

AS FILED WITH THE SECURITIES AND EXCHANGE COMMISSION ON AUGUST 7, 1996

REGISTRATION NO. 333-6807

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

AMENDMENT NO. 2

TO

FORM S-1

REGISTRATION STATEMENT
UNDER
THE SECURITIES ACT OF 1933

AWARE, INC.
(EXACT NAME OF REGISTRANT AS SPECIFIED IN ITS CHARTER)

MASSACHUSETTS
(STATE OR OTHER JURISDICTION
OF INCORPORATION)

7373
(PRIMARY STANDARD INDUSTRIAL
CLASSIFICATION CODE NUMBER)

04-2911026
(I.R.S. EMPLOYER
IDENTIFICATION NUMBER)

ONE OAK PARK
BEDFORD, MASSACHUSETTS 01730
(617) 276-4000
(ADDRESS, INCLUDING ZIP CODE, AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
REGISTRANT'S PRINCIPAL EXECUTIVE OFFICES)

JAMES C. BENDER
PRESIDENT AND CHIEF EXECUTIVE OFFICER
AWARE, INC.

ONE OAK PARK
BEDFORD, MASSACHUSETTS 01730
(617) 276-4000
(NAME, ADDRESS, INCLUDING ZIP CODE AND TELEPHONE NUMBER, INCLUDING AREA CODE, OF
AGENT FOR SERVICE)

COPIES TO:

ROBERT L. BIRNBAUM, ESQ.
WILLIAM R. KOLB, ESQ.
FOLEY, HOAG & ELIOT LLP
ONE POST OFFICE SQUARE
BOSTON, MASSACHUSETTS 02109
(617) 832-1000

LAWRENCE S. WITTENBERG, ESQ.
TESTA, HURWITZ & THIBEAULT, LLP
HIGH STREET TOWER
125 HIGH STREET
BOSTON, MASSACHUSETTS 02109
(617) 248-7000

APPROXIMATE DATE OF COMMENCEMENT OF PROPOSED SALE TO THE PUBLIC: As soon as
practicable after the Registration Statement becomes effective.

If any of the securities being registered on this Form are to be offered on
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of
1933, check the following box. / /

If this Form is filed to register additional securities for an offering
pursuant to Rule 462(b) under the Securities Act, please check the following box
and list the Securities Act registration statement number of the earlier
effective registration statement for the same offering. / /

If this Form is a post-effective amendment filed pursuant to Rule 462(c)

under the Securities Act, check the following box and list the Securities Act registration statement number of the earlier effective registration statement for the same offering. / / _____

 If delivery of the prospectus is expected to be made pursuant to Rule 434, please check the following box. / /

 THE REGISTRANT HEREBY AMENDS THIS REGISTRATION STATEMENT ON SUCH DATE OR DATES AS MAY BE NECESSARY TO DELAY ITS EFFECTIVE DATE UNTIL THE REGISTRANT SHALL FILE A FURTHER AMENDMENT WHICH SPECIFICALLY STATES THAT THIS REGISTRATION STATEMENT SHALL THEREAFTER BECOME EFFECTIVE IN ACCORDANCE WITH SECTION 8(A) OF THE SECURITIES ACT OF 1933, AS AMENDED, OR UNTIL THIS REGISTRATION STATEMENT SHALL BECOME EFFECTIVE ON SUCH DATE AS THE SECURITIES AND EXCHANGE COMMISSION, ACTING PURSUANT TO SAID SECTION 8(A), MAY DETERMINE.

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AWARE, INC.

