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SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 11-K/A

(Mark One)

ANNUAL REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934
For the fiscal year ended December 31, 1998

TRANSITION REPORT PURSUANT TO SECTION 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934

For the transition period from _____ to _____

Commission file number _____

A. Full title of the plan and the address of the plan, if different
from that of the issuer named below:

VTEL Corporation 401(k) Plan

B. Name of issuer of the securities held pursuant to the plan and the
address of its principal executive office:

VTEL Corporation
108 Wild Basin Road
Austin, Texas 78746

VTEL CORPORATION
401(k) PLAN
FINANCIAL STATEMENTS AND ADDITIONAL INFORMATION
DECEMBER 31, 1998 AND 1997

REPORT OF INDEPENDENT ACCOUNTANTS

To the Participants and Administrator
of the VTEL Corporation 401(k) Plan

In our opinion, the accompanying statements of net assets available for
benefits with fund information and the related statements of changes in net
assets available for benefits with fund information present fairly, in all
material respects, the net assets available for benefits of the VTEL

Corporation 401(k) Plan (the "Plan") at December 31, 1998 and 1997, and the changes in net assets available for benefits for the years ended December 31, 1998 and 1997, in conformity with generally accepted accounting principles. These financial statements are the responsibility of the Plan's management; our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits of these statements in accordance with generally accepted auditing standards which 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, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for the opinion expressed above.

Our audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The supplemental schedules of assets held for investment purposes and of reportable transactions are presented for the purpose of additional analysis and are not a required part of the basic financial statements but are supplementary information required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. The fund information in the statements of net assets available for benefits and the statements of changes in net assets available for benefits is presented for purposes of additional analysis rather than to present the net assets available for plan benefits and changes in net assets available for benefits of each fund. These supplemental schedules and fund information are the responsibility of the Plan's management. The supplemental schedules and fund information have been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole.

As further discussed in Note 1 to the financial statements, the Board of Directors of VTEL Corporation, the Plan's sponsor, merged the Plan with the Compression Labs, Incorporated Savings and Retirement Plan (the "CLI Plan") effective December 31, 1997.

PricewaterhouseCoopers LLP

May 28, 1999

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VTEL CORPORATION 401(k) PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, WITH FUND INFORMATION
DECEMBER 31, 1998

	CIGNA RETIREMENT SERVICES					
	GUARANTEED INCOME FUND*	GUARANTEED GOV'T SECURITIES	CORPORATE BOND FUND*	CIGNA LIFETIME 20	CIGNA LIFETIME 30	CIGNA LIFETIME 40
ASSETS						
Investments at						
fair market value	\$2,677,152	\$ 15,994	\$1,262,942	\$ 10,254	\$ 92,247	\$ 91,464
Contributions receivable	--	--	--	--	--	--
Loans receivable	--	--	--	--	--	--
NET ASSETS AVAILABLE FOR BENEFITS	\$2,677,152	\$ 15,994	\$1,262,942	\$ 10,254	\$ 92,247	\$ 91,464

CIGNA RETIREMENT SERVICES				
CIGNA LIFETIME 50	CIGNA LIFETIME 60	FIDELITY GROWTH OPPORTUNITES*	FOUNDERS GROWTH*	N&B PARTNERS TRUST*

ASSETS					
Investments at					
fair market value	\$ 4,444	\$ 20,037	\$4,729,168	\$2,466,858	\$2,943,396
Contributions receivable	--	--	--	--	--
Loans receivable	--	--	--	--	--
NET ASSETS AVAILABLE FOR BENEFITS	\$ 4,444	\$ 20,037	\$4,729,168	\$2,466,858	\$2,943,396

* Identifies investments that represent 5% or more of net assets available for benefits.

