority of our facilities are located in California.

RISKS RELATED TO OUR COMMON STOCK

OUR STOCK PRICE MAY BE VOLATILE BASED ON A NUMBER OF FACTORS, SOME OF WHICH ARE NOT IN OUR CONTROL.

The trading price of our common stock has been highly volatile. Our stock price could be subject to wide fluctuations in response to a variety of factors, many of which are out of our control, including:

- actual or anticipated variations in quarterly operating results,
- announcements of technological innovations,
- new products or services offered by us or our competitors,
- changes in financial estimates by securities analysts,
- conditions or trends in our industry,
- our announcement of significant acquisitions, strategic partnerships, joint ventures or capital commitments,
- additions or departures of key personnel,
- mergers and acquisitions, and
- sales of common stock by us or our stockholders.

In addition, the Nasdaq National Market, where many publicly held telecommunications companies, including our company, are traded, often experiences extreme price and volume fluctuations. These fluctuations often have been unrelated or disproportionate to the operating performance of these companies. In the past, following periods of volatility in the market price of an individual company's securities, securities class action litigation often has been instituted against that company. This type of litigation, if instituted, could result in substantial costs and a diversion of management's attention and resources.

PROVISIONS IN OUR CHARTER DOCUMENTS MAY INHIBIT A CHANGE OF CONTROL OR A CHANGE OF MANAGEMENT WHICH MAY CAUSE THE MARKET PRICE FOR OUR COMMON STOCK TO FALL AND MAY INHIBIT A TAKEOVER OR CHANGE IN OUR CONTROL THAT A STOCKHOLDER MAY CONSIDER FAVORABLE.

Provisions in our charter documents could discourage potential acquisition proposals and could delay or prevent a change in control transaction that our stockholders may favor. These provisions could have the effect of discouraging others from making tender offers for our shares, and as a result, these provisions may prevent the market price of our common stock from reflecting the effects of actual or rumored takeover attempts and may prevent stockholders from reselling their shares at or above the price at which they purchased their shares. These provisions may also prevent changes in our management that our stockholders may favor. Our charter documents do not permit stockholders to act by written consent, do not permit stockholders to call a stockholders meeting and provide for a classified board of directors, which means stockholders can only elect, or remove, a limited number of our directors in any given year.

Our board of directors has the authority to issue up to 5,000,000 shares of preferred stock in one or more series. The board of directors can fix the price, rights, preferences, privileges and restrictions of this preferred stock without any further vote or action by our stockholders. The rights of the holders of our common stock will be affected by, and may be adversely affected by, the rights of the holders of any preferred stock that may be issued in the future. Further, the issuance of shares of preferred stock may delay or prevent a change in control transaction without further action by our stockholders. As a result, the market price of our common stock may drop. The board of directors has not elected to issue additional shares of preferred stock since the initial public offering on October 19, 1999.

ITEM 7A: QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

We are exposed to minimal market risks. We manage the sensitivity of our results of operations to these risks by maintaining a conservative investment portfolio, which is comprised solely of highly-rated, short-term investments. We do not hold or issue derivative, derivative commodity instruments or other financial instruments for trading purposes. We are exposed to currency fluctuations, as we sell our products internationally. We manage the sensitivity of our international sales by denominating all transactions in U.S. dollars.

We may be exposed to interest rate risks, as we may use additional financing to fund additional acquisitions and fund other capital expenditures. The interest rate that we may be able to obtain on financings will depend on market conditions at that time and may differ from the rates we have secured in the past.

ITEM 8: FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

PCTEL, INC.

INDEX TO THE CONSOLIDATED FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To PCTEL, Inc.:

We have audited the accompanying consolidated balance sheets of PCTEL, Inc. (a Delaware corporation) and subsidiaries as of December 31, 2001 and 2000 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001. These financial statements and the schedule referred to below are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of PCTEL, Inc. and subsidiaries as of December 31, 2001 and 2000, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 2001 in conformity with accounting principles generally accepted in the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule listed in Item 14(a)2 is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic consolidated financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

San Jose, California
January 22, 2002
(except with respect to the matters
discussed in Note 11, as to which
the date is March 27, 2002)

PCTEL, INC.

CONSOLIDATED BALANCE SHEETS
(IN THOUSANDS, EXCEPT SHARE DATA)

	DECEMBER 31, 2001	DECEMBER 31, 2000
ASSETS		
CURRENT ASSETS:		
Cash and cash equivalents	$ 38,393	$ 25,397
Short-term investments	87,235	92,983
Accounts receivable, net of allowance for doubtful accounts of $787 and $5,043, respectively	2,849	24,112
Inventories, net	2,870	13,837
Prepaid expenses and other assets	5,055	4,369
Deferred tax asset	400	3,322
Total current assets	136,802	164,020
PROPERTY AND EQUIPMENT, net	2,769	4,722
GOODWILL AND OTHER INTANGIBLE ASSETS, net	384	21,662
DEFERRED TAX ASSET	--	2,333
OTHER ASSETS	228	219
TOTAL ASSETS	$140,183	$192,956
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	$ 4,944	$ 9,142
Accrued royalties	12,343	11,656
Income taxes payable	5,573	3,417
Accrued compensation and benefits	983	2,464
Accrued warranty	283	3,520
Accrued inventory purchase commitments	2,325	--
Accrued customer rebates	2,051	--
Accrued restructuring	1,426	--
Other accrued liabilities	2,353	2,910
Total current liabilities	32,281	33,109
Long-term accrued restructuring	141	--
Total liabilities	32,422	33,109
COMMITMENTS AND CONTINGENCIES (Notes 10 and 11)		
STOCKHOLDERS' EQUITY:		
Common stock, $0.001 par value, 50,000,000 shares authorized, 19,665,486 and 18,817,796 shares issued and outstanding at December 31, 2001 and 2000, respectively	20	19
Additional paid-in capital	150,319	146,461
Deferred stock compensation	(1,158)	(2,894)
Retained earnings (deficit)	(42,232)	15,987
Accumulated other comprehensive income	812	274
Total stockholders' equity	107,761	159,847
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY	$140,183	$192,956

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

PCTEL, INC.

CONSOLIDATED STATEMENTS OF OPERATIONS
(IN THOUSANDS, EXCEPT PER SHARE DATA)

YEARS ENDED DECEMBER 31,	2001	2000	1999
REVENUES	$ 40,971	$97,183	$76,293
COST OF REVENUES	27,899	53,940	39,428
INVENTORY LOSSES	10,920	--	--
GROSS PROFIT	2,152	43,243	36,865
OPERATING EXPENSES:			
Research and development	11,554	14,130	10,317
Sales and marketing	10,926	14,293	10,523
General and administrative	14,023	8,058	5,459
Acquired in-process research and development	--	1,600	--
Amortization of goodwill and intangible assets	3,068	2,638	--
Impairment of goodwill and intangible assets	16,775	--	--
Restructuring charges	3,787	--	--
Amortization of deferred stock compensation	1,081	1,308	790
Total operating expenses	61,214	42,027	27,089
INCOME (LOSS) FROM OPERATIONS	(59,062)	1,216	9,776
OTHER INCOME, NET:			
Interest expense	--	(131)	(1,449)
Interest income	6,154	7,419	1,720
Total other income, net	6,154	7,288	271
INCOME (LOSS) BEFORE PROVISION FOR INCOME TAXES	(52,908)	8,504	10,047
PROVISION FOR INCOME TAXES	5,311	2,366	3,014
NET INCOME (LOSS) BEFORE EXTRAORDINARY LOSS	(58,219)	6,138	7,033
Extraordinary loss, net of income taxes	--	--	(1,611)
NET INCOME (LOSS)	$(58,219)	$ 6,138	$ 5,422
Basic earnings per share before extraordinary loss	$ (3.02)	$ 0.34	$ 1.33
Basic earnings per share after extraordinary loss	$ --	$ --	$ 1.03
Shares used in computing basic earnings per share	19,275	18,011	5,287
Diluted earnings per share before extraordinary loss	$ (3.02)	$ 0.30	$ 0.48
Diluted earnings per share after extraordinary loss	$ --	$ --	$ 0.37
Shares used in computing diluted earnings per share	19,275	20,514	14,666

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

PCTEL, INC.

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
(IN THOUSANDS)

PREFERRED STOCK COMMON STOCK ADDITIONAL
DEFERRED RETAINED --------------- ------
--------- PAID-IN STOCK EARNINGS SHARES
AMOUNT SHARES AMOUNT CAPITAL
COMPENSATION (DEFICIT) ------ ------ ---
--- ------ ---------- ----------- -----
---- BALANCE, DECEMBER 31,
1998.................. 8,511 $9 2,412 $
2 $ 10,915 $ (214) $ 4,427 Deferred
stock compensation for stock option
grants.......................... -- --
-- -- 5,432 (5,432) -- Amortization of
deferred stock
compensation............................
-- -- -- -- -- 790 -- Issuance of common
stock from initial public
offering........................ -- --
5,290 6 83,629 -- -- Issuance of common
stock on exercise of stock
options.......................... -- -
- 346 -- 399 -- -- Conversion of
preferred stock to common
stock...................................
(8,511) (9) 8,511 9 -- -- -- Issuance of
common stock from warrant
exercises...............................
-- -- 1 -- 11 -- -- Costs incurred
related to initial public
offering................................
-- -- -- -- (1,140) -- -- Grant of stock
options to non-employees.... -- -- -- --
88 -- -- Net
income................................
-- -- -- -- -- -- 5,422 Unrealized loss
on available-for-sale
securities..............................
-- -- -- -- -- -- -- ------ -- ------ --
- -------- ------- -------- BALANCE,
DECEMBER 31, 1999.................. --
-- 16,560 17 99,334 (4,856) 9,849
Reversal of deferred stock compensation
for terminated
employees.................... -- -- --
-- (654) 654 -- Amortization of deferred
stock
compensation............................
-- -- -- -- -- 1,308 -- Issuance of
common stock on exercise of stock
options.......................... -- -
- 1,193 1 4,614 -- -- Rescission of
stock option exercise........ -- -- (30)
-- (14) -- -- Issuance of common stock
from purchase of ESPP
shares............................ --
-- 37 -- 834 -- -- Issuance of common
stock from secondary
offering................................
-- -- 650 1 28,713 -- -- Issuance of
common stock from warrant
exercises...............................
-- -- 159 -- 8 -- -- Issuance of common
stock to acquire
businesses..............................
-- -- 249 -- 14,640 -- -- Costs incurred
related to initial public
offering................................
-- -- -- -- (337) -- -- Costs incurred
related to secondary
offering................................
-- -- -- -- (677) -- -- Net
income................................
-- -- -- -- -- -- 6,138 Unrealized gain
on available-for-sale
securities..............................

-- -- -- -- -- -- -- ------ -- ------ --
- -------- ------- -------- BALANCE,
DECEMBER 31, 2000.................. --
-- 18,818 19 146,461 (2,894) 15,987
Reversal of deferred stock compensation
for terminated
employees.................... -- -- --
-- (1,572) 1,572 -- Extended vesting for
ex-officers........... -- -- -- -- 12 --
-- Amortization of deferred stock
compensation............................
-- -- -- -- -- 1,081 -- Issuance of
common stock on exercise of stock
options.......................... -- -
- 620 1 2,208 -- -- Issuance of
restricted common stock........ -- --
235 -- 1,776 (1,776) -- Issuance of
common stock from purchase of ESPP
shares............................ --
-- 107 -- 818 -- -- Cancellation of
restricted common stock.... -- -- (115)
-- (859) 859 -- Tax benefit from stock
option exercises.... -- -- -- -- 1,475 -
- -- Net
loss..................................
-- -- -- -- -- -- (58,219) Unrealized
gain on available-for-sale
securities.............................
-- -- -- -- -- -- -- ------ -- ------ --
- -------- ------- -------- BALANCE,
DECEMBER 31, 2001.................. --
$-- 19,665 $20 $150,319 $(1,158)
$(42,232) ====== == ====== === ========
======= ========
ACCUMULATED OTHER COMPREHENSIVE TOTAL
INCOME STOCKHOLDERS' (LOSS) EQUITY -----
-------- ------------ BALANCE, DECEMBER
31, 1998.................. $ -- $
15,139 Deferred stock compensation for
stock option
grants.......................... -- --
Amortization of deferred stock
compensation............................
-- 790 Issuance of common stock from
initial public
offering......................... --
83,635 Issuance of common stock on
exercise of stock
options.......................... --
399 Conversion of preferred stock to
common
stock...................................
-- -- Issuance of common stock from
warrant
exercises...............................
-- 11 Costs incurred related to initial
public
offering................................
-- (1,140) Grant of stock options to
non-employees.... -- 88 Net
income................................
-- 5,422 Unrealized loss on available-
for-sale
securities..............................
(66) (66) ---- -------- BALANCE,
DECEMBER 31, 1999..................
(66) 104,278 Reversal of deferred stock
compensation for terminated
employees.................... -- --
Amortization of deferred stock
compensation............................
-- 1,308 Issuance of common stock on
exercise of stock
options.......................... --
4,615 Rescission of stock option
exercise........ -- (14) Issuance of
common stock from purchase of ESPP
shares............................ --
834 Issuance of common stock from
secondary
offering................................

-- 28,714 Issuance of common stock from
warrant
exercises................................
-- 8 Issuance of common stock to acquire
businesses..............................
-- 14,640 Costs incurred related to
initial public
offering................................
-- (337) Costs incurred related to
secondary
offering................................
-- (677) Net
income................................
-- 6,138 Unrealized gain on available-
for-sale
securities..............................
340 340 ---- -------- BALANCE, DECEMBER
31, 2000................... 274 159,847
Reversal of deferred stock compensation
for terminated
employees..................... -- --
Extended vesting for ex-
officers........... -- 12 Amortization
of deferred stock
compensation............................
-- 1,081 Issuance of common stock on
exercise of stock
options........................... --
2,209 Issuance of restricted common
stock........ -- -- Issuance of common
stock from purchase of ESPP
shares............................. --
818 Cancellation of restricted common
stock.... -- -- Tax benefit from stock
option exercises.... -- 1,475 Net
loss..................................
-- (58,219) Unrealized gain on
available-for-sale
securities..............................
538 538 ---- -------- BALANCE, DECEMBER
31, 2001................... $812
$107,761 ==== ========

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

PCTEL, INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(IN THOUSANDS)

YEARS ENDED DECEMBER 31,	2001	2000	1999
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	$(58,219)	$ 6,138	$ 5,422
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Acquired in-process research and development	--	1,600	--
Depreciation and amortization	6,731	6,441	2,835
Impairment of goodwill and intangible assets	16,775	--	--
Loss on disposal of property and equipment	574	--	--
Amortization of deferred debt charge	--	--	1,550
Provision for (recovery of) allowance for doubtful accounts	(1,574)	3,677	1,674
Provision for excess and obsolete inventories	452	918	1,121
(Increase) decrease in deferred tax asset	5,255	165	(1,371)
Amortization of deferred stock compensation	1,081	1,308	790
Grant or extended vesting of stock options to non-employees	12	--	88
Tax benefit from stock option exercises	1,475	--	--
Changes in operating assets and liabilities, net of acquisitions:			
(Increase) decrease in accounts receivable	22,745	(20,627)	4,702
(Increase) decrease in inventories	10,426	(8,924)	(4,789)
Increase in prepaid expenses and other assets	(704)	(1,872)	(2,300)
Increase (decrease) in accounts payable	(4,197)	1,952	1,985
Increase in accrued royalties	687	3,788	2,724
Increase in income taxes payable	2,156	127	2,083
Increase in other accrued liabilities	527	94	5,027
Increase in long-term accrued restructuring	141	--	--
Net cash provided by (used in) operating activities	4,343	(5,215)	21,541
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures for property and equipment	(702)	(3,044)	(2,729)
Proceeds from disposal of property and equipment	74	--	--
Purchase of available-for-sale investments	(75,808)	(109,611)	(53,651)
Proceeds from sales and maturities of available-for-sale investments	82,094	70,553	--
Purchase of businesses, net of cash acquired	(32)	(5,134)	--
Net cash provided by (used in) investing activities	5,626	(47,236)	(56,380)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on capital lease obligations	--	--	(36)
Principal payments on notes payable	--	--	(16,313)
Proceeds from issuance of common stock	3,027	34,157	84,045
Costs incurred related to initial public offering	--	(337)	(1,140)
Costs incurred related to secondary public offering	--	(677)	--
Net cash provided by financing activities	3,027	33,143	66,556
Net increase (decrease) in cash and cash equivalents	12,996	(19,308)	31,717
Cash and cash equivalents, beginning of year	25,397	44,705	12,988
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 38,393	$ 25,397	$ 44,705

SUPPLEMENTAL CASH FLOW INFORMATION: Cash paid for

interest.................................... $ -- $ --
$ 1,449 Cash paid for income
taxes................................ $ 297 $ 2,047 $
2,163 Increases (decreases) to deferred stock
compensation,
net...
$ 655 $ (654) $ 5,432 Acquisition of businesses for
stock....................... $ -- $ 14,640 $ --
Issuance of restricted common stock, net of
cancellations...
$ 917 $ -- $ --

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
FOR THE YEAR ENDED: DECEMBER 31, 2001

1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

ORGANIZATION AND OPERATIONS OF THE COMPANY

We were originally incorporated in California in February 1994 and in July 1998, we reincorporated in Delaware. We are a leading provider of software-based high speed connectivity solutions to individuals and businesses worldwide. We design, develop, produce and market advanced high performance, low cost modems that are flexible and upgradable, with functionality that can include data/fax transmission at various speeds, and telephony features. Our soft modem products consist of a hardware chipset containing a proprietary host signal processing software architecture which utilizes the computational and processing resources of a host central processor, effectively replacing special-purpose hardware required in conventional hardware-based modems. Together, the combination of the chipset and software drivers are a component part within a computer which allows for telecommunications connectivity. By replacing hardware with a software solution, our host signal processing technology lowers costs while enhancing capabilities.

We are subject to certain risks including the impact of the recent economic slowdown, concentration of sales among a limited number of customers, concentration of sales in Asia, the Company's ability to develop and successfully introduce new and enhanced products, the outcome of ongoing and potential litigation involving intellectual property, competition from larger, more established companies and dependence on key suppliers.

USE OF ESTIMATES

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the periods reported. Actual results could differ from those estimates.

CONSOLIDATION AND FOREIGN CURRENCY TRANSLATION

We use the United States dollar for our financial statements, even for our subsidiaries in foreign countries with the exception of our Japanese subsidiary where the functional currency is Japanese Yen. All gains and losses resulting from transactions originally in foreign currencies and then translated into US dollars are included in net income. Assets and liabilities of our Japanese operations are translated to U.S. dollars at the exchange rate in effect at the applicable balance sheet date, and revenues and expenses are translated using average exchange rates prevailing during that period. Operations and translation adjustments have not been material to date. As of December 31, 2001, we had subsidiaries in the Cayman Islands, Japan and Taiwan. These consolidated financial statements include the accounts of PCTEL and our subsidiaries after eliminating intercompany accounts and transactions.

CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS

We divide our financial instruments into two different classifications.

Cash equivalents:	are debt instruments that mature within three months after we purchase them.
Short-term investments:	are marketable debt instruments that generally mature between three months and two years from the date we purchase them. All of our short-term investments are classified as current assets and available-

for-sale because they are marketable and we have the option to sell them before they mature.

As of December 31, 2001, short-term investments consisted of high-grade corporate securities with maturity dates of approximately five months to two years.

These investments are recorded at market price and any unrealized holding gains and losses (based on the difference between market price and book value) are reflected as other comprehensive income/loss in the stockholders' equity section of the balance sheet. We have accumulated a $812,000 unrealized holding gain as of December 31, 2001. Realized gains and losses and declines in value of securities judged to be other than temporary are included in interest income and have not been significant to date. Interest and dividends of all securities are included in interest income.

CONCENTRATIONS AND RISKS

Financial instruments that potentially subject us to concentration and credit risk consist primarily of short-term investments and trade receivables.

To mitigate credit risk related to short-term investments, we have an investment policy to preserve the value of capital and generate interest income from these investments without undue exposure to risk. Market risk is the potential loss due to the change in value of a financial instrument due to interest rates or equity prices. We try to moderate this risk in two ways. First, our investment portfolio is divided between Banc of America Securities and Salomon Smith Barney. By using two independent investment banking firms, we believe we have improved market visibility. Secondly, we independently review market pricing on a periodic basis based upon directly managing a limited amount of funds we use for operations which are not managed by our funds' managers.

For trade receivables, credit risk is the potential for a loss due to a customer not meeting its payment obligations. Estimates are used in determining an allowance for amounts which we may not be able to collect based on current trends, the length of time receivables are past due and historical collection experience. We moderate this risk by establishing and reviewing credit limits, monitoring those limits and making updates as required. Provisions for and recovery of bad debts are recorded against revenue in our consolidated statements of operations.

Our customers are concentrated in the personal computer industry and modem board manufacturer industry segment and in certain geographic locations. We actively market and sell products in Asia. We perform ongoing evaluations of our customers' financial condition and generally require no collateral. As of December 31, 2001, approximately 89% of gross accounts receivable were concentrated with five customers. As of December 31, 2000, approximately 64% of gross accounts receivable were concentrated with four customers.

For the years ended December 31, 2001, 2000 and 1999, we purchased integrated circuits from a limited number of vendors. If these vendors are unable to provide integrated circuits in a timely manner and we are unable to find alternative vendors, our business, operating results and financial condition could be adversely affected.

The majority of our revenues are derived from a limited number of products utilizing host signal processing technology. The market for these products is characterized by frequent transitions in which products rapidly incorporate new features and performance standards. A failure to develop products with required feature sets or performance standards or a delay in bringing a new product to market could adversely affect our operating results.

INVENTORIES

Inventories are stated at the lower of cost or market and include material, labor and overhead costs. Inventories as of December 31, 2001 and 2000 were composed of finished goods only. We regularly monitor inventory quantities on hand and, based on our current estimated requirements, it was determined that there was excess inventory and those excess amounts were fully reserved as of December 31, 2001 and 2000. Due to competitive pressures and technological innovation, it is possible that these estimates could change in the near term.

PROPERTY AND EQUIPMENT

Property and equipment are stated at cost and are depreciated using the straight-line method over the estimated useful lives (three to seven years) of the assets. Leasehold improvements are amortized over the corresponding lease term.

Property and equipment consists of the following (in thousands):

DECEMBER 31,	2001	2000
Computer and office equipment	$ 5,528	$ 6,753
Furniture and fixtures	333	541
Leasehold improvements	341	251
Other	--	78
Total property and equipment	6,202	7,623
Less: Accumulated depreciation and amortization	(3,433)	(2,901)
Property and equipment, net	$ 2,769	$ 4,722

SOFTWARE DEVELOPMENT COSTS

We account for software development costs in accordance with SFAS No. 86, "Accounting for the Costs of Computer Software to be Sold, Leased or Otherwise Marketed." Our products include a software component. To date, we have expensed all software development costs because these costs were incurred prior to the products reaching technological feasibility.

REVENUE RECOGNITION

Revenues consist primarily of sales of products to OEMs and distributors. Revenues from sales to customers are recognized upon shipment when title and risk of loss passes to the customers, unless we have future obligations or have to obtain customer acceptance, in which case revenue is not recorded until such obligations have been satisfied or customer acceptance has been achieved. We provide for estimated sales returns and customer rebates related to sales to OEMs at the time of shipment. Customer rebates are recorded against receivables to the extent that the gross amount has not been collected by the end customer. Once the gross amount has been collected, the accrued customer rebate is then reclassified to liabilities. As of December 31, 2001 and 2000, we have an allowance for customer rebates against accounts receivable of $200,000 and $6.8 million, respectively, and accrued customer rebates of $2.1 million and $0, respectively, presented as current liabilities on the balance sheet. Accrued customer rebates will be paid to the customers, upon request, in the future unless they are forfeited by the customer. Revenues from sales to distributors are made under agreements allowing price protection and rights of return on unsold products. We record revenue relating to sales to distributors only when the distributors have sold the product to end-users. Customer payment terms generally range from letters of credit collectible upon shipment to open accounts payable 60 days after shipment.

We also generate revenues from engineering contracts. Revenues from engineering contracts are recognized as contract milestones and customer acceptance are achieved. Royalty revenue is recognized when confirmation of royalties due to us is received from licensees. Furthermore, revenues from technology licenses are recognized after delivery has occurred and the amount is fixed and determinable, generally based upon the contract's nonrefundable payment terms. To the extent there are extended payment terms on these contracts, revenue is recognized as the payments become due and the cancellation privilege lapses. To date, we have not offered post-contract customer support.

INCOME TAXES

We provide for income taxes under the provisions of SFAS No. 109, "Accounting for Income Taxes". SFAS No. 109 requires an asset and liability based approach in accounting for income taxes. Deferred income tax assets and liabilities are recorded based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates. Valuation allowances are provided against assets which are not likely to be realized. As of December 31, 2001, we have deferred tax assets, net of valuation allowances, of $400,000.

STOCK-BASED COMPENSATION

We account for stock-based awards to employees in accordance with the Accounting Principles Board ("APB") No. 25, "Accounting for Stock Issued to Employees". We have adopted the disclosure-only alternative of SFAS No. 123, "Accounting for Stock-Based Compensation". Under APB No. 25, if the exercise price of our employee stock options equals or exceeds the market value of the underlying stock on the date of grant, no compensation expense is recorded. However, if the stock option price is less than market value, a stock based compensation charge is required. We have included the pro forma disclosures required under SFAS No. 123 in Note 9. The amount of deferred stock compensation expense to be recorded in future periods could decrease if options for which accrued but unvested compensation has been recorded are forfeited.

EARNINGS PER SHARE

We compute earnings per share in accordance with SFAS No. 128, "Earnings Per Share". SFAS No. 128 requires companies to compute net income per share under two different methods, basic and diluted, and present per share data for all periods in which statements of operations are presented. Basic earnings per share is computed by dividing net income by the weighted average number of shares of common stock outstanding, less shares subject to repurchase. Diluted earnings per share is computed by dividing net income by the weighted average number of common stock and common stock equivalents outstanding. Common stock equivalents consist of preferred stock using the "if converted" method and stock options and warrants using the treasury stock method. Preferred stock, common stock options and warrants are excluded from the computation of diluted earnings per share if their effect is anti-dilutive. The weighted average common stock option grants excluded from the calculations of diluted net loss per share were 200,000 for the year ended December 31, 2001.

The following table provides a reconciliation of the numerators and denominators used in calculating basic and diluted earnings per share for the years ended December 31, 2001, 2000 and 1999, respectively (in thousands, except per share data):

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
Net income (loss)	$(58,219)	$ 6,138	$ 5,422
Basic earnings (loss) per share:			
Weighted average common shares outstanding	19,298	18,011	5,287
Less: Weighted average shares subject to repurchase	(23)	(--)	(--)
Weighted average common shares outstanding	19,275	18,011	5,287
Basic earnings (loss) per share	$ (3.02)	$ 0.34	$ 1.03
Diluted earnings (loss) per share:			
Weighted average common shares outstanding	19,275	18,011	5,287
Weighted average common stock option grants and outstanding warrants	--	2,503	2,603
Weighted average preferred stock outstanding	--	--	6,776
Weighted average common shares and common stock equivalents outstanding	19,275	20,514	14,666
Diluted earnings (loss) per share	$ (3.02)	$ 0.30	$ 0.37

GOODWILL AND INTANGIBLE ASSETS

Goodwill and intangible assets are amortized using the straight-line method over useful lives of 2 to 5 years. As of December 31, 2001 and 2000, accumulated amortization of goodwill and intangible assets was $48,000 and $7.0 million, respectively.

ACCOUNTING FOR IMPAIRMENT OF LONG-LIVED ASSETS

We assess the need to record impairment losses on long-lived assets used in operations when indicators of impairment are present such as a significant industry downturn, significant decline in the market value of the Company or significant reductions in projected future cash flows. On an on-going basis, we review the value and period of amortization or depreciation of long-lived assets. During this review, the significant assumptions used in determining the original cost of long-lived assets are reevaluated. We then determine whether there has been a permanent impairment of the value of long-lived assets by comparing future estimated undiscounted cash flows to the asset's carrying value. If the carrying value of the asset exceeds the estimated future undiscounted cash flows, a loss is recorded as the excess of the asset's carrying value over fair value. Long-lived assets to be disposed of are reported at the lower of carrying amount or fair value less costs to sell.

Due to the recent economic downturn, we determined that a portion of the remaining goodwill from the CSD acquisition and all of the remaining goodwill and intangibles from the Voyager and BlueCom acquisitions have been impaired. As such, an impairment charge of $16.8 million was recorded in fiscal 2001. See Note 5 for further discussions.

COMPREHENSIVE INCOME

The following table provides the calculation of other comprehensive income for the years ended December 31, 2001, 2000 and 1999 (in thousands):

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
Net income (loss)	$(58,219)	$6,138	$5,422
Other comprehensive income:			
Unrealized gains (loss) on available-for-sale securities	538	340	(66)
Comprehensive income (loss)	$(57,681)	$6,478	$5,356

RECENT ACCOUNTING PRONOUNCEMENTS

In July 2001, the FASB issued SFAS No.'s 141 and 142, "Business Combinations" and "Goodwill and Other Intangible Assets". SFAS No. 141 requires all business combinations initiated after June 30, 2001 to be accounted for using the purchase method. Under SFAS No. 142, goodwill and intangible assets with indefinite lives are not amortized but are subject to at least an annual assessment for impairment applying a fair-value based test. Effective January 1, 2002, existing goodwill will no longer be amortized. Additionally, an acquired intangible asset should be separately recognized if the benefit of the intangible asset is obtained through contractual or other legal rights, or if the intangible asset can be sold, transferred, licensed, rented, or exchanged, regardless of the acquirer's intent to do so. Upon adoption of SFAS No. 142 on January 1, 2002, we will no longer amortize goodwill, thereby eliminating annual goodwill amortization of approximately $192,000, based on anticipated amortization for 2002.

In October 2001, the FASB issued SFAS No. 144, "Accounting for the Impairment or Disposal of Long-Lived Assets". SFAS No. 144 supercedes SFAS No. 121 by requiring that one accounting model be used for long-lived assets to be disposed of by sale, whether previously held and used or newly acquired and by broadening the presentation of discontinued operations to include more disposal transactions. The Statement will be effective for fiscal years beginning after December 15, 2001. We do not expect that the adoption of SFAS No. 144 will have a material impact on our financial position or results of operations.

RECLASSIFICATIONS

Certain amounts in prior years have been reclassified to conform with the current period presentation.

2. SHORT-TERM INVESTMENTS

We invest in high quality, short-term investments, which we classify as available-for-sale. There were no significant differences between amortized cost and estimated fair value of these short-term investments at December 31, 2001 and 2000. The following table presents the estimated fair value breakdown of investment securities by major security type (in thousands):

	DECEMBER 31,	
	2001	2000
Commercial paper	$ --	$17,997
U.S. Government obligations	6,899	7,760
Corporate bonds	80,336	67,226
Total short-term investments	$87,235	$92,983

As of December 31, 2001, $25.6 million of the short-term investments have maturity dates of less than one year and $61.6 million have maturity dates of one to five years. All of our short-term investments are classified as current assets because they are marketable and we have the option to sell them before they mature.

3. ACQUISITIONS

BLUECOM TECHNOLOGY CORP.

On December 14, 2000, we completed the acquisition of BlueCom, a Taiwanese Company specializing in the innovation, development and marketing of MMX Signal Processing (MSP) technology. Under the terms of the agreement, the former shareholders of BlueCom received 11,245 shares of our common stock and $1,557,770 of cash in exchange for all shares of BlueCom common stock.

The purchase price of BlueCom was allocated based upon the estimated fair value of the assets acquired and liabilities assumed, which approximated book value. The following table summarizes the components of the total purchase price and the allocation (in thousands).

Cash	$1,557
Fair value of 11,245 shares of our common stock	322
Acquisition costs	71
Total purchase price	1,950
Less: Net assets acquired	(170)
Acquired intangibles and goodwill	$1,780

The acquisition was accounted for under the purchase method of accounting. Under this method, if the purchase price exceeds the net tangible assets acquired, the difference is recorded as excess purchase price. In this circumstance, the difference was $1.8 million which was attributed to goodwill ($1,124,000) and a covenant not to compete ($656,000). We classified this balance of $1.8 million as goodwill and other intangible assets, net, in the accompanying consolidated balance sheets and were amortizing it over useful lives of two to five years prior to the impairment recorded in the quarter ended December 31, 2001 (see Note 5). We have included the results of BlueCom from the date of acquisition in the consolidated statements of operations.