CROSS-REFERENCE SHEET SHOWING LOCATION IN PROSPECTUS
OF INFORMATION REQUIRED BY ITEMS IN PART I OF FORM S-1

FORM S-1 ITEM NUMBER AND HEADING -----	LOCATION IN PROSPECTUS -----
1. Forepart of the Registration Statement and Outside Front Cover Page of Prospectus.....	Outside Front Cover Page of Prospectus
2. Inside Front and Outside Back Cover Pages of Prospectus.....	Inside Front Cover Page of Prospectus
3. Summary Information, Risk Factors and Ratio of Earnings to Fixed Charges.....	Summary; Risk Factors
4. Use of Proceeds.....	Summary; Use of Proceeds; Management's Discussion and Analysis of Financial Condition and Results of Operations
5. Determination of Offering Price.....	Outside Front Cover Page of Prospectus; Underwriting
6. Dilution.....	Dilution
7. Selling Security Holders.....	Not Applicable
8. Plan of Distribution.....	Outside Front Cover Page of Prospectus; Underwriting
9. Description of Securities to be Registered.....	Summary; Capitalization; Description of Capital Stock
10. Interests of Named Experts and Counsel....	Legal Matters; Experts
11. Information with Respect to the Registrant.....	Outside Front Cover Page of Prospectus; Summary; Risk Factors; Dividend Policy; Capitalization; Selected Financial Data; Management's Discussion and Analysis of Financial Condition and Results of Operations; Business; Management; Certain Transactions; Principal Stockholders; Description of Capital Stock; Shares Eligible for Future Sale; Financial Statements
12. Disclosure of Commission Position on Indemnification for Securities Act Liabilities.....	Not Applicable

Part I of this Registration Statement has been intentionally omitted because this Amendment No. 2 does not effect any changes to the Prospectus. The sole purpose of this Amendment No. 2 is to file Exhibit 10.9.

PART II

INFORMATION NOT REQUIRED IN PROSPECTUS

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following table sets forth the various expenses in connection with the issuance and distribution of the securities being registered, other than underwriting discounts and commissions. All amounts shown are estimates except the Securities and Exchange Commission registration fee, the Nasdaq Stock Market, Inc. listing fee and the National Association of Securities Dealers, Inc. filing fee.

Registration fee (Securities and Exchange Commission).....	\$ 16,179
Nasdaq listing fee.....	50,000
NASD filing fee.....	5,192
Printing and engraving expenses.....	70,000
Transfer agent fees.....	5,000
Accounting fees and expenses.....	160,000
Legal fees and expenses.....	300,000
Excess director and officer insurance premium.....	160,000
Blue Sky fees and expenses (including related legal fees).....	20,000
Miscellaneous.....	13,629

Total.....	\$800,000..
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ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Section 13(b) (1 1/2) of Chapter 156B of the of the Massachusetts General Laws provides that the articles of organization of a Massachusetts corporation may state a provision eliminating or limiting the personal liability of a director to the corporation or its stockholders for monetary damages for breach of fiduciary duty as a director notwithstanding any provision of law imposing such liability, provided, however, that such a provision shall not eliminate or limit the liability of a director (i) for any breach of a director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 61 or 62 of Chapter 156B of the Massachusetts General Laws, relating to liability for unauthorized distributions and loans to insiders, respectively, or (iv) for any transaction from which the director derived an improper personal benefit. Article 6 of the Company's Articles of Organization, as amended to date (the "Articles of Organization"), provides that the personal liability of the Company's directors is eliminated to the fullest extent permitted by law, including without limitation the provisions of Chapter 156B, Section 13(b) (1 1/2) of the General Laws.

Section 67 of Chapter 156B of the Massachusetts General Laws authorizes Massachusetts corporations to indemnify directors, officers, employees and agents of the corporation, and persons serving at the request of the corporation as directors, officers, employees and agents of another organization, or who serve at its request in any capacity with respect to an employee benefit plan, to whatever extent shall be specified in or authorized by the articles of organization, a by-law adopted by the stockholders or a vote adopted by a majority of the shares of stock entitled to vote on the election of directors, provided that no indemnification may be provided for any person with respect to any matter as to which he or she shall have been adjudicated in any proceeding not to have acted in good faith in the reasonable belief that his or her action was in the best interests of the corporation or, to the extent that such matter relates to service with respect to an employee benefit plan, in the best interests of the participants or beneficiaries of such employee benefit plan.