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

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VTEL CORPORATION 401(k) PLAN
STATEMENT OF NET ASSETS AVAILABLE FOR BENEFITS, WITH FUND INFORMATION
(CONTINUED)
DECEMBER 31, 1998

	CIGNA RETIREMENT SERVICES					
	INVESCO	LAZARD	JANUS	STATE STREET	SMALL COMPANY	TEMPLETON
	TOTAL RETURN*	EQUITY	WORLDWIDE*	RUSSELL 3000*	STOCK FUND	FOREIGN
ASSETS						
Investments at						
fair market value	\$ 2,462,497	\$ 78,155	\$ 1,315,760	\$ 1,847,679	\$ 2,452,755	\$ 1,034,136
Contributions receivable	--	--	--	--	--	--
Loans receivable	--	--	--	--	--	--
NET ASSETS AVAILABLE FOR BENEFITS	\$ 2,462,497	\$ 78,155	\$ 1,315,760	\$ 1,847,679	\$ 2,452,755	\$ 1,034,136

	CIGNA RETIREMENT SERVICES				
	SMALL COMPANY	VTEL			
	STOCK GROWTH	STOCK	RECEIVABLE	LOANS	TOTAL
ASSETS					
Investments at					
fair market value	\$ 120,272	\$ 77,607	\$ --	\$ --	\$23,702,817
Contributions receivable	--	--	61,793	--	61,793
Loans receivable	--	--	--	785,985	785,985
NET ASSETS AVAILABLE FOR BENEFITS	\$ 120,272	\$ 77,607	\$ 61,793	\$ 785,985	\$24,550,595

* Identifies investments that represent 5% or more of net assets available for benefits.

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

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 VTEL CORPORATION 401(k) PLAN
 STATEMENT OF NET ASSETS AVAILABLE FOR
 BENEFITS, WITH FUND INFORMATION
 DECEMBER 31, 1997

	FIDELITY ADVISORS FUNDS				
	DAILY MONEY FUND	LIMITED TERM BOND FUND	INCOME & GROWTH FUND*	GROWTH OPPOR-TUNITIES FUND*	EQUITY PORTFOLIO GROWTH FUND*
ASSETS					
Cash	\$ -	\$ -	\$ -	\$ -	\$ -
Investments at fair market value	539,577	692,989	1,368,498	4,120,909	3,549,958
Contributions receivable	-	-	-	-	-
Dividends & interest receivable	-	-	-	20,386	32,245
Loans receivable	-	-	-	-	-
NET ASSETS AVAILABLE FOR BENEFITS	\$ 539,577	\$ 692,989	\$ 1,368,498	\$ 4,141,295	\$ 3,582,203

	FIDELITY ADVISORS FUNDS				
	OVERSEAS FUND	RECEIVABLE	OTHER**	LOANS	TOTAL
ASSETS					
Cash	\$ -	\$ -	\$ 9,319,247	\$ -	\$ 9,319,247
Investments at fair market value	833,955	-	-	-	11,105,886
Contributions receivable	-	40,890	-	-	40,890
Dividends & Interest receivable	-	-	-	-	52,631
Loans receivable	-	-	-	558,809	558,809
NET ASSETS AVAILABLE FOR BENEFITS	\$ 833,955	\$ 40,890	\$ 9,319,247	\$ 558,809	\$ 21,077,463

* Identifies investments that represent 5% or more of net assets available for benefits.

** Identifies investments transferred in as of December 31, 1997 from the Compressions Labs, Inc. Savings and Retirement Plan (Note 1).

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

VTEL CORPORATION 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS, WITH FUND INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1998

	FIDELITY ADVISOR FUNDS					
	DAILY MONEY FUND	LIMITED TERM BOND FUND	INCOME & GROWTH FUND	GROWTH OPPOR- TUNITIES FUND	EQUITY PORTFOLIO GROWTH FUND	OVERSEAS FUND
ADDITIONS						
Employee contributions	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --
Income:						
Interest & dividends	279	374	734	2,213	1,896	447
Net realized & unrealized gains/(losses)	(4,849)	5,230	1,504	(9,760)	(41,662)	1,044
Interfund transfers	--	--	--	--	--	--
Transfer of assets to new trustee (Note 1)	(535,007)	(698,593)	(1,370,736)	(4,133,748)	(3,542,437)	(835,446)
Loan repayments - principal	--	--	--	--	--	--
Total additions	(539,577)	(692,989)	(1,368,498)	(4,141,295)	(3,582,203)	(833,955)
DEDUCTIONS						
Withdrawals	--	--	--	--	--	--
New participant loans	--	--	--	--	--	--
Administrative expenses	--	--	--	--	--	--
Total deductions	--	--	--	--	--	--
Net increase (decrease)	(539,577)	(692,989)	(1,368,498)	(4,141,295)	(3,582,203)	(833,955)
Net assets available for benefits at the beginning of the year	539,577	692,989	1,368,498	4,141,295	3,582,203	833,955
Net assets available for benefits at the end of the year	\$ --	\$ --	\$ --	\$ --	\$ --	\$ --