VOYAGER TECHNOLOGIES, INC.

On February 24, 2000, we completed the acquisition of Voyager, a provider of personal connectivity and Internet access technology. Under the terms of the Agreement and Plan of Reorganization (the "Merger Agreement"), the former shareholders of Voyager received 237,272 shares of our common stock and $2,065,331 of cash in exchange for all shares of Voyager common stock. In addition, 645,157 vested and unvested options to purchase shares of Voyager common stock were converted into 49,056 options to purchase our common stock at the exchange ratio of 0.07604. Included in the 237,272 shares are 82,419 restricted shares of common stock issued to a Voyager shareholder. These shares are not subject to forfeiture under any circumstances and, thus, were considered in the determination of the purchase price at the date of acquisition.

The purchase price of Voyager was allocated based upon the estimated fair value of the assets acquired and liabilities assumed, which approximated book value. The following table summarizes the components of the total purchase price and the allocation (in thousands).

Fair value of 237,272 shares of our common stock	$11,814
Fair value of options for 49,056 shares of our common stock	2,504
Cash	2,065
Settlement of outstanding claim	1,500
Acquisition costs	687
Total purchase price	18,570
Less: Net assets acquired	(762)
Acquired intangibles and goodwill	$17,808

The acquisition was structured as a tax-free reorganization and was accounted for under the purchase method of accounting. Under this method, if the purchase price exceeds the net tangible assets acquired, the difference is recorded as excess purchase price. In this circumstance, the difference was $17.8 million. We attributed $1.6 million of the excess purchase price to in-process research and development, which we expensed immediately, and the balance of $16.2 million was attributed to intellectual property ($0.5 million), workforce ($0.3 million) and goodwill ($15.4 million). We classified this balance of $16.2 million as goodwill and other intangible assets, net, in the accompanying consolidated balance sheets and were amortizing it over useful lives of five years prior to the impairment recorded in the quarter ended September 30, 2001 (see Note 5). We have included the results of Voyager from the date of acquisition in the consolidated statements of operations.

In addition to the 237,272 shares of our common stock issued to the shareholders of Voyager, 30,415 additional shares of common stock were held in an escrow account pending resolution of an outstanding claim. These shares had been treated as contingent consideration and were not initially recognized as purchase price due to the uncertainty of how the claim would be resolved. In May 2000, the outstanding claim was settled for $1.5 million which resulted in the return of the stock held in escrow to us. No amount was initially recorded for the now-unissued stock while in escrow, however, the $1.5 million outstanding claim settlement was recognized as additional purchase price in the quarter ended June 30, 2000.

As part of the acquisition, we granted 49,056 vested and unvested options to purchase our common stock upon conversion of the outstanding Voyager options, based on the exchange ratio of 0.07604. The fair value of these options was determined using the Black-Scholes option pricing model and the following assumptions: risk-free interest rate of 5.50%; dividend yields of zero; an estimated volatility factor of the market price of our common stock of 75%; and an expected life between three to six months after vest date. The weighted-average estimated fair value of these options was $51.05 per share.

Upon completion of the Voyager acquisition, we immediately expensed $1.6 million representing purchased in-process technology that had not yet reached technological feasibility and had no alternative future use. The $1.6 million expensed as in-process research and development was approximately 9% of the purchase price and was attributed and supported by a discounted cash flow analysis that identified revenue and costs on a project by project basis. The value assigned to purchased in-process technology, based on a percentage of completion discounted cash flow method, was determined by identifying research projects in areas for which technological feasibility has not been established. The following in-process projects existed at Voyager as of the acquisition date: Bluetooth, HomeRF, Direct Sequence Cordless, Bluetooth/HomeRF Combo, Bluetooth/HomeRF/Direct Sequence, Wireless Gas Tank Sensor, Wireless GPS and Wireless Industrial Garage Door Opener projects.

The value of in-process research and development was determined by estimating the costs to develop the purchased in-process technology into commercially viable products, estimating the resulting net cash flows from such projects and discounting the net cash flows back to their present value. The discount rate includes a risk adjusted discount rate to take into account the uncertainty surrounding the successful development of the purchased in-process technology. The risk-adjusted discount rate applied to the projects' cash flows was 15% for existing technology and 20% for the in-process technology. Based upon assessment of each in-process project's development stage, including relative difficulty of remaining development milestones, it was determined that application of a 20% discount rate was appropriate for all acquired in-process projects. The valuation includes cash inflows from in-process technology through 2005 with revenues commencing in 2000 and increasing significantly in 2001 before declining in 2005. The projected total revenue of Voyager was broken down to revenue attributable to the in-process technologies, existing technologies, core technology and future technology. The revenue attributable to core technology was determined based on the extent to which the in-process technologies rely on the already developed intellectual property. The Bluetooth and HomeRF projects were approximately 25% complete at the time of the valuation and the expected timeframe for achieving these product releases was assumed to be in the second half of 2000. The Direct Sequence Cordless project was approximately 65% complete at the time of the valuation and the expected time frame for achieving this product release was assumed to be in the second half of 2000. The Bluetooth/HomeRF Combo and Bluetooth/HomeRF/Direct Sequence projects were approximately 10% complete at the time of the valuation and the expected timeframe for achieving these product releases was assumed to be in the second half of 2000 and the first half of 2000, respectively. The Wireless Gas Tank Sensor and the Wireless Industrial Garage Door Opener projects were approximately 70% complete at the time of the valuation and the expected time frame for achieving these product releases was assumed to be 2001. The Wireless GPS was approximately 50% complete at the time of the valuation and the expected time frame for achieving this product release was assumed to be in the second half of 2000. The percentage complete calculations for all projects were estimated based on research and development expenses incurred to date and management estimates of remaining development costs. Significant remaining development efforts were to be completed in the next 6 to 18 months in order for Voyager's projects to become implemented in a commercially viable timeframe. Management's cash flow and other assumptions utilized at the time of acquisition did not materially differ from historical pricing/licensing, margin, and expense levels of the Voyager group prior to acquisition.

Approximately $0.5 million was attributed to core wireless technology and royalty revenue associated with the Wireless Water Meter Reading Device project.

The unaudited pro forma financial information for the years ended December 31, 2000 and 1999 is presented below (in thousands except per share information) as if Voyager and BlueCom had been acquired on January 1. The pro forma information does not purport to be indicative of what would have occurred had the acquisitions been made as of those dates or of results that may occur in the future. Pro forma net income excludes the write-off of acquired in-process research and development of $1.6 million.

YEARS ENDED DECEMBER 31,	2000	1999
Revenues	$97,785	$77,792
Net income	$ 7,668	$ 5,616
Diluted net income per share	$ 0.37	$ 0.38

4. INVENTORY LOSSES

Due to the changing market conditions, recent economic downturn and estimated future requirements, inventory valuation charges of $10.9 million were recorded in the second half of 2001. Of the $10.9 million, $2.3 million related to firm purchase order commitments with our major suppliers and the remaining

$8.6 million related to excess inventory on hand or disposed. As of December 31, 2001 and 2000, the allowance for obsolete inventory was $1.4 million and $2.5 million, respectively.

5. IMPAIRMENT OF GOODWILL AND INTANGIBLE ASSETS

On December 22, 1998, we acquired substantially all of the assets and assumed certain of the liabilities of CSD, a division of General DataComm, Inc., for a total purchase price of approximately $17 million. Of the excess purchase price of $16.8 million, we attributed $10.7 million as goodwill and other intangible assets.

On February 24, 2000, we completed the acquisition of Voyager, a provider of personal connectivity and Internet access technology, for a total purchase price of approximately $18.6 million. Of the excess purchase price of $17.8 million, we attributed $16.2 million as goodwill and other intangible assets.

On December 14, 2000, we completed the acquisition of BlueCom, one of Taiwan's industry leaders in the innovation, development and marketing of MSP technology, for a total purchase price of approximately $1.9 million. The excess purchase price of $1.8 million was attributed to goodwill and other intangible assets.

In the second half of 2001, pursuant to SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," we evaluated the recoverability of the long-lived assets, including intangibles, acquired from CSD, Voyager and BlueCom, and recorded impairment charges totaling $16.8 million. Due to the recent economic downturn, we determined that CSD's estimated future undiscounted cash flows were below the carrying value of CSD's long-lived assets. Accordingly, during the third quarter of 2001, we adjusted the carrying value of CSD's long-lived assets, primarily goodwill, to their estimated fair value of approximately $0.4 million, resulting in an impairment charge of approximately $4.5 million. The estimated fair value was based on anticipated future cash flows discounted at a rate commensurate with the risk involved. In regards to the goodwill and intangible assets acquired from Voyager, as a result of the recent corporate restructuring and reorganization, we determined that there are no future cash flows expected from this business. Accordingly, during the third quarter of 2001, we wrote off the carrying value of Voyager's long-lived assets, primarily goodwill, resulting in an impairment charge of approximately $11.1 million. In regards to the goodwill and intangible assets acquired from BlueCom, as a result of the recent corporate restructuring and reorganization, we determined that there are no future cash flows expected from this business. Accordingly, during the fourth quarter of 2001, we wrote off the carrying value of BlueCom's long-lived assets, resulting in an impairment charge of approximately $1.2 million.

6. RESTRUCTURING CHARGES

On February 8, 2001, we announced a series of actions to streamline support for our voiceband business and sharpen our focus on emerging growth sectors. These measures were part of a restructuring program to return the company to profitability and operational effectiveness and included a reduction in worldwide headcount of 7 research and development employees, 9 sales and marketing employees and 6 general and administrative employees, a hiring freeze and cost containment programs. On May 1, 2001, we announced a new business structure to provide for greater focus on our activities with a significantly reduced workforce. 13 research and development, 12 sales and marketing and 17 general and administrative positions were eliminated as part of this reorganization. In the fourth quarter of 2001, 7 research and development, 8 sales and marketing and 11 general and administrative positions were eliminated to further focus our business. In total, 90 positions were eliminated during the year ended December 31, 2001. The restructuring resulted in $3.8 million charges for the year ended December 31, 2001, consisting of severance and employment related costs of $2.5 million and costs related to closure of excess facilities of $1.3 million as a result of the reduction in force. The following analysis sets forth the significant components of this charge:

	ACCRUAL AT DECEMBER 31, 2000	RESTRUCTURING CHARGE	PAYMENTS	ACCRUAL BALANCE AT DECEMBER 31, 2001
Severance and employment related costs..............................	$ --	$2,475	$1,896	$ 579
Costs for closure of excess facilities.........................	--	1,312	324	988
	$ --	$3,787	$2,220	$1,567
Amount included in long-term liabilities........................				$ 141
Amount included in short-term liabilities........................				$1,426

Total severance and employment related costs of $2.5 million consisted of termination compensation and related benefits. Total costs for closure of excess facilities of $1.3 million consisted of future minimum lease payments and related costs on the excess and unused facilities as a result of our down sizing. We are in the process of locating a tenant to sublease the excess facilities for the remainder of the lease term. As of December 31, 2001, approximately $1.9 million of termination compensation and related benefits had been paid to terminated employees. The remaining accrual balance of $579,000 will be paid on various dates extending through October 2002. As of December 31, 2001, approximately $324,000 of lease payments and related costs had been paid to the landlord for the excess facilities. The remaining accrual balance of $988,000 will be paid monthly through February 2003.

7. INCOME TAXES

We utilize the liability method of accounting for income taxes in accordance with SFAS No. 109 "Accounting for Income Taxes". Under this method, deferred taxes are determined based on the differences between the financial statement and tax bases of assets and liabilities using enacted tax rates.

The domestic and foreign components of our income (loss) before provision for income taxes and extraordinary loss were as follows (in thousands):

	YEARS ENDED DECEMBER 31, 2001	2000	1999
Domestic...	$(12,508)	$1,320	$ 2,151
Foreign..	(40,400)	7,184	7,896
	$(52,908)	$8,504	$10,047

Our provision for income taxes consisted of the following (in thousands):

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
Current:			
Federal	$ --	$2,125	$ 4,039
State	--	291	346
Other	56	29	--
	56	2,445	4,385
Deferred (Benefit):			
Federal	4,527	(69)	(1,213)
State	728	(10)	(158)
	5,255	(79)	(1,371)
	$5,311	$2,366	$ 3,014

A reconciliation of the provision for income taxes at the Federal statutory rate compared to our effective tax rate is as follows (in thousands):

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
Provision (benefit) at Federal statutory rate (35%)	$(18,518)	$2,976	$3,516
State income tax, net of Federal benefit	--	492	127
Foreign taxes in excess of statutory rate	56	29	--
R&D credit	--	(661)	(651)
Goodwill amortization/impairment	4,152	--	--
Deferred tax asset valuation	5,011	--	--
Foreign income/(loss) taxed at lower rate	16,257	--	--
Other	(1,647)	(470)	22
	$ 5,311	$2,366	$3,014

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Our net deferred tax asset consists of the following (in thousands):

	DECEMBER 31, 2001	DECEMBER 31, 2000
Accrued royalties	$ 992	$ 997
Inventory reserve	62	208
Net operating loss carryforwards	1,517	--
Research and development credit carryforwards	1,400	--
Other cumulative temporary differences	1,647	2,026
Deferred amortization of purchased assets	2,593	2,424
	8,211	5,655
Valuation allowance	(7,811)	--
Net deferred tax asset	$ 400	$5,655

As of December 31, 2001, we have federal and California net operating loss carryforwards of approximately $4 million and $2 million, respectively, to offset future taxable income. These carryforwards expire on various dates through 2021.

Other cumulative temporary differences consist of items currently deductible for financial reporting purposes, but not for tax purposes. These items are primarily estimated reserves and accruals. The realization of the deferred tax asset is dependent on generating sufficient taxable income in future years. During the third quarter of 2001, we recorded $5.3 million of provision for income taxes to establish valuation allowances against deferred tax assets as a result of uncertainties regarding realizability. After the establishment of the valuation allowances, we have $400,000 in net deferred tax assets as of December 31, 2001.

8. PREFERRED STOCK

Following the closing of our IPO in October 1999, 4,635,548 shares of Series A convertible preferred stock, 3,250,000 shares of Series B convertible preferred stock and 625,200 shares of Series C convertible preferred stock were automatically converted into 8,510,748 shares of common stock. We are authorized to issue up to 5,000,000 shares of preferred stock in one or more series, each with a par value of $0.001 per share. As of December 31, 2001 and 2000, no shares of preferred stock were outstanding.

9. COMMON STOCK

INITIAL AND SECONDARY PUBLIC OFFERINGS

On October 19, 1999, we completed our IPO of common stock. A total of 5,290,000 shares were sold at a price of $17.00 per share (including the exercise of the underwriters' over-allotment option of 690,000 shares). We received net proceeds of approximately $82.5 million.

On April 11, 2000, we effected our secondary public offering of common stock. A total of 2,750,000 shares were sold at a price of $46.50 per share; 650,000 shares were sold by us and 2,100,000 shares were sold by our selling stockholders. The offering resulted in net proceeds to us and the selling stockholders of approximately $28.0 million and $92.8 million, respectively, net of an underwriting discount of $6.4 million and offering expenses of $0.7 million.

COMMON STOCK RESERVED FOR FUTURE ISSUANCE

As of December 31, 2001, we had reserved shares of common stock for future issuance as follows:

1995, 1997 and 2001 Stock Option Plans	6,150,428
1998 Director Option Plan	200,000
Employee Stock Purchase Plan	1,337,362
Total shares reserved	7,687,790

STOCK OPTION PLANS

1995 Plan, 1997 Plan, and 2001 Plan

In March 1995, the Board of Directors adopted and approved the 1995 Stock Option Plan ("1995 Plan"). Under the 1995 Plan, the Board may grant to employees, directors and consultants options to purchase our common stock at terms and prices determined by the Board. No further options will be granted under the 1995 Plan. However, all outstanding options under the 1995 Plan remain in effect. The 1995 Plan will terminate in 2005. As of December 31, 2001, of the total 3,200,000 shares authorized under the 1995 Plan, 156,032 shares remain available for issuance.

In November 1996, the Board of Director adopted and approved the 1997 Stock Option Plan ("1997 Plan"). Under the 1997 Plan, the Board may grant to employees, directors and consultants options to purchase our common stock and/or stock purchase rights at terms and prices determined by the Board. In August 1999, the Board of Directors and our stockholders approved an amendment and restatement of the 1997 Plan that increased the number of authorized shares of our common stock we may issue under the 1997 Plan to 5,500,000. We will further increase annually the number of shares we are authorized to issue under the 1997 Plan by an amount equal to the lesser of (i) 700,000 shares, (ii) 4% of the outstanding shares on such date or (iii) a lesser amount determined by the Board of Directors. The exercise price of incentive stock options granted under the 1997 Plan may not be less than the fair market value of the common stock on the grant date. Nonqualified stock options granted under the 1997 Plan must be at a price equal to at least 85% of the fair market value of our common stock at the date of grant. Options granted under the 1997 Plan may be exercised at any time within ten years of the date of grant or within ninety days of termination of employment, or such shorter time as may be provided in the related stock option agreement. The 1997 Plan will terminate in 2007. As of December 31, 2001, of the total 6,862,413 shares authorized under the 1997 Plan, 627,653 shares remain available for issuance.

In August 2001, the Board of Directors adopted and approved the 2001 Nonstatutory Stock Option Plan ("2001 Plan"). Under the 2001 Plan, the Board may grant to employees and consultants options to purchase our common stock at terms and prices determined by the Board. The 2001 Plan does not apply to directors and officers. Options granted under the 2001 Plan may be exercised at any time within ten years from the date of grant or within ninety days of termination of employment, or such shorter time as may be provided in the related stock option agreement. The 2001 Plan will terminate in 2011. As of December 31, 2001, of the total 750,000 shares authorized under the 2001 Plan, 419,648 remain available for issuance.

The following table summarizes stock option activity under the 1995 Plan, 1997 Plan and 2001 Plan as of December 31, 2001:

	OPTIONS AVAILABLE	OPTIONS OUTSTANDING SHARES	WEIGHTED AVERAGE EXERCISE PRICE
Balance, December 31, 1998	1,202,445	3,085,308	$ 4.43
Authorized	2,000,000	--	
Granted	(1,818,492)	1,818,492	$12.11
Exercised	--	(345,986)	$ 1.15
Canceled	112,292	(112,292)	$ 7.72
Balance, December 31, 1999	1,496,245	4,445,522	$ 7.74
Authorized	662,413	--	
Granted	(2,494,196)	2,494,196	$32.70
Exercised	--	(1,163,365)	$ 3.94
Canceled	771,257	(771,257)	$21.66
Balance, December 31, 2000	435,719	5,005,096	$18.92
Authorized	1,450,000	--	
Granted	(2,746,690)	2,746,690	$ 7.71
Exercised	--	(855,387)	$ 2.58
Canceled	1,949,304	(1,949,304)	$20.87
Repurchased	115,000	--	--
Balance, December 31, 2001	1,203,333	4,947,095	$14.76

In 2001, in connection with the hiring and appointment of two executive officers of the Company, we granted an aggregate amount of 300,000 options at $8.00 per share outside of any stock option plan, pursuant to individual stock option agreements. As of December 31, 2001, all of the 300,000 options are outstanding.

1998 Director Option Plan ("Directors Plan")

Our Directors Plan became effective following our IPO in October 1999. We have reserved a total of 200,000 shares of common stock that we can issue under our Directors Plan. Under our 1998 Directors Plan, any new non-employee director elected to the Board of Directors automatically receives a grant of 15,000 shares of common stock. The 15,000 share options will vest one-third as of each anniversary of its date of grant until the option is fully vested, provided that the optionee continues to serve as a director on such dates. After the initial 15,000 share options are granted to the non-employee director, he or she shall automatically be granted an option to purchase 7,500 shares each year on January 1, if on such date he or she shall have served on the Board of Directors for at least six months. The 7,500 share options shall vest completely on the anniversary of their date of grant, provided that the optionee continues to serve as a director on such dates. The exercise price of all options shall be 100% of the fair market value per share of the common stock, generally determined with reference to the closing price of the common stock as reported on the Nasdaq National Market on the date of grant. All of the options granted under our 1998 Directors Plan have a term of 10 years. As of December 31, 2001, of the total 200,000 shares authorized for issuance, we have remaining 140,000 shares that we can grant under the Directors Plan. For the year ended December

31, 2000, we granted 22,500 options at a weighted average exercise price of $59.00 under the Directors Plan and all 22,500 options were outstanding as of December 31, 2000. For the year ended December 31, 2001, there were grants of

59,500 options at a weighted average exercise price of $8.46 and cancellations of 15,000 options at a weighted average exercise price of $33.92 under the Directors Plan. As of December 31, 2001, 60,000 options were outstanding at a weighted average exercise price of $21.05.

The following table summarizes information about stock options outstanding under the 1995 Plan, 1997 Plan, 2001 Plan, Directors Plan and Executive Options at December 31, 2001:

OPTIONS
OUTSTANDING

OPTIONS
EXERCISABLE
WEIGHTED-

NUMBER
AVERAGE
NUMBER
OUTSTANDING
AT
REMAINING
WEIGHTED-
EXERCISABLE
WEIGHTED-
RANGE OF
DECEMBER
31,
CONTRACTUAL
AVERAGE
DECEMBER
31,
AVERAGE
EXERCISE
PRICES
2001 LIFE
EXERCISE
PRICE 2001
EXERCISE
PRICE - --

--- ------
-------- -

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------- --

-- $0.02 -
- $7.17
864,456
8.58 $
5.80
196,132 $
2.04 $7.45
-- $7.97
879,184
8.40 $
7.77
362,716 $
7.54 $8.00
-- $9.25
819,696
8.59 $
8.66
199,148 $
9.18 $9.52
-- $10.05
683,337
9.11 $

9.96
150,926 $
9.93
$10.25 --
$10.25
758,703
7.51
$10.25
496,075
$10.25
$10.56 --
$32.25
590,417
8.36
$24.40
264,437
$23.41
$33.50 --
$59.00
711,302
8.25
$40.39
373,690
$41.17 ---
------ ---

5,307,095
8.40
$14.44
2,043,124
$16.21
=========
=========

As of December 31, 2000, there were 1,549,717 options exercisable at a weighted average exercise price of $7.03 and as of December 31, 1999, there were 1,531,816 options exercisable at a weighted average exercise price of $3.82.

Employee Stock Purchase Plan ("Purchase Plan")

In May 1998, we reserved a total of 800,000 shares of common stock for future issuance under our Purchase Plan, plus annual increases equal to the lesser of (i) 350,000 shares (ii) 2% of the outstanding shares on such date or (iii) a lesser amount determined by the Board of Directors. Our Purchase Plan will enable eligible employees to purchase common stock at the lower of 85% of the fair market value of our common stock on the first or last day of each offering period. Each offering period is six months except for the first offering period which began on October 19, 1999 following the initial public offering and ended on February 14, 2000. The Purchase Plan will terminate in 2008. As of December 31, 2001, the number of authorized shares available for issuance under the Purchase Plan was 1,481,207 and we have remaining 1,337,362 shares that we can issue under the Purchase Plan.

Deferred Stock Compensation

In connection with the grant of stock options to employees prior to our initial public offering in 1999, we recorded deferred stock compensation of $5.4 million representing the difference between the exercise price and deemed fair value of our common stock on the date these stock options were granted. Such amount is presented as a reduction of stockholders' equity and is amortized ratably over the vesting period of the applicable options. The amount of deferred stock compensation expense to be recorded in future periods could decrease if options for which accrued but unvested compensation has been recorded are forfeited.

In connection with the grant of 235,000 shares of restricted common stock to employees in 2001 through our 1997 Plan, we recorded deferred stock compensation of $1.8 million representing the fair value of our common stock on the date the restricted stock was granted. Such amount is presented as a reduction of stockholders' equity and is amortized ratably over the three year vesting period of the applicable shares.

Subsequent to the issuance of the restricted stock, employee terminations resulted in the cancellation of 115,000 shares and reversal of $859,000 from deferred stock compensation. Of the remaining 120,000 shares of restricted common stock, 15,000 shares vest out of the repurchase option three years after date of issuance, 52,500 shares vest out of the repurchase option on December 31, 2002 and the balance on December 31, 2003. As of December 31, 2001, all of the remaining 120,000 shares are subject to repurchase by us. The amount of deferred stock compensation expense to be recorded in future periods could decrease if options for which accrued but unvested compensation has been recorded are forfeited.

For the years ended December 31, 2001, 2000 and 1999, amortization of deferred stock compensation (in thousands) relates to the following functional categories:

	YEARS ENDED DECEMBER 31,		
	2001	2000	1999
Research and development	$ 116	$ 285	$222
Sales and marketing	195	302	234
General and administrative	770	721	334
	$1,081	$1,308	$790

Rescission of Stock Option Exercise

In December 2000, an employee and the Company mutually agreed to rescind an option exercise to purchase 30,000 shares of common stock which occurred in January 2000. There was no effect on our financial position or results of operations for the year ended December 31, 2000 as a result of this rescission.

Valuation of Stock Options

Under SFAS No. 123, we are required to present pro forma information regarding net income and net income per share as if we had accounted for our stock options under the fair value method. The fair value for the stock options was estimated at the date of grant using the Black-Scholes option pricing model with the following assumptions for fiscal years 2001, 2000 and 1999: risk-free interest rates in the range of 2.2% to 6.5%; dividend yields of zero; an estimated volatility factor of the market price of our common stock in the range of 55% to 75%; and an expected life between three to six months after vest date. The weighted-average estimated fair value of options granted during fiscal 2001, 2000 and 1999 was $4.11, $16.96 and $6.88 per share, respectively.

The Black-Scholes option valuation model was developed for use in estimating the fair value of traded options, which have no vesting restrictions and are fully transferable. In addition, option valuation models require the input of highly subjective assumptions including the expected stock price volatility and expected option life. Because our employee stock options have characteristics significantly different from those of traded options, and because changes in the subjective input assumptions can materially affect the fair value estimate, in our opinion, the existing models do not necessarily provide a reliable single measure of the fair value of our employee stock options.

For purposes of pro forma disclosures, the estimated fair value of the options is amortized to expense over the option vesting periods. Our pro forma net income (loss) would have been approximately $(64.6) million, $(10.2) million and $1.6 million for fiscal years 2001, 2000 and 1999, respectively. Pro forma diluted net income (loss) per share would have been $(3.35), $(0.50) and $0.11 for fiscal years 2001, 2000 and 1999, respectively.

WARRANTS

In February 1998, in connection with the issuance of Series C preferred stock, we issued warrants to purchase 2,417 shares of common stock at $8.00 per share. In 1999, a portion of these warrants were exercised to purchase 1,354 shares of common stock. The remaining warrants were exercised in 2000. In December 1998, in connection with the notes payable arrangement to acquire Communications Systems Division ("CSD"), a division of General DataComm, Inc., we issued a warrant to purchase 200,000 shares of Series C preferred stock at $8.00 per share which was converted to a warrant to purchase common stock at the time of the IPO. This warrant was exercised in 2000 through a net exercise settlement.

10. LEASE COMMITMENTS:

We entered into an operating lease for our facilities in Milpitas, California in September 1999. The lease expires in February 2003. Additionally, we have facilities in Waterbury, Connecticut, Japan, Taiwan, Korea and France.

We have non-cancelable operating leases for office facilities through 2003 and operating leases for equipment through 2005. Our future minimum rental payments under these leases at December 31, 2001, are as follows (in thousands):

2002	$1,376
2003	386
2004	76
2005	2
Future minimum lease payments	$1,840

Our rent expense under operating leases for the years ended December 31, 2001, 2000 and 1999 was approximately $1,166,000, $1,422,000, and $985,000, respectively.

11. CONTINGENCIES:

We record an accrual for estimated future royalty payments for relevant technology of others used in our product offerings in accordance with SFAS No. 5, "Accounting for Contingencies." The estimated royalties accrual reflects management's broader litigation and cost containment strategies, which may include alternatives such as entering into cross-licensing agreements, cash settlements and/or ongoing royalties based upon our judgment that such negotiated settlements would allow management to focus more time and financial resources on the ongoing business. We have accrued our estimate of the amount of royalties payable for royalty agreements already signed, agreements that are in negotiation and unasserted but probable claims of others using advice from third party technology advisors and historical settlements. Should the final license agreements result in royalty rates significantly different than our current estimates, our business, operating results and financial condition could be materially and adversely affected.

As of December 31, 2001 and 2000, we had accrued royalties of approximately $12.3 million and $11.7 million, respectively. Of these amounts, approximately $42,000 and $1.2 million represent amounts accrued based upon signed royalty agreements as of December 31, 2001 and 2000, respectively. The remainder of accrued royalties represents management's best estimate within a range of possible settlement losses as of each date presented. While management is unable to estimate the maximum amount of the range of possible settlement losses, it is possible that actual losses could exceed the amounts accrued as of each date presented.

We have received communications from Agere Systems and 3Com, and may receive communications from other third parties in the future, asserting that our products infringe on their intellectual property rights, that our patents are unenforceable or that we have inappropriately licensed our intellectual property to third parties. These claims could affect our relationships with existing customers and may prevent potential future customers from purchasing our products or licensing our technology. Because we depend upon a limited number of products, any claims of this kind, whether they are with or without merit, could be time consuming, result in costly litigation, cause product shipment delays or require us to enter into royalty or licensing agreements. In the event that we do not prevail in litigation, we could be prevented from selling our products or be required to enter into royalty or licensing agreements on terms which may not be acceptable to us. We could also be prevented from selling our products or be required to pay substantial monetary damages. Should we cross license our intellectual property in order to obtain licenses, we may no longer be able to offer a unique product. To date, we have not obtained any licenses from Agere Systems and 3Com. Other than the ESS Technology and Dr. Townshend lawsuits described below, no material lawsuits relating to intellectual property are currently filed against us.

PCTEL, Inc. v. Brent Townshend

In September 1998 and May 1999, Dr. Brent Townshend alleged by letter that our products infringe a number of patents owned by him and that we owed him royalties. In May 2001, we filed a complaint against Townshend in the U.S. District Court for the Northern District of California, contending that Townshend's ITU-related patents are invalid, void, unenforceable and/or not infringed. Our complaint also contends that Townshend's patents are already licensed to us.

In September 2001, Townshend answered and filed a motion to dismiss the complaint. Townshend also asserted counter-claims for patent infringement against us seeking damages. Townshend sought exemplary and punitive damages and asked that damages be increased three times the amount found or assessed, alleging willful infringement. Townshend's answer also sought costs, fees, interest and restitution. In January 2002, Townshend's motion to dismiss was denied.

In September 2001, on behalf of ourselves and the general public, we filed a complaint against Townshend and others in the California Superior Court for unfair competition in the marketplace. This Superior Court action was stayed, pending resolution of the U.S. District Court litigation.

On March 19, 2002, Townshend entered into a settlement agreement with us, which settled the Federal Court Action and State Court Action. Under the Settlement Agreement, the terms of the settlement are confidential. The Settlement Agreement required us to make a cash royalty payment on March 19, 2002 of $14.3 million related to past liability and prepayment of future liabilities.

ESS Technology, Inc. v. PCTEL, Inc.

In April 1999, ESS filed a complaint against us in the U.S. District Court for the Northern District of California, alleging that we failed to grant licenses for some of our International Telecommunications Union-related patents to ESS on fair, reasonable and non-discriminatory terms. ESS's complaint includes claims based on antitrust law, patent misuse, breach of contract and unfair competition. In its complaint, ESS also seeks a declaration that some of our International Telecommunications Union-related patents are unenforceable and that we should be ordered by the court to grant a license to ESS on fair, reasonable and non-discriminatory terms.

We entered into a settlement agreement with ESS on February 5, 2002, which settled this litigation matter and the litigation matter involving ESS pending in the United States International Trade Commission described below. The settlement required ESS to make an initial license payment of $2.0 million and future royalty payments to us based on the terms under the settlement agreement.

In the Matter of Certain HSP Modems, Software and Hardware Components Thereof, and Products Containing the Same.