Section 5.8 of the Company's By-Laws, as amended to date (the "By-Laws"), provides that the Company shall indemnify each of its directors and officers (as well as any former director or officer) to the fullest extent permitted by law against any and all claims and liabilities to which he may be or

become subject by reason of his being or having been an officer or director of the Company or by reason of his alleged acts or omissions as an officer or director of the Company, except in relation to such matters as to which such officer or director shall have been guilty of wilful malfeasance, bad faith, gross negligence or reckless disregard of his duties in the conduct of his office. Section 5.8 further provides that the Company shall indemnify and reimburse each such officer and director against and for any and all legal and other expenses reasonably incurred by him in connection with any such claims and liabilities, actual or threatened, whether or not, at or prior to the time when so indemnified, held harmless and reimbursed, he had ceased being an officer or director of the Company, except in relation to such matters as to which such officer or director shall have been guilty of wilful malfeasance, bad faith, gross negligence or reckless disregard of his duties in the conduct of his office; provided that the Company prior to such final adjudication may compromise and settle any such claims and liabilities and pay such expenses, if such settlement or payment or both appears, in the judgment of a majority of the Board of Directors, to be for the best interest of the Company, evidenced by a resolution to that effect after receipt by the Company of a written opinion of counsel for the Company that such officer or director has not been guilty of wilful malfeasance, bad faith, gross negligence or reckless disregard of his duties in the conduct of his office in connection with the matters involved in such compromise, settlement and payment.

Section 5.8 of the By-Laws further provides that the right of indemnification provided thereby shall not be exclusive of any rights to which any officer or director may otherwise be lawfully entitled, and may be incorporated into individual indemnification agreements between the Company and any officer or director.

The Company has entered into separate indemnification agreements with each current director and a former director of the Company. Pursuant to these agreements, the Company has agreed to indemnify each director to the fullest extent permitted by law from claims to which he may become subject by reason of his service or actions as a director or officer of the Company, except as to matters as to which he shall have been guilty of wilful malfeasance, bad faith, gross negligence or reckless disregard of his duties in the conduct of his office. The agreements also contain provisions regarding reimbursement of expenses incurred in connection with such claims.

Section 8 of the Underwriting Agreement provides that, under certain circumstances, the Underwriters are obligated to indemnify the directors and officers of the Company against certain liabilities, including liabilities under the Securities Act. Reference is made to the form of Underwriting Agreement filed as Exhibit 1.1 hereto.

The effect of these provisions would be to permit indemnification by the Company for, among other liabilities, liabilities arising out of the Securities Act of 1933 (the "Securities Act").

Section 67 of Chapter 156B of the Massachusetts General Laws also authorizes Massachusetts corporations to purchase and maintain insurance on behalf of any person who is or was a director, officer, employee or other agent of the corporation, or is or was serving at the request of the corporation as a director, officer, employee or other agent of another organization, or with respect to an employee benefit plan, against any liability incurred by him or her in any such capacity, or arising out of his or her status as such, whether or not the corporation would have the power to indemnify him or her against such liability. The Company intends to purchase a general liability insurance policy which covers certain liabilities of directors and officers of the Company arising out of claims based on acts or omissions in their capacities as directors or officers.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

The following information is furnished with regard to all securities issued by the Company within the past three years which were not registered under the Securities Act.

(a) Between November 30, 1994 and June 26, 1996, the Company issued and sold a total of 1,052,529 shares of Common Stock pursuant to the exercise of options under the Company's 1990 Incentive and Non-Statutory Stock Option Plan, for an aggregate consideration of \$1,057,969.

(b) Between June 14, 1994 and October 26, 1994, the Company issued and sold a total of 29,432 shares of Series E Convertible Preferred Stock, \$1.00 par value per share, for an aggregate consideration of \$3,826,160.

The issuances described above were made in reliance upon the exemption from registration set forth in Section 4(2) of the Securities Act relating to sales by an issuer not involving any public offering. None of the foregoing transactions involved a distribution or public offering. No underwriters were engaged in connection with the foregoing issuances of securities, and no underwriting discounts or commissions were paid.

ITEM 16. EXHIBITS AND FINANCIAL SCHEDULES.