CIGNA RETIREMENT SERVICES

	GUARANTEED INCOME FUND	GUARANTEED GOV'T SECURITIES	CORPORATE BOND FUND
	ADDITIONS		
Employee contributions	\$ 202,865	\$ 23,974	\$ 126,982
Income:			
Interest & dividends	127,139	496	2,963
Net realized & unrealized gains/(losses)	--	--	71,788
Interfund transfers	270,286	(26)	104,368
Transfer of assets to new trustee (Note 1)	2,577,366	--	1,106,157
Loan repayments - principal	17,120	591	10,505
Total additions	3,194,776	25,035	1,422,763
DEDUCTIONS			
Withdrawals	495,683	--	142,531
New participant loans	21,269	9,012	16,941
Administrative expenses	672	29	349
Total deductions	517,624	9,041	159,821

Net increase (decrease)	2,677,152	15,994	1,262,942
Net assets available for benefits at the beginning of the year	--	--	--
Net assets available for benefits at the end of the year	\$ 2,677,152	\$ 15,994	\$ 1,262,942

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

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VTEL CORPORATION 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR BENEFITS, WITH FUND
INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1998

	CIGNA Retirement Services				
	CIGNA Lifetime 20	CIGNA Lifetime 30	CIGNA Lifetime 40	CIGNA Lifetime 50	CIGNA Lifetime 60
ADDITIONS					
Employee contributions	\$ 2,633	\$ 28,942	\$ 32,375	\$ 5,763	\$ 296
	2,633	28,942	32,375	5,763	296
Income:					
Interest & dividends	127	211	470	-	-
Net realized & unrealized gains/(losses)	613	4,943	10,237	516	1,194
Interfund transfers	6,413	57,405	46,603	1,994	18,547
Transfer of assets to new trustee (Note 1)	-	-	-	-	-
Loan repayments - principal	468	746	3,801	-	-
Total additions	10,254	92,247	93,486	8,273	20,037
DEDUCTIONS					
Withdrawals	-	-	-	3,829	-
New participant loans	-	-	1,924	-	-
Administrative expenses	-	-	98	-	-
Total deductions	-	-	2,022	3,829	-
Net increase (decrease)	10,254	92,247	91,464	4,444	20,037
Net assets available for benefits at the beginning of the year	-	-	-	-	-
Net assets available for benefits at the end of the year	\$ 10,254	\$ 92,247	\$ 91,464	\$ 4,444	\$ 20,037

	CIGNA Retirement Services				
	Fidelity Growth Opportunities	Founders Growth	N&B Partners Trust	Invesco Total Return	Lazard Equity
ADDITIONS					
Employee contributions	\$ 767,109	\$ 297,452	\$ 550,982	\$ 316,913	\$ 18,769
	767,109	297,452	550,982	316,913	18,769
Income:					
Interest & dividends	12,055	2,950	12,849	5,965	288
Net realized & unrealized gains/(losses)	1,001,382	422,161	316,306	339,816	910
Interfund transfers	(540,165)	353,407	(890,387)	(278,552)	59,234
Transfer of assets to new trustee (Note 1)	4,133,748	1,582,310	3,542,437	2,577,360	-
Loan repayments - principal	56,133	30,251	41,070	29,560	966
Total additions	5,430,262	2,688,531	3,573,257	2,991,062	80,167

DEDUCTIONS					
Withdrawals	606,460	176,663	554,465	490,940	2,012
New participant loans	93,359	44,509	74,490	37,085	-
Administrative expenses	1,275	501	906	540	-
Total deductions	701,094	221,673	629,861	528,565	2,012
Net increase (decrease)	4,729,168	2,466,858	2,943,396	2,462,497	78,155
Net assets available for benefits at the beginning of the year	-	-	-	-	-
Net assets available for benefits at the end of the year	\$ 4,729,168	\$ 2,466,858	\$ 2,943,396	\$ 2,462,497	\$ 78,155