In September 2000, we filed a complaint under Section 337 of the Tariff Act of 1930, as amended, with the United States International Trade Commission. Our complaint requested that the ITC commence an investigation into whether Smart Link and ESS are engaged in unfair trade practices by selling for importation into the United States, directly or indirectly importing into the United States, or selling in the United States after importation devices which infringe our patents.

Smart Link entered into a settlement agreement with us on May 17, 2001. The settlement requires Smart Link to make royalty payments to us based on the terms under the settlement agreement. The settlement did not have a material effect on our financial position or operating results.

The hearing in this investigation against ESS took place from July 17, 2001 to July 27, 2001. In October 2001, the administrative law judge issued an initial determination, which found that ESS infringes one of our key patents.

We entered into a settlement agreement and cross-license with ESS on February 5, 2002, which settled this litigation matter and the litigation matter between ESS and us pending in the United States District Court described above. The settlement required ESS to make an initial license payment of $2.0 million and future royalty payments to us based on the terms under the settlement agreement. On February 22, 2002, ESS and us jointly filed a motion for termination on the basis of the settlement agreement and on March 13, 2002, the ITC granted the motion for termination.

Based on the settlements discussed above in the quarter ending March 31, 2002 and the settlement record within the modem industry, management has re-evaluated its best estimate of accrued royalties, within a range of possible settlement losses. We have concluded that these settlements do not have a significant impact on our results of operations.

We are subject to various other claims which arise in the normal course of business. In the opinion of management, the ultimate disposition of these claims will not have a material adverse effect on our financial position, liquidity or results of operations.

12. INDUSTRY SEGMENT, CUSTOMER AND GEOGRAPHIC INFORMATION:

We are organized based upon the nature of the products we offer. Under this organizational structure, we operate in one segment, that segment being software-based modems using host signal processing technology. We market our products worldwide through our sales personnel, independent sales representatives and distributors.

Our sales to customers outside of the United States, as a percent of total revenues, are as follows:

YEARS ENDED DECEMBER 31,	2001	2000	1999
Taiwan	40%	53%	35%
China (Hong Kong)	48%	34%	47%
Rest of Asia	3%	4%	17%
Europe	6%	--%	--%
Other	1%	1%	--%
	98%	92%	99%

Sales to our major customers representing greater than 10% of total revenues are as follows:

CUSTOMER	YEARS ENDED DECEMBER 31, 2001	2000	1999
A	10%	15%	13%
B	22%	13%	1%
C	47%	32%	47%
	79%	60%	61%

As of December 31, 2001, our long-lived assets were primarily located in the United States. Our long-lived assets by geographic region as of December 31, 2001 and 2000 are as follows:

	YEARS ENDED DECEMBER 31, 2001	2000
United States	$2,985	$21,258
Cayman Islands	$ 195	$ 5,138
Other	$ 201	$ 206

13. RELATED PARTY TRANSACTIONS:

Included in prepaid expenses and other assets as of December 31, 2000 are amounts due from management. These promissory notes are due within a year and bear interest at 8.0% per annum. The balance receivable as of December 31, 2001 and 2000 is $0 and $90,995, respectively.

For the year ended December 31, 2001, we paid a total of $210,000 to two of our executive officers, prior to their appointment, for consulting services. One of the executive officers served as a member of our Board of Directors during the period in which consulting fees were paid to him.

14. 401(k) PLAN

Our 401(k) plan covers all of our employees beginning the first of the month following the month of their employment. Under this plan, employees may elect to contribute up to 15% of their current compensation to the 401(k) plan up to the statutorily prescribed annual limit. We may make discretionary contributions to the 401(k). We made $191,215 in employer contributions to the 401(k) plan for the year ended December 31, 2001. We made $224,969 in employer contributions to the 401(k) plan for the year ended December 31, 2000.

15. QUARTERLY DATA (UNAUDITED)

	QUARTERS ENDED,			
	MAR. 31, 2001	JUNE 30, 2001	SEPT. 30, 2001	DEC. 31, 2001
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
Revenues	$16,451	$12,255	$ 4,738	$ 7,527
Gross profit (loss)	5,118	3,356	(11,620)	5,298
Loss from operations	(5,756)	(8,374)	(37,571)	(7,361)
Loss before provision for income taxes	(3,994)	(6,670)	(36,162)	(6,082)
Net loss	(2,896)	(7,784)	(41,436)	(6,103)
Basic earnings (loss) per share	$ (0.15)	$ (0.41)	$ (2.13)	$ (0.31)
Shares used in computing basic earnings (loss) per share	18,973	19,206	19,414	19,494
Diluted earnings (loss) per share	$ (0.15)	$ (0.41)	$ (2.13)	$ (0.31)
Shares used in computing diluted earnings (loss) per share	18,973	19,206	19,414	19,494

	QUARTERS ENDED,			
	MAR. 31, 2000	JUNE 30, 2000	SEPT. 30, 2000	DEC. 31, 2000
	(IN THOUSANDS, EXCEPT PER SHARE DATA)			
Revenues	$24,121	$27,523	$28,885	$16,654
Gross profit	11,353	12,927	13,571	5,392
Income (loss) from operations	1,002	2,073	2,689	(4,548)
Income (loss) before provision for income taxes	2,383	3,850	4,697	(2,426)
Net income (loss)	1,728	2,791	3,378	(1,759)
Basic earnings (loss) per share	$ 0.10	$ 0.16	$ 0.18	$ (0.09)
Shares used in computing basic earnings (loss) per share	16,805	17,989	18,441	18,755
Diluted earnings (loss) per share	$ 0.09	$ 0.14	$ 0.16	$ (0.09)
Shares used in computing diluted earnings (loss) per share	20,288	20,588	20,561	18,755

ITEM 9: CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10: DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

The information required by this item concerning our directors is incorporated by reference to the sections entitled "Proposal One -- Election of Directors" and "Section 16(a) Beneficial Ownership Reporting Compliance" contained in our Proxy Statement related to our 2002 Annual Meeting of Stockholders, to be filed with the Securities and Exchange Commission within 120 days of the end of our fiscal year pursuant to general instruction G(3) of Form 10-K (the "Proxy Statement"). Certain information required by this item concerning executive officers is set forth in Item I of this Report in the section captioned "Business -- Executive Officers".

ITEM 11: EXECUTIVE COMPENSATION

The information required by this item is incorporated by reference to the sections captioned "Executive Compensation and Other Matters" and "Report of the Compensation Committee of the Board of Directors" contained in our Proxy Statement.

ITEM 12: SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information concerning the security ownership of certain beneficial owners and management is incorporated by reference to the section entitled "Information Concerning Solicitation and Voting Security Ownership of Certain Beneficial Owners and Management" contained in our Proxy Statement.

ITEM 13: CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information concerning certain relationships is incorporated by reference to the section entitled "Transactions with Related Parties and Insiders" contained in our Proxy Statement.

PART IV

ITEM 14: EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(A) (1) FINANCIAL STATEMENTS

Refer to the financial statements filed as a part of this Report under "Item 8 -- Financial Statements and Supplementary Data".

(2) FINANCIAL STATEMENT SCHEDULES

The following financial statement schedule is filed as a part of this Report under "Schedule II" immediately preceding the signature page: Schedule II -- Valuation and Qualifying Accounts for the three fiscal years ended December 31, 2001. All other schedules called for by Form 10-K are omitted because they are inapplicable or the required information is shown in the financial statements, or notes thereto, included herein.

(3) EXHIBITS (NUMBERED IN ACCORDANCE WITH ITEM 601 OF REGULATION S-K)

EXHIBIT NUMBER DESCRIPTION - - ------ -------- --- 3.1 (b) Amended and Restated Certificate of Incorporation of the Registrant, as currently in effect 3.3 (a) Amended and Restated Bylaws of the Registrant 4.1 (b) Specimen common stock certificate 10.1 (b) Form of Indemnification Agreement between PCTEL and each of its directors and officers 10.2 (b) 1995 Stock Option Plan and form of agreements thereunder 10.3 (b) 1997 Stock Plan, as amended and restated, August 3, 1999, and form of agreements thereunder 10.4 (b) 1998 Director Option Plan and form of agreements thereunder 10.5 (b) 1998 Employee Stock Purchase Plan and form of agreements thereunder 10.14 (b) Direct Sales Agreement by and between PCTEL Global Technologies, Ltd. and Kawasaki LSI U.S.A. dated December 4, 1998 10.16 (c) Lease agreement between PCTEL, Inc. and Sun Microsystems, Inc. dated September 17, 1999 for an office building located at 1331 California Circle, Milpitas, CA 95035 10.17 (a) Management

Retention
Agreement
between Martin
H. Singer and
the Registrant,
dated November
15, 2001 10.18
(a) Form of
Management
Retention
Agreement for
PCTEL Inc.'s
Vice Presidents
10.19 (a)
Severance
Agreement and
Release between
Peter Chen and
the Registrant,
dated March 11,
2001 10.20 (e)
Consigned
Inventory
Agreement with
Bell
Microproducts
Inc. 10.21 (e)
Non-Executive
Chairman of the
Board Agreement
with Martin
Singer, dated
February 16,
2001 10.22 (f)
Consulting
Agreement with
Martin Singer,
Non-Executive
Chairman of the
Board, dated
May 6, 2001
10.23 (g) 2001
Nonstatutory
Stock Option
Plan and form
of agreements
thereunder
10.24 (a)
Employment
agreement
between Martin
H. Singer and
the Registrant,
dated October
17, 2001 10.25
(a) Employment
agreement
between Jeffrey
A. Miller and
the Registrant,
dated November
7, 2001 10.26
(a) Employment
agreement
between John
Schoen and the
Registrant,
dated November
12, 2001 10.27
(a) Severance
Agreement and
Release between
Thomas A.
Capizzi and the
Registrant,
dated July 24,
2001 10.28 (a)
Severance
Agreement and
Release between
Steve J. Manuel

and the Registrant, dated July 25, 2001 10.29 (a) Severance Agreement and Release between William F. Roach and the Registrant, dated October 22, 2001 10.30 (a) Severance Agreement and Release between Navin Rao and the Registrant, dated December 21, 2001 10.31 (a) Severance Agreement and Release between Terry Huang and the Registrant, dated May 1, 2001 10.32 (h) Stock Option Agreement of Jeffrey A. Miller, dated November 15, 2001 10.33 (h) Stock Option Agreement of John Schoen, dated November 15, 2001 21.1 (a) List of Subsidiaries of the Registrant 23.1 (a) Consent of Arthur Andersen LLP, Independent Public Accountants 99.0 (a) Representation letter to the Securities and Exchange Commission

- ---------------

(a) Filed herewith.

(b) Incorporated by reference to the exhibit bearing the same number filed with the Registrant's Registration Statement on Form S-1 (Registration Statement No. 333-94707).

(c) Incorporated by reference to the exhibit bearing the same number filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended September 30, 1999.

(d) Incorporated by reference to the exhibit bearing the same number filed with the Registrant's Annual Report on Form 10-K for the year ended December 31, 2000.

(e) Incorporated by reference to the exhibit bearing the same number filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended March 31, 2001.

(f) Incorporated by reference to the exhibit bearing the same number filed with the Registrant's Quarterly Report on Form 10-Q for the quarter ended June 30, 2001.

(g) Incorporated by reference herein to the Registrant's Registration Statement of Form S-8 filed on October 3, 2001 (Registration Statement No.333-70886).

(h) Incorporated by reference herein to the Registrant's Registration Statement of Form S-8 filed on December 14, 2001 (Registration Statement No.333-75204).

(B) REPORTS ON FORM 8-K

None.

(C) EXHIBITS

See Item 14(a)(3) above.

(D) FINANCIAL STATEMENT SCHEDULES

See Item 14(a)(2) above.

PCTEL, INC.

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

DESCRIPTION	BALANCE AT BEGINNING OF YEAR	CHARGED TO COSTS AND EXPENSES	CHARGED AGAINST REVENUE	DEDUCTIONS	BALANCE AT END OF YEAR
Year Ended December 31, 1999:					
Allowance for doubtful accounts.........	$ 748	$ --	$ 1,674	$ (209)	$2,213
Allowance for customer rebates..........	$ 940	$ --	$ 4,400	$(2,324)	$3,016
Accrued restructuring..................	$ --	$ --	$ --	$ --	$ --
Year Ended December 31, 2000:					
Allowance for doubtful accounts.........	$2,213	$ --	$ 3,677	$ (847)	$5,043
Allowance for customer rebates..........	$3,016	$ --	$12,999	$(9,169)	$6,846
Accrued restructuring..................	$ --	$ --	$ --	$ --	$ --
Year Ended December 31, 2001:					
Allowance for doubtful accounts.........	$5,043	$ --	$(1,574)	$(2,682)	$ 787
Allowance for customer rebates..........	$6,846	$ --	$ 2,421	$(4,241)	$ 184
Accrued restructuring..................	$ --	$3,787	$ --	$ 2,220	$1,567

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

PCTEL, Inc.
A Delaware Corporation
(Registrant)

/s/ MARTIN H. SINGER

Martin H. Singer
Chairman of the Board and
Chief Executive Officer

Dated: April 1, 2002

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the Registrant and in the capacities and on the dates indicated.

SIGNATURE
TITLE DATE

----- ----
/s/ MARTIN
H. SINGER
Chairman
of the
Board,
Chief
April 1,
2002 -----

Executive
Officer
(Principal
(Martin H.
Singer)
Executive
Officer)
and
Director
/s/ JOHN
SCHOEN
Chief
Operating
Officer
and Chief
April 1,
2002 -----

Financial
Officer
(Principal
(John
Schoen)
Financial
and
Accounting
Officer)
/s/
RICHARD C.
ALBERDING
Director
April 1,
2002 -----

-- (Richard C. Alberding) /s/ MIKE MIN-CHU CHEN Director April 1, 2002 -- (Mike Min-Chu Chen) /s/ PETER CHEN Director April 1, 2002 -- (Peter Chen) /s/ BRIAN J. JACKMAN Director April 1, 2002 -- (Brian J. Jackman) /s/ GIACOMO MARINI Director April 1, 2002 -- (Giacomo Marini) /s/ CARL A. THOMSEN Director April 1, 2002 -- (Carl A. Thomsen)

EXHIBIT INDEX

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EXHIBIT 3.3

AMENDED AND RESTATED

BYLAWS

OF

PC-TEL, INC.
A DELAWARE CORPORATION

(AS AMENDED AUGUST 16, 2001, TO RESTATE IN ITS ENTIRETY ARTICLE VI OF THE AMENDED AND RESTATED BYLAWS, DATED AUGUST 3, 1999)

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BYLAWS

OF

PC-TEL, INC.

ARTICLE I

CORPORATE OFFICES

1.1 REGISTERED OFFICE

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

1.2 OTHER OFFICES

The board of directors may at any time establish other offices at any place or places where the Corporation is qualified to do business.

ARTICLE II

MEETINGS OF STOCKHOLDERS

2.1 PLACE OF MEETINGS

Meetings of stockholders shall be held at any place, within or outside the State of Delaware, designated by the board of directors. In the absence of any such designation, stockholders' meetings shall be held at the registered office of the Corporation.

2.2 ANNUAL MEETING

The annual meeting of stockholders shall be held each year on a date and at a time designated by the board of directors. At the meeting, directors shall be elected and any other proper business may be transacted.

2.3 SPECIAL MEETING

Subject to the immediately following paragraph, a special meeting of the stockholders may be called at any time only by the (i) board of directors, (ii) the chairman of the board, (iii) the president, or (iv) the chief executive officer.

Prior to such time as a Registration Statement regarding the sale of the Corporation's Common Stock to the public is declared effective by the Securities and Exchange Commission, a special meeting of the stockholders may be called at any time by one or more stockholders holding a majority of the outstanding voting shares.

If a special meeting is called by any person other than the board of directors, the request shall be in writing, specifying the time of such meeting and the general nature of the business proposed to be transacted, and shall be delivered personally or sent by registered mail or by telegraphic or other facsimile transmission to the chairman of the board, the president, any vice president, or the secretary of the corporation. No business may be transacted at such special meeting otherwise than specified in such notice. The officer receiving the request shall cause notice to be promptly given to the stockholders entitled to vote, in accordance with the provisions of Sections 2.4 and 2.5 of this Article II, that a meeting will be held at the time requested by the person or persons who called the meeting, not less than thirty-five (35) nor more than sixty (60) days after the receipt of the request. If the notice is not given within twenty (20) days after the receipt of the request, the person or persons requesting the meeting may give the notice. Nothing contained in this paragraph of this Section 2.3 shall be construed as limiting, fixing, or affecting the time when a meeting of stockholders called by action of the board of directors may be held.

2.4 NOTICE OF STOCKHOLDERS' MEETINGS

All notices of meetings with stockholders shall be in writing and shall be sent or otherwise given in accordance with Section 2.6 of these Bylaws not less than ten (10) nor more than sixty (60) days before the date of the meeting to each stockholder entitled to vote at such meeting. The notice shall specify the place, date and hour of the meeting, and, in the case of a special meeting, the purpose or purposes for which the meeting is called.

2.5 ADVANCE NOTICE OF STOCKHOLDER NOMINEES AND STOCKHOLDER BUSINESS

To be properly brought before an annual meeting or special meeting, nominations for the election of director or other business must be (a) specified in the notice of meeting (or any supplement thereto) given by or at the direction of the board of directors, (b) otherwise properly brought before the meeting by or at the direction of the board of directors, or (c) otherwise properly brought before the meeting by a stockholder. For such nominations or other business to be considered properly brought before the meeting by a stockholder, such stockholder must have given timely written notice and in proper form of his intent to bring such business before such meeting. To be timely, such stockholder's notice must be delivered to or mailed and received by the secretary of the Corporation not less than one hundred twenty (120) days prior to the date of the Corporation's proxy statement released to stockholders in connection with the Corporation's previous year's annual meeting of stockholders. To be in proper form, a stockholder's notice to the secretary shall set forth:

(i) the name and address of the stockholder who intends to make the nominations, propose the business, and, as the case may be, the name and address of the person or persons to be nominated or the nature of the business to be proposed;

(ii) a representation that the stockholder is a holder of record of stock of the Corporation entitled to vote at such meeting and, if applicable, intends to appear in person or by proxy at the meeting to nominate the person or persons specified in the notice or introduce the business specified in the notice;

(iii) if applicable, a description of all arrangements or understandings between the stockholder and each nominee and any other person or persons (naming such person or persons) pursuant to which the nomination or nominations are to be made by the stockholder;

(iv) such other information regarding each nominee or each matter of business to be proposed by such stockholder as would be required to be included in a proxy statement filed pursuant to the proxy rules of the Securities and Exchange Commission had the nominee been nominated, or intended to be nominated, or the matter been proposed, or intended to be proposed by the board of directors; and

(v) if applicable, the consent of each nominee to serve as director of the Corporation if so elected.

The chairman of the meeting may refuse to acknowledge the nomination of any person or the proposal of any business not made in compliance with the foregoing procedure.

2.6 MANNER OF GIVING NOTICE; AFFIDAVIT OF NOTICE

Written notice of any meeting of stockholders, if mailed, is given when deposited in the United States mail, postage prepaid, directed to the stockholder at his address as it appears on the records of the Corporation. An affidavit of the secretary or an assistant secretary or of the transfer agent of the Corporation that the notice has been given shall, in the absence of fraud, be prima facie evidence of the facts stated therein.

2.7 QUORUM

The holders of a majority of the stock issued and outstanding and entitled to vote thereat, present in person or represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the Certificate of Incorporation. If, however, such quorum is not present or represented at any meeting of the stockholders, then either (i) the chairman of the meeting, or (ii) the stockholders entitled to vote thereat, present in person or represented by proxy, shall have power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present or represented. At such adjourned meeting at which a quorum is present or represented, any business may be transacted that might have been transacted at the meeting as originally noticed.

When a quorum is present or represented at any meeting, the vote of the holders of a majority of the stock having voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provisions of the statutes or of the Certificate of Incorporation, a different vote is required, in which case such express provision shall govern and control the decision of the question.

2.8 ADJOURNED MEETING; NOTICE

When a meeting is adjourned to another time or place, unless these Bylaws otherwise require, notice need not be given of the adjourned meeting if the time and place thereof are announced at the meeting at which the adjournment is taken. At the adjourned meeting the Corporation may transact any business that might have been transacted at the original meeting. If the adjournment is for more than 30 days, or if after the adjournment a new record date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

2.9 VOTING

The stockholders entitled to vote at any meeting of stockholders shall be determined in accordance with the provisions of Sections 2.12 and 2.14 of these Bylaws, subject to the provisions of Sections 217 and 218 of the General Corporation Law of Delaware (relating to voting rights of fiduciaries, pledgors and joint owners of stock and to voting trusts and other voting agreements).

Except as may be otherwise provided in the Certificate of Incorporation, each stockholder shall be entitled to one vote for each share of capital stock held by such stockholder.

2.10 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the General Corporation Law of Delaware or of the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the stockholders need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

2.11 STOCKHOLDER ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Notwithstanding the following provisions of this Section 2.11, effective upon the listing of the Common Stock of the Corporation on the Nasdaq Stock Market and the registration of any class of securities of the Corporation pursuant to the requirements of the Securities Exchange Act of 1934, as amended, the stockholders of the Corporation may not take action by written consent without a meeting but must take any such actions at a duly called annual or special meeting.

Except as otherwise provided in this Section 2.11, any action required by this chapter to be taken at any annual or special meeting of stockholders of a Corporation, or any action that may be taken at any annual or special meeting of such stockholders, may be taken without a meeting, without prior notice, and without a vote if a consent in writing, setting forth the action so taken, is signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted.

Prompt notice of the taking of the corporate action without a meeting by less than unanimous written consent shall be given to those stockholders who have not consented in writing. If the action which is consented to is such as would have required the filing of a certificate under any section of the General Corporation Law of Delaware if such action had been voted on by stockholders at a meeting thereof, then the certificate filed under such section shall state, in lieu of any statement required by such section concerning any vote of stockholders, that written notice and written consent have been given as provided in Section 228 of the General Corporation Law of Delaware.

2.12 RECORD DATE FOR STOCKHOLDER NOTICE; VOTING; GIVING CONSENTS

In order that the Corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or entitled to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect of any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than 60 nor less than 10 days before the date of such meeting, nor more than 60 days prior to any other action.

If the board of directors does not so fix a record date, the fixing of such record date shall be governed by the provisions of Section 213 of the General Corporation Law of Delaware.

A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

2.13 PROXIES

Each stockholder entitled to vote at a meeting of stockholders or to express consent or dissent to corporate action in writing without a meeting may authorize another person or persons to act for him by a written proxy, signed by the stockholder and filed with the secretary of the Corporation, but no such proxy shall be voted or acted upon after 3 years from its date, unless the proxy provides for a longer period. A proxy shall be deemed signed if the stockholder's name is placed on the proxy (whether by manual signature, typewriting, telegraphic transmission or otherwise) by the stockholder or the stockholder's attorney-in-fact. The revocability of a proxy that states on its face that it is irrevocable shall be governed by the provisions of Section 212(c) of the General Corporation Law of Delaware.

2.14 LIST OF STOCKHOLDERS ENTITLED TO VOTE

The officer who has charge of the stock ledger of a Corporation shall prepare and make, at least 10 days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least 10 days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or, if not so specified, at the place where the meeting is to be held. The stock ledger shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present. The stock ledger shall be the only evidence as to who are the stockholders entitled to examine the stock ledger, the list of stockholders or the books of the Corporation, or to vote in person or by proxy at any meeting of stockholders and of the number of shares held by each such stockholder.

2.15 CONDUCT OF BUSINESS

Meetings of stockholders shall be presided over by the chairman of the board, if any, or in his absence by the president, or in his absence by a vice president, or in the absence of the foregoing persons by a chairman designated by the board of directors, or in the absence of such designation by a chairman chosen at the meeting. The secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The chairman of any meeting of stockholders shall determine the order of business and the procedures at the meeting, including such matters as the regulation of the manner of voting and conduct of business.

ARTICLE III

DIRECTORS

3.1 POWERS

Subject to the provisions of the General Corporation Law of Delaware and any limitations in the Certificate of Incorporation or these Bylaws relating to action required to be approved by the stockholders or by the outstanding shares, the business and affairs of the Corporation shall be managed and all corporate powers shall be exercised by or under the direction of the board of directors.

3.2 NUMBER

The authorized number of directors of the Corporation shall be eight (8). No reduction of the authorized number of directors shall have the effect of removing any director before that director's term of office expires.

3.3 CLASSES OF DIRECTORS

At such time as a Registration Statement regarding the sale of the Corporation's Common Stock to the public is declared effective by the Securities and Exchange Commission, the Directors shall be divided into three classes designated as Class I, Class II and Class III, respectively. Directors shall be assigned to each class in accordance with a resolution or resolutions adopted by the Board of Directors. At the first annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class I Directors shall expire and Class I Directors shall be elected for a full term of three years. At the second annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class II Directors shall expire and Class II Directors shall be elected for a full term of three years. At the third annual meeting of stockholders following the closing of the Initial Public Offering, the term of office of the Class III Directors shall expire and Class III Directors shall be elected for a full term of three years. At each succeeding annual meeting of stockholders, Directors shall be elected for a full term of three years to succeed the Directors of the class whose terms expire at such annual meeting.

Notwithstanding the foregoing provisions of this Article, each Director shall serve until his successor is duly elected and qualified or until his earlier death, resignation or removal. No decrease in the number of Directors constituting the Board of Directors shall shorten the term of any incumbent Director.

3.4 RESIGNATION AND VACANCIES

Any director may resign at any time upon written notice to the Corporation. Stockholders may remove directors with or without cause. Any vacancy occurring in the board of directors with or without cause may be filled by a majority of the remaining members of the board of directors, although such majority is less than a quorum, or by a plurality of the votes cast at a meeting of stockholders, and each director so elected shall hold office until the expiration of the term of office of the director whom he has replaced.

Unless otherwise provided in the Certificate of Incorporation or these Bylaws:

(i) Vacancies and newly created directorships resulting from any increase in the authorized number of directors elected by all of the stockholders having the right to vote as a single class may be filled by a majority of the directors then in office, although less than a quorum, or by a sole remaining director.

(ii) Whenever the holders of any class or classes of stock or series thereof are entitled to elect one or more directors by the provisions of the Certificate of Incorporation, vacancies and newly created directorships of such class or classes or series may be filled by a majority of the directors elected by such class or classes or series thereof then in office, or by a sole remaining director so elected.

If at any time, by reason of death or resignation or other cause, the Corporation should have no directors in office, then any officer or any stockholder or an executor, administrator, trustee or guardian of a stockholder, or other fiduciary entrusted with like responsibility for the person or estate of a stockholder, may apply to the Court of Chancery for a decree summarily ordering an election as provided in Section 211 of the General Corporation Law of Delaware.

If, at the time of filling any vacancy or any newly created directorship, the directors then in office constitute less than a majority of the whole board (as constituted immediately prior to any such increase), then the Court of Chancery may, upon application of any stockholder or stockholders holding at least 10% of the total number of the shares at the time outstanding having the right to vote for such directors, summarily order an election to be held to fill any such vacancies or newly created directorships, or to replace the directors chosen by the directors then in office as aforesaid, which election shall be governed by the provisions of Section 211 of the General Corporation Law of Delaware as far as applicable.

3.5 PLACE OF MEETINGS; MEETINGS BY TELEPHONE

The board of directors of the Corporation may hold meetings, both regular and special, either within or outside the State of Delaware.

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, members of the board of directors, or any committee designated by the board of directors, may participate in a meeting of the board of directors, or any committee, by means of conference telephone or similar communications equipment by means of which all persons participating in the meeting can hear each other, and such participation in a meeting shall constitute presence in person at the meeting.

3.6 REGULAR MEETINGS

Regular meetings of the board of directors may be held without notice at such time and at such place as shall from time to time be determined by the board.

3.7 SPECIAL MEETINGS; NOTICE

Special meetings of the board of directors for any purpose or purposes may be called at any time by the chairman of the board, the president, any vice president, the secretary or any two directors.

Notice of the time and place of special meetings shall be delivered personally or by telephone to each director or sent by first-class mail or telegram, charges prepaid, addressed to each director at that director's address as it is shown on the records of the Corporation. If the notice is mailed, it shall be deposited in the United States mail at least 4 days before the time of the holding of the meeting. If the notice is delivered personally or by telephone or by telegram, it shall be delivered personally or by telephone or to the telegraph company at least 48 hours before the time of the holding of the meeting. Any oral notice given personally or by telephone may be communicated either to the director or to a person at the office of the director who the person giving the notice has reason to believe will promptly communicate it to the director. The notice need not specify the purpose or the place of the meeting, if the meeting is to be held at the principal executive office of the Corporation.

3.8 QUORUM

At all meetings of the board of directors, a majority of the authorized number of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the Certificate of Incorporation.

3.9 WAIVER OF NOTICE

Whenever notice is required to be given under any provision of the General Corporation Law of Delaware or of the Certificate of Incorporation or these Bylaws, a written waiver thereof, signed by the person entitled to notice, whether before or after the time stated therein, shall be deemed equivalent to notice. Attendance of a person at a meeting shall constitute a waiver of notice of such meeting, except when the person attends a meeting for the express purpose of objecting, at the beginning of the meeting, to the transaction of any business because the meeting is not lawfully called or convened. Neither the business to be transacted at, nor the purpose of, any regular or special meeting of the directors, or members of a committee of directors, need be specified in any written waiver of notice unless so required by the Certificate of Incorporation or these Bylaws.

3.10 ADJOURNED MEETING; NOTICE

If a quorum is not present at any meeting of the board of directors, then the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum is present.

3.11 CONDUCT OF BUSINESS

Meetings of the board of directors shall be presided over by the chairman of the board, if any, or in his absence by the chief executive officer, or in their absence by a chairman chosen at the meeting. The secretary shall act as secretary of the meeting, but in his absence the chairman of the meeting may appoint any person to act as secretary of the meeting. The chairman of any meeting shall determine the order of business and the procedures at the meeting.

3.12 BOARD ACTION BY WRITTEN CONSENT WITHOUT A MEETING

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the board of directors, or of any committee thereof, may be taken without a meeting if all members of the board or committee, as the case may be, consent thereto in writing and the writing or writings are filed with the minutes of proceedings of the board or committee.

3.13 FEES AND COMPENSATION OF DIRECTORS

Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, the board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as director. No such payment shall preclude any director from serving the Corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

3.14 REMOVAL OF DIRECTORS

Unless otherwise restricted by statute, by the Certificate of Incorporation or by these Bylaws, any director or the entire board of directors may be removed, with or without cause, by the holders of a majority of the shares then entitled to vote at an election of directors. If at any time a class or series of shares is entitled to elect one or more directors, the provisions of this Article 3.14 shall apply to the vote of that class or series and not to the vote of the outstanding shares as a whole.

ARTICLE IV

COMMITTEES

4.1 COMMITTEES OF DIRECTORS

The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, with each committee to consist of one or more of the directors of the Corporation. The board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of the committee. In the absence or disqualification of a member of a committee, the member or members thereof present at any meeting and not disqualified from voting, whether or not he or they constitute a quorum, may unanimously appoint another member of the board of directors to act at the meeting in the place of any such absent or disqualified member. Any such committee, to the extent provided in the resolution of the board of directors or in the Bylaws of the Corporation, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the Corporation, and may authorize the seal of the Corporation to be affixed to all papers that may require it; but no such committee shall have the power or authority to (i) amend the Certificate of Incorporation (except that a committee may, to the extent authorized in the resolution or resolutions providing for the issuance of shares of stock adopted by the board of directors as provided in Section 151(a) of the General Corporation Law of Delaware, fix any of the preferences or rights of such shares relating to dividends, redemption, dissolution, any distribution of assets of the Corporation or the conversion into, or the exchange of such shares for, shares of any other class or classes or any other series of the same or any other class or classes of stock of the Corporation), (ii) adopt an agreement of merger or consolidation under Sections 251 or 252 of the General Corporation Law of Delaware, (iii) recommend to the stockholders the sale, lease or exchange of all or substantially all of the Corporation's property and assets, (iv) recommend to the stockholders a dissolution of the Corporation or a revocation of a dissolution, or (v) amend the Bylaws of the Corporation; and, unless the board resolution establishing the committee, the Bylaws or the Certificate of Incorporation expressly so provide, no such committee shall have the power or authority to declare a dividend, to authorize the issuance of stock, or to adopt a certificate of ownership and merger pursuant to Section 253 of the General Corporation Law of Delaware.

4.2 COMMITTEE MINUTES

Each committee shall keep regular minutes of its meetings and report the same to the board of directors when required.

4.3 MEETINGS AND ACTION OF COMMITTEES

Meetings and actions of committees shall be governed by, and held and taken in accordance with, the provisions of Article III of these Bylaws, Section 3.5 (place of meetings and meetings by telephone), Section 3.6 (regular meetings), Section 3.7 (special meetings and notice), Section 3.8 (quorum), Section 3.9 (waiver of notice), Section 3.10 (adjournment and notice of adjournment), Section 3.11 (conduct of business) and 3.12 (action without a meeting), with such changes in the context of those Bylaws as are necessary to substitute the committee and its members for the board of directors and its members; provided, however, that the time of regular meetings of committees may also be called by resolution of the board of directors and that notice of special meetings of committees shall also be given to all alternate members, who shall have the right to attend all meetings of the committee. The board of directors may adopt rules for the government of any committee not inconsistent with the provisions of these Bylaws.

ARTICLE V

OFFICERS

5.1 OFFICERS

The officers of the Corporation shall be a chief executive officer, one or more vice presidents, a secretary and a chief financial officer. The Corporation may also have, at the discretion of the board of directors, a chairman of the board, a president, a chief operating officer, one or more executive, senior or assistant vice presidents, assistant secretaries and any such other officers as may be appointed in accordance with the provisions of Section 5.2 of these Bylaws. Any number of offices may be held by the same person.

5.2 APPOINTMENT OF OFFICERS

Except as otherwise provided in this Section 5.2, the officers of the Corporation shall be appointed by the board of directors, subject to the rights, if any, of an officer under any contract of employment. The board of directors may appoint, or empower an officer to appoint, such officers and agents of the business as the Corporation may require (whether or not such officer or agent is described in this Article V), each of whom shall hold office for such period, have such authority, and perform such duties as are provided in these Bylaws or as the board of directors may from time to time determine. Any vacancy occurring in any office of the Corporation shall be filled by the board of directors or may be filled by the officer, if any, who appointed such officer.

5.3 REMOVAL AND RESIGNATION OF OFFICERS

Subject to the rights, if any, of an officer under any contract of employment, any officer may be removed, either with or without cause, by an affirmative vote of the majority of the board of directors at any regular or special meeting of the board or, except in the case of an officer chosen by the board of directors, by any officer upon whom such power of removal may be conferred by the board of directors or, in the case of an officer appointed by another officer, by such other officer.

Any officer may resign at any time by giving written notice to the Corporation. Any resignation shall take effect at the date of the receipt of that notice or at any later time specified in that notice; and, unless otherwise specified in that notice, the acceptance of the resignation shall not be necessary to make it effective. Any resignation is without prejudice to the rights, if any, of the Corporation under any contract to which the officer is a party.

5.4 CHAIRMAN OF THE BOARD

The chairman of the board, if such an officer be elected, shall, if present, preside at meetings of the board of directors and exercise and perform such other powers and duties as may from time to time be assigned to him by the board of directors or as may be prescribed by these Bylaws. If there is no chief executive officer, then the chairman of the board shall also be the chief executive officer of the Corporation and shall have the powers and duties prescribed in Section 5.5 of these Bylaws.

5.5 CHIEF EXECUTIVE OFFICER

The Chief Executive Officer of the Corporation shall, subject to the control of the Board of Directors, have general supervision, direction and control of the business and the officers of the Corporation. He or she shall preside at all meetings of the stockholders and, in the absence or nonexistence of a Chairman of the Board at all meetings of the Board of Directors. He or she shall have the general powers and duties of management usually vested in the chief executive officer of a Corporation, including general supervision, direction and control of the business and supervision of other officers of the Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws.

The Chief Executive Officer shall, without limitation, have the authority to execute bonds, mortgages and other contracts requiring a seal, under the seal of the Corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the Board of Directors to some other officer or agent of the Corporation.

5.6 PRESIDENT

Subject to such supervisory powers as may be given by these Bylaws or the Board of Directors to the Chairman of the Board or the Chief Executive Officer, if there be such officers, the president shall have general supervision, direction and control of the business and supervision of other officers of the Corporation, and shall have such other powers and duties as may be prescribed by the Board of Directors or these Bylaws. In the event a Chief Executive Officer shall not be appointed, the President shall have the duties of such office.

5.7 VICE PRESIDENT

In the absence or disability of the president, the vice presidents, if any, in order of their rank as fixed by the board of directors or, if not ranked, a vice president designated by the board of directors, shall perform all the duties of the chief executive officer and when so acting shall have all the powers of, and be subject to all the restrictions upon, the chief executive officer. The vice presidents shall have such other powers and perform such other duties as from time to time may be prescribed for them respectively by the board of directors, these Bylaws, the chief executive officer or the chairman of the board.

5.8 SECRETARY

The secretary shall keep or cause to be kept, at the principal executive office of the Corporation or such other place as the board of directors may direct, a book of minutes of all meetings and actions of directors, committees of directors, and stockholders. The minutes shall show the time and place of each meeting, whether regular or special (and, if special, how authorized and the notice given), the names of those present at directors' meetings or committee meetings, the number of shares present or represented at stockholders' meetings, and the proceedings thereof.

The secretary shall keep, or cause to be kept, at the principal executive office of the Corporation or at the office of the Corporation's transfer agent or registrar, as determined by resolution of the board of directors, a share register, or a duplicate share register, showing the names of all stockholders and their addresses, the number and classes of shares held by each, the number and date of certificates evidencing such shares, and the number and date of cancellation of every certificate surrendered for cancellation.

The secretary shall give, or cause to be given, notice of all meetings of the stockholders and of the board of directors required to be given by law or by these Bylaws. He shall keep the seal of the Corporation, if one be adopted, in safe custody and shall have such other powers and perform such other duties as may be prescribed by the board of directors or by these Bylaws.

5.9 CHIEF FINANCIAL OFFICER

The chief financial officer shall keep and maintain, or cause to be kept and maintained, adequate and correct books and records of accounts of the properties and business transactions of the Corporation, including accounts of its assets, liabilities, receipts, disbursements, gains, losses, capital, retained earnings and shares. The books of account shall at all reasonable times be open to inspection by any director.

The chief financial officer shall deposit all money and other valuables in the name and to the credit of the Corporation with such depositaries as may be designated by the board of directors. He shall disburse the funds of the Corporation as may be ordered by the board of directors, shall render to the chief executive officer and directors, whenever they request it, an account of all of his transactions as treasurer and of the financial condition of the Corporation, and shall have such other powers and perform such other duties as may be prescribed by the board of directors or these Bylaws.

5.10 ASSISTANT SECRETARY

The assistant secretary, or, if there is more than one, the assistant secretaries in the order determined by the stockholders or board of directors (or if there be no such determination, then in the order of their election) shall, in the absence of the secretary or in the event of his or her inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the board of directors or the stockholders may from time to time prescribe.

5.11 AUTHORITY AND DUTIES OF OFFICERS

In addition to the foregoing authority and duties, all officers of the Corporation shall respectively have such authority and perform such duties in the management of the business of the Corporation as may be designated from time to time by the board of directors or the stockholders.

ARTICLE VI

INDEMNITY

6.1 INDEMNIFICATION OF DIRECTORS AND OFFICERS

The Corporation shall, to the maximum extent and in the manner permitted by the General Corporation Law of Delaware, indemnify each of its directors and officers against expenses (including attorneys' fees), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the Corporation. For purposes of this Section 6.1, a "director" or "officer" of the Corporation includes any person (i) who is or was a director or officer of the Corporation, (ii) who is or was serving at the request of the Corporation as a director or officer of another Corporation, partnership, joint venture, trust or other enterprise, or (iii) who was a director or officer of a Corporation which was a predecessor Corporation of the Corporation or of another enterprise at the request of such predecessor Corporation.

6.2 INDEMNIFICATION OF OTHERS

The Corporation shall have the power, to the extent and in the manner permitted by the General Corporation Law of Delaware, to indemnify each of its employees and agents (other than directors and officers) against expenses (including attorneys' fees), judgments, fines, settlements, and other amounts actually and reasonably incurred in connection with any proceeding, arising by reason of the fact that such person is or was an agent of the Corporation. For purposes of this Section 6.2, an "employee" or agent of the Corporation (other than a director or officer) includes any person (i) who is or was an employee or agent of the Corporation, (ii) who is or was serving at the request of the Corporation as an employee or agent of another Corporation, partnership, joint venture, trust or other enterprise, or (iii) who was an employee or agent of a Corporation which was a predecessor Corporation of the Corporation or of another enterprise at the request of such predecessor Corporation.

6.3 INSURANCE

The Corporation may purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or agent of the Corporation, or is or was serving at the request of the Corporation as a director, officer, employee or agent of another Corporation, partnership, joint venture, trust or other enterprise against any liability asserted against him and incurred by him in any such capacity, or arising out of his status as such, whether or not the Corporation would have the power to indemnify him against such liability under the provisions of the General Corporation Law of Delaware.

ARTICLE VII

RECORDS AND REPORTS

7.1 MAINTENANCE AND INSPECTION OF RECORDS

The Corporation shall, either at its principal executive office or at such place or places as designated by the board of directors, keep a record of its stockholders listing their names and addresses and the number and class of shares held by each stockholder, a copy of these Bylaws as amended to date, accounting books, and other records.

Any stockholder of record, in person or by attorney or other agent, shall, upon written demand under oath stating the purpose thereof, have the right during the usual hours for business to inspect for any proper purpose the Corporation's stock ledger, a list of its stockholders, and its other books and records and to make copies or extracts therefrom. A proper purpose shall mean a purpose reasonably related to such person's interest as a stockholder. In every instance where an attorney or other agent is the person who seeks the right to inspection, the demand under oath shall be accompanied by a power of attorney or such other writing that authorizes the attorney or other agent to so act on behalf of the stockholder. The demand under oath shall be directed to the Corporation at its registered office in Delaware or at its principal place of business.

7.2 INSPECTION BY DIRECTORS

Any director shall have the right to examine the Corporation's stock ledger, a list of its stockholders and its other books and records for a purpose reasonably related to his position as a director. The Court of Chancery is hereby vested with the exclusive jurisdiction to determine whether a director is entitled to the inspection sought. The Court may summarily order the Corporation to permit the director to inspect any and all books and records, the stock ledger, and the stock list and to make copies or extracts therefrom. The Court may, in its discretion, prescribe any limitations or conditions with reference to the inspection, or award such other and further relief as the Court may deem just and proper.

7.3 REPRESENTATION OF SHARES OF OTHER CORPORATIONS

The chairman of the board, the chief executive officer, any vice president, the chief financial officer, the secretary or assistant secretary of this Corporation, or any other person authorized by the board of directors or the chief executive officer or a vice president, is authorized to vote, represent, and exercise on behalf of this Corporation all rights incident to any and all shares of any other corporation or corporations standing in the name of this Corporation. The authority granted herein may be exercised either by such person directly or by any other person authorized to do so by proxy or power of attorney duly executed by such person having the authority.

ARTICLE VIII

GENERAL MATTERS

8.1 CHECKS

From time to time, the board of directors shall determine by resolution which person or persons may sign or endorse all checks, drafts, other orders for payment of money, notes or other evidences of indebtedness that are issued in the name of or payable to the Corporation, and only the persons so authorized shall sign or endorse those instruments.

8.2 EXECUTION OF CORPORATE CONTRACTS AND INSTRUMENTS

The board of directors, except as otherwise provided in these Bylaws, may authorize any officer or officers, or agent or agents, to enter into any contract or execute any instrument in the name of and on behalf of the Corporation; such authority may be general or confined to specific instances. Unless so authorized or ratified by the board of directors or within the agency power of an officer, no officer, agent or employee shall have any power or authority to bind the Corporation by any contract or engagement or to pledge its credit or to render it liable for any purpose or for any amount.

8.3 STOCK CERTIFICATES; PARTLY PAID SHARES

The shares of a corporation shall be represented by certificates, provided that the board of directors of the Corporation may provide by resolution or resolutions that some or all of any or all classes or series of its stock shall be uncertificated shares. Any such resolution shall not apply to shares represented by a certificate until such certificate is surrendered to the Corporation. Notwithstanding the adoption of such a resolution by the board of directors, every holder of stock represented by certificates and upon request every holder of uncertificated shares shall be entitled to have a certificate signed by, or in the name of the Corporation by the chairman or vice-chairman of the board of directors, or the president or vice-president, and by the treasurer or an assistant treasurer, or the secretary or an assistant secretary of such Corporation representing the number of shares registered in certificate form. Any or all of the signatures on the certificate may be a facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate has to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the Corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

The Corporation may issue the whole or any part of its shares as partly paid and subject to call for the remainder of the consideration to be paid therefor. Upon the face or back of each stock certificate issued to represent any such partly paid shares, upon the books and records of the Corporation in the case of uncertificated partly paid shares, the total amount of the consideration to be paid therefor and the amount paid thereon shall be stated. Upon the declaration of any dividend on fully paid shares, the Corporation shall declare a dividend upon partly paid shares of the same class, but only upon the basis of the percentage of the consideration actually paid thereon.

8.4 SPECIAL DESIGNATION ON CERTIFICATES

If the Corporation is authorized to issue more than one class of stock or more than one series of any class, then the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock; provided, however, that, except as otherwise provided in Section 202 of the General Corporation Law of Delaware, in lieu of the foregoing requirements there may be set forth on the face or back of the certificate that the Corporation shall issue to represent such class or series of stock a statement that the Corporation will furnish without charge to each stockholder who so requests the powers, the designations, the preferences, and the relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

8.5 LOST CERTIFICATES

Except as provided in this Section 8.5, no new certificates for shares shall be issued to replace a previously issued certificate unless the latter is surrendered to the Corporation and cancelled at the same time. The Corporation may issue a new certificate of stock or uncertificated shares in the place of any certificate theretofore issued by it, alleged to have been lost, stolen or destroyed, and the Corporation may require the owner of the lost, stolen or destroyed certificate, or his legal representative, to give the Corporation a bond sufficient to indemnify it against any claim that may be made against it on account of the alleged loss, theft or destruction of any such certificate or the issuance of such new certificate or uncertificated shares.

8.6 CONSTRUCTION; DEFINITIONS

Unless the context requires otherwise, the general provisions, rules of construction, and definitions in the Delaware General Corporation Law shall govern the construction of these Bylaws. Without limiting the generality of this provision, the singular number includes the plural, the plural number includes the singular, and the term "person" includes both a Corporation and a natural person.

8.7 DIVIDENDS

The directors of the Corporation, subject to any restrictions contained in the Certificate of Incorporation, may declare and pay dividends upon the shares of its capital stock pursuant to the General Corporation Law of Delaware. Dividends may be paid in cash, in property, or in shares of the Corporation's capital stock.

The directors of the Corporation may set apart out of any of the funds of the Corporation available for dividends a reserve or reserves for any proper purpose and may abolish any such reserve. Such purposes shall include but not be limited to equalizing dividends, repairing or maintaining any property of the Corporation, and meeting contingencies.

8.8 FISCAL YEAR

The fiscal year of the Corporation shall be fixed by resolution of the board of directors and may be changed by the board of directors.

8.9 SEAL

The Corporation may adopt a corporate seal, which may be altered at pleasure, and may use the same by causing it or a facsimile thereof to be impressed or affixed or in any other manner reproduced.

8.10 TRANSFER OF STOCK

Upon surrender to the Corporation or the transfer agent of the Corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignation or authority to transfer, it shall be the duty of the Corporation to issue a new certificate to the person entitled thereto, cancel the old certificate, and record the transaction in its books.

8.11 STOCK TRANSFER AGREEMENTS

The Corporation shall have power to enter into and perform any agreement with any number of stockholders of any one or more classes of stock of the Corporation to restrict the transfer of shares of stock of the Corporation of any one or more classes owned by such stockholders in any manner not prohibited by the General Corporation Law of Delaware.

8.12 REGISTERED STOCKHOLDERS

The Corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends and to vote as such owner, shall be entitled to hold liable for calls and assessments the person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of another person, whether or not it shall have express or other notice thereof, except as otherwise provided by the laws of Delaware.

ARTICLE IX

AMENDMENTS

The original or other Bylaws of the Corporation may be adopted, amended or repealed by the stockholders entitled to vote; provided, however, that the Corporation may, in its Certificate of Incorporation, confer the power to adopt, amend or repeal Bylaws upon the directors. The fact that such power has been so conferred upon the directors shall not divest the stockholders of the power, nor limit their power to adopt, amend or repeal Bylaws.

ARTICLE X

DISSOLUTION

If it should be deemed advisable in the judgment of the board of directors of the Corporation that the Corporation should be dissolved, the board, after the adoption of a resolution to that effect by a majority of the whole board at any meeting called for that purpose, shall cause notice to be mailed to each stockholder entitled to vote thereon of the adoption of the resolution and of a meeting of stockholders to take action upon the resolution.

At the meeting a vote shall be taken for and against the proposed dissolution. If a majority of the outstanding stock of the Corporation entitled to vote thereon votes for the proposed dissolution, then a certificate stating that the dissolution has been authorized in accordance with the provisions of Section 275 of the General Corporation Law of Delaware and setting forth the names and residences of the directors and officers shall be executed, acknowledged, and filed and shall become effective in accordance with Section 103 of the General Corporation Law of Delaware. Upon such certificate's becoming effective in accordance with Section 103 of the General Corporation Law of Delaware, the Corporation shall be dissolved.

ARTICLE XI

CUSTODIAN

11.1 APPOINTMENT OF A CUSTODIAN IN CERTAIN CASES

The Court of Chancery, upon application of any stockholder, may appoint one or more persons to be custodians and, if the Corporation is insolvent, to be receivers, of and for the Corporation when:

(i) at any meeting held for the election of directors the stockholders are so divided that they have failed to elect successors to directors whose terms have expired or would have expired upon qualification of their successors; or

(ii) the business of the Corporation is suffering or is threatened with irreparable injury because the directors are so divided respecting the management of the affairs of the Corporation that the required vote for action by the board of directors cannot be obtained and the stockholders are unable to terminate this division; or

(iii) the Corporation has abandoned its business and has failed within a reasonable time to take steps to dissolve, liquidate or distribute its assets.

11.2 DUTIES OF CUSTODIAN

The custodian shall have all the powers and title of a receiver appointed under Section 291 of the General Corporation Law of Delaware, but the authority of the custodian shall be to continue the business of the Corporation and not to liquidate its affairs and distribute its assets, except when the Court of Chancery otherwise orders and except in cases arising under Sections 226(a)(3) or 352(a)(2) of the General Corporation Law of Delaware.

ARTICLE XII

LOANS TO OFFICERS

The Corporation may lend money to, or guarantee any obligation of, or otherwise assist any officer or other employee of the Corporation or of its subsidiaries, including any officer or employee who is a Director of the Corporation or its subsidiaries, whenever, in the judgment of the Board of Directors, such loan, guarantee or assistance may reasonably be expected to benefit the Corporation. The loan, guarantee or other assistance may be with or without interest and may be unsecured, or secured in such manner as the Board of Directors shall approve, including, without limitation, a pledge of shares of stock of the Corporation. Nothing in this Bylaw shall be deemed to deny, limit or restrict the powers of guaranty or warranty of the Corporation at common law or under any statute.

EXHIBIT 10.17

TIER I

PC-TEL, INC.

MANAGEMENT RETENTION AGREEMENT

This Management Retention Agreement (the "Agreement") is made and entered into by and between MARTIN SINGER (the "Executive") and PC-TEL, INC. (the "Company"), effective as of the latest date set forth by the signatures of the parties hereto below (the "Effective Date").

RECITALS

A. It is expected that the Company from time to time may consider a Change of Control (as defined below). The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to Executive and can cause Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of Executive, notwithstanding the possibility, threat or occurrence of a Change of Control of the Company.

B. The Board believes that it is in the best interests of the Company and its stockholders to provide Executive with an incentive to continue his employment and to motivate Executive to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

C. The Board believes that it is imperative to provide Executive with severance benefits upon Executive's termination of employment following a Change of Control which provides Executive with enhanced financial security and incentive and encouragement to remain with the Company notwithstanding the possibility of a Change of Control.

D. Certain capitalized terms used in this Agreement are defined in Section 4 below.

The parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate upon the date that all obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and Executive acknowledge that Executive's employment is and shall continue to be at-will, as defined under applicable law, and may be terminated by either party at any time, with or without cause or notice. If Executive's employment terminates for any reason, including (without limitation) any termination prior to a Change of Control, Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in accordance with the Company's established employee plans or pursuant to other written agreements with the Company.

3. Change of Control Severance Benefits.

(a) Involuntary Termination other than for Cause, Death or Disability or Voluntary Termination for Good Reason Following A Change of Control. If, within twelve (12) months following a Change of Control, Executive's employment is terminated (i) involuntarily by the Company other than for Cause, death or Disability or (ii) by Executive pursuant to a Voluntary Termination for Good Reason, then, subject to Executive entering into a standard form of mutual release of claims with the Company, the Company shall provide Executive with the following benefits upon such termination:

(i) Severance Payment. A lump-sum cash payment in an amount equal to two hundred percent (200%) of Executive's Annual Compensation;

(ii) Continued Executive Benefits. Company-paid health, dental, vision, long-term disability and life insurance coverage at the same level of coverage as was provided to such Executive immediately prior to the Change of Control and at the same ratio of Company premium payment to Executive premium payment as was in effect immediately prior to the Change of Control (the "Company-Paid Coverage"). If such coverage included Executive's dependents immediately prior to the Change of Control, such dependents shall also be covered at Company expense. Company-Paid Coverage shall continue until the earlier of (A) one year from the date of termination, or (B) the date upon which Executive and his dependents become covered under another employer's group health, dental, vision, long-term disability and life insurance plans that provide Executive and his dependents with comparable benefits and levels of coverage. For purposes of Title X of the Consolidated Budget Reconciliation Act of 1985 ("COBRA"), the date of the "qualifying event" for Executive and his or her dependents shall be the date upon which the Company-Paid Coverage commences, and each month of Company-Paid Coverage provided hereunder shall offset a month of continuation coverage otherwise due under COBRA.

(iii) Pro-Rated Bonus Payment. A lump-sum cash payment equal to one hundred percent (100%) of the higher of (A) Executive's Target Bonus as in effect for the fiscal year in which the Change of Control occurs or (B) Executive's Target Bonus as in effect for the fiscal year in which Executive's termination occurs. Such higher amount will be pro-rated by multiplying such bonus amount in clause (A) or (B), as applicable, by a fraction, the numerator of which shall be the number of days prior to Executive's termination during such fiscal year, and the denominator of which shall be three-hundred and sixty-five.

(iv) Equity Compensation Accelerated Vesting. One Hundred percent (100%) of the unvested portion of any stock option, restricted stock or other Company equity compensation held by or granted to Executive shall be automatically accelerated in full so as to become completely vested.

(b) Voluntary Resignation. If Executive's employment terminates by reason of Executive's voluntary resignation (and is not a Voluntary Termination for Good Reason), then Executive shall not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans or pursuant to other written agreements with the Company.

(c) Disability; Death. If Executive's employment with the Company terminates as a result of Executive's Disability, or if Executive's employment is terminated due to the death of Executive, then Executive shall not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans or pursuant to other written agreements with the Company.

(d) Termination for Cause. If Executive is terminated for Cause, then Executive shall not be entitled to receive severance or other benefits.

(e) Termination Apart from Change of Control. In the event Executive's employment is terminated for any reason, either prior to the occurrence of a Change of Control or after the twelve (12) month period following a Change of Control, then Executive shall be entitled to receive severance and any other benefits only as may then be established under the Company's then existing severance and benefits plans or pursuant to other written agreements with the Company.

4. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Annual Compensation. "Annual Compensation" shall mean an amount equal to Executive's Company annual base salary.

(b) Target Bonus. "Target Bonus" shall mean Executive's annual bonus, assuming one hundred percent (100%) "on target" satisfaction of any performance milestones.

(c) Cause. "Cause" shall mean (i) an act of personal dishonesty taken by Executive in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Executive, (ii) Executive being convicted of a felony, (iii) a willful act by Executive which constitutes gross misconduct and which is injurious to the Company, or (iv) following delivery to Executive of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that Executive has not substantially performed his duties, continued violations by Executive of Executive's obligations to the Company which are demonstrably willful and deliberate on Executive's part.

(d) Change of Control. "Change of Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities who is not already such as of the Effective Date of this Agreement; or

(ii) The consummation of the sale or disposition by the Company of all or substantially all the Company's assets; or

(iii) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining out-standing or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

(iv) A change in the composition of the Board occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either (A) are directors of the Company as of the date upon which this Agreement was entered into, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of those directors whose election or nomination was not in connection with any transaction described in subsections (i), (ii), or (iii) above, or in connection with an actual or threatened proxy contest relating to the election of directors to the Company.

(e) Disability. "Disability" shall mean that Executive has been unable to perform his Company duties as the result of his incapacity due to physical or mental illness, and such in-ability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Executive or Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least 30 days' written notice by the Company of its intention to terminate Executive's employment. In the event that Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(f) Voluntary Termination for Good Reason. "Voluntary Termination for Good Reason" shall mean Executive voluntarily resigns after the occurrence of any of the following (i) without Executive's express written consent, a material reduction of Executive's duties, title, authority or responsibilities, relative to Executive's duties, title, authority or responsibilities as in effect immediately prior to such reduction, or the assignment to Executive of such reduced duties, title, authority or responsibilities; provided, however, that a reduction in duties, title, authority or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the senior vice-president of a business unit of the Company remains as such following a Change of Control) shall not by itself constitute grounds for a "Voluntary Termination for Good Reason;" (ii) without Executive's express written consent, a material reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to Executive immediately prior to such reduction; (iii) a reduction by the Company in the base salary of Executive as in effect immediately prior to such reduction; (iv) a material reduction by the Company in the aggregate level of employee benefits, including bonuses, to which Executive was entitled immediately prior to such reduction with the result that Executive's aggregate benefits package is materially reduced (other than a reduction that generally applies to Company employees); (v) the failure of the Company to obtain the assumption of this agreement by any successors contemplated in Section 8(a) below; or (vi) any act or set of facts or circumstances which would, under California case law or statute constitute a constructive termination of Executive.

5. Non-Solicitation. In consideration for the severance benefits Executive is to receive herein, if any, Executive agrees that he or she will not, at any time during the one year following his or her termination date, directly or indirectly solicit any individuals to leave the Company's (or any of its subsidiaries') employ for any reason or interfere in any other manner with the employment relationships at the time existing between the Company (or any of its subsidiaries) and its current or prospective employees.

6. Section 280G. In the event that the severance and other benefits provided for in this Agreement or otherwise payable to Executive (i) constitute "parachute payments" within the meaning of Section 280G of the Internal Revenue Code of 1986, as amended (the "Code") and (ii) but for this Section, would be subject to the excise tax imposed by Section 4999 of the Code, then Executive's severance benefits under this Agreement shall be payable either

(i) in full, or

(ii) as to such lesser amount which would result in no portion of such severance benefits being subject to excise tax under Section 4999 of the Code, whichever of the foregoing amounts, taking into account the applicable federal, state and local income taxes and the excise tax imposed by Section 4999, results in the receipt by Executive on an after-tax basis, of the greatest amount of severance benefits under this Agreement, notwithstanding that all or some portion of such severance benefits may be taxable under Section 4999 of the Code. Unless the Company and Executive otherwise agree in writing, any determination required under this Section shall be made in writing by the Company's independent public accountants (the "Accountants"), whose determination shall be conclusive and binding upon Executive and the Company for all purposes. For purposes of making the calculations required by this Section, the Accountants may make reasonable assumptions and approximations concerning applicable taxes and may rely on reasonable, good faith interpretations concerning the application of Sections 280G and 4999 of the Code. The Company and Executive shall furnish to the Accountants such information and documents as the Accountants may reasonably request in order to make a determination under this Section. The Company shall bear all costs the Accountants may reasonably incur in connection with any calculations contemplated by this Section.

7. Covenant Not to Compete. Upon the occurrence of a Change of Control, in consideration of the severance and other benefits contemplated by this Agreement, Executive agrees to abide by the covenant set forth in this Section 7, regardless of whether Executive continues as an employee of the Company or its successor. Any proposal by the Company or its successor following a Change of Control to waive, modify or amend this Section 7 shall have no effect on the Company's obligations under this Agreement. In the event Executive breaches the provisions of this Section 7, the severance and other benefits provided for in this Agreement shall immediately terminate and Executive shall cease to earn or be entitled to any additional payments under this Agreement.

(a) Noncompete. Until the end of the twelve month period following the occurrence of a Change of Control, Executive will not directly or indirectly engage in (whether as an employee, consultant, proprietor, partner, director or otherwise), or have any ownership interest in, or participate in the financing, operation, management or control of, any person, firm, corporation or business that engages or participates anywhere in the world in products or services involving [analog soft modems, digital broadband, home networking or embedded Internet access technology]. Ownership of less than 1% of the outstanding voting stock of a publicly traded corporation will not constitute a violation of this provision.

(b) Representations. The parties intend that the covenant contained in Section 7(a) shall be construed as a series of separate covenants, one for each county, city and state (or analogous entity) and country of the world. If, in any judicial proceeding, a court shall refuse to enforce any of the separate covenants, or any part thereof, then such unenforceable covenant, or such part thereof, shall be deemed eliminated from this Agreement for the purpose of those proceedings to the extent necessary to permit the remaining separate covenants, or portions thereof, to be enforced.

(c) Reformation. In the event that the provisions of this Section 7 should ever be deemed to exceed the time or geographic limitations, or scope of this covenant, permitted by applicable law, then such provisions shall be reformed to the maximum time or geographic limitations, as the case may be, permitted by applicable laws.

(d) Reasonableness of Covenants. Executive represents that he (i) is familiar with the covenants not to compete, and (ii) is fully aware of his obligations hereunder, including, without limitation, the reasonableness of the length of time, scope and geographic coverage of these covenants.

8. Successors.

(a) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any such successor to the Company which executes and delivers the assumption agreement described in this Section 8(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of Executive hereunder shall inure to the benefit of, and be enforceable by, Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

9. Notice.

(a) General. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or one day following mailing via Federal Express or similar overnight courier service. In the case of Executive, mailed notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) Notice of Termination. Any termination by the Company for Cause or by Executive pursuant to a Voluntary Termination for Good Reason shall be communicated by a notice of termination to the other party hereto given in accordance with Section 9(a) of this Agreement. Such notice shall indicate the specific termination provision in this Agreement relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and shall specify the termination date (which shall be not more than 30 days after the giving of such notice). The failure by Executive to include in the notice any fact or circumstance which contributes to a showing of Voluntary Termination for Good Reason shall not waive any right of Executive hereunder or preclude Executive from asserting such fact or circumstance in enforcing his rights hereunder.

10. Miscellaneous Provisions.

(a) No Duty to Mitigate. Executive shall not be required to mitigate the value of any benefits contemplated by this Agreement, nor shall any such benefits be reduced by any earnings or benefits that Executive may receive from any other source.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Executive and by two authorized officers of the Company (other than Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Whole Agreement. No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement represents the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior arrangements and understandings regarding same.

(d) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California.

(e) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

PC-TEL, INC.

By: /s/ Richard C. Alberding

Title: Director

Date: 11/15/01

MARTIN SINGER

/s/ Martin H. Singer

Date: 11/15/01

EXHIBIT 10.18

TIER II

PC-TEL, INC.

MANAGEMENT RETENTION AGREEMENT

This Management Retention Agreement (the "Agreement") is made and entered into by and between _______________________ (the "Executive") and PC-TEL, INC. (the "Company"), effective as of the latest date set forth by the signatures of the parties hereto below (the "Effective Date").

RECITALS

A. It is expected that the Company from time to time may consider a Change of Control (as defined below). The Board of Directors of the Company (the "Board") recognizes that such consideration can be a distraction to the Executive and can cause the Executive to consider alternative employment opportunities. The Board has determined that it is in the best interests of the Company and its stockholders to assure that the Company will have the continued dedication and objectivity of the Executive, notwithstanding the possibility, threat or occurrence of a Change of Control of the Company.

B. The Board believes that it is in the best interests of the Company and its stockholders to provide the Executive with an incentive to continue his employment and to motivate the Executive to maximize the value of the Company upon a Change of Control for the benefit of its stockholders.

C. The Board believes that it is imperative to provide the Executive with severance benefits upon Executive's termination of employment following a Change of Control which provides the Executive with enhanced financial security and incentive and encouragement to remain with the Company notwithstanding the possibility of a Change of Control.

D. Certain capitalized terms used in this Agreement are defined in Section 5 below.

The parties hereto agree as follows:

1. Term of Agreement. This Agreement shall terminate upon the date that all obligations of the parties hereto with respect to this Agreement have been satisfied.

2. At-Will Employment. The Company and the Executive acknowledge that the Executive's employment is and shall continue to be at-will, as defined under applicable law, and may be terminated by either party at any time, with or without cause or notice. If the Executive's employment terminates for any reason, including (without limitation) any termination prior to a Change of Control, the Executive shall not be entitled to any payments, benefits, damages, awards or compensation other than as provided by this Agreement, or as may otherwise be available in

accordance with the Company's established Executive plans or pursuant to other written agreements with the Company.

3. Change of Control Severance Benefits.

(a) Involuntary Termination other than for Cause, Death or Disability or Voluntary Termination for Good Reason Following A Change of Control. If, within twelve (12) months following a Change of Control, Executive's employment is terminated (i) involuntarily by the Company other than for Cause, death or Disability or (ii) by the Executive pursuant to a Voluntary Termination for Good Reason, then, subject to Executive entering into a standard form of mutual release of claims with the Company, the Company shall provide Executive with the following benefits upon such termination:

(i) Severance Payment. A lump-sum cash payment in an amount equal to one hundred fifty percent (150%) of the Executive's Annual Compensation;

(ii) Continued Executive Benefits. Company-paid health, dental, vision, long-term disability and life insurance coverage at the same level of coverage as was provided to such Executive immediately prior to the Change of Control and at the same ratio of Company premium payment to Executive premium payment as was in effect immediately prior to the Change of Control (the "Company-Paid Coverage"). If such coverage included the Executive's dependents immediately prior to the Change of Control, such dependents shall also be covered at Company expense. Company-Paid Coverage shall continue until the earlier of (A) one year from the date of termination, or (B) the date upon which the Executive and his dependents become covered under another employer's group health, dental, vision, long-term disability or life insurance plans that provide Executive and his dependents with comparable benefits and levels of coverage. For purposes of Title X of the Consolidated Budget Reconciliation Act of 1985 ("COBRA"), the date of the "qualifying event" for Executive and his or her dependents shall be the date upon which the Company-Paid Coverage commences, and each month of Company-Paid Coverage provided hereunder shall offset a month of continuation coverage otherwise due under COBRA.

(iii) Pro-Rated Bonus Payment. A lump-sum cash payment equal to one hundred percent (100%) of the higher of (A) Executive's Target Bonus as in effect for the fiscal year in which the Change of Control occurs or (B) Executive's Target Bonus as in effect for the fiscal year in which Executive's termination occurs, pro-rated by multiplying such bonus amount in clause (A) or (B), as applicable, by a fraction, the numerator of which shall be the number of days prior to Executive's termination during such fiscal year, and the denominator of which shall be three-hundred and sixty-five.

(iv) Equity Compensation Accelerated Vesting. One Hundred percent (100%) of the unvested portion of any stock option, restricted stock or other Company equity compensation held by the Executive shall be automatically accelerated in full so as to become completely vested.

(b) Voluntary Resignation. If the Executive's employment terminates by reason of the Executive's voluntary resignation (and is not a Voluntary Termination for Good

Reason), then the Executive shall not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans or pursuant to other written agreements with the Company.

(c) Disability; Death. If the Executive's employment with the Company terminates as a result of the Executive's Disability, or if Executive's employment is terminated due to the death of the Executive, then the Executive shall not be entitled to receive severance or other benefits except for those (if any) as may then be established under the Company's then existing severance and benefits plans or pursuant to other written agreements with the Company.

(d) Termination for Cause. If the Executive is terminated for Cause, then the Executive shall not be entitled to receive severance or other benefits.

(e) Termination Apart from Change of Control. In the event the Executive's employment is terminated for any reason, either prior to the occurrence of a Change of Control or after the twelve (12) month period following a Change of Control, then the Executive shall be entitled to receive severance and any other benefits only as may then be established under the Company's then existing severance and benefits plans or pursuant to other written agreements with the Company.

4. Definition of Terms. The following terms referred to in this Agreement shall have the following meanings:

(a) Annual Compensation. "Annual Compensation" shall mean an amount equal to the Executive's Company annual base salary.

(b) Target Bonus. "Target Bonus" shall mean Executive's annual bonus, assuming 100% "on target" satisfaction of any objective or subjective performance milestones.

(c) Cause. "Cause" shall mean (i) an act of personal dishonesty taken by the Executive in connection with his responsibilities as an Executive and intended to result in substantial personal enrichment of the Executive, (ii) Executive being convicted of a felony, (iii) a willful act by the Executive which constitutes gross misconduct and which is injurious to the Company, (iv) following delivery to the Executive of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that the Executive has not substantially performed his duties, continued violations by the Executive of the Executive's obligations to the Company which are demonstrably willful and deliberate on the Executive's part.

(d) Change of Control. "Change of Control" means the occurrence of any of the following events:

(i) Any "person" (as such term is used in Sections 13(d) and 14(d) of the Securities Exchange Act of 1934, as amended) becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing fifty percent (50%) or more of the total voting power represented by the Company's then outstanding voting securities who is not already such as of the Effective Date of this Agreement; or

(ii) The consummation of the sale or disposition by the Company of all or substantially all the Company's assets; or

(iii) The consummation of a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity or its parent) at least fifty percent (50%) of the total voting power represented by the voting securities of the Company or such surviving entity or its parent outstanding immediately after such merger or consolidation; or

(iv) A change in the composition of the Board occurring within a two-year period, as a result of which fewer than a majority of the directors are Incumbent Directors. "Incumbent Directors" shall mean directors who either (A) are directors of the Company as of the date upon which this Agreement was entered into, or (B) are elected, or nominated for election, to the Board with the affirmative votes of at least a majority of those directors whose election or nomination was not in connection with any transaction described in subsections (i), (ii), or (iii) above, or in connection with an actual or threatened proxy contest relating to the election of directors to the Company; or

(e) Disability. "Disability" shall mean that the Executive has been unable to perform his Company duties as the result of his incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to the Executive or the Executive's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least 30 days' written notice by the Company of its intention to terminate the Executive's employment. In the event that the Executive resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(f) Voluntary Termination for Good Reason. "Voluntary Termination for Good Reason" shall mean the Executive voluntarily resigns after the occurrence of any of the following (i) without the Executive's express written consent, a material reduction of the Executive's duties, title, authority or responsibilities, relative to the Executive's duties, title, authority or responsibilities as in effect immediately prior to such reduction, or the assignment to Executive of such reduced duties, title, authority or responsibilities; provided, however, that a reduction in duties, title, authority or responsibilities solely by virtue of the Company being acquired and made part of a larger entity (as, for example, when the Senior Vice-President of a business unit of the Company remains as such following a Change of Control) shall not by itself constitute grounds for a "Voluntary Termination for Good Reason;" (ii) without the Executive's express written consent, a material reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to the Executive immediately prior to such reduction; (iii) a reduction by the Company in the base salary of the Executive as in effect immediately prior to such reduction; (iv) a material reduction by the Company in the aggregate level of Executive benefits, including bonuses, to which the Executive was entitled immediately prior to such reduction with the result that the Executive's aggregate benefits package is materially reduced (other than a reduction that generally applies to Company Executives); (v) the relocation of the Executive to a facility or a location more than thirty-five (35) miles from the Executive's then present location, without the Executive's express written consent; (vi) the failure of the Company to obtain the assumption of this agreement by any successors contemplated in Section 6(a) below; or (vii) any act or set of facts or circumstances which would, under California case law or statute constitute a constructive termination of the Executive.

5. Non-Solicitation. In consideration for the severance benefits Executive is to receive herein, if any, Executive agrees that he or she will not, at any time during the one year following his or her termination date, directly or indirectly solicit any individuals to leave the Company's (or any of its subsidiaries') employ for any reason or interfere in any other manner with the employment relationships at the time existing between the Company (or any of its subsidiaries) and its current or prospective Executives.

6. Successors.

(a) Company's Successors. Any successor to the Company (whether direct or indirect and whether by purchase, merger, consolidation, liquidation or otherwise) to all or substantially all of the Company's business and/or assets shall assume the obligations under this Agreement and agree expressly to perform the obligations under this Agreement in the same manner and to the same extent as the Company would be required to perform such obligations in the absence of a succession. For all purposes under this Agreement, the term "Company" shall include any such successor to the Company's business and/or assets which executes and delivers the assumption agreement described in this Section 6(a) or which becomes bound by the terms of this Agreement by operation of law.

(b) Executive's Successors. The terms of this Agreement and all rights of the Executive hereunder shall inure to the benefit of, and be enforceable by, the Executive's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees

7. Notice.

(a) General. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or one day following mailing via Federal Express or similar overnight courier service. In the case of the Executive, mailed notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

(b) Notice of Termination. Any termination by the Company for Cause or by the Executive pursuant to a Voluntary Termination for Good Reason shall be communicated by a notice of termination to the other party hereto given in accordance with Section 7(a) of this Agreement. Such notice shall indicate the specific termination provision in this Agreement relied upon, shall set forth in reasonable detail the facts and circumstances claimed to provide a basis for termination under the provision so indicated, and shall specify the termination date (which shall be not more than 30 days after the giving of such notice). The failure by the Executive to include in the notice any fact or circumstance which contributes to a showing of Voluntary Termination for Good Reason shall not waive any right of the Executive hereunder or preclude the Executive from asserting such fact or circumstance in enforcing his rights hereunder.

8. Miscellaneous Provisions.

(a) No Duty to Mitigate. The Executive shall not be required to mitigate the value of any benefits contemplated by this Agreement, nor shall any such benefits be reduced by any earnings or benefits that the Executive may receive from any other source.

(b) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by the Executive and by two authorized officers of the Company (other than the Executive). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(c) Whole Agreement. No agreements, representations or understandings (whether oral or written and whether express or implied) which are not expressly set forth in this Agreement have been made or entered into by either party with respect to the subject matter hereof. This Agreement represents the entire understanding of the parties hereto with respect to the subject matter hereof and supersedes all prior arrangements and understandings regarding same.

(d) Choice of Law. The validity, interpretation, construction and performance of this Agreement shall be governed by the laws of the State of California.

(e) Severability. The invalidity or unenforceability of any provision or provisions of this Agreement shall not affect the validity or enforceability of any other provision hereof, which shall remain in full force and effect.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officer, as of the day and year set forth below.

PC-TEL, INC.

By: --------------------------------

Title: -----------------------------

Date: ------------------------------

By: --------------------------------

Title: -----------------------------

Date: ------------------------------

EXECUTIVE

Date: ------------------------------

EXHIBIT 10.19

EXECUTIVE

SEVERANCE AGREEMENT AND RELEASE

RECITALS

This Executive Severance Agreement and Release ("Agreement") is made by and between Peter C. Chen ("Employee") and PC Tel, Inc. ("Company"), collectively referred to as the ("Parties"):

A. Employee was employed by the Company as Chief Executive Officer

B. The Company and Employee have entered into a Confidential and Proprietary Information Agreement (the "Confidentiality Agreement");

C. Employee resigned his position effective February 16, 2001 ("Resignation Date"), but will continue in his position as a Director on the Board of Directors for PCTEL under the title "Honorary Chairman" until a successor is fully elected.

D. The Parties, and each of them, wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that the Employee may have against the Company as defined herein, including, but not limited to, any and all claims arising or in any way related to Employee's employment with, or separation from, the Company;

NOW THEREFORE, in consideration of the promises made herein, the Parties hereby agree as follows:

COVENANTS

1. Consideration.

(a) Commencing with the Resignation Date, the Company agrees to pay Employee a severance payment of one year's salary, which is Two Hundred and Seventy Thousand ($270,00) Dollars, in exchange for the covenants and releases herein.

(b) Payment. The Company shall pay employee a severance payment of $22,500 within 5 days of the Effective Date of this Agreement. Provided Employee does not breach any term or provision of this Agreement at any time within the 11 months that follow the end of the first month after the Resignation Date, on the tenth day of each month between March 10, 2001 and March 9, 2002, Employee shall receive an additional severance payment of $22,500. Thus, if within one year of the Resignation Date of this Agreement, Employee does not breach any term or provision of this Agreement, Employee shall receive a total severance payment of $270,000.

(c) The Company will issue an Internal Revenue Service Form 1099 to Employee for the purpose of reporting the payments described in section 1(b).

(d) Vesting of Stock. As of Employee's Resignation Date (February 16,2001), Employee is fully vested in 782,187 shares of the Company's common stock and 161,146 unvested options shares are not yet exercisable . In further consideration for the covenants and releases contained in this Agreement, and contingent upon approval by the Company's Board of Directors, Company agrees that Employee's status as a "Service Provider" as defined in the Company's Stock Option Plan, shall continue uninterrupted for the next 12 months and Employee shall continue to vest in all current unvested options he has pursuant to any stock option agreement between Employee and Company for the next 12 months. Employee shall continue to be subject to the terms and conditions of the Company's Stock Option Plan and the applicable Stock Option Agreement between Employee and the Company. By continuing your participation in the PCTEL's Common Stock Option Plan it is further understood that you waive your participation in the 1998 Director Option Plan.

(e) Benefits. Health benefit coverage for the Employee shall cease as of February 28,2001. Employee shall have the right to convert his health insurance benefits to individual coverage pursuant to COBRA, effective March 1, 2001. Should Employee elect COBRA coverage, the Company will pay the cost of said COBRA coverage for a period up to 12 months, or until March 2002.

(f) Life Insurance: Company will continue to cover the supplemental life policy (Key Man Policy) for a period of 6 months from the Effective Date of this Agreement.

2. Confidential Information. Employee shall continue to maintain the confidentiality of all confidential and proprietary information of the Company and shall continue to comply with the terms and conditions of the Confidentiality Agreement between Employee and the Company. Employee ,shall except for materials received in his capacity as an active member of the Board of Directors, return all of the Company's property and confidential and proprietary information in his possession to the Company on the Resignation Date of this Agreement.

3. Payment of Salary. Employee acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Employee once the above noted payments and benefits are received.

4. Release of Claims. The Parties agree that the consideration set forth in this Agreement represents settlement in full of all outstanding obligations owed by one Party to the other . The Parties, on their own behalves, and on behalf of their respective heirs, family members, executors, officers, directors, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, hereby fully and forever releases the other Party, and the other Party's heirs, family members, executors, officers, directors, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and

assigns, from, and agree not to sue concerning, any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that they may possess arising from any omissions, acts or facts that have occurred up until and including the Effective Date of this Agreement including, without limitation:

(a) any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

(b) any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims under the law of any jurisdiction including, but not limited to, wrongful discharge of employment; constructive discharge from employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion;

(d) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, The Worker Adjustment and Retraining Notification Act, Older Workers Benefit Protection Act; the California Fair Employment and Housing Act, and Labor Code section 201, et seq. and section 970, et seq.;

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

The Company and Employee agree that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement, any stock option agreement entered into with Employee, or to the Company's obligation under its Indemnification Agreement with Employee, or to the Company's obligations to indemnify Employee pursuant to the Company `s Articles of Incorporation, By-Laws, or as otherwise provided by law.

5. Acknowledgement of Waiver of Claims Under ADEA. Employee acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Employee and the Company agree that this waiver and release does not apply to any rights or claims that may arise under ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release agreement is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he has been advised by this writing that

(a) he should consult with an attorney prior to executing this Agreement;

(b) he has up to twenty-one (21) days within which to consider this Agreement;

(c) he has been advised in writing by the Company of the class, unit, or group of individuals covered by the severance program, and the job titles and ages of all individuals who participated and did not participate in the program;

(d) he has seven (7) days following his execution of this Agreement to revoke the Agreement;

(e) this Agreement shall not be effective until the revocation period has expired; and

(f) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law.

6. Civil Code Section 1542. The Parties represent that they are not aware of any claim by either of them other than the claims that are released by this Agreement. Employee and the Company acknowledge that they have been advised by legal counsel and are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Employee and the Company, being aware of said code section, agree to expressly waive any rights they may have thereunder, as well as under any other statute or common law principles of similar effect.

7. No Pending or Future Lawsuits. Employee and the Company represent that they have no lawsuits, claims, or actions pending in their names, or on behalf of any other person or entity, against the other or any other person or entity referred to herein. Employee and the Company also

represents that they do not intend to bring any claims on their own behalf or on behalf of any other person or entity against the other or any other person or entity referred to herein.

8. Confidentiality. The Parties acknowledge that Employee's agreement to keep the terms and conditions of this Agreement confidential was a material factor on which all Parties relied in entering into this Agreement. Employee hereto agrees to use his best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, the consideration for this Agreement, and any allegations relating to the Company or his employment with the Company except as otherwise provided for in this Agreement (hereinafter collectively referred to as "Settlement Information"). Employee agrees to take every reasonable precaution to prevent disclosure of any Settlement Information to third parties, and agrees that there will be no publicity, directly or indirectly, concerning any Settlement Information. Employee agrees to take every precaution to disclose Settlement Information only to those attorneys, accountants, governmental entities, financial advisors and family members who have a reasonable need to know of such Settlement Information.

9. No Cooperation. Employee agrees he will not act in any manner that is intended to damage the business of the Company. Employee agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any officer, director, employee, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so. Employee further agrees both to immediately notify the Company upon receipt of any court order, subpoena, or any legal discovery device that seeks or might require the disclosure or production of the existence or terms of this Agreement, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or legal discovery device to the Company.

10. Non-Disparagement. Employee and the Company agree to refrain from any defamation, libel or slander of the other or tortious interference with the contracts and relationships of the other .

11. Non-Solicitation. Employee agrees that for a period of twelve (12) months immediately following the Resignation Date of this Agreement, Employee shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment, or attempt to solicit, induce, recruit, encourage, take away or hire employees of the Company, either for him or any other person or entity.

12. No Admission of Liability. The Parties understand and acknowledge that this Agreement constitutes a compromise and settlement of disputed claims. No action taken by the Parties hereto, or either of them, either previously or in connection with this Agreement shall be deemed or construed to be:

(a) an admission of the truth or falsity of any claims heretofore made or

(b) an acknowledgment or admission by either Party of any fault or liability whatsoever to the other Party or to any third party.

13. Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

14. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payment of any sums to Employee under the terms of this Agreement. Employee agrees and understands that he is responsible for payment, if any, of local, state and/or federal taxes on the sums paid hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of Employee's failure to pay federal or state taxes or damages sustained by the Company by reason of any such claims, including reasonable attorneys' fees.

15. Indemnification. The Parties agree to indemnify and hold harmless the other from and against any and all loss, costs, damages or expenses, including, without limitation, attorneys' fees or expenses incurred by the non - breaching Party arising out of the breach of this Agreement by the other, or from any false representation made herein by the other, or from any action or proceeding which may be commenced, prosecuted or threatened by the other or for the other's benefit, upon the other's initiative, or with the other's aid or approval, contrary to the provisions of this Agreement. The Parties further agrees that in any such action or proceeding, this Agreement may be pled by the non-breaching Party as a complete defense, or may be asserted by way of counterclaim or cross-claim.

16. Arbitration. The Parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to binding arbitration in Santa Clara County before the American Arbitration Association under its Employment Dispute Resolution Rules, or by a judge to be mutually agreed upon. The Parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The Parties agree that the prevailing party in any arbitration shall be awarded its reasonable attorneys' fees and costs. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Each Party represents that it has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither Party has relied upon any representations or statements made by the other Party hereto which are not specifically set forth in this Agreement.

19. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision so long as the remaining provisions remain intelligible and continue to reflect the original intent of the Parties.

20. Entire Agreement. This Agreement, and the Confidentiality Agreement, constitute the entire agreement and understanding between the Parties concerning the subject matter of this Agreement and all prior representations, understandings, and agreements concerning the subject matter of this Agreement have been superseded by the terms of this Agreement.

21. No Waiver. The failure of any Party to insist upon the performance of any of the terms and conditions in this Agreement, or the failure to prosecute any breach of any of the terms and conditions of this Agreement, shall not be construed thereafter as a waiver of any such terms or conditions. This entire Agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred.

22. No Oral Modification. Any modification or amendment of this Agreement, or additional obligation assumed by either Party in connection with this Agreement, shall be effective only if placed in writing and signed by both Parties or by authorized representatives of each Party. No provision of this Agreement can be changed, altered, modified, or waived except by an executed writing by the Parties.

23. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and it shall be construed, interpreted, governed, and enforced in accordance with the laws of the State of California.

24. Attorneys' Fees. In the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, plus reasonable attorneys' fees, incurred in connection with such an action.

25. Effective Date. This Agreement is effective eight (8) days after it has been signed by both Parties, unless revoked by Employee within seven (7) days of execution.

26. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

27. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims. The Parties acknowledge that:

(a) They have read this Agreement;

(b) They have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) They understand the terms and consequences of this Agreement and of the releases it contains; and

(d) They are fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: 3/11/01	By: /s/ Thomas A. Capizzi -------------------------------- Thomas A. Capizzi Vice President. Human Resources & Chief Administrative Officer
	Peter C. Chen, an individual
Dated: 3/11/01	/s/ Peter C. Chen -------------------------------- Peter C. Chen

EXHIBIT 10.24

PC-TEL, INC.

EMPLOYMENT AGREEMENT

This Agreement is entered into by and between PC-TEL, INC. (the "Company") and MARTIN SINGER (the "Employee") this 17th day of October, 2001, effective as of October 17, 2001 (the "Effective Date").

WHEREAS, the Company desires to induce Employee to become an employee of the Company in the capacity of Chief Executive Officer and Chairman of the Board of Directors of the Company (the "Board"), and Employee desires to accept such employment; and

WHEREAS the parties desire and agree to enter into an employment relationship by means of this Agreement;

NOW THEREFORE, it is mutually covenanted and agreed by and among the parties as follows:

1. Position and Duties. Employee shall be employed, as of the Effective Date, as Chief Executive Officer and Chairman of the Board of the Company, reporting to the Board, and assuming and discharging such responsibilities as are commensurate with Employee's position. Employee shall perform his duties faithfully and to the best of his ability and shall devote his full business time and effort to the performance of his duties hereunder.

2. At-Will Employment. The parties agree that Employee's employment with the Company shall be "at-will" employment and may be terminated at any time with or without cause or notice. No provision of this Agreement shall be construed as conferring upon Employee a right to continue as an employee of the Company.

3. Representation of Employee. Employee represents and warrants that he is not subject to any conditions, such as a covenant not to compete with a former employer, that would in any way restrict either the Company's ability and right to employ Employee or Employee's acceptance of such employment, or which would result in the Company incurring additional costs for employing Employee.

4. Termination of Consulting Agreements. Effective October 31, 2001, the consulting agreements between the Company and Employee dated as of February 15, 2001 and April 29, 2001 shall be terminated in their entirety; provided, however, that the option grant to purchase 100,000 shares of the Common Stock of the Company described in the consulting agreement dated February 15, 2001 (and the corresponding stock option agreement providing for such option grant) shall remain in full force and effect.

5. Compensation.

(a) Base Salary. For all services to be rendered by Employee pursuant to this Agreement, beginning as of the Effective Date, Employee shall receive an annual base salary of not less than $350,000, payable in installments in accordance with the Company's normal payroll practices. Employee's annual base salary will be reviewed from time to time in accordance with the Company's established procedures for reviewing salaries of its executive officers.

(b) Bonus. For fiscal years 2001 and 2002, Employee shall be entitled to receive an annual target bonus (based on the Company's fiscal year) based upon Employee's performance and the Company's attainment of objectives mutually agreed upon by Employee and the Company and as set forth in Exhibit A to this Agreement. For each complete fiscal year thereafter during the term of this Agreement, Employee shall be eligible to receive an annual bonus that is targeted to be up to 100% of Employee's annual base salary based upon Employee's performance and the Company's attainment of certain objectives mutually agreed upon by Employee and the Company. Employee must be employed by the Company on the payment date of any payment period determined for the bonus payout to receive such bonus. The determination of whether Employee has attained the mutually agreed upon objectives, and the timing and amount, if any, of each such annual bonus shall be determined by the Board in its sole discretion.

(c) Stock Option and Restricted Stock Grant.

(i) Stock Option Grant. Effective as of October 23, 2001, the Company has granted Employee an option to purchase up to 200,000 shares of the Company's Common Stock (the "Option Shares"), at an exercise price per Option Share equal to the fair market value per Option Share on the grant date (the "Option"). All of the Option Shares shall initially be unvested. Each month from the grant date, 1/36th of the Option Shares shall vest and become exercisable, provided Employee continues in the employment of the Company on each such monthly vesting date (so that as of the third anniversary of the grant date all of the Option Shares shall be vested). The Option shall be subject to the terms and conditions of the stock option agreement evidencing the Option.

(ii) Restricted Stock Grant. Effective as of October 23, 2001, the Company has granted Employee 75,000 shares of the Company's Common Stock (the "Restricted Shares"). Such shares shall initially be unvested and subject to repurchase by the Company at a price of $0.001 per share. Employee shall acquire a vested interest in, and the Company's repurchase right shall accordingly lapse with respect to, 50% of the Restricted Shares on December 31, 2002 and 50% of the Restricted Shares on December 31, 2003, provided Employee continues in the employment of the Company on such vesting date (so that as of December 31, 2003, all of the Restricted Shares shall be vested). The restricted stock grant shall be subject to the terms and conditions of the restricted stock award agreement evidencing the restricted stock grant.

(iii) Acceleration Upon Certain Termination Following Change of Control. The vesting of the Option Shares and the Restricted Shares may be subject to acceleration in accordance with the terms and conditions set forth in the Management Retention Agreement, dated as of October __, 2001, between the Company and Employee (the "Management Retention Agreement").

6. Vacation. Employee shall be entitled to vacation benefits established by the Company commensurate with Employee's status as the Chief Executive Officer and Chairman of the Board of the Company. The Company's vacation policy may be revised from time to time.

7. Other Benefits. Employee shall be entitled to participate in the employee benefit plans and programs of the Company, if any, to the extent that his position, tenure, salary, age, health and other qualifications make him eligible to participate in such plans or programs, subject to the rules and regulations applicable thereto. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time.

8. Expenses. The Company shall reimburse Employee for reasonable travel, entertainment or other expenses incurred by Employee in the furtherance of or in connection with the performance of Employee's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time. In addition, Employee shall be entitled to a $5,000.00 allowance for legal fees incurred in connection with this Agreement.

9. Confidential Information. Employee agrees to maintain the confidentiality of all confidential and proprietary information of the Company and is delivering simultaneously with his execution of this Agreement an executed confidentiality agreement substantially in the form attached hereto as Exhibit B.

10. Severance.

(a) Termination Following a Change of Control. If Employee's employment is terminated within twelve (12) months following a Change of Control, the severance and other benefits to which Employee is entitled, if any, shall be governed by the Management Retention Agreement (which includes the definition of Change of Control).

(b) Termination by Company Without Cause and Apart From Change of Control. If, either prior to the occurrence of a Change of Control or after the twelve (12) month period following a Change of Control, Employee's employment is terminated (i) involuntarily by the Company for reasons other than Cause, death or Disability or (ii) by Employee pursuant to a Voluntary Termination for Good Reason, then Employee shall be entitled to receive the following benefits from the Company:

(i) Salary Continuation. Employee shall receive continuation of Employee's then current Base Salary for a period of 12 months following Employee's termination of employment by the Company for reasons other than Cause. All such severance payments shall be paid in accordance with the Company's normal payroll practices. Such continuation of Employee's Base Salary shall be in lieu of any and all other benefits which Employee is entitled to receive on the date of Employee's termination of employment pursuant to any Company severance and benefit plans and practices or pursuant to other agreements with the Company. Employee shall not be entitled to pro-rated payment of an annual bonus.

(ii) Benefits. Employee shall receive at the Company's expense one hundred percent (100%) of Company-paid health, dental and vision insurance benefits at the same level of coverage as was provided to Employee immediately prior to Employee's termination of employment by the Company for reasons other than Cause ("Company-Paid Coverage"). If such coverage included Employee's dependents immediately prior to Employee's termination, such dependents shall also be covered at the Company's expense. Company-Paid Coverage shall continue until the earlier of (i) 18 months following the date of Employee's termination by the Company for reasons other than Cause (the "Termination Date"), or (ii) the date upon which Employee or Employee's dependents become covered under another employer's group health, dental and vision insurance benefit plans. If, after 18 months following the Termination Date, Employee has not become covered under another employer's group health, dental and vision insurance benefit plans, Employee may independently obtain health, dental and vision insurance benefits comparable in the aggregate in scope and coverage to that provided by the Company to Employee immediately prior to the Termination Date, and the Company shall reimburse Employee for the cost of the premiums paid for such benefits until the earlier of (i) 6 months following the termination of Company-Paid Coverage, or (ii) the date upon which Employee or Employee's dependents become covered under another employer's group health, dental and vision insurance benefit plans. For purposes of Title X of the Consolidated Budget Reconciliation Act of 1985 ("COBRA"), the date of the qualifying event for Employee and his or her dependents shall be the Termination Date.

(iii) Partial Accelerated Vesting. All equity awards (including but not limited to the Option Shares and the Restricted Shares) from the Company then held by Employee shall partially accelerate, or if Employee is then holding unvested shares, Company's right to repurchase the then-unvested shares under each such equity award shall partially lapse, with respect to the number of shares under each such award that would have become vested or been released from such repurchase right under each respective equity award if Employee's employment with the Company had continued for an additional 12 months following Employee's effective termination date for reasons other than for Cause.

(c) Other Termination. If Employee's employment is terminated by the Company for Cause, or by Employee for any reason, including death or Disability but other than pursuant to a Voluntary Termination for Good Reason, then Employee shall not be entitled to receive severance or other benefits pursuant to this Section, but may be eligible for those benefits (if any) as may then be established under the Company's severance and benefit plans and policies existing at the time of such termination.

11. Definitions.

(a) Base Salary. "Base Salary" shall mean Employee's annual Company salary at the rate in effect immediately preceding Employee's date of termination with the Company.

(b) Cause. "Cause" shall mean (i) an act of personal dishonesty taken by Employee in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Employee, (ii) Employee being convicted of a felony, (iii) a willful act by Employee which constitutes gross misconduct and which is injurious to the Company, or (iv) following delivery to Employee of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that Employee has not substantially performed his duties, continued violations by Employee of Employee's obligations to the Company which are demonstrably willful and deliberate on Employee's part.

(c) Disability. "Disability" shall mean that Employee has been unable to perform his Company duties as the result of his incapacity due to physical or mental illness, and such inability, at least 26 weeks after its commencement, is determined to be total and permanent by a physician selected by the Company or its insurers and acceptable to Employee or Employee's legal representative (such Agreement as to acceptability not to be unreasonably withheld). Termination resulting from Disability may only be effected after at least 30 days' written notice by the Company of its intention to terminate Employee's employment. In the event that Employee resumes the performance of substantially all of his duties hereunder before the termination of his employment becomes effective, the notice of intent to terminate shall automatically be deemed to have been revoked.

(d) Voluntary Termination for Good Reason. "Voluntary Termination for Good Reason" shall mean Employee voluntarily resigns after the occurrence of any of the following (i) without Employee's express written consent, a material reduction of Employee's duties, title, authority or responsibilities, relative to Employee's duties, title, authority or responsibilities as in effect immediately prior to such reduction, or the assignment to Employee of such reduced duties, title, authority or responsibilities; provided, however, that a reduction in duties, title, authority or responsibilities solely by virtue of the Company being acquired and made part of a larger entity shall not by itself constitute grounds for a "Voluntary Termination for Good Reason;" (ii) without Employee's express written consent, a material reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to Employee immediately prior to such reduction; (iii) a reduction by the Company in the base salary of Employee as in effect immediately prior to such reduction; (iv) a material reduction by the Company in the aggregate level of employee benefits, including bonuses, to which Employee was entitled immediately prior to such reduction with the result that Employee's aggregate benefits package is materially reduced (other than a reduction that generally applies to Company employees); or (v) any act or set of facts or circumstances which would, under California case law or statute constitute a constructive termination of Employee.

12. Arbitration.

(a) Employee agrees that any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in the county of Santa Clara, California in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the "Rules"). The Company and Employee shall each select one arbitrator, and the two arbitrators shall select a third arbitrator, each of which arbitrators shall be independent. The arbitrators may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrators shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrators' decision in any court having jurisdiction.

(b) The arbitrators shall apply California law to the merits of any dispute or claim, without reference to rules of conflicts of law. Employee hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) Without breach of this arbitration agreement and without abridgement of the powers of the arbitrators, the parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary.

(d) The non-prevailing party to any arbitration under this Section 12 shall pay its own expenses, the fees of each arbitrator, the administrative costs of the arbitration, and the expenses, including without limitation, reasonable attorneys' fees and costs, incurred by the other party to the arbitration. In any arbitration hereunder in which any claim or the amount thereof is at issue, the Company shall be deemed to be the non-prevailing party in the event that the arbitrators award the Company the sum of one-half (1/2) or less of the disputed amount plus any amounts not in dispute; otherwise Employee shall be deemed to be the non-prevailing party.

(e) EMPLOYEE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EMPLOYEE UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, EMPLOYEE AGREES TO SUBMIT ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EMPLOYEE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

13. Right to Advice of Counsel. Employee acknowledges that he has had the right to consult with counsel and is fully aware of his rights and obligations under this Agreement.

14. Successors.

(a) Company's Successors. For all purposes under this Agreement, the term "Company," as applicable, shall include any successor to the Company's business and/or assets or which becomes bound by the terms of this Agreement by operation of law.

(b) Employee's Successors. The terms of this Agreement and all rights of Employee hereunder shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

15. Notice. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or one day following mailing overnight courier service. In the case of Employee, mailed notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

16. Miscellaneous Provisions.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws, but not the choice of law rules, of the state of California.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement, or any terms hereof, shall not affect the validity or enforceability of any other provision or term of this Agreement.

(c) Integration. This Agreement together with the Management Retention Agreement and the stock option agreement and restricted stock grant agreement contemplated in Section 5 above, and the confidentiality agreement contemplated in Section 9 above represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by duly authorized representatives of the parties hereto.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by two authorized officers of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) Taxes. All payments made pursuant to this Agreement shall be subject to withholding of applicable income and employment taxes.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officers, as of the day and year first above written.

PC-TEL, INC.

By: Richard C. Alberding

Title: Director

EMPLOYEE:

/s/ Martin H. Singer

Martin Singer

EXHIBIT A

ANNUAL TARGET BONUS MILESTONES

For fiscal years 2001 and 2002, Employee shall be entitled to receive an annual target bonus based upon Employee's performance and the Company's attainment of objectives mutually agreed upon by Employee and the Company as follows:

FISCAL YEAR	TARGET AMOUNT	DATE PAYABLE	MILESTONES
2001	$125,000.00	12/31/01	- Initiate Restructuring Plan; and - Present 2002 Operating Plan
2002	$225,000.00	12/31/02	- Company performance measures for fiscal year 2002 as determined by the Compensation Committee of the Board, based on the Company's 2002 Operating Plan

EXHIBIT B

COMPANY'S FORM OF CONFIDENTIAL INFORMATION AGREEMENT

EXHIBIT 10.25

PC-TEL, INC.

EMPLOYMENT AGREEMENT

This Agreement is entered into by and between PC-TEL, INC. (the "Company") and Jeff Miller (the "Employee") this November 27, 2001, effective as of November 7, 2001 (the "Effective Date").

WHEREAS, the Company desires to induce Employee to become an employee of the Company in the capacity Vice President, Research and Development and the employee desires to accept such employment; and

WHEREAS the parties desire and agree to enter into an employment relationship by means of this Agreement;

NOW THEREFORE, it is mutually covenanted and agreed by and among the parties as follows:

1. Position and Duties. Employee shall be employed, as of the Effective Date, as Vice President, Research and Development reporting to the Chairman and Chief Executive Officer of PC-Tel, Inc., and assuming and discharging such responsibilities as are commensurate with Employee's position. Employee shall perform his duties faithfully and to the best of his ability and shall devote his full business time and effort to the performance of his duties hereunder.

2. At-Will Employment. The parties agree that Employee's employment with the Company shall be "at-will" employment and may be terminated at any time with or without cause or notice. No provision of this Agreement shall be construed as conferring upon Employee a right to continue as an employee of the Company.

3. Representation of Employee. Employee represents and warrants that he is not subject to any conditions, such as a covenant not to compete with a former employer, that would in any way restrict either the Company's ability and right to employ Employee or Employee's acceptance of such employment, or which would result in the Company incurring additional costs for employing Employee.

4. Compensation.

(a) Base Salary. For all services to be rendered by Employee pursuant to this Agreement, beginning as of the Effective Date, Employee shall receive an annual base salary of $190,000, payable in installments in accordance with the Company's normal payroll practices. Employee's annual base salary will be reviewed from time to time in accordance with the Company's established procedures for reviewing salaries of its executive officers.

(b) Bonus. Employee shall be entitled to receive an annual bonus targeted to be $95,000.00; $55,000.00 of this bonus shall be paid prior to December 30, 2001 and the remaining $40,000.00 shall be paid upon the completion of the Company's attainment of objectives mutually agreed upon by Employee and the Company and as set forth in Exhibit A to this Agreement. The Company shall work with Employee to establish mutually agreed performance and corporate attainment objectives and to complete Exhibit A not later than 90 days from Employee's start date. For each complete fiscal year thereafter during the term of this Agreement, Employee shall be eligible to receive an annual bonus that is targeted to be up to 50% of Employee's annual base salary based upon Employee's performance and the Company's attainment of certain objectives mutually agreed upon by Employee and the Company. Employee must be employed by the Company on the payment date of any payment period determined for the bonus payout to receive such bonus. The determination of whether Employee has attained the mutually agreed upon objectives, and the timing and amount, if any, of each such annual bonus shall be determined by the Board in its sole discretion.

(c) Stock Option and Restricted Stock Grant.

Stock Option Grant. We will recommend to the Board of Directors of the Company that at the next Board meeting, you be granted a stock option entitling you to purchase up to 150,000 shares of the Company's Common Stock (the "Option Shares"), at an exercise price per Option Share equal to the fair market value per Option Share on the grant date (the "Option"). All of the options shall initially be unvested. Each month from the grant date, 1/36th of the Option Shares shall vest and become exercisable, provided Employee continues in the employment of the Company on each such vesting date (so that as of the third anniversary of the grant date all of the Option Shares shall be vested). The Option shall be subject to the terms and conditions of the stock option agreement evidencing the Option.

(i) Restricted Stock Grant. We will recommend to the Board of Directors of the Company that Employee be granted 15,000 shares of the Company's Common Stock (the "Restricted Shares"). Such shares shall initially be unvested and subject to repurchase by the Company at a price of $0.01 per share. Employee shall acquire a vested interest in, and the Company's repurchase right shall accordingly lapse with respect to, 50% of the Restricted Shares on December 31, 2002 and 50% of the Restricted Shares on December 31, 2003, provided Employee continues in the employment of the Company on such vesting date (so that as of December 31, 2003, all of the Restricted Shares shall be vested.) The restricted stock grant shall be subject to the terms and conditions of the restricted stock award agreement evidencing the restricted stock grant.

(ii) Acceleration Upon Certain Termination Following Change of Control. The vesting of the Option Shares and the Restricted Shares may be subject to acceleration in accordance with the terms and conditions set forth in the Management Retention Agreement between the Company and Employee (the "Management Retention Agreement").

5. Vacation. Employee shall be entitled to vacation benefits established by the Company commensurate with Employee's status as the Vice President, Research and Development of the Company. The Company's vacation policy may be revised from time to time.

6. Other Benefits. Employee shall be entitled to participate in the executive and employee benefit plans and programs of the Company, if any, to the extent that his position, tenure, salary, age, health and other qualifications make him eligible to participate in such plans or programs, subject to the rules and regulations applicable thereto. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time. Executive and Employee Benefit Plans are outlined in Exhibit B.

7. Expenses. The Company shall reimburse Employee for reasonable travel, entertainment or other expenses incurred by Employee in the furtherance of or in connection with the performance of Employee's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time. When employee is required to travel to the California facility, the Company's expense policy shall be modified for Employee as set forth in Exhibit C attached (Commuting Benefits). In addition, the Employee shall be entitled to receive a $750.00 per month car allowance, or its equivalent, which shall be separate from any car expenses incurred in Exhibit C.

8. Taxes. In the event that reimbursement to Employee of travel, entertainment, other expenses, or Commuting Benefits are subject to State and Federal taxes, the Company shall "gross up" the reimbursement to cover the additional tax liability. In addition, Should any of employee's income from all sources become subject to California State income tax, the Company shall "gross up" the difference in State and Federal tax liability from what it would have been had employee been taxed solely as an Illinois resident on that income.

9. Severance. Severance.

(a) Termination Following a Change of Control. If Employee's employment is terminated within twelve (12) months following a Change of Control, the severance and other benefits to which Employee is entitled, if any, shall be governed by the Management Retention Agreement (which includes the definition of Change of Control).

(b) Termination by Company Without Cause and Apart From Change of Control. If, either prior to the occurrence of a Change of Control or after the twelve (12) month period following a Change of Control, Employee's employment is terminated (i) involuntarily by the Company for reasons other than Cause, death or Disability or (ii) by Employee pursuant to a Voluntary Termination for Good Reason, then Employee shall be entitled to receive the following benefits from the Company:

(i) Salary Continuation. Employee shall receive continuation of Employee's then current Base Salary for a period of 12 months following Employee's termination of employment by the Company for reasons other than Cause. All such severance payments shall be paid in accordance with the Company's normal payroll practices. Such continuation of Employee's Base Salary shall be in lieu of any and all other benefits which Employee is entitled to receive on the date of Employee's termination of employment pursuant to any Company severance and benefit plans and practices or pursuant to other agreements with the Company. Employee shall not be entitled to pro-rated payment of an annual bonus.

(ii) Benefits. Employee shall receive one hundred percent (100%) of Company-paid health, dental and vision insurance benefits at the same level of coverage as was provided to Employee immediately prior to Employee's termination of employment by the Company for reasons other than Cause ("Company-Paid Coverage"). If such coverage included Employee's dependents immediately prior to Employee's termination, such dependents shall also be covered at the Company's expense. Company-Paid Coverage shall continue until the earlier of (i) 12 months following the date of Employee's termination by the Company for reasons other than Cause (the "Termination Date"), or (ii) the date upon which Employee or Employee's dependents become covered under another employer's group health, dental and vision insurance benefit plans. If, after 18 months following the Termination Date, Employee has not become covered under another employer's group health, dental and vision insurance benefit plans, Employee may independently obtain health, dental and vision insurance benefits comparable in the aggregate in scope and coverage to that provided by the Company to Employee immediately prior to the Termination Date, and the Company shall reimburse Employee for the cost of the premiums paid for such benefits until the earlier of (i) 6 months following the termination of Company-Paid Coverage, or (ii) the date upon which Employee or Employee's dependents become covered under another employer's group health, dental and vision insurance benefit plans. For purposes of Title X of the Consolidated Budget Reconciliation Act of 1985 ("COBRA"), the date of the qualifying event for Employee and his or her dependents shall be the Termination Date.

(iii) Partial Accelerated Vesting. All equity awards from the Company then held by Employee shall partially accelerate, or if Employee is then holding unvested shares, Company's right to repurchase the then-unvested shares under each such equity award shall partially lapse, with respect to the number of shares under each such award that would have become vested or been released from such repurchase right under each respective equity award if Employee's employment with the Company had continued for an additional 12 months following Employee's effective termination date for reasons other than for Cause.

(c) Other Termination. If Employee's employment is terminated by the Company for Cause, or by Employee for any reason, including death or Disability but other than pursuant to a Voluntary Termination for Good Reason, then Employee shall not be entitled to receive severance or other benefits pursuant to this Section, but may be eligible for those benefits (if any) as may then be established under the Company's severance and benefit plans and policies existing at the time of such termination.

10. Confidential Information. Employee agrees to maintain the confidentiality of all confidential and proprietary information of the Company and is delivering simultaneously with his execution of this Agreement an executed confidentiality agreement substantially in the form attached hereto as Exhibit B.

11. Definitions.

(a) Base Salary. "Base Salary" shall mean Employee's annual Company salary at the rate in effect immediately preceding Employee's date of termination with the Company.

(b) Cause. "Cause" shall mean (i) an act of personal dishonesty taken by Employee in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Employee, (ii) Employee being convicted of a felony, (iii) a willful act by Employee which constitutes gross misconduct and which is injurious to the Company, or (iv) following delivery to Employee of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that Employee has not substantially performed his duties, continued violations by Employee of Employee's obligations to the Company which are demonstrably willful and deliberate on Employee's part.

(c) Voluntary Termination for Good Reason. "Voluntary Termination for Good Reason" shall mean Employee voluntarily resigns after the occurrence of any of the following (i) without Employee's express written consent, a material reduction of Employee's duties, title, authority or responsibilities, relative to Employee's duties, title, authority or responsibilities as in effect immediately prior to such reduction, or the assignment to Employee of such reduced duties, title, authority or responsibilities; provided, however, that a reduction in duties, title, authority or responsibilities solely by virtue of the Company being acquired and made part of a larger entity shall not by itself constitute grounds for a "Voluntary Termination for Good Reason;" (ii) without Employee's express written consent, a material reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to Employee immediately prior to such reduction; (iii) a reduction by the Company in the base salary of Employee as in effect immediately prior to such reduction; (iv) a material reduction by the Company in the aggregate level of employee benefits, including bonuses, to which Employee was entitled immediately prior to such reduction with the result that Employee's aggregate benefits package is materially reduced (other than a reduction that generally applies to Company employees); or (v) any act or set of facts or circumstances which would, under California case law or statute constitute a constructive termination of Employee.

12. Arbitration.

(a) Employee agrees that any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in the county of Santa Clara, California in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the "Rules"). The Company and Employee shall each select one arbitrator, and the two arbitrators shall select a third arbitrator, each of which arbitrators shall be independent. The arbitrators may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrators shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrators' decision in any court having jurisdiction.

(b) The arbitrators shall apply California law to the merits of any dispute or claim, without reference to rules of conflicts of law. Employee hereby consents to the personal jurisdiction of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) Without breach of this arbitration agreement and without abridgement of the powers of the arbitrators, the parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary.

(d) EMPLOYEE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EMPLOYEE UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, EMPLOYEE AGREES TO SUBMIT ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EMPLOYEE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

13. Right to Advice of Counsel. Employee acknowledges that he has had the right to consult with counsel and is fully aware of his rights and obligations under this Agreement.

14. Successors.

(a) Company's Successors. For all purposes under this Agreement, the term "Company," as applicable, shall include any successor to the Company's business and/or assets or which becomes bound by the terms of this Agreement by operation of law.

(b) Employee's Successors. The terms of this Agreement and all rights of Employee hereunder shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

15. Notice. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or one day following mailing overnight courier service. In the case of Employee, mailed notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary

16. Miscellaneous Provisions.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws, but not the choice of law rules, of the state of California.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement, or any terms hereof, shall not affect the validity or enforceability of any other provision or term of this Agreement.

(c) Integration. This Agreement together with the Management Retention Agreement and the stock option agreement and restricted stock grant agreement contemplated in Section 5 above, and the confidentiality agreement contemplated in Section 9 above represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by duly authorized representatives of the parties hereto.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by two authorized officers of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) Taxes. All payments made pursuant to this Agreement shall be subject to withholding of applicable income and employment taxes.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officers, as of the day and year first above written.

PC-TEL, INC.

By: /s/ Michael Pastor

Title: Vice President, Human Resources

EMPLOYEE:

/s/ Jeffrey A. Miller

Jeff Miller

EXHIBIT A

PERFORMANCE MILESTONES

MILESTONES	ANTICIPATED DATE	AMOUNT
TBD		
TBD		
TBD		
TBD		
TBD		

EXHIBIT B

EXECUTIVE & EMPLOYEE BENEFIT PLAN

2001 BENEFITS OVERVIEW

MEDICAL:

PC TEL provides the following medical plan options for its employees and their eligible dependents:

BLUE CROSS OF CALIFORNIA: PPO

**IN NETWORK PROVIDER COVERAGE SUMMARY:

- Physicians of your choice and BX contracted physicians, all geographic areas
- Employee monthly co-payment for PPO medical plan ranges from $7.50/mo. to $24.00/mo.
- $10.00 for regular scheduled office visits
- Calendar year deductibles are $250/member and $750/family
- Prescription plan is comprehensive
- Out of pocket maximum per calendar year is $2000/member and lifetime benefit is $5000,000/member
- All other services are generally covered at 100% with some nominal co-payments

**OUT-OF-NETWORK PROVIDER COVERAGE SUMMARY:

- Physicians of your choice and BX contracted physicians, all geographic areas
- Employee monthly co-payment for PPO medical plan ranges from $2.50/mo. to $8.00/mo.
- Most services are covered at 70% after deductibles
- Calendar year deductibles are $250/member and $750/family
- Prescription plan is comprehensive
- Out of pocket calendar year maximum is $4000/member and lifetime benefit is $5000,000/member

BLUE CROSS OF CALIFORNIA: HMO

- Contracted physicians, all geographic areas
- Employee monthly co-payment for HMO medical plan ranges from $2.50/mo. to $8.00/mo.
- $5.00 for regular office visits
- No calendar year deductibles
- Prescription plan is comprehensive
- Out of pocket calendar years maximum is $1,500/member and no lifetime maximum

KAISER:

- Employee monthly co-payment for Kaiser medical plan ranges from $2.50/mo. to $8.00/mo.
- $10.00 for regular office visits
- No calendar year deductibles
- Out of pocket calendar year maximum is $1500/member and lifetime maximum is unlimited

DENTAL:

PC TEL dental benefit plan is as follows:

CANADA LIFE DENTAL: PDO

- Annual maximum benefit is $2000

- Calendar year deductible is $50 for individuals and $150 for families.

- After deductibles have been met the following coverage shall apply: Preventative dental care is covered at 100%, general at 100%, and major at 50%

VISION:

- A complete vision coverage plan is offered by PC TEL through the Vision Service Plan for employees and their dependents, including VSP network plan and out-of-network plans.

LIFE INSURANCE:

- Coverage is equal to two times your annual base salary, up to $100,000 of coverage

SHORT TERM DISABILITY INSURANCE:

- PC TEL STD insurance covers 67% of an employee's salary, up to $1,500.00 per week. There is a 7 day elimination period and a maximum benefit duration of 90 days. After 90 days, Long-term Disability insurance begins.

LONG TERM DISABILITY INSURANCE:

- PC TEL LTD insurance covers 67% of an employee's salary, up to $6,500 per month. There is a 90-day elimination period. The first 90 days of disability insurance are paid by Short-term Disability insurance.

EMPLOYEE STOCK PURCHASE PLAN:

- Allows employees to purchase PCTEL stock at a 15% discount from market value.

HOLIDAYS:

- PC TEL provides 10 holidays per year:
- New Year's Day — Thanksgiving Day
- President's Day — The day after Thanksgiving
- Memorial Day — Christmas Eve
- Independence Day — Christmas Day
- Labor Day — The day after Christmas

PAID TIME OFF:

- PC TEL provides the following Paid Time Off Plan:
- Length of Employment: — Yearly PTO:
- 0-1 years — 15 days
- For each additional year of employment, one day of PTO is added, to a maximum of 25 days PTO annually.

401K SAVINGS PLAN:

- PC TEL provides its employees with a 401(k) retirement and savings plan. Employees may contribute up to 15% of income on a pre-tax basis. The maximum annual contribution, established by the Internal Revenue Service, is currently $10,500.00 for 2001.

125 CAFETERIA PLAN:

- PC TEL provides its employees with a 125 Cafeteria Plan (AKA Flexible Spending Account) based upon pre-tax employee contributions. This plan provides a pre-tax savings account for eligible dependent care and healthcare costs.

EDUCATIONAL ASSISTANCE:

- PC TEL understands the importance of continuing education and will assist employees in their pursuit of formal studies. Formal accredited college and university courses are covered, including tuition, books, labs and registration fees.

EXHIBIT C

COMMUTING BENEFITS

EXHIBIT 10.26

PC-TEL, INC.

EMPLOYMENT AGREEMENT

This Agreement is entered into by and between PC-TEL, INC. (the "Company") and John Schoen (the "Employee") this November 12, 2001, effective as of November 12, 2001 (the "Effective Date").

WHEREAS, the Company desires to induce Employee to become an employee of the Company in the capacity of Chief Operating Officer of the Company/Chief Financial Officer and the employee desires to accept such employment; and

WHEREAS the parties desire and agree to enter into an employment relationship by means of this Agreement;

NOW THEREFORE, it is mutually covenanted and agreed by and among the parties as follows:

1. Position and Duties. Employee shall be employed, as of the Effective Date, as Chief Operating Officer/Chief Financial Officer, reporting to the Chairman and Chief Executive Officer of PC-Tel, Inc., and assuming and discharging such responsibilities as are commensurate with Employee's position. Employee shall perform his duties faithfully and to the best of his ability and shall devote his full business time and effort to the performance of his duties hereunder.

2. At-Will Employment. The parties agree that Employee's employment with the Company shall be "at-will" employment and may be terminated at any time with or without cause or notice. No provision of this Agreement shall be construed as conferring upon Employee a right to continue as an employee of the Company.

3. Representation of Employee. Employee represents and warrants that he is not subject to any conditions, such as a covenant not to compete with a former employer, that would in any way restrict either the Company's ability and right to employ Employee or Employee's acceptance of such employment, or which would result in the Company incurring additional costs for employing Employee.

4. Compensation.

(a) Base Salary. For all services to be rendered by Employee pursuant to this Agreement, beginning as of the Effective Date, Employee shall receive an annual base salary of $190,000, payable in installments in accordance with the Company's normal payroll practices. Employee's annual base salary will be reviewed from time to time in accordance with the Company's established procedures for reviewing salaries of its executive officers.

(b) Bonus. Employee shall be entitled to receive an annual bonus targeted to be $95,000.00; $55,000.00 of this bonus shall be paid prior to December 30, 2001 and the remaining $40,000.00 shall be paid upon the completion of the Company's attainment of objectives mutually agreed upon by Employee and the Company and as set forth in Exhibit A to this Agreement. The Company shall work with Employee to establish mutually agreed performance and corporate attainment objectives and to complete Exhibit A not later than 90 days from Employee's start date. For each complete fiscal year thereafter during the term of this Agreement, Employee shall be eligible to receive an annual bonus that is targeted to be up to 50% of Employee's annual base salary based upon Employee's performance and the Company's attainment of certain objectives mutually agreed upon by Employee and the Company. Employee must be employed by the Company on the payment date of any payment period determined for the bonus payout to receive such bonus. The determination of whether Employee has attained the mutually agreed upon objectives, and the timing and amount, if any, of each such annual bonus shall be determined by the Board in its sole discretion.

(c) Stock Option and Restricted Stock Grant.

Stock Option Grant. We will recommend to the Board of Directors of the Company that at the next Board meeting, you be granted a stock option entitling you to purchase up to 150,000 shares of the Company's Common Stock (the "Option Shares"), at an exercise price per Option Share equal to the fair market value per Option Share on the grant date (the "Option"). All of the options shall initially be unvested. Each month from the grant date, 1/36th of the Option Shares shall vest and become exercisable, provided Employee continues in the employment of the Company on each such vesting date (so that as of the third anniversary of the grant date all of the Option Shares shall be vested). The Option shall be subject to the terms and conditions of the stock option agreement evidencing the Option.

(i) Restricted Stock Grant. We will recommend to the Board of Directors of the Company that Employee be granted 15,000 shares of the Company's Common Stock (the "Restricted Shares"). Such shares shall initially be unvested and subject to repurchase by the Company at a price of $0.01 per share. Employee shall acquire a vested interest in, and the Company's repurchase right shall accordingly lapse with respect to, 50% of the Restricted Shares on December 31, 2002 and 50% of the Restricted Shares on December 31, 2003, provided Employee continues in the employment of the Company on such vesting date (so that as of December 31, 2003, all of the Restricted Shares shall be vested.) The restricted stock grant shall be subject to the terms and conditions of the restricted stock award agreement evidencing the restricted stock grant.

(ii) Acceleration Upon Certain Termination Following Change of Control. The vesting of the Option Shares and the Restricted Shares may be subject to acceleration in accordance with the terms and conditions set forth in the Management Retention Agreement between the Company and Employee (the "Management Retention Agreement").

5. Vacation. Employee shall be entitled to vacation benefits established by the Company commensurate with Employee's status as the Chief Operating Officer/Chief Financial Officer of the Company. The Company's vacation policy may be revised from time to time.

6. Other Benefits. Employee shall be entitled to participate in the executive and employee benefit plans and programs of the Company, if any, to the extent that his position, tenure, salary, age, health and other qualifications make him eligible to participate in such plans or programs, subject to the rules and regulations applicable thereto. The Company reserves the right to cancel or change the benefit plans and programs it offers to its employees at any time. Executive and Employee Benefit Plans are outlined in Exhibit B.

7. Expenses. The Company shall reimburse Employee for reasonable travel, entertainment or other expenses incurred by Employee in the furtherance of or in connection with the performance of Employee's duties hereunder, in accordance with the Company's expense reimbursement policy as in effect from time to time. When employee is required to travel to the California facility, the Company's expense policy shall be modified for Employee as set forth in Exhibit C attached (Commuting Benefits). In addition, the Employee shall be entitled to receive a $750.00 per month car allowance, or its equivalent, which shall be separate from any car expenses incurred in Exhibit C.

8. Taxes. In the event that reimbursement to Employee of travel, entertainment, other expenses, or Commuting Benefits are subject to State and Federal taxes, the Company shall "gross up" the reimbursement to cover the additional tax liability. In addition, Should any of employee's income from all sources become subject to California State income tax, the Company shall "gross up" the difference in State and Federal tax liability from what it would have been had employee been taxed solely as an Illinois resident on that income.

9. Severance. Severance.

(a) Termination Following a Change of Control. If Employee's employment is terminated within twelve (12) months following a Change of Control, the severance and other benefits to which Employee is entitled, if any, shall be governed by the Management Retention Agreement (which includes the definition of Change of Control).

(b) Termination by Company Without Cause and Apart From Change of Control. If, either prior to the occurrence of a Change of Control or after the twelve (12) month period following a Change of Control, Employee's employment is terminated (i) involuntarily by the Company for reasons other than Cause, death or Disability or (ii) by Employee pursuant to a Voluntary Termination for Good Reason, then Employee shall be entitled to receive the following benefits from the Company:

(i) Salary Continuation. Employee shall receive continuation of Employee's then current Base Salary for a period of 12 months following Employee's termination of employment by the Company for reasons other than Cause. All such severance payments shall be paid in accordance with the Company's normal payroll practices. Such continuation of Employee's Base Salary shall be in lieu of any and all other benefits which Employee is entitled to receive on the date of Employee's termination of employment pursuant to any Company severance and benefit plans and practices or pursuant to other agreements with the Company. Employee shall not be entitled to pro-rated payment of an annual bonus.

(ii) Benefits. Employee shall receive one hundred percent (100%) of Company-paid health, dental and vision insurance benefits at the same level of coverage as was provided to Employee immediately prior to Employee's termination of employment by the Company for reasons other than Cause ("Company-Paid Coverage"). If such coverage included Employee's dependents immediately prior to Employee's termination, such dependents shall also be covered at the Company's expense. Company-Paid Coverage shall continue until the earlier of (i) 12 months following the date of Employee's termination by the Company for reasons other than Cause (the "Termination Date"), or (ii) the date upon which Employee or Employee's dependents become covered under another employer's group health, dental and vision insurance benefit plans. If, after 18 months following the Termination Date, Employee has not become covered under another employer's group health, dental and vision insurance benefit plans, Employee may independently obtain health, dental and vision insurance benefits comparable in the aggregate in scope and coverage to that provided by the Company to Employee immediately prior to the Termination Date, and the Company shall reimburse Employee for the cost of the premiums paid for such benefits until the earlier of (i) 6 months following the termination of Company-Paid Coverage, or (ii) the date upon which Employee or Employee's dependents become covered under another employer's group health, dental and vision insurance benefit plans. For purposes of Title X of the Consolidated Budget Reconciliation Act of 1985 ("COBRA"), the date of the qualifying event for Employee and his or her dependents shall be the Termination Date.

(iii) Partial Accelerated Vesting. All equity awards from the Company then held by Employee shall partially accelerate, or if Employee is then holding unvested shares, Company's right to repurchase the then-unvested shares under each such equity award shall partially lapse, with respect to the number of shares under each such award that would have become vested or been released from such repurchase right under each respective equity award if Employee's employment with the Company had continued for an additional 12 months following Employee's effective termination date for reasons other than for Cause.

(c) Other Termination. If Employee's employment is terminated by the Company for Cause, or by Employee for any reason, including death or Disability but other than pursuant to a Voluntary Termination for Good Reason, then Employee shall not be entitled to receive severance or other benefits pursuant to this Section, but may be eligible for those benefits (if any) as may then be established under the Company's severance and benefit plans and policies existing at the time of such termination.

10. Confidential Information. Employee agrees to maintain the confidentiality of all confidential and proprietary information of the Company and is delivering simultaneously with his execution of this Agreement an executed confidentiality agreement substantially in the form attached hereto as Exhibit B.

11. Definitions.

(a) Base Salary. "Base Salary" shall mean Employee's annual Company salary at the rate in effect immediately preceding Employee's date of termination with the Company.

(b) Cause. "Cause" shall mean (i) an act of personal dishonesty taken by Employee in connection with his responsibilities as an employee and intended to result in substantial personal enrichment of Employee, (ii) Employee being convicted of a felony, (iii) a willful act by Employee which constitutes gross misconduct and which is injurious to the Company, or (iv) following delivery to Employee of a written demand for performance from the Company which describes the basis for the Company's reasonable belief that Employee has not substantially performed his duties, continued violations by Employee of Employee's obligations to the Company which are demonstrably willful and deliberate on Employee's part.

(c) Voluntary Termination for Good Reason. "Voluntary Termination for Good Reason" shall mean Employee voluntarily resigns after the occurrence of any of the following (i) without Employee's express written consent, a material reduction of Employee's duties, title, authority or responsibilities, relative to Employee's duties, title, authority or responsibilities as in effect immediately prior to such reduction, or the assignment to Employee of such reduced duties, title, authority or responsibilities; provided, however, that a reduction in duties, title, authority or responsibilities solely by virtue of the Company being acquired and made part of a larger entity shall not by itself constitute grounds for a "Voluntary Termination for Good Reason;" (ii) without Employee's express written consent, a material reduction, without good business reasons, of the facilities and perquisites (including office space and location) available to Employee immediately prior to such reduction; (iii) a reduction by the Company in the base salary of Employee as in effect immediately prior to such reduction; (iv) a material reduction by the Company in the aggregate level of employee benefits, including bonuses, to which Employee was entitled immediately prior to such reduction with the result that Employee's aggregate benefits package is materially reduced (other than a reduction that generally applies to Company employees); or (v) any act or set of facts or circumstances which would, under California case law or statute constitute a constructive termination of Employee.

12. Arbitration.

(a) Employee agrees that any dispute or controversy arising out of, relating to, or in connection with this Agreement, or the interpretation, validity, construction, performance, breach, or termination thereof, shall be settled by binding arbitration to be held in the county of Santa Clara, California in accordance with the National Rules for the Resolution of Employment Disputes then in effect of the American Arbitration Association (the "Rules"). The Company and Employee shall each select one arbitrator, and the two arbitrators shall select a third arbitrator, each of which arbitrators shall be independent. The arbitrators may grant injunctions or other relief in such dispute or controversy. The decision of the arbitrators shall be final, conclusive and binding on the parties to the arbitration. Judgment may be entered on the arbitrators' decision in any court having jurisdiction.

(b) The arbitrators shall apply California law to the merits of any dispute or claim, without reference to rules of conflicts of law. Employee hereby consents to the personal jurisdiction.

of the state and federal courts located in California for any action or proceeding arising from or relating to this Agreement or relating to any arbitration in which the parties are participants.

(c) Without breach of this arbitration agreement and without abridgement of the powers of the arbitrators, the parties may apply to any court of competent jurisdiction for a temporary restraining order, preliminary injunction, or other interim or conservatory relief, as necessary.

(d) EMPLOYEE HAS READ AND UNDERSTANDS THIS SECTION, WHICH DISCUSSES ARBITRATION. EMPLOYEE UNDERSTANDS THAT BY SIGNING THIS AGREEMENT, EMPLOYEE AGREES TO SUBMIT ANY CLAIMS ARISING OUT OF, RELATING TO, OR IN CONNECTION WITH THIS AGREEMENT, OR THE INTERPRETATION, VALIDITY, CONSTRUCTION, PERFORMANCE, BREACH OR TERMINATION THEREOF TO BINDING ARBITRATION, AND THAT THIS ARBITRATION CLAUSE CONSTITUTES A WAIVER OF EMPLOYEE'S RIGHT TO A JURY TRIAL AND RELATES TO THE RESOLUTION OF ALL DISPUTES RELATING TO ALL ASPECTS OF THE EMPLOYER/EMPLOYEE RELATIONSHIP, INCLUDING BUT NOT LIMITED TO, DISCRIMINATION CLAIMS.

13. Right to Advice of Counsel. Employee acknowledges that he has had the right to consult with counsel and is fully aware of his rights and obligations under this Agreement.

14. Successors.

(a) Company's Successors. For all purposes under this Agreement, the term "Company," as applicable, shall include any successor to the Company's business and/or assets or which becomes bound by the terms of this Agreement by operation of law.

(b) Employee's Successors. The terms of this Agreement and all rights of Employee hereunder shall inure to the benefit of, and be enforceable by, Employee's personal or legal representatives, executors, administrators, successors, heirs, distributees, devisees and legatees.

15. Notice. Notices and all other communications contemplated by this Agreement shall be in writing and shall be deemed to have been duly given when personally delivered or one day following mailing overnight courier service. In the case of Employee, mailed notices shall be addressed to him at the home address which he most recently communicated to the Company in writing. In the case of the Company, mailed notices shall be addressed to its corporate headquarters, and all notices shall be directed to the attention of its Secretary.

16. Miscellaneous Provisions.

(a) Governing Law. This Agreement shall be governed by and construed in accordance with the internal substantive laws, but not the choice of law rules, of the state of California.

(b) Severability. The invalidity or unenforceability of any provision of this Agreement, or any terms hereof, shall not affect the validity or enforceability of any other provision or term of this Agreement.

(c) Integration. This Agreement together with the Management Retention Agreement and the stock option agreement and restricted stock grant agreement contemplated in Section 5 above, and the confidentiality agreement contemplated in Section 9 above represents the entire agreement and understanding between the parties as to the subject matter herein and supersedes all prior or contemporaneous agreements whether written or oral. No waiver, alteration, or modification of any of the provisions of this Agreement shall be binding unless in writing and signed by duly authorized representatives of the parties hereto.

(d) Waiver. No provision of this Agreement shall be modified, waived or discharged unless the modification, waiver or discharge is agreed to in writing and signed by Employee and by two authorized officers of the Company (other than Employee). No waiver by either party of any breach of, or of compliance with, any condition or provision of this Agreement by the other party shall be considered a waiver of any other condition or provision or of the same condition or provision at another time.

(e) Taxes. All payments made pursuant to this Agreement shall be subject to withholding of applicable income and employment taxes.

(f) Counterparts. This Agreement may be executed in counterparts, each of which shall be deemed an original, but all of which together will constitute one and the same instrument.

[Remainder of page intentionally left blank]

IN WITNESS WHEREOF, each of the parties has executed this Agreement, in the case of the Company by its duly authorized officers, as of the day and year first above written.

PC-TEL, INC.

By: /s/ Michael Pastor

Title: Vice President, Human Resources

EMPLOYEE:

/s/ John Schoen

John Schoen

EXHIBIT A

PERFORMANCE MILESTONES

MILESTONES	ANTICIPATED DATE	AMOUNT
TBD		
TBD		
TBD		
TBD		
TBD		

EXHIBIT B

EXECUTIVE & EMPLOYEE BENEFIT PLAN

2001 BENEFITS OVERVIEW

MEDICAL:

PCTEL provides the following medical plan options for its employees and their eligible dependents:

BLUE CROSS OF CALIFORNIA: PPO

**IN NETWORK PROVIDER COVERAGE SUMMARY:

- Physicians of your choice and BX contracted physicians, all geographic areas

- Employee monthly co-payment for PPO medical plan ranges from $7.50/mo. to $24.00/mo.

- $10.00 for regular scheduled office visits

- Calendar year deductibles are $250/member and $750/family

- Prescription plan is comprehensive

- Out of pocket maximum per calendar year is $2000/member and lifetime benefit is $5000,000/member

- All other services are generally covered at 100% with some nominal co-payments

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- Out of pocket calendar year maximum is $4000/member and lifetime benefit is $5000,000/member

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- Contracted physicians, all geographic areas

- Employee monthly co-payment for HMO medical plan ranges from $2.50/mo. to $8.00/mo.

- $5.00 for regular office visits

- No calendar year deductibles

- Prescription plan is comprehensive

- Out of pocket calendar years maximum is $1,500/member and no lifetime maximum

KAISER:

- Employee monthly co-payment for Kaiser medical plan ranges from $2.50/mo. to $8.00/mo.

- $10.00 for regular office visits

- No calendar year deductibles

- Out of pocket calendar year maximum is $1500/member and lifetime maximum is unlimited

DENTAL:

PCTEL dental benefit plan is as follows:

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- Calendar year deductible is $50 for individuals and $150 for families.

- After deductibles have been met the following coverage shall apply: Preventative dental care is covered at 100%, general at 100%, and major at 50%

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- Coverage is equal to two times your annual base salary, up to $100,000 of coverage

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EMPLOYEE STOCK PURCHASE PLAN:

- Allows employees to purchase PCTEL stock at a 15% discount from market value.

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- PCTEL provides 10 holidays per year:

- New Year's Day   Thanksgiving Day

- President's Day   The day after Thanksgiving

- Memorial Day   Christmas Eve

- Independence Day   Christmas Day

- Labor Day   The day after Christmas

PAID TIME OFF:

- PCTEL provides the following Paid Time Off Plan:

- Length of Employment: Yearly PTO:

- 0-1 years   15 days

- For each additional year of employment, one day of PTO is added, to a maximum of 25 days PTO annually.

401K SAVINGS PLAN:

- PCTEL provides its employees with a 401(k) retirement and savings plan. Employees may contribute up to 15% of income on a pre-tax basis. The maximum annual contribution, established by the Internal Revenue Service, is currently $10,500.00 for 2001.

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- PCTEL provides its employees with a 125 Cafeteria Plan (AKA Flexible Spending Account) based upon pre-tax employee contributions. This plan provides a pre-tax savings account for eligible dependent care and healthcare costs.

EDUCATIONAL ASSISTANCE:

- PCTEL understands the importance of continuing education and will assist employees in their pursuit of formal studies. Formal accredited college and university courses are covered, including tuition, books, labs and registration fees.

EXHIBIT C

COMMUTING BENEFITS

EXHIBIT 10.27

EXECUTIVE

SEVERANCE AGREEMENT AND RELEASE

RECITALS

This Executive Severance Agreement and Release ("Agreement") is made by and between Thomas A. Capizzi ("Employee") and PC Tel, Inc. ("Company"), collectively referred to as the ("Parties"):

A. Employee was employed by the Company as Vice President, HR & Administration, CAO

B. The Company and Employee have entered into a Confidential and Proprietary Information Agreement (the "Confidentiality Agreement");

C. Employee has mutually agreed to resign his position effective August 01, 2001 ("Resignation Date").

D. The Parties, and each of them, wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that the Employee may have against the Company as defined herein, including, but not limited to, any and all claims arising or in any way related to Employee's employment with, or separation from, the Company;

NOW THEREFORE, in consideration of the promises made herein, the Parties hereby agree as follows:

COVENANTS

1. Consideration.

(a) Commencing with the Resignation Date, the Company agrees to pay Employee a severance payment of five months salary, which is Seventy Five Thousand ($75,000) Dollars, in exchange for the covenants and releases herein.

(b) Payment. The Company shall pay employee a Lump Sum payment of $75,000 (less all legally required and authorized deduction), within 5 days of the Effective Date of this Agreement.

(c) Vesting of Stock. As of Employee's Resignation Date (August 1st, 2001), Employee is fully vested in 39,062 shares of the Company's common stock and 165,938 unvested options shares are not yet exercisable. In further consideration for the covenants and releases contained in this Agreement, and contingent upon approval by the Company's Board of Directors, Company agrees that Employee shall continue to vest in all current unvested options he has pursuant to any stock option agreement between Employee and Company during the next nine (9) months following the Resignation Date, until May 01, 2002. Employee shall continue to be subject to the terms and conditions of the Company's Stock Option Plan and the applicable Stock Option Agreement between Employee and the Company. (See attachment A)

(d) Benefits. Health benefit coverage for the Employee shall cease as of August 31, 2001. Employee shall have the right to convert his health insurance benefits to individual coverage pursuant to COBRA, effective September 1, 2001. Should Employee elect COBRA coverage, the Company will pay the cost of said COBRA coverage for a period up to 5 months, or until January 31, 2002.

(e) Outplacement Support. Company to provide Employee with Executive Outplacement Support from an outside vendor (up to $15,000 if needed). Vendor to be determined by Human Resources and Employee.

2. Confidential Information. Employee shall continue to maintain the confidentiality of all confidential and proprietary information of the Company and shall continue to comply with the terms and conditions of the Confidentiality Agreement between Employee and the Company. Employee shall return all of the Company's property and confidential and proprietary information in his possession to the Company on the Resignation Date of this Agreement.

3. Payment of Salary. Employee acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Employee once the above noted payments and benefits are received.

4. Release of Claims. The Parties agree that the consideration set forth in this Agreement represents settlement in full of all outstanding obligations owed by one Party to the other. The Parties, on their own behalves, and on behalf of their respective heirs, family members, executors, officers, directors, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, hereby fully and forever releases the other Party, and the other Party's heirs, family members, executors, officers, directors, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, from, and agree not to sue concerning, any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that they may possess arising from any omissions, acts or facts that have occurred up until and including the Effective Date of this Agreement including, without limitation:

(a) Any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

(b) Any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) Any and all claims under the law of any jurisdiction including, but not limited to, wrongful discharge of employment; constructive discharge from employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion;

(d) Any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, The Worker

Adjustment and Retraining Notification Act, Older Workers Benefit Protection Act; the California Fair Employment and Housing Act, and Labor Code section 201, et seq. and section 970, et seq.;

(e) Any and all claims for violation of the federal, or any state, constitution;

(f) Any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) Any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

(h) Any and all claims for attorneys' fees and costs.

The Company and Employee agree that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement, any stock option agreement entered into with Employee, or to the Company obligation under Employee Indemnification Agreement, or to the Company's obligations to Indemnify Employee pursuant to the Company's Articles of Incorporation, By-Laws as otherwise provided by law. Acknowledgement of Waiver of Claims Under ADEA. Employee acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Employee and the Company agree that this waiver and release does not apply to any rights or claims that may arise under ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release agreement is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he has been advised by this writing that

(i) He should consult with an attorney prior to executing this Agreement;

(j) He has up to twenty-one (21) days within which to consider this Agreement;

(k) He has been advised in writing by the Company of the class, unit, or group of individuals covered by the severance program, and the job titles and ages of all individuals who participated and did not participate in the program;

(l) He has seven (7) days following his execution of this Agreement to revoke the Agreement;

(m) This Agreement shall not be effective until the revocation period has expired; and

(n) Nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law.

5. Civil Code Section 1542. The Parties represent that they are not aware of any claim by either of them other than the claims that are released by this Agreement. Employee and the Company acknowledge that they have been advised by legal counsel and are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Employee and the Company, being aware of said code section, agree to expressly waive any rights they may have thereunder, as well as under any other statute or common law principles of similar effect.

6. No Pending or Future Lawsuits. Employee and the Company represent that they have no lawsuits, claims, or actions pending in their names, or on behalf of any other person or entity, against the other or any other person or entity referred to herein. Employee and the Company also represents that they do not intend to bring any claims on their own behalf or on behalf of any other person or entity against the other or any other person or entity referred to herein.

7. Confidentiality. The Parties acknowledge that Employee's agreement to keep the terms and conditions of this Agreement confidential was a material factor on which all Parties relied in entering into this Agreement. Employee hereto agrees to use his best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, the consideration for this Agreement, and any allegations relating to the Company or his employment with the Company except as otherwise provided for in this Agreement (hereinafter collectively referred to as "Settlement Information"). Employee agrees to take every reasonable precaution to prevent disclosure of any Settlement Information to third parties, and agrees that there will be no publicity, directly or indirectly, concerning any Settlement Information. Employee agrees to take every precaution to disclose Settlement Information only to those attorneys, accountants, governmental entities, financial advisors and family members who have a reasonable need to know of such Settlement Information.

8. No Cooperation. Employee agrees he will not act in any manner that is intended to damage the business of the Company. Employee agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any officer, director, employee, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so. Employee further agrees both to immediately notify the Company upon receipt of any court order, subpoena, or any legal discovery device that seeks or might require the disclosure or production of the existence or terms of this Agreement, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or legal discovery device to the Company.

9. Non-Disparagement. Employee and the Company agree to refrain from any defamation, libel or slander of the other or tortuous interference with the contracts and relationships of the other.

10. Non-Solicitation. Employee agrees that for a period of twelve (12) months immediately following the Resignation Date of this Agreement, Employee shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment, or attempt to solicit, induce, recruit, encourage, take away or hire employees of the Company, either for him or any other person or entity.

11. No Admission of Liability. The Parties understand and acknowledge that this Agreement constitutes a compromise and settlement of disputed claims. No action taken by the Parties hereto, or

either of them, either previously or in connection with this Agreement shall be deemed or construed to be:

(a) An admission of the truth or falsity of any claims heretofore made or

(b) An acknowledgment or admission by either Party of any fault or liability whatsoever to the other Party or to any third party.

12. Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

13. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payment of any sums to Employee under the terms of this Agreement. Employee agrees and understands that he is responsible for payment, if any, of local, state and/or federal taxes on the sums paid hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of Employee's failure to pay federal or state taxes or damages sustained by the Company by reason of any such claims, including reasonable attorneys' fees.

14. Indemnification. The Parties agree to indemnify and hold harmless the other from and against any and all loss, costs, damages or expenses, including, without limitation, attorneys' fees or expenses incurred by the non - breaching Party arising out of the breach of this Agreement by the other, or from any false representation made herein by the other, or from any action or proceeding which may be commenced, prosecuted or threatened by the other or for the other's benefit, upon the other's initiative, or with the other's aid or approval, contrary to the provisions of this Agreement. The Parties further agrees that in any such action or proceeding, this Agreement may be pled by the non-breaching Party as a complete defense, or may be asserted by way of counterclaim or cross-claim.

D&O Insurance. Employee will continue to be covered under the current D&O Insurance plan for past, present, and future claims against the Company that are incurred.

15. Arbitration. The Parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to binding arbitration in Santa Clara County before the American Arbitration Association under its Employment Dispute Resolution Rules, or by a judge to be mutually agreed upon. The Parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The Parties agree that the prevailing party in any arbitration shall be awarded its reasonable attorneys' fees and costs. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY.

16. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

17. No Representations. Each Party represents that it has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither Party has relied upon any representations or statements made by the other Party hereto which are not specifically set forth in this Agreement.

18. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision so long as the remaining provisions remain intelligible and continue to reflect the original intent of the Parties.

19. Entire Agreement. This Agreement, and the Confidentiality Agreement, constitutes the entire agreement and understanding between the Parties concerning the subject matter of this Agreement and all prior representations, understandings, and agreements concerning the subject matter of this Agreement have been superseded by the terms of this Agreement.

20. No Waiver. The failure of any Party to insist upon the performance of any of the terms and conditions in this Agreement, or the failure to prosecute any breach of any of the terms and conditions of this Agreement, shall not be construed thereafter as a waiver of any such terms or conditions. This entire Agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred.

21. No Oral Modification. Any modification or amendment of this Agreement, or additional obligation assumed by either Party in connection with this Agreement, shall be effective only if placed in writing and signed by both Parties or by authorized representatives of each Party. No provision of this Agreement can be changed, altered, modified, or waived except by an executed writing by the Parties.

22. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and it shall be construed, interpreted, governed, and enforced in accordance with the laws of the State of California.

23. Attorneys' Fees. In the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, plus reasonable attorneys' fees, incurred in connection with such an action.

24. Effective Date. This Agreement is effective eight (8) days after it has been signed by both Parties, unless revoked by Employee within seven (7) days of execution.

25. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

26. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims. The Parties acknowledge that:

(a) They have read this Agreement;

(b) They have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) They understand the terms and consequences of this Agreement and of the releases it contains; and

(d) They are fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: 7/23/01	By: /s/ William F. Roach -------------------------------- William F. Roach CEO and President, PCTEL Inc.
	Thomas A. Capizzi, an individual
Dated: 7/24/01	/s/ Thomas A. Capizzi -------------------------------- Thomas A. Capizzi

EXHIBIT 10.28

EXECUTIVE

SEVERANCE AGREEMENT AND RELEASE

RECITALS

This Executive Severance Agreement and Release ("Agreement") is made by and between Steve J. Manuel ("Employee") and PC Tel, Inc. ("Company"), collectively referred to as the ("Parties"):

A. Employee was employed by the Company as Vice President, Business Development

B. The Company and Employee have entered into a Confidential and Proprietary Information Agreement (the "Confidentiality Agreement");

C. Employee has mutually agreed to resign his position effective August 01, 2001 ("Resignation Date").

D. The Parties, and each of them, wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that the Employee may have against the Company as defined herein, including, but not limited to, any and all claims arising or in any way related to Employee's employment with, or separation from, the Company;

NOW THEREFORE, in consideration of the promises made herein, the Parties hereby agree as follows:

COVENANTS

1. Consideration.

(a) Commencing with the Resignation Date, the Company agrees to pay Employee a severance payment of five months salary, which is Sixty Four Thousand, Five Hundred and Eighty Three ($64,583.33) Dollars, in exchange for the covenants and releases herein.

(b) Payment. The Company shall pay employee a Lump Sum payment of $64,583.33 (less all legally required and authorized deduction), within 5 days of the Effective Date of this Agreement.

(c) Vesting of Stock. As of Employee's Resignation Date (August 01, 2001), Employee is fully vested in 109,272 shares of the Company's common stock and 45,728 unvested options shares are not yet exercisable. In further consideration for the covenants and releases contained in this Agreement, and contingent upon approval by the Company's Board of Directors, Company agrees that Employee shall continue to vest in all current unvested options he has pursuant to any stock option agreement between Employee and Company during the next nine (9) months following the Resignation Date, until 05/01/2002. Employee shall continue to be subject to the terms and conditions of the Company's Stock Option Plan and the applicable Stock Option Agreement between Employee and the Company. (See attachment A)

(d) Benefits. Health benefit coverage for the Employee shall cease as of August 31, 2001. Employee shall have the right to convert his health insurance benefits to individual coverage pursuant to COBRA, effective September 1, 2001. Should Employee elect COBRA coverage, the Company will pay the cost of said COBRA coverage for a period up to 5 months, or until January 31, 2002.

(e) Outplacement Support. Company to provide Employee with Executive Outplacement Support from an outside vendor (up to $15,000 if needed). Vendor to be determined by Human Resources and Employee.

2. Confidential Information. Employee shall continue to maintain the confidentiality of all confidential and proprietary information of the Company and shall continue to comply with the terms and conditions of the Confidentiality Agreement between Employee and the Company. Employee shall return all of the Company's property and confidential and proprietary information in his possession to the Company on the Resignation Date of this Agreement.

3. Payment of Salary. Employee acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Employee once the above noted payments and benefits are received.

4. Release of Claims. The Parties agree that the consideration set forth in this Agreement represents settlement in full of all outstanding obligations owed by one Party to the other. The Parties, on their own behalves, and on behalf of their respective heirs, family members, executors, officers, directors, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, hereby fully and forever releases the other Party, and the other Party's heirs, family members, executors, officers, directors, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, from, and agree not to sue concerning, any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that they may possess arising from any omissions, acts or facts that have occurred up until and including the Effective Date of this Agreement including, without limitation:

(a) Any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

(b) Any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) Any and all claims under the law of any jurisdiction including, but not limited to, wrongful discharge of employment; constructive discharge from employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion;

(d) Any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, The Worker

Adjustment and Retraining Notification Act, Older Workers Benefit Protection Act; the California Fair Employment and Housing Act, and Labor Code section 201, et seq. and section 970, et seq.;

(e) Any and all claims for violation of the federal, or any state, constitution;

(f) Any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) Any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

(h) Any and all claims for attorneys' fees and costs.

The Company and Employee agree that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred outside of this Agreement, (i.e. any stock option agreement entered into with Employee, or to the Company obligation under Employee Indemnification Agreement, or to the Company's obligations to Indemnify Employee pursuant to the Company's Articles of Incorporation, By-Laws) as otherwise provided by law.

Acknowledgement of Waiver of Claims Under ADEA. Employee acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Employee and the Company agree that this waiver and release does not apply to any rights or claims that may arise under ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release agreement is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he has been advised by this writing that

(i) He should consult with an attorney prior to executing this Agreement;

(j) He has up to twenty-one (21) days within which to consider this Agreement;

(k) He has been advised in writing by the Company of the class, unit, or group of individuals covered by the severance program, and the job titles and ages of all individuals who participated and did not participate in the program;

(l) He has seven (7) days following his execution of this Agreement to revoke the Agreement;

(m) This Agreement shall not be effective until the revocation period has expired; and

(n) Nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law.

5. Civil Code Section 1542. The Parties represent that they are not aware of any claim by either of them other than the claims that are released by this Agreement. Employee and the Company acknowledge that they have been advised by legal counsel and are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Employee and the Company, being aware of said code section, agree to expressly waive any rights they may have thereunder, as well as under any other statute or common law principles of similar effect.

6. No Pending or Future Lawsuits. Employee and the Company represent that they have no lawsuits, claims, or actions pending in their names, or on behalf of any other person or entity, against the other or any other person or entity referred to herein. Employee and the Company also represents that they do not intend to bring any claims on their own behalf or on behalf of any other person or entity against the other or any other person or entity referred to herein.

7. Confidentiality. The Parties acknowledge that Employee's agreement to keep the terms and conditions of this Agreement confidential was a material factor on which all Parties relied in entering into this Agreement. Employee hereto agrees to use his best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, the consideration for this Agreement, and any allegations relating to the Company or his employment with the Company except as otherwise provided for in this Agreement (hereinafter collectively referred to as "Settlement Information"). Employee agrees to take every reasonable precaution to prevent disclosure of any Settlement Information to third parties, and agrees that there will be no publicity, directly or indirectly, concerning any Settlement Information. Employee agrees to take every precaution to disclose Settlement Information only to those attorneys, accountants, governmental entities, financial advisors and family members who have a reasonable need to know of such Settlement Information.

8. No Cooperation. Employee agrees he will not act in any manner that is intended to damage the business of the Company. Employee agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any officer, director, employee, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so. Employee further agrees both to immediately notify the Company upon receipt of any court order, subpoena, or any legal discovery device that seeks or might require the disclosure or production of the existence or terms of this Agreement, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or legal discovery device to the Company.

9. Non-Disparagement. Employee and the Company agree to refrain from any defamation, libel or slander of the other or tortuous interference with the contracts and relationships of the other.

10. Non-Solicitation. Employee agrees that for a period of twelve (12) months immediately following the Resignation Date of this Agreement, Employee shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment, or attempt to solicit, induce, recruit, encourage, take away or hire employees of the Company, either for him or any other person or entity.

11. No Admission of Liability. The Parties understand and acknowledge that this Agreement constitutes a compromise and settlement of disputed claims. No action taken by the Parties hereto, or

either of them, either previously or in connection with this Agreement shall be deemed or construed to be:

(a) An admission of the truth or falsity of any claims heretofore made or

(b) An acknowledgment or admission by either Party of any fault or liability whatsoever to the other Party or to any third party.

12. Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

13. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payment of any sums to Employee under the terms of this Agreement. Employee agrees and understands that he is responsible for payment, if any, of local, state and/or federal taxes on the sums paid hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of Employee's failure to pay federal or state taxes or damages sustained by the Company by reason of any such claims, including reasonable attorneys' fees.

14. Indemnification. The Parties agree to indemnify and hold harmless the other from and against any and all loss, costs, damages or expenses, including, without limitation, attorneys' fees or expenses incurred by the non - breaching Party arising out of the breach of this Agreement by the other, or from any false representation made herein by the other, or from any action or proceeding which may be commenced, prosecuted or threatened by the other or for the other's benefit, upon the other's initiative, or with the other's aid or approval, contrary to the provisions of this Agreement. The Parties further agrees that in any such action or proceeding, this Agreement may be pled by the non-breaching Party as a complete defense, or may be asserted by way of counterclaim or cross-claim.

D&O Insurance. Employee will continue to be covered under the current D&O Insurance plan for past, present, and future claims against the Company that are incurred.

15. Arbitration. The Parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to binding arbitration in Santa Clara County before the American Arbitration Association under its Employment Dispute Resolution Rules, or by a judge to be mutually agreed upon. The Parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The Parties agree that the prevailing party in any arbitration shall be awarded its reasonable attorneys' fees and costs. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY.

16. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

17. No Representations. Each Party represents that it has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither Party has relied upon any representations or statements made by the other Party hereto which are not specifically set forth in this Agreement.

18. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision so long as the remaining provisions remain intelligible and continue to reflect the original intent of the Parties.

19. Entire Agreement. This Agreement, and the Confidentiality Agreement, constitutes the entire agreement and understanding between the Parties concerning the subject matter of this Agreement and all prior representations, understandings, and agreements concerning the subject matter of this Agreement have been superseded by the terms of this Agreement.

20. No Waiver. The failure of any Party to insist upon the performance of any of the terms and conditions in this Agreement, or the failure to prosecute any breach of any of the terms and conditions of this Agreement, shall not be construed thereafter as a waiver of any such terms or conditions. This entire Agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred.

21. No Oral Modification. Any modification or amendment of this Agreement, or additional obligation assumed by either Party in connection with this Agreement, shall be effective only if placed in writing and signed by both Parties or by authorized representatives of each Party. No provision of this Agreement can be changed, altered, modified, or waived except by an executed writing by the Parties.

22. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and it shall be construed, interpreted, governed, and enforced in accordance with the laws of the State of California.

23. Attorneys' Fees. In the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, plus reasonable attorneys' fees, incurred in connection with such an action.

24. Effective Date. This Agreement is effective eight (8) days after it has been signed by both Parties, unless revoked by Employee within seven (7) days of execution.

25. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

26. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims. The Parties acknowledge that:

(a) They have read this Agreement;

(b) They have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) They understand the terms and consequences of this Agreement and of the releases it contains; and

(d) They are fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: 7/25/01

By: William F. Roach

William F. Roach
CEO and President, PCTEL Inc.

Steve J. Manuel, an individual

Dated: 7/25/01

/s/ Steve J. Manuel

Steve J. Manuel

EXHIBIT 10.29

EXECUTIVE

SEVERANCE AGREEMENT AND RELEASE

RECITALS

This Executive Severance Agreement and Release ("Agreement") is made by and between William F. Roach ("Employee") and PC Tel, Inc. ("Company"), collectively referred to as the ("Parties"):

A. Employee was employed by the Company as Chief Executive Officer

B. The Company and Employee have entered into a Confidential and Proprietary Information Agreement (the "Confidentiality Agreement");

C. Employee resigned his position effective October 17, 2001 ("Resignation Date").

D. The Parties, and each of them, wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that the Employee may have against the Company as defined herein, including, but not limited to, any and all claims arising or in any way related to Employee's employment with, or separation from, the Company;

NOW THEREFORE, in consideration of the promises made herein, the Parties hereby agree as follows:

COVENANTS

1. Consideration.

(a) Commencing with the Resignation Date, the Company agrees to pay Employee a severance payment of one year's salary, which is Three Hundred Thirty Five Thousand ($335,000) Dollars, in exchange for the covenants and releases herein.

(b) Payment. The Company shall pay employee a severance payment of $27,916.67 within 8 days of the Effective Date of this Agreement. Provided Employee does not breach any term or provision of this Agreement at any time within the 11 months that follow the end of the first month after the Resignation Date, on the tenth day of each month between December 10, 2001 and November 9, 2002, Employee shall receive an additional severance payment of $27,916.67. Thus, if within one year of the Resignation Date of this Agreement, Employee does not breach any term or provision of this Agreement, Employee shall receive a total severance payment of $335,000.

(c) The Company will issue an wsgr.com Service Form 1099 to Employee for the purpose of reporting the payments described in section 1(b).

(d) Vesting of Stock. As of Employee's Resignation Date (October 17, 2001), Employee is fully vested in 253,999 shares of the Company's common stock and 575,001 unvested options shares are not yet exercisable. In further consideration for the covenants and releases contained in this Agreement, and contingent upon approval by the Company's Board of Directors, Company agrees that Employee's status as a "Service Provider" as defined in the Company's Stock Option Plan, shall continue uninterrupted for the next 12 months and Employee shall continue to vest in all current unvested options he has pursuant to any stock option agreement between Employee and Company for the next 12 months. Employee shall continue to be subject to the terms and conditions of the Company's Stock Option Plan and the applicable Stock Option Agreement between Employee and the Company.

(e) Benefits. Health benefit coverage for the Employee shall cease as of October 31, 2001. Employee shall have the right to convert his health insurance benefits to individual coverage pursuant to COBRA, effective November 1, 2001. Should Employee elect COBRA coverage, the Company will pay the cost of said COBRA coverage for a period up to 12 months, or until November, 2002. The company will also pay up to $4000 in outplacement services for the employee.

2. Confidential Information. Employee shall continue to maintain the confidentiality of all confidential and proprietary information of the Company and shall continue to comply with the terms and conditions of the Confidentiality Agreement between Employee and the Company. Employee shall return all of the Company's property and confidential and proprietary information in his possession to the Company on the Resignation Date of this Agreement.

3. Payment of Salary. Employee acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Employee once the above noted payments and benefits are received.

4. Release of Claims. The Parties agree that the consideration set forth in this Agreement represents settlement in full of all outstanding obligations owed by one Party to the other. The Parties, on their own behalves, and on behalf of their respective heirs, family members, executors, officers, directors, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, hereby fully and forever releases the other Party, and the other Party's heirs, family members, executors, officers, directors, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, from, and agree not to sue concerning, any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that they may possess arising from any omissions, acts or facts that have occurred up until and including the Effective Date of this Agreement including, without limitation:

(a) any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

(b) any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims under the law of any jurisdiction including, but not limited to, wrongful discharge of employment; constructive discharge from employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion;

(d) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, The Worker Adjustment and Retraining Notification Act, Older Workers Benefit Protection Act; the California Fair Employment and Housing Act, and Labor Code section 201, et seq. and section 970, et seq.;

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

The Company and Employee agree that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement, any stock option agreement entered into with Employee, or to the Company's obligation under its Indemnification Agreement with Employee, or to the Company's obligations to indemnify Employee pursuant to the Company's Articles of Incorporation, By-Laws, or as otherwise provided by law.

5. Acknowledgement of Waiver of Claims Under ADEA. Employee acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Employee and the Company agree that this waiver and release does not apply to any rights or claims that may arise under ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release agreement is in addition to anything of value to

which Employee was already entitled. Employee further acknowledges that he has been advised by this writing that

(a) he should consult with an attorney prior to executing this Agreement;

(b) he has up to twenty-one (21) days within which to consider this Agreement;

(c) he has been advised in writing by the Company of the class, unit, or group of individuals covered by the severance program, and the job titles and ages of all individuals who participated and did not participate in the program;

(d) he has seven (7) days following his execution of this Agreement to revoke the Agreement;

(e) this Agreement shall not be effective until the revocation period has expired; and

(f) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law.

6. Civil Code Section 1542. The Parties represent that they are not aware of any claim by either of them other than the claims that are released by this Agreement. Employee and the Company acknowledge that they have been advised by legal counsel and are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Employee and the Company, being aware of said code section, agree to expressly waive any rights they may have thereunder, as well as under any other statute or common law principles of similar effect.

7. No Pending or Future Lawsuits. Employee and the Company represent that they have no lawsuits, claims, or actions pending in their names, or on behalf of any other person or entity, against the other or any other person or entity referred to herein. Employee and the Company also represents that they do not intend to bring any claims on their own behalf or on behalf of any other person or entity against the other or any other person or entity referred to herein.

8. Confidentiality. The Parties acknowledge that Employee's agreement to keep the terms and conditions of this Agreement confidential was a material factor on which all Parties relied in entering into this Agreement. Employee hereto agrees to use his best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, the

consideration for this Agreement, and any allegations relating to the Company or his employment with the Company except as otherwise provided for in this Agreement (hereinafter collectively referred to as "Settlement Information"). Employee agrees to take every reasonable precaution to prevent disclosure of any Settlement Information to third parties, and agrees that there will be no publicity, directly or indirectly, concerning any Settlement Information. Employee agrees to take every precaution to disclose Settlement Information only to those attorneys, accountants, governmental entities, financial advisors and family members who have a reasonable need to know of such Settlement Information.

9. No Cooperation. Employee agrees he will not act in any manner that is intended to damage the business of the Company. Employee agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any officer, director, employee, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so. Employee further agrees both to immediately notify the Company upon receipt of any court order, subpoena, or any legal discovery device that seeks or might require the disclosure or production of the existence or terms of this Agreement, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or legal discovery device to the Company.

10. Non-Disparagement. Employee and the Company agree to refrain from any defamation, libel or slander of the other or tortious interference with the contracts and relationships of the other.

11. Non-Solicitation. Employee agrees that for a period of twelve (12) months immediately following the Resignation Date of this Agreement, Employee shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment, or attempt to solicit, induce, recruit, encourage, take away or hire employees of the Company, either for him or any other person or entity.

12. No Admission of Liability. The Parties understand and acknowledge that this Agreement constitutes a compromise and settlement of disputed claims. No action taken by the Parties hereto, or either of them, either previously or in connection with this Agreement shall be deemed or construed to be:

(a) an admission of the truth or falsity of any claims heretofore made or

(b) an acknowledgment or admission by either Party of any fault or liability whatsoever to the other Party or to any third party.

13. Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

14. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payment of any sums to Employee under the terms of this Agreement. Employee agrees and understands that he is responsible for payment, if any, of local, state and/or federal taxes on the sums paid hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands,

deficiencies, penalties, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of Employee's failure to pay federal or state taxes or damages sustained by the Company by reason of any such claims, including reasonable attorneys' fees.

15. Indemnification. The Parties agree to indemnify and hold harmless the other from and against any and all loss, costs, damages or expenses, including, without limitation, attorneys' fees or expenses incurred by the non - breaching Party arising out of the breach of this Agreement by the other, or from any false representation made herein by the other, or from any action or proceeding which may be commenced, prosecuted or threatened by the other or for the other's benefit, upon the other's initiative, or with the other's aid or approval, contrary to the provisions of this Agreement. The Parties further agrees that in any such action or proceeding, this Agreement may be pled by the non-breaching Party as a complete defense, or may be asserted by way of counterclaim or cross-claim.

16. Arbitration. The Parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to binding arbitration in Santa Clara County before the American Arbitration Association under its Employment Dispute Resolution Rules, or by a judge to be mutually agreed upon. The Parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The Parties agree that the prevailing party in any arbitration shall be awarded its reasonable attorneys' fees and costs. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Each Party represents that it has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither Party has relied upon any representations or statements made by the other Party hereto which are not specifically set forth in this Agreement.

19. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision so long as the remaining provisions remain intelligible and continue to reflect the original intent of the Parties.

20. Entire Agreement. This Agreement, and the Confidentiality Agreement, constitutes the entire agreement and understanding between the Parties concerning the subject matter of this

Agreement and all prior representations, understandings, and agreements concerning the subject matter of this Agreement have been superseded by the terms of this Agreement.

21. No Waiver. The failure of any Party to insist upon the performance of any of the terms and conditions in this Agreement, or the failure to prosecute any breach of any of the terms and conditions of this Agreement, shall not be construed thereafter as a waiver of any such terms or conditions. This entire Agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred.

22. No Oral Modification. Any modification or amendment of this Agreement, or additional obligation assumed by either Party in connection with this Agreement, shall be effective only if placed in writing and signed by both Parties or by authorized representatives of each Party. No provision of this Agreement can be changed, altered, modified, or waived except by an executed writing by the Parties.

23. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and it shall be construed, interpreted, governed, and enforced in accordance with the laws of the State of California.

24. Attorneys' Fees. In the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, plus reasonable attorneys' fees, incurred in connection with such an action.

25. Effective Date. This Agreement is effective eight (8) days after it has been signed by both Parties, unless revoked by Employee within seven (7) days of execution.

26. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

27. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims. The Parties acknowledge that:

(a) They have read this Agreement;

(b) They have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) They understand the terms and consequences of this Agreement and of the releases it contains; and

(d) They are fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: 10/22/01

By: /s/ Martin H. Singer

Dr. Martin Singer
Chairman &
Chief Administrative Officer

William F. Roach, an individual

Dated: 10/22/01

/s/ William F. Roach

William F. Roach

EXHIBIT 10.30

EXECUTIVE

SEVERANCE AGREEMENT AND RELEASE

RECITALS

This Executive Severance Agreement and Release ("Agreement") is made by and between Navin Rao ("Employee") and PC Tel, Inc. ("Company"), collectively referred to as the ("Parties"):

A. Employee was employed by the Company as Vice President, Embedded Sales;

B. The Company and Employee have entered into a Confidential and Proprietary Information Agreement (the "Confidentiality Agreement");

C. Employee has mutually agreed to resign his position effective December 14, 2001 ("Resignation Date");

D. The Parties, and each of them, wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that the Employee may have against the Company as defined herein, including, but not limited to, any and all claims arising or in any way related to Employee's employment with, or separation from, the Company;

NOW THEREFORE, in consideration of the promises made herein, the Parties hereby agree as follows:

COVENANTS

1. Consideration.

(a) Commencing with the Resignation Date, the Company agrees to pay Employee a severance payment of six month's salary, which is Ninety Five Thousand ($95,000.00) Dollars, in exchange for the covenants and releases herein.

(b) Payment. Salary Continuation: Employee shall remain on the Company's payroll through December 31, 2001. On or about January 2, 2002, the Company will pay to the Employee the remainder of the severance payment in a Lump Sum amount of $87,083.33 (less all legally required and authorized deductions), with the execution of this document.

(c) Vesting of Stock. As of Employee's Resignation Date (December 14, 2001), Employee is fully vested in 54,299 shares of the Company's common stock. In further consideration, of the covenants and releases contained in this Agreement, and contingent upon approval by the Company's Board of Directors, Company agrees that Employee shall have one hundred thirty five (135) days from the Resignation Date to exercise his vested shares of the

Company's common stock. Employee shall continue to be subject to the terms and conditions of the Company's Stock Option Plan and the application Stock Option Agreement between Employee and the Company. (See Attachment A.)

(d) Benefits. Health benefit coverage for the Employee shall cease as of December 31, 2001. Employee shall have the right to convert his health insurance benefits to individual coverage pursuant to COBRA, effective January 1, 2002. Should Employee elect COBRA coverage, the Company will pay the cost of said COBRA coverage for a period up to 6 months, or until June 31, 2002.

2. Confidential Information. Employee shall continue to maintain the confidentiality of all confidential and proprietary information of the Company and shall continue to comply with the terms and conditions of the Confidentiality Agreement between Employee and the Company. Employee shall return all of the Company's property and confidential and proprietary information in his possession to the Company on the Resignation Date of this Agreement.

3. Payment of Salary. Employee acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Employee once the above noted payments and benefits are received.

4. Release of Claims. The Parties agree that the consideration set forth in this Agreement represents settlement in full of all outstanding obligations owed by one Party to the other. The Parties, on their own behalves, and on behalf of their respective heirs, family members, executors, officers, directors, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, hereby fully and forever releases the other Party, and the other Party's heirs, family members, executors, officers, directors, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, from, and agree not to sue concerning, any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that they may possess arising from any omissions, acts or facts that have occurred up until and including the Effective Date of this Agreement including, without limitation:

(a) any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

(b) any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims under the law of any jurisdiction including, but not limited to, wrongful discharge of employment; constructive discharge from employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices;

defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion;

(d) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, The Worker Adjustment and Retraining Notification Act, Older Workers Benefit Protection Act; the California Fair Employment and Housing Act, and Labor Code section 201, et seq. and section 970, et seq.;

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

The Company and Employee agree that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement, any stock option agreement entered into with Employee, or to the Company's obligation under its Indemnification Agreement with Employee, or to the Company's obligations to indemnify Employee pursuant to the Company `s Articles of Incorporation, By-Laws, or as otherwise provided by law.

5. Acknowledgement of Waiver of Claims Under ADEA. Employee acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Employee and the Company agree that this waiver and release does not apply to any rights or claims that may arise under ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release agreement is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he has been advised by this writing that

(a) he should consult with an attorney prior to executing this Agreement;

(b) he has up to twenty-one (21) days within which to consider this Agreement;

(c) he has been advised in writing by the Company of the class, unit, or group of individuals covered by the severance program, and the job titles and ages of all individuals who participated and did not participate in the program;

(d) he has seven (7) days following his execution of this Agreement to revoke the Agreement;

(e) this Agreement shall not be effective until the revocation period has expired; and

(f) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law.

6. Civil Code Section 1542. The Parties represent that they are not aware of any claim by either of them other than the claims that are released by this Agreement. Employee and the Company acknowledge that they have been advised by legal counsel and are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Employee and the Company, being aware of said code section, agree to expressly waive any rights they may have thereunder, as well as under any other statute or common law principles of similar effect.

7. No Pending or Future Lawsuits. Employee and the Company represent that they have no lawsuits, claims, or actions pending in their names, or on behalf of any other person or entity, against the other or any other person or entity referred to herein. Employee and the Company also represents that they do not intend to bring any claims on their own behalf or on behalf of any other person or entity against the other or any other person or entity referred to herein.

8. Confidentiality. The Parties acknowledge that Employee's agreement to keep the terms and conditions of this Agreement confidential was a material factor on which all Parties relied in entering into this Agreement. Employee hereto agrees to use his best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, the consideration for this Agreement, and any allegations relating to the Company or his employment with the Company except as otherwise provided for in this Agreement (hereinafter collectively referred to as "Settlement Information"). Employee agrees to take every reasonable precaution to prevent disclosure of any Settlement Information to third parties, and agrees that there will be no publicity, directly or indirectly, concerning any Settlement Information. Employee agrees to take every precaution to disclose Settlement Information only to those attorneys, accountants, governmental entities, financial advisors and family members who have a reasonable need to know of such Settlement Information.

9. No Cooperation. Employee agrees he will not act in any manner that is intended to damage the business of the Company. Employee agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any officer, director,

employee, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so. Employee further agrees both to immediately notify the Company upon receipt of any court order, subpoena, or any legal discovery device that seeks or might require the disclosure or production of the existence or terms of this Agreement, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or legal discovery device to the Company.

10. Non-Disparagement. Employee and the Company agree to refrain from any defamation, libel or slander of the other or tortious interference with the contracts and relationships of the other .

11. Non-Solicitation. Employee agrees that for a period of twelve (12) months immediately following the Resignation Date of this Agreement, Employee shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment, or attempt to solicit, induce, recruit, encourage, take away or hire employees of the Company, either for him or any other person or entity.

12. No Admission of Liability. The Parties understand and acknowledge that this Agreement constitutes a compromise and settlement of disputed claims. No action taken by the Parties hereto, or either of them, either previously or in connection with this Agreement shall be deemed or construed to be:

(a)an admission of the truth or falsity of any claims heretofore made or

(b)an acknowledgment or admission by either Party of any fault or liability whatsoever to the other Party or to any third party.

13. Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

14. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payment of any sums to Employee under the terms of this Agreement. Employee agrees and understands that he is responsible for payment, if any, of local, state and/or federal taxes on the sums paid hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of Employee's failure to pay federal or state taxes or damages sustained by the Company by reason of any such claims, including reasonable attorneys' fees.

15. Indemnification. The Parties agree to indemnify and hold harmless the other from and against any and all loss, costs, damages or expenses, including, without limitation, attorneys' fees or expenses incurred by the non - breaching Party arising out of the breach of this Agreement by the other, or from any false representation made herein by the other, or from any action or proceeding which may be commenced, prosecuted or threatened by the other or for the other's benefit, upon the other's initiative, or with the other's aid or approval, contrary to the provisions of this Agreement. The Parties further agrees that in any such action or proceeding, this Agreement may be pled by the non-breaching Party as a complete defense, or may be asserted by way of counterclaim or cross-

claim.

16. Arbitration. The Parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to binding arbitration in Santa Clara County before the American Arbitration Association under its Employment Dispute Resolution Rules, or by a judge to be mutually agreed upon. The Parties agree that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The Parties agree that the prevailing party in any arbitration shall be awarded its reasonable attorneys' fees and costs. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Each Party represents that it has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither Party has relied upon any representations or statements made by the other Party hereto which are not specifically set forth in this Agreement.

19. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision so long as the remaining provisions remain intelligible and continue to reflect the original intent of the Parties.

20. Entire Agreement. This Agreement, and the Confidentiality Agreement, constitute the entire agreement and understanding between the Parties concerning the subject matter of this Agreement and all prior representations, understandings, and agreements concerning the subject matter of this Agreement have been superseded by the terms of this Agreement.

21. No Waiver. The failure of any Party to insist upon the performance of any of the terms and conditions in this Agreement, or the failure to prosecute any breach of any of the terms and conditions of this Agreement, shall not be construed thereafter as a waiver of any such terms or conditions. This entire Agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred.

22. No Oral Modification. Any modification or amendment of this Agreement, or additional obligation assumed by either Party in connection with this Agreement, shall be effective only if placed in writing and signed by both Parties or by authorized representatives of each Party. No

provision of this Agreement can be changed, altered, modified, or waived except by an executed writing by the Parties.

23. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and it shall be construed, interpreted, governed, and enforced in accordance with the laws of the State of California.

24. Attorneys' Fees. In the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, plus reasonable attorneys' fees, incurred in connection with such an action.

25. Effective Date. This Agreement is effective eight (8) days after it has been signed by both Parties, unless revoked by Employee within seven (7) days of execution.

26. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

27. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims. The Parties acknowledge that:

(a) They have read this Agreement;

(b) They have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) They understand the terms and consequences of this Agreement and of the releases it contains; and

(d) They are fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: 12/21/01 By: /s/ Michael Pastor

Michael Pastor
Vice President, Human Resources

Navin Rao, an individual

Dated: 12/21/01 /s/ Navin Rao

Navin Rao

EXHIBIT 10.31

EXECUTIVE

SEVERANCE AGREEMENT AND RELEASE

RECITALS

This Executive Severance Agreement and Release ("Agreement") is made by and between Terry Huang ("Employee") and PC Tel, Inc. ("Company"), collectively referred to as the ("Parties"):

A. Employee will remain employed by the Company as Vice President, Engineering through the transition period;

B. The Company and Employee have entered into a Confidential and Proprietary Information Agreement (the "Confidentiality Agreement");

C. Employee resigned his position effective May 15, 2001 ("Resignation Date");

D. The Parties, and each of them, wish to resolve any and all disputes, claims, complaints, grievances, charges, actions, petitions and demands that the Employee may have against the Company as defined herein, including, but not limited to, any and all claims arising or in any way related to Employee's employment with, or separation from, the Company;

NOW THEREFORE, in consideration of the promises made herein, the Parties hereby agree as follows:

COVENANTS

1. Consideration.

(a) In consideration for the successful execution of the "Transition Plan" (Attachment A) by the Employee by the Termination Date, the Company agrees to pay Employee a severance payment of four months salary, which is Sixty Thousand ($60,000) Dollars, less all federal and state mandated deductions, in exchange for the covenants and releases herein.

(b) Payment. The Company shall pay employee a severance payment at termination.

(c) Benefits. Health benefit coverage for the Employee shall cease as of May 31, 2001. Employee shall have the right to convert his health insurance benefits to individual coverage pursuant to COBRA, effective June 1, 2001. Should Employee elect COBRA coverage, the

Company will pay the cost of said COBRA coverage for a period up to 4 months, or until September 30, 2001

2. Confidential Information. Employee shall continue to maintain the confidentiality of all confidential and proprietary information of the Company and shall continue to comply with the terms and conditions of the Confidentiality Agreement between Employee and the Company. Employee shall return all of the Company's property and confidential and proprietary information in his possession to the Company on the Resignation Date of this Agreement.

3. Payment of Salary. Employee acknowledges and represents that the Company has paid all salary, wages, bonuses, accrued vacation, commissions and any and all other benefits due to Employee once the above noted payments and benefits are received.

4. Release of Claims. The Parties agree that the consideration set forth in this Agreement represents settlement in full of all outstanding obligations owed by one Party to the other. The Parties, on their own behalves, and on behalf of their respective heirs, family members, executors, officers, directors, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, hereby fully and forever releases the other Party, and the other Party's heirs, family members, executors, officers, directors, employees, investors, shareholders, administrators, affiliates, divisions, subsidiaries, predecessor and successor corporations, and assigns, from, and agree not to sue concerning, any claim, duty, obligation or cause of action relating to any matters of any kind, whether presently known or unknown, suspected or unsuspected, that they may possess arising from any omissions, acts or facts that have occurred up until and including the Effective Date of this Agreement including, without limitation:

(a) any and all claims relating to or arising from Employee's employment relationship with the Company and the termination of that relationship;

(b) any and all claims relating to, or arising from, Employee's right to purchase, or actual purchase of shares of stock of the Company, including, without limitation, any claims for fraud, misrepresentation, breach of fiduciary duty, breach of duty under applicable state corporate law, and securities fraud under any state or federal law;

(c) any and all claims under the law of any jurisdiction including, but not limited to, wrongful discharge of employment; constructive discharge from employment; termination in violation of public policy; discrimination; breach of contract, both express and implied; breach of a covenant of good faith and fair dealing, both express and implied; promissory estoppel; negligent or intentional infliction of emotional distress; negligent or intentional misrepresentation; negligent or intentional interference with contract or prospective economic advantage; unfair business practices; defamation; libel; slander; negligence; personal injury; assault; battery; invasion of privacy; false imprisonment; and conversion;

(d) any and all claims for violation of any federal, state or municipal statute, including, but not limited to, Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Age Discrimination in Employment Act of 1967, the Americans with Disabilities Act of 1990, the Fair Labor Standards Act, the Employee Retirement Income Security Act of 1974, The Worker

Adjustment and Retraining Notification Act, Older Workers Benefit Protection Act; the California Fair Employment and Housing Act, and Labor Code section 201, et seq. and section 970, et seq.;

(e) any and all claims for violation of the federal, or any state, constitution;

(f) any and all claims arising out of any other laws and regulations relating to employment or employment discrimination;

(g) any claim for any loss, cost, damage, or expense arising out of any dispute over the non-withholding or other tax treatment of any of the proceeds received by Employee as a result of this Agreement; and

(h) any and all claims for attorneys' fees and costs.

The Company and Employee agree that the release set forth in this section shall be and remain in effect in all respects as a complete general release as to the matters released. This release does not extend to any obligations incurred under this Agreement, any stock option agreement entered into with Employee, or to the Company's obligation under its Indemnification Agreement with Employee, or to the Company's obligations to indemnify Employee pursuant to the Company `s Articles of Incorporation, By-Laws, or as otherwise provided by law.

5. Acknowledgement of Waiver of Claims Under ADEA. Employee acknowledges that he is waiving and releasing any rights he may have under the Age Discrimination in Employment Act of 1967 ("ADEA") and that this waiver and release is knowing and voluntary. Employee and the Company agree that this waiver and release does not apply to any rights or claims that may arise under ADEA after the Effective Date of this Agreement. Employee acknowledges that the consideration given for this waiver and release agreement is in addition to anything of value to which Employee was already entitled. Employee further acknowledges that he has been advised by this writing that

(a) he should consult with an attorney prior to executing this Agreement;

(b) he has up to twenty-one (21) days within which to consider this Agreement;

(c) he has been advised in writing by the Company of the class, unit, or group of individuals covered by the severance program, and the job titles and ages of all individuals who participated and did not participate in the program;

(d) he has seven (7) days following his execution of this Agreement to revoke the Agreement;

(e) this Agreement shall not be effective until the revocation period has expired; and

(f) nothing in this Agreement prevents or precludes Employee from challenging or seeking a determination in good faith of the validity of this waiver under ADEA, nor does it impose any condition precedent, penalties or costs for doing so, unless specifically authorized by federal law.

6. Civil Code Section 1542. The Parties represent that they are not aware of any claim by either of them other than the claims that are released by this Agreement. Employee and the Company acknowledge that they have been advised by legal counsel and are familiar with the provisions of California Civil Code Section 1542, which provides as follows:

> A GENERAL RELEASE DOES NOT EXTEND TO CLAIMS WHICH THE CREDITOR DOES NOT KNOW OR SUSPECT TO EXIST IN HIS FAVOR AT THE TIME OF EXECUTING THE RELEASE, WHICH IF KNOWN BY HIM MUST HAVE MATERIALLY AFFECTED HIS SETTLEMENT WITH THE DEBTOR.

Employee and the Company, being aware of said code section, agree to expressly waive any rights they may have thereunder, as well as under any other statute or common law principles of similar effect.

7. No Pending or Future Lawsuits. Employee and the Company represent that they have no lawsuits, claims, or actions pending in their names, or on behalf of any other person or entity, against the other or any other person or entity referred to herein. Employee and the Company also represents that they do not intend to bring any claims on their own behalf or on behalf of any other person or entity against the other or any other person or entity referred to herein.

8. Confidentiality. The Parties acknowledge that Employee's agreement to keep the terms and conditions of this Agreement confidential was a material factor on which all Parties relied in entering into this Agreement. Employee hereto agrees to use his best efforts to maintain in confidence the existence of this Agreement, the contents and terms of this Agreement, the consideration for this Agreement, and any allegations relating to the Company or his employment with the Company except as otherwise provided for in this Agreement (hereinafter collectively referred to as "Settlement Information"). Employee agrees to take every reasonable precaution to prevent disclosure of any Settlement Information to third parties, and agrees that there will be no publicity, directly or indirectly, concerning any Settlement Information. Employee agrees to take every precaution to disclose Settlement Information only to those attorneys, accountants, governmental entities, financial advisors and family members who have a reasonable need to know of such Settlement Information.

9. No Cooperation. Employee agrees he will not act in any manner that is intended to damage the business of the Company. Employee agrees that he will not counsel or assist any attorneys or their clients in the presentation or prosecution of any disputes, differences, grievances, claims, charges, or complaints by any third party against the Company and/or any officer, director, employee, agent, representative, shareholder or attorney of the Company, unless under a subpoena or other court order to do so. Employee further agrees both to immediately notify the Company upon receipt of any court order, subpoena, or any legal discovery device that seeks or might require the disclosure or production of the existence or terms of this Agreement, and to furnish, within three (3) business days of its receipt, a copy of such subpoena or legal discovery device to the Company.

10. Non-Disparagement. Employee and the Company agree to refrain from any defamation, libel or slander of the other or tortious interference with the contracts and relationships of the other .

11. Non-Solicitation. Employee agrees that for a period of twelve (12) months immediately following the Resignation Date of this Agreement, Employee shall not either directly or indirectly solicit, induce, recruit or encourage any of the Company's employees to leave their employment, or attempt to solicit, induce, recruit, encourage, take away or hire employees of the Company, either for him or any other person or entity.

12. No Admission of Liability. The Parties understand and acknowledge that this Agreement constitutes a compromise and settlement of disputed claims. No action taken by the Parties hereto, or either of them, either previously or in connection with this Agreement shall be deemed or construed to be:

(a) an admission of the truth or falsity of any claims heretofore made or

(b) an acknowledgment or admission by either Party of any fault or liability whatsoever to the other Party or to any third party.

13. Costs. The Parties shall each bear their own costs, expert fees, attorneys' fees and other fees incurred in connection with this Agreement.

14. Tax Consequences. The Company makes no representations or warranties with respect to the tax consequences of the payment of any sums to Employee under the terms of this Agreement. Employee agrees and understands that he is responsible for payment, if any, of local, state and/or federal taxes on the sums paid hereunder by the Company and any penalties or assessments thereon. Employee further agrees to indemnify and hold the Company harmless from any claims, demands, deficiencies, penalties, assessments, executions, judgments, or recoveries by any government agency against the Company for any amounts claimed due on account of Employee's failure to pay federal or state taxes or damages sustained by the Company by reason of any such claims, including reasonable attorneys' fees.

15. Indemnification. The Parties agree to indemnify and hold harmless the other from and against any and all loss, costs, damages or expenses, including, without limitation, attorneys' fees or expenses incurred by the non - breaching Party arising out of the breach of this Agreement by the other, or from any false representation made herein by the other, or from any action or proceeding which may be commenced, prosecuted or threatened by the other or for the other's benefit, upon the other's initiative, or with the other's aid or approval, contrary to the provisions of this Agreement. The Parties further agrees that in any such action or proceeding, this Agreement may be pled by the non-breaching Party as a complete defense, or may be asserted by way of counterclaim or cross-claim.

16. Arbitration. The Parties agree that any and all disputes arising out of the terms of this Agreement, their interpretation, and any of the matters herein released, shall be subject to binding arbitration in Santa Clara County before the American Arbitration Association under its Employment Dispute Resolution Rules, or by a judge to be mutually agreed upon. The Parties agree

that the prevailing party in any arbitration shall be entitled to injunctive relief in any court of competent jurisdiction to enforce the arbitration award. The Parties agree that the prevailing party in any arbitration shall be awarded its reasonable attorneys' fees and costs. THE PARTIES HEREBY AGREE TO WAIVE THEIR RIGHT TO HAVE ANY DISPUTE BETWEEN THEM RESOLVED IN A COURT OF LAW BY A JUDGE OR JURY.

17. Authority. The Company represents and warrants that the undersigned has the authority to act on behalf of the Company and to bind the Company and all who may claim through it to the terms and conditions of this Agreement. Employee represents and warrants that he has the capacity to act on his own behalf and on behalf of all who might claim through him/her to bind them to the terms and conditions of this Agreement. Each Party warrants and represents that there are no liens or claims of lien or assignments in law or equity or otherwise of or against any of the claims or causes of action released herein.

18. No Representations. Each Party represents that it has had the opportunity to consult with an attorney, and has carefully read and understands the scope and effect of the provisions of this Agreement. Neither Party has relied upon any representations or statements made by the other Party hereto which are not specifically set forth in this Agreement.

19. Severability. In the event that any provision hereof becomes or is declared by a court of competent jurisdiction to be illegal, unenforceable or void, this Agreement shall continue in full force and effect without said provision so long as the remaining provisions remain intelligible and continue to reflect the original intent of the Parties.

20. Entire Agreement. This Agreement, and the Confidentiality Agreement, constitute the entire agreement and understanding between the Parties concerning the subject matter of this Agreement and all prior representations, understandings, and agreements concerning the subject matter of this Agreement have been superseded by the terms of this Agreement.

21. No Waiver. The failure of any Party to insist upon the performance of any of the terms and conditions in this Agreement, or the failure to prosecute any breach of any of the terms and conditions of this Agreement, shall not be construed thereafter as a waiver of any such terms or conditions. This entire Agreement shall remain in full force and effect as if no such forbearance or failure of performance had occurred.

22. No Oral Modification. Any modification or amendment of this Agreement, or additional obligation assumed by either Party in connection with this Agreement, shall be effective only if placed in writing and signed by both Parties or by authorized representatives of each Party. No provision of this Agreement can be changed, altered, modified, or waived except by an executed writing by the Parties.

23. Governing Law. This Agreement shall be deemed to have been executed and delivered within the State of California, and it shall be construed, interpreted, governed, and enforced in accordance with the laws of the State of California.

24. Attorneys' Fees. In the event that either Party brings an action to enforce or effect its rights under this Agreement, the prevailing party shall be entitled to recover its costs and expenses, including the costs of mediation, arbitration, litigation, court fees, plus reasonable attorneys' fees, incurred in connection with such an action.

25. Effective Date. This Agreement is effective eight (8) days after it has been signed by both Parties, unless revoked by Employee within seven (7) days of execution.

26. Counterparts. This Agreement may be executed in counterparts, and each counterpart shall have the same force and effect as an original and shall constitute an effective, binding agreement on the part of each of the undersigned.

27. Voluntary Execution of Agreement. This Agreement is executed voluntarily and without any duress or undue influence on the part or behalf of the Parties hereto, with the full intent of releasing all claims. The Parties acknowledge that:

(a) They have read this Agreement;

(b) They have been represented in the preparation, negotiation, and execution of this Agreement by legal counsel of their own choice or that they have voluntarily declined to seek such counsel;

(c) They understand the terms and consequences of this Agreement and of the releases it contains; and

(d) They are fully aware of the legal and binding effect of this Agreement.

IN WITNESS WHEREOF, the Parties have executed this Agreement on the respective dates set forth below.

Dated: 5/1/01	By: /s/ Thomas A. Capizzi -------------------------------- Thomas A. Capizzi Vice President. Human Resources & Chief Administrative Officer
	J. Terry Huang, an individual
Dated: 5/1/01	/s/ J. Terry Huang -------------------------------- J. Terry Huang

ATTACHMENT A

TRANSITION PLAN

1. Manage daily activities as VP Engineering (Ongoing, till new VP's arrival)

2. Enforce the implementation of VSS (Phase 2) both in BlueCom and Milpitas (3/31/01)

3. Propose the engineering team for Wireless project (1 week after product scope is identified)

4. Work closely daily with Ben Chi to expedite BlueCom integration. (ongoing until 5/15)

5. Help (if needed) in the recruiting process of the new VP (ongoing)

6. Document status of all active projects with recommendations (4/16)

7. Help new VP through transition (4/16/ to 5/15)

8. Retention: Identify key employees at risk and propose a retention plan (2/23)

9. Work privately to calm down uneasiness of some key employees (ongoing until 5/15)

10. Attend BlueCom move-in ceremonial event (week of 3/26)

11. Work with Andy and key BlueCom engineers to ease their feelings (ongoing until 5/15)

12. Meet PC-Chips (during the week in Taipei)

    - Formal introduction of BlueCom

    - Review Developing plan of new products

EXHIBIT 21.1

List of Subsidiaries of the Registrant

1. PC-TEL Global Technologies Ltd.
2. PC-TEL Japan, K.K.
3. Voyager Technologies, Inc.
4. BlueCom Technology Corp.

EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our report dated January 22, 2002 (except with respect to the matters discussed in Note 11, as to which the date is March 27, 2002) included in this Form 10-K, into the Company's previously filed Registration Statements on Forms S-8 (File Nos. 333-34910, 333-61926, 333-70886, 333-75204, and 333-82120).

ARTHUR ANDERSEN LLP

San Jose, California
March 27, 2002

EXHIBIT 99.0

Representation letter to the Securities and Exchange Commission

Ladies and Gentlemen:

Re: Representation to the Securities and Exchange Commission

In connection with the audits of the consolidated balance sheets of PCTEL, Inc. and subsidiaries as of December 31, 2001 and 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended December 31, 2001, Arthur Andersen LLP has represented to us that:

The audits as of December 31, 2001 and 2000 and for each of the three years in the period ended December 31, 2001 were subject to Arthur Andersen's quality control system for the U.S. accounting and auditing practice to provide reasonable assurance that the engagements were conducted in compliance with professional standards, that there was appropriate continuity of Andersen personnel working on the audit, availability of national office consultation, and availability of personnel at foreign affiliates of Arthur Andersen to conduct the relevant portions of the audit.