

SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-Q

QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d)
OF THE SECURITIES EXCHANGE ACT OF 1934

FOR THE QUARTERLY PERIOD ENDED OCTOBER 31, 1996

Commission file number 0-20008

VTEL CORPORATION

A DELAWARE CORPORATION IRS EMPLOYER ID NO. 74-2415696

108 WILD BASIN ROAD
AUSTIN, TEXAS 78746

(512) 314-2700

The registrant has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and has been subject to such filing requirements for the past 90 days.

At December 1, 1996 the registrant had outstanding 13,940,567 shares of its Common Stock, \$0.01 par value.

PART I - FINANCIAL INFORMATION

Item 1. Financial Statements

VTEL Corporation
CONDENSED CONSOLIDATED BALANCE SHEET

	October 31, 1996 (Unaudited)	July 31, 1996
ASSETS		
Current assets:		
Cash and equivalents	\$ 1,502,000	\$ 1,973,000
Short-term investments	40,666,000	48,307,000
Accounts receivable, net of allowance for doubtful accounts of \$240,000 and \$203,000 at October 31, 1996 and July 31, 1996	23,539,000	15,585,000
Inventories	13,723,000	15,004,000
Prepaid expenses and other current assets	1,241,000	1,597,000
Total current assets	80,671,000	82,466,000
Property and equipment, net	14,066,000	13,906,000
Intangible assets, net	13,488,000	13,730,000
Other assets	1,742,000	1,801,000
	=====	=====
	\$109,967,000	\$111,903,000
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:

Accounts payable	\$ 8,942,000	\$ 9,831,000
Accrued compensation and benefits	1,510,000	1,529,000
Other accrued liabilities	1,693,000	2,241,000
Research and development advance	906,000	906,000
Deferred revenue	5,082,000	2,980,000
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Total current liabilities	18,133,000	17,487,000

Stockholders' equity:

Preferred stock, \$.01 par value; 10,000,000 authorized; none issued or outstanding	-	-
Common stock, \$.01 par value; 25,000,000 authorized; 13,904,000 and 14,308,000 issued and outstanding at October 31, 1996 and July 31, 1996	139,000	143,000
Additional paid-in capital	124,477,000	124,190,000
Treasury stock	(3,351,000)	-
Accumulated deficit	(29,224,000)	(30,068,000)
Cumulative translation adjustment	(1,000)	151,000
Unearned compensation	(206,000)	-
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Total stockholders' equity	91,834,000	94,416,000
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	\$109,967,000	\$111,903,000
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The accompanying notes are an integral part
of these condensed consolidated financial statements.

<ARTICLE> 5

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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM VTEL CORPORATION'S BALANCE SHEET & INCOME STATEMENT FOR THE THREE MONTHS ENDED 10\31\96, AND IS QUALIFIED IN ITS ENTIRETY BY REFERENCE TO SUCH 10/31/96 10-Q FILING.

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