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

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VTEL CORPORATION 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR
BENEFITS, WITH FUND INFORMATION (CONTINUED)
FOR THE YEAR ENDED DECEMBER 31, 1998

CIGNA RETIREMENT SERVICES					
	JANUS WORLDWIDE	STATE STREET RUSSELL 3000	SMALL COMPANY STOCK FUND	TEMPLETON FOREIGN	SMALL COMPANY STOCK GROWTH
ADDITIONS					
Employee contributions	\$ 345,368	\$ 251,897	\$ 368,005	\$ 202,986	\$ 39,548
	345,368	251,897	360,005	202,986	39,548
Income:					
Interest & dividends	3,416	3,344	2,755	2,432	152
Net realized & unrealized gains/(losses)	23,810	304,464	252,072	(10,811)	(8,355)
Interfund transfers	953,183	372,746	(100,449)	(492,772)	89,464
Transfer of assets to new trustee (Note 1)	--	957,042	2,156,290	1,516,279	--
Loan repayments - principal	26,404	24,651	8,406	12,543	855
Total additions	1,352,181	1,914,144	2,687,079	1,230,657	121,664
DEDUCTIONS					
Withdrawals	880	31,319	209,136	187,964	869
New participant loans	35,346	34,915	24,758	8,381	499
Administrative expenses	195	231	430	176	24
Total deductions	36,421	66,465	234,324	196,521	1,392
Net increase (decrease)	1,315,760	1,847,679	2,452,755	1,034,136	120,272
Net assets available for benefits at the beginning of the year	--	--	--	--	--
Net assets available for benefits at the end of the year	\$ 1,315,760	\$ 1,847,679	\$ 2,452,755	\$ 1,034,136	\$ 120,272
	VTEL STOCK	RECEIVABLE	OTHER	LOANS	TOTAL
ADDITIONS					
Employee contributions	\$ 20,220	\$ 61,793	\$ --	\$ --	\$ 3,664,872
	20,220	61,793	--	--	3,664,872
Income:					
Interest & dividends	115	--	13,990	--	197,660
Net realized & unrealized gains/(losses)	(113,256)	--	33,573	--	2,602,870
Interfund transfers	28,052	(40,890)	(18,461)	--	--
Transfer of assets to new trustee (Note 1)	148,143	--	(9,346,504)	165,339	--
Loan repayments - principal	336	--	--	(264,406)	--

Total additions	83,610	20,903	(9,317,402)	(99,067)	6,465,402
DEDUCTIONS					
Withdrawals	3,896	--	--	78,305	2,984,952
New participant loans	2,060	--	--	(404,548)	--
Administrative expenses	47	--	1,845	--	7,318
Total deductions	6,003	--	1,845	(326,243)	2,992,270
Net increase (decrease)	77,607	20,903	(9,319,247)	227,176	3,473,132
Net assets available for benefits at the beginning of the year	--	40,890	9,319,247	558,809	21,077,463
Net assets available for benefits at the end of the year	\$ 77,607	\$ 61,793	\$ --	\$ 785,985	\$24,550,595

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

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VTEL CORPORATION 401(k) PLAN
STATEMENT OF CHANGES IN NET ASSETS AVAILABLE FOR
BENEFITS, WITH FUND INFORMATION
FOR THE YEAR ENDED DECEMBER 31, 1997

	FIDELITY ADVISOR FUNDS				
	DAILY MONEY FUND	LIMITED TERM BOND FUND	INCOME & GROWTH FUND	GROWTH OPPORTUNITIES FUND	EQUITY PORTFOLIO GROWTH FUND
ADDITIONS					
Employee contributions	\$ 79,510	\$ 114,377	\$ 221,250	\$ 655,822	\$ 554,091
Income:					
Interest & dividends	45,259	39,269	131,878	293,046	430,207
Net realized & unrealized gains/(losses)	--	6,401	116,729	663,746	252,011
Interfund transfers	20,166	26,431	(14,559)	(43,949)	87,692
Transfer of assets from CLI plan (Note 1)	--	--	--	--	--
Loan repayments - principal	20,762	12,085	28,360	73,948	60,129
Total additions	165,697	198,563	483,658	1,642,613	1,384,130
DEDUCTIONS					
Withdrawals	620,727	66,786	103,541	405,052	334,292
New participant loans	15,343	30,247	46,343	172,498	74,382
Total deductions	636,070	97,033	149,884	577,550	408,674
Net increase (decrease)	(470,373)	101,530	333,774	1,065,063	975,456
Net assets available for benefits at the beginning of the year	1,009,950	591,459	1,034,724	3,076,232	2,606,747
Net assets available for benefits at the end of the year	\$ 539,577	\$ 692,989	\$ 1,368,498	\$ 4,141,295	\$ 3,582,203

	FIDELITY ADVISOR FUNDS				
	OVERSEAS FUND	RECEIVABLE	OTHER	LOANS	TOTAL
ADDITIONS					
Employee contributions	\$ 176,236	\$ 40,890	\$ --	\$ --	\$ 1,842,176
Income:					
Interest & dividends	57,911	--	--	--	997,570
Net realized & unrealized gains/(losses)	32,391	--	--	--	1,071,278
Interfund transfers	(75,781)	--	--	--	--
Transfer of assets from CLI					

plan (Note 1)	--	--	9,319,247	--	9,319,247
Loan repayments - principal	29,834	--	--	(225,118)	--
	-----	-----	-----	-----	-----
Total additions	220,591	40,890	9,319,247	(225,118)	13,230,271
	-----	-----	-----	-----	-----
DEDUCTIONS					
Withdrawals	113,904	--	--	8,737	1,653,039
New participant loans	29,063	--	--	(367,876)	--
	-----	-----	-----	-----	-----
Total deductions	142,967	--	--	(359,139)	1,653,039
	-----	-----	-----	-----	-----
Net increase (decrease)	77,624	40,890	9,319,247	134,021	11,577,232
Net assets available for benefits at the beginning of the year	756,331	--	--	424,788	9,500,231
	-----	-----	-----	-----	-----
Net assets available for benefits at the end of the year	\$ 833,955	\$ 40,890	\$ 9,319,247	\$ 558,809	\$21,077,463
	=====	=====	=====	=====	=====

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

VTEL CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS

1. DESCRIPTION OF PLAN:

The following description of the VTEL Corporation (the "Company") 401(k) Plan (the "Plan") provides only general information. Participants should refer to the Plan Agreement for a more complete description of the Plan's provisions.

GENERAL

The Plan is a defined contribution retirement plan covering all regular employees of the Company who are age twenty-one or older. It is subject to the provisions of the Employee Retirement Income Security Act of 1974 ("ERISA").

PLAN MERGER

Effective December 31, 1997, the Company merged its Plan with the assets of Compression Labs, Inc. Savings and Retirement Plan as a result of the Company's merger with Compression Labs, Inc. ("CLI") which occurred on May 23, 1997. All assets from the CLI Savings and Retirement Plan were transferred into the Company's Plan as of December 31, 1997.

Effective December 31, 1997, the Company changed to a new service provider. The service organization provides both recordkeeping and trustee services for the Company. The Company began the transfer of all Plan assets, amounting to over \$21 million, to the new trustee on January 5, 1998 and completed the transfer on February 25, 1998.

CONTRIBUTIONS

Employee contributions are recorded in the period during which the Company makes payroll deductions from the Plan participants' earnings. Participants may contribute up to 20% of their annual wages subject to limitations as provided by the Internal Revenue Code. The Company may make matching contributions up to specified amounts at its discretion. The Company has not made matching contributions since the Plan's inception.

PARTICIPANT ACCOUNTS

Each participant's account is credited with the participant's contribution and allocation of Plan earnings. Allocations are based on

participant earnings or account balances, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

VESTING

Participants are 100% vested in their voluntary contributions plus actual earnings thereon. Should the Company decide to match contributions, the contributions would vest based on years of service completed by participants.

PARTICIPANT LOANS

Upon written application of a participant and approval by the Plan's Advisory Committee, the Plan may make a loan to a participant. The amount of the loan may not be less than \$1,000 and may not be greater than the lesser of \$50,000 or 50% of the participant's vested balance. These loans are secured by the balance of the

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VTEL CORPORATION 401(k) PLAN NOTES TO FINANCIAL STATEMENTS

participant's account and bear interest at a rate commensurate with local rates for similar loans.

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VTEL CORPORATION 401(k) PLAN NOTES TO FINANCIAL STATEMENTS

TERMINATION OF EMPLOYMENT

If a participant's employment terminates and the total vested account balance is not greater than \$5,000, the participant will receive a distribution of the value of the vested portion of the account balance.

In the event that the vested account balance is greater than \$5,000, the participant may elect to receive a distribution of the vested amount. If the participant does not elect to receive a distribution, the vested portion will continue to be maintained in accordance with the Plan until such time as the participant attains age 65. At that time, a distribution may be made to the participant.

There were no significant termination distribution amounts which had been approved and processed prior to year-end, but not yet paid at that date.

PLAN TERMINATION

Although it has not expressed any intent to do so, the Company has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA. In the event of Plan termination, participants will become 100% vested in their accounts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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 reporting period. Actual results could differ from those estimates.

METHOD OF ACCOUNTING

The Plan's financial statements are prepared on the accrual basis of accounting in accordance with generally accepted accounting

principles.

INVESTMENTS

Plan investments are stated at fair market value. The fair market value of investments, other than loans, is based on the net asset value quoted in an active market as of the last business day of the Plan year. Net appreciation/depreciation in fair market value of investments consists of realized gains or losses and unrealized appreciation/depreciation on those investments. Participant loans are stated at cost, which approximates fair market value.

EXPENSES

Certain expenses incidental to the administration of the Plan are paid by the Company. The total of these expenses were \$32,876 and \$30,715 for December 31, 1998 and 1997, respectively. These consist primarily of recordkeeping and audit fees for the Plan. These fees do not include any allocation of payroll or overhead costs incurred by the Plan or the Company.

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VTEL CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS

RISKS AND UNCERTAINTIES

Financial instruments which potentially subject the Plan to concentrations of credit risk consist primarily of securities in which the Plan invests. Investment securities are exposed to various risks, such as interest rate, market and credit risks. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the near-term could materially affect participants' account balances and the amounts reported in the statement of net assets available for plan benefits.

3. DESCRIPTION OF INVESTMENT FUNDS:

Prior to December 31, 1997, a participant, upon enrollment in the Plan, could direct contributions in any of the following six Fidelity Advisor investment options:

Fidelity Advisor Daily Money Fund: Funds are invested in high-quality U.S. government securities and repurchase agreements backed by the U.S. government.

Fidelity Advisor Limited Term Bond Fund: Funds are invested primarily in corporate bonds rated high or upper-medium quality by such rating agencies as Standard & Poor's Corporation and Moody's Investors Services, Inc., as well as U.S. government or agency obligations.

Fidelity Advisor Income & Growth Fund: Funds are invested primarily in common stock, securities convertible into common stocks and debt obligations of varying maturities and quality ratings.

Fidelity Advisor Growth Opportunities Fund: Funds are invested in common and preferred stocks, securities convertible into common stock, bonds and foreign securities.

Fidelity Advisor Equity Portfolio Growth: Funds are invested in common and preferred stocks, securities convertible into common stock and, to a lesser degree, bonds and foreign securities.

Fidelity Advisor Overseas Fund: Funds are invested primarily in common and preferred stock of foreign corporations, as well as debt securities.

As of December 31, 1997, the Plan was amended, allowing a participant to direct subsequent employee contributions in any of the following nineteen investment options:

CIGNA Guaranteed Income Fund: Funds are invested in a diversified portfolio of high quality, fixed income instruments.

CIGNA Guaranteed Government Securities Fund: Funds are invested in short-term, guaranteed government securities.

CIGNA Corporate Bond Fund: Funds are invested primarily in investment-grade, publicly traded U.S. dollar-dominated corporate bonds.

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VTEL CORPORATION 401(k) PLAN
NOTES TO FINANCIAL STATEMENTS

CIGNA Lifetime 20: Funds are invested in a balanced portfolio of bonds, stocks, and cash equivalent investments, depending on progressive age groups (age 20 to 29), time horizons (time frame 35 to 45 years) and investment risk tolerance.

CIGNA Lifetime 30: Funds are invested in a balanced portfolio of bonds, stocks, and cash equivalent investments, depending on progressive age groups (age 30 to 39), time horizons (time from 25 to 35 years) and investment risk tolerance.

CIGNA Lifetime 40: Funds are invested in a balanced portfolio of bonds, stocks, and cash equivalent investments, depending on progressive age groups (age 40 to 49), time horizons (time frame 15 to 25 years) and investment risk tolerance.

CIGNA Lifetime 50: Funds are invested in a balanced portfolio of bonds, stocks, and cash equivalent investments, depending on progressive age groups (age 50 to 59), time horizons (time frame 5 to 15 years) and investment risk tolerance.

CIGNA Lifetime 60: Funds are invested in a balanced portfolio of bonds, stocks, and cash equivalent investments, depending on progressive age groups (age 60 to 69), time horizons (time frame less than 5 years) and investment risk tolerance.

Fidelity Advisors Growth Opportunities Fund: Funds are invested in common and preferred stocks, securities convertible into common stock and, to a lesser degree, bonds and foreign securities.

Founders Growth: Funds are invested in common and preferred stocks, securities convertible into common stock, bonds, foreign securities and, to a lesser degree, currency exchange contracts and repurchase agreements.

Neuberger & Berman Partners Trust: Funds are invested in common stocks of established medium to large capitalization companies.

Invesco Total Return Fund: Funds are invested in a combination of equity and fixed income securities.

Lazard Equity Portfolio Account: Funds are invested primarily in the equity securities of companies with relatively large capitalizations that the portfolio managers believe are inexpensively priced relative to the return on total capital or equity.

Janus Worldwide: Funds are invested primarily in common stocks of foreign and domestic issuers.

State Street Russell 3000 Fund: Funds are invested primarily in the equity securities of the largest 3,000 U.S. companies.

CIGNA Charter Small Company Stock Fund: Funds are invested in the common stocks of small companies with market capitalizations of less than \$1 billion at the time of initial purchase, with emphasis on stocks with market capitalizations under \$600 million, that are undervalued by the market.

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Templeton Foreign: Funds are invested primarily in common stocks, including American, European and Global Depository Receipts.

CIGNA Charter Small Company Stock Growth Fund: Funds are invested primarily in common and preferred stocks of U.S. companies with market capitalizations between \$30 million and \$3 billion with a focus on growing companies involved in new product development and technological breakthroughs.

VTEL Common Stock: Funds are invested in VTEL Corporation's common stock.

4. RELATED PARTY TRANSACTIONS:

Certain Plan investments are units of funds managed by CIGNA Retirement and Investment Services ("CIGNA"). CIGNA is the trustee as defined by the Plan and, therefore, these transactions qualify as party-in-interest. Fees paid by the employer for the investment management services amounted to \$20,876 for the year ended December 31, 1998.

5. INCOME TAXES:

Management believes that the Plan is qualified under section 401(a) of the Internal Revenue Code and, therefore, the Plan is exempt from taxation under section 501(a). Generally, contributions to a qualified plan are deductible by the Company when made. Earnings of the Plan are tax exempt and participants are not taxed on their benefits until withdrawn from the Plan.

The Plan received a favorable determination letter dated March 31, 1995 from the Internal Revenue Service concerning the March 1993 Plan amendment. The Plan Administrator filed for a new determination letter in April 1999 for the newly merged Plan.

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ADDITIONAL INFORMATION

VTEL CORPORATION 401(k) PLAN
 ITEM 27a - SCHEDULE OF ASSETS HELD FOR INVESTMENT PURPOSES
 DECEMBER 31, 1998

IDENTITY OF ISSUER BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST OR PAR VALUE	COST	CURRENT VALUE
Connecticut General Life Insurance Company	CIGNA Guaranteed Income Fun; 101,754 units, unit value \$26.31	\$ 2,677,152	\$ 2,677,152
Connecticut General Life Insurance Company	CIGNA Guaranteed Government Securities; 1,257 units, unit value \$12.72	15,994	15,994

Connecticut General Life Insurance Company	CIGNA Corporate Bond Fund; 111,666 units, unit value \$11.31	1,199,764	1,262,942
Connecticut General Life Insurance Company	CIGNA Lifetime 20; 542 units, unit value \$18.92	9,642	10,254
Connecticut General Life Insurance Company	CIGNA Lifetime 30; 4,907 units, unit value 18.80	87,082	92,247
Connecticut General Life Insurance Company	CIGNA Lifetime 40; 5,017 units, unit value \$18.23	83,310	91,464
Connecticut General Life Insurance Company	CIGNA Lifetime 50; 250 units, unit value \$17.80	4,136	4,444
Connecticut General Life Insurance Company	CIGNA Lifetime 60; 1,232 units, unit value \$16.27	18,843	20,037
Connecticut General Life Insurance Company	Fidelity Advisors Growth Opportunities; 60,755 units, unit value \$21.52	3,869,850	4,729,168
Connecticut General Life Insurance Company	Founders Growth; 90,527 units, unit value \$27.25	2,085,894	2,466,858
Connecticut General Life Insurance Company	Neuberger & Berman Partners Trust; 136,775 units, unit value \$21.52	2,735,365	2,943,396
Connecticut General Life Insurance Company	Invesco Total Return Fund; 62,579 units, unit value \$39.35	2,193,817	2,462,497
Connecticut General Life Insurance Company	Lazard Equity Portfolio Account; 2,786 units, unit value \$28.05	74,661	78,155
Connecticut General Life Insurance Company	Janus Worldwide; 24,169 units, unit value \$54.44	1,249,236	1,315,760
Connecticut General Life Insurance Company	State Street Russell 3000 Fund; 99,821 units, unit value \$18.51	1,567,434	1,847,679
Connecticut General Life Insurance Company	CIGNA Charter Small Company Stock Fund; 219,978 units, unit value \$11.15	2,223,696	2,452,755
Connecticut General Life Insurance Company	Templeton Foreign; 94,098 units, unit value \$10.99	1,076,672	1,034,136
Connecticut General Life Insurance Company	CIGNA Charter Small Company Stock Growth Fund; 11,700 units, unit value \$10.28	124,483	120,272
Connecticut General Life Insurance Company	VTEL Common Stock; 30,315 units, unit value \$2.56	167,014	77,607
Participant Loans	Loaned funds of various maturities (1999- 2012) and rates from 7.75% to 10.50%	785,985	785,985
		\$ 22,250,030	\$ 24,488,802
		=====	=====

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VTEL CORPORATION 401(k) PLAN
ITEM 27d - SCHEDULE OF REPORTABLE TRANSACTIONS
FOR THE YEAR ENDED DECEMBER 31, 1998

IDENTITY OF PARTY INVOLVED	DESCRIPTION OF ASSETS	PURCHASE PRICE	SELLING PRICE	COST OF ASSET	NET GAIN/(LOSS)
PURCHASES:					
Connecticut General Life Insurance Company	CIGNA Guaranteed Income Fund	\$ 3,405,625	\$ --	\$ 3,405,625	\$ --
Connecticut General Life Insurance Company	CIGNA Corporate Bond Fund	1,558,085	--	1,558,085	--
Connecticut General Life Insurance Company	Fidelity Advisors Growth Opportunities Fund	5,334,437	--	5,334,437	--
Connecticut General Life Insurance Company	Founders Growth	2,595,359	--	2,595,359	--
Connecticut General Life Insurance Company	Neuberger & Berman Partners Trust	4,287,962	--	4,287,962	--
Connecticut General Life Insurance Company	Invesco Total Return Fund	3,065,986	--	3,065,986	--
Connecticut General Life Insurance Company	Janus Worldwide	1,610,980	--	1,610,980	--
Connecticut General Life Insurance Company	Templeton Foreign	1,767,744	--	1,767,744	--
Connecticut General Life Insurance Company	State Street Russell 3000 Fund	1,827,863	--	1,827,863	--
Connecticut General Life Insurance Company	CIGNA Charter Small Company	2,708,047	--	2,708,047	--
SALES:					
Connecticut General Life Insurance Company	CIGNA Guaranteed Income Fund	--	852,010	852,010	--
Connecticut General Life Insurance Company	CIGNA Corporate Bond Fund	--	366,930	358,320	8,610

CONSENT OF INDEPENDENT ACCOUNTANTS

We hereby consent to the incorporation by reference in the Registration Statement on Form S-8 (No. 333-44533) of VTEL Corporation of our report dated May 28, 1999 relating to the financial statements of the VTEL Corporation 401(k) Plan, which appears in this Form 11-K/A.

PricewaterhouseCoopers LLP

Austin, TX
July 14, 1999