(A) EXHIBITS

- +1.1 Form of Underwriting Agreement
- +3.1 Amended and Restated Articles of Organization
- +3.2 Form of Amended and Restated Articles of Organization (to be filed with the Secretary of State of the Commonwealth of Massachusetts after the closing of this offering)
- +3.3 Amended and Restated By-Laws
- +4.1 Specimen certificate for the Common Stock
- +5.1 Opinion of Foley, Hoag & Eliot LLP
- +10.1 Form of Lock-Up Agreement, with schedule of substantially identical documents
- +10.2 1990 Incentive and Non-Statutory Stock Option Plan
- +10.3 1996 Stock Option Plan
- +10.4 1996 Employee Stock Purchase Plan
- +10.5 License Agreement with Analog Devices, Inc., dated September 25, 1993, together with appendices thereto
- +10.6 Development Contract with Analog Devices, Inc., dated September 25, 1993, together with amendments thereto
- +10.7 Agreement with DSC Telecom L.P., dated March 6, 1996
- +10.8 License Agreement and Development Contract with Westell, Inc., dated as of September 5, 1994
- *10.9 Development Agreement -- Low Cost DMT ADSL, among Aware, Inc., Analog Devices, Inc., Westell International Inc. and Westell, Inc., dated as of May 12, 1995
- +10.10 Technology Agreement with Broadband Technologies, Inc., dated June 10, 1996
- +10.11 Lease Agreement dated April 3, 1995, with respect to real property located at One Oak Park, Bedford, Massachusetts, between R.W. Connelly as lessor and the Company as lessee
- +10.12 Employment Agreement of James C. Bender
- +10.13 Form of Director Indemnification Agreement
- +11.1 Computation of Pro Forma Net Income Per Common Share
- +23.1 Consent of Deloitte & Touche LLP
- +23.2 Consent of Price Waterhouse LLP

+23.3 Consent of Foley, Hoag & Eliot LLP (included in Exhibit 5.1)
 +23.4 Consent of Cesari and McKenna
 +24.1 Power of Attorney (contained on the signature page of this Registration Statement)
 +99.1 Letter from Price Waterhouse LLP as to change in independent accountants
 +99.2 Letter from DiBenedetto & Company, P.A. as to change in independent accountants

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+ Previously filed.

* Filed under application for confidential treatment.

(B) FINANCIAL STATEMENT SCHEDULES

All schedules are omitted because they are not applicable or the required information is shown in the consolidated financial statements or notes thereto.

ITEM 17. UNDERTAKINGS.

Insofar as indemnification for liabilities arising under the Securities Act of 1933, as amended (the "Securities Act") may be permitted to directors, officers and controlling persons of the registrant pursuant to the provisions contained in the Articles of Organization and By-Laws of the registrant and the laws of the Commonwealth of Massachusetts, or otherwise, the registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the registrant of expenses incurred or paid by a director, officer or controlling person of the registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered, the registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

The undersigned registrant hereby undertakes to provide to the underwriters at the closing specified in the underwriting agreement, certificates in such denominations and registered in such names as required by the underwriters to permit prompt delivery to each purchaser.

The undersigned registrant hereby undertakes that:

(1) For purposes of determining any liability under the Securities Act, the information omitted from the form of prospectus filed as part of this registration statement in reliance upon Rule 430A and contained in a form of prospectus filed by the registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this registration statement as of the time it was declared effective; and

(2) For the purpose of determining any liability under the Securities Act, each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

SIGNATURES

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THE COMPANY HAS DULY CAUSED THIS AMENDMENT NO. 2 TO REGISTRATION STATEMENT TO BE SIGNED ON ITS BEHALF BY THE UNDERSIGNED, THEREUNTO DULY AUTHORIZED, IN THE CITY OF BOSTON, MASSACHUSETTS ON AUGUST 7, 1996.

AWARE, INC.

By /s/ RICHARD P. MOBERG

Richard P. Moberg

Treasurer and Chief Financial
Officer

PURSUANT TO THE REQUIREMENTS OF THE SECURITIES ACT OF 1933, THIS AMENDMENT TO REGISTRATION STATEMENT HAS BEEN SIGNED BY THE FOLLOWING PERSONS IN THE CAPACITIES AND ON THE DATES INDICATED.

SIGNATURE	TITLE	DATE
* ----- James C. Bender /s/ RICHARD P. MOBERG	President, Chief Executive Officer and Director (Principal Executive Officer) Treasurer and Chief Financial Officer (Principal Financial and Accounting Officer)	August 7, 1996
Richard P. Moberg *	Chairman of the Board	August 7, 1996
Charles K. Stewart *	Director	August 7, 1996
Jerald G. Fishman *	Director	August 7, 1996
John K. Kerr *	Director	August 7, 1996
John S. Stafford, Jr. *By /s/ ROBERT L. BIRNBAUM ----- Robert L. Birnbaum, as Attorney-in-Fact		

EXHIBIT INDEX

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Analog Devices, Aware, Westel International, Westell
Development Agreement
Low Cost DMT ADSL

Westell International Inc. (WIN), Westell Inc. (Westell), Analog Devices Inc. (ADI) and Aware Inc. (Aware) have been cooperating with each other to provide low cost DMT ADSL systems for British Telecom (BT) and other customers worldwide. It has been determined by the parties that the intentions of the Memorandum of Understanding dated 29 June 1994 should be modified given the current delivery schedule.

The purpose of this Development Agreement is to identify the agreed commitments of the parties necessary to accelerate the availability of low cost DMT ADSL systems, enable WIN and Westell to complete proposals for pricing and product availability as well as to communicate to customers the WIN and Westell ADSL DMT systems architecture, transceiver performance commitments, planned product migration as well as to provide commercial terms for the purchase of components from ADI.

1. WIN will continue to act as prime contractor for BT and other international customers.
2. WIN and Westell will continue to provide AWARE and ADI product definition documentation and systems design information according to the deliverables in the milestones schedule.
3. ADI and AWARE will supply WIN and Westell with relevant Digital Signal Processor (DSP), Applications Specific Integration Circuits (ASIC's) and standard ADI component parts with optimized AWARE ADSL firmware in order to meet the attached milestones.
4. ADI and AWARE each will be responsible to direct its own resources in connection with fulfilling the milestone schedules and will be responsible for the availability of a low cost ADSL transceiver and systems architecture and product offering.
5. ADI and AWARE will continue to participate in direct support of WIN and Westell customer discussions for the purposes of clarifying product requirements, support of worldwide standards activities and communication of project schedule updates. As appropriate, WIN and Westell will invite representatives from both ADI and AWARE to meetings in support of customer requirements.

Analog Devices Inc., Aware Inc., Westell International Inc., Westell Inc.
Proprietary and Confidential
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17 May 1995

Analog Devices, Aware, Westell International, Westell
Development Agreement
Low Cost DMT ADSL

6. ADI and AWARE will provide timely and mutually agreed reasonable levels of technical assistance and support at agreed upon venues to WIN and Westell that demonstrates progress being made towards agreed upon milestone deliverables.
7. WIN or Westell may terminate this agreement based on the BT cancellation of its development contract with WIN and/or ADI and AWARE failing to fulfill the milestone requirements in this Development Agreement. If termination is based on BT cancellation, payment by WIN or Westell to ADI and AWARE for achieved milestones are due and payable according to the terms of this agreement.
8. It is agreed by ADI, AWARE and WIN and Westell that pricing, technical performance and product availability benefits which arise from this Development Agreement can be made available to the ADI and AWARE consortium, as per the Participation Agreement dated 20 October 1993, unless specifically restricted under separate agreement by WIN, Westell, ADI and AWARE.
9. Licenses and Proprietary Information
 - (a) This Agreement does not grant to WIN or Westell by implication, estoppel or otherwise, a license to any patent or know-how owned by ADI or AWARE ("Developer"), other than the license to use such technology when resident in the devices that will be purchased from ADI subsequent to the completion of the work.
 - (b) All discoveries, developments, improvements, and inventions conceived or first reduced to practice in the performance of this Agreement by a Developer's employees shall be the sole and exclusive property of such Developer.
 - (c) All discoveries, developments, improvements, and inventions conceived or first reduced to practice in the performance of this Agreement by WIN or Westell employees shall be the sole and exclusive property of WIN and Westell.
 - (d) In the event that the employees of a Developer and WIN and/or Westell jointly invent devices, circuits, processes, apparatus, or systems relating to this Agreement, then the joint invention shall be jointly owned by the parties without accounting to either party.

Analog Devices, Aware, Westell International, Westell
Development Agreement
Low Cost DMT ADSL

In the event of a joint invention which is patentable, the patent expenses shall be divided equally between the parties, unless one party states in writing that it does not wish to join in the patent application in a given country in which case the non-joining party shall have no rights in that country.

10. The revised and modified Development Agreement between BT and WIN contains the following WIN Milestones:

WIN Milestones

- | | | |
|---|-----------|---|
| A | 25 Sep 95 | Provide a platform to BT that allows core transceiver testing including 2 Mbps and 6 Mbps operation with a 96 kbps control channel including an active POTS filter. BT would test this platform for DMT transmission performance results and send the test results to WIN. |
| B | 15 Dec 95 | Provide a first prototype system to BT that includes an access multiplexer and ADSL line cards to allow performance testing of the line cards and functional testing of the multiplexer in a static configuration. The system would consist of 1 shelf, 2 sets of common equipment cards and 2 sets of ADSL line cards. |
| C | 15 Mar 96 | Provide a pre-production reference model that passes performance testing and has been parametrically tested. This system would consist of the same number and type of components as milestone B and would be expected to pass the acceptance test plan established by that time. |
| D | 28 Jun 96 | Provide pilot production systems to BT consisting of 2 multiplexers each equipped with two sets of line cards. These systems would be representative of production systems. |
11. In order to accomplish the WIN Milestones, WIN requires the performance of ADI and AWARE to develop a DMT transceiver capable of at least 2.048 Mbps and 6.144 Mbps downstream in addition to a 96 kbps bi-direction control channel with associated ATM and ADSL overhead. This transceiver must be capable of the performance specified in BT "ADSL Product Requirements for BT/Westell Development Contract MC589932". In order to accomplish this, ADI and AWARE commits to the following Milestones:

Analog Devices, Aware, Westell International, Westell
Development Agreement
Low Cost DMT ADSL

ADI and AWARE Commitment Milestones

1. 12 May 95 ADI to provide WIN with complete schematics for a "generation one" DMT transceiver that includes the hybrid (using the AD815), the AFE (using the AD 870), the Digital Filter Integrated Circuit (DFIC), SHARC DSP (21061 or 21062) and Digital Interface ASIC (DIA) chips.
2. 12 May 95 ADI to provide all required IC documentation including pinouts and package mechanical data as well as electrical specifications.
3. 21 Jul 95 Aware to provide WIN with 0.5 Software with DBE 2 and AFE2 boards to support the transceiver configuration and operation at 2 Mbps and 6 Mbps (ATM) rates with 96 kbps bi-directional control channel.
4. 12 Aug 95 Aware to provide WIN with TICL interface software in order to support Westell hardware and software integration in Aurora, Illinois.
5. 21 Aug 95 ADI to provide WIN with samples of all IC's necessary to complete assembly of six transceivers (three lines).
6. 15 Sep 95 ADI to provide WIN with X-Grade IC's for eight transceivers (four lines).
7. 28 Sep 95 AWARE to provide WIN with 1.0 software capable of TICL controlled configuration, diagnostics and status required to support transceiver performance in accordance with the BT requirements.

The ADI and AWARE commitment milestones represent the minimum set of milestones necessary to execute the commitments for WIN and Westell DMT ADSL customers. Delay in keeping milestone commitments will impact WIN competitiveness in the marketplace and customer satisfaction.

Analog Devices Inc., Aware Inc., Westell International Inc., Westell Inc.
Proprietary and Confidential

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17 May 1995

Analog Devices, Aware, Westell International, Westell
Development Agreement
Low Cost DMT ADSL

12. While it is recognized by the parties that the ADI and AWARE commitment milestones schedule do not represent an acceleration of availability of low cost DMT ADSL in the marketplace, it has been agreed that a level of remuneration based upon milestone achievements is appropriate. Therefore, WIN and Westell agree to make the following payments to ADI and AWARE based on milestone achievements and WIN's success in delivering against the BT contract and other WIN and Westell customer milestones:

Milestone	Date	ADI Payment	Aware Payment
1, 2	[redact]	[redact]	[redact]
3	[redact]		[redact]
4	[redact]		[redact]
5	[redact]		
6	[redact]		
WIN-A	[redact]	[redact]	[redact]
7	[redact]		[redact]
WIN-B	[redact]	[redact]	[redact]
WIN-C	[redact]	[redact]	[redact]
WIN-D	[redact]	[redact]	[redact]
Total potential payout		[redact]	[redact]

- * A milestone payment of [redact] is due and payable to ADI if ADI achieves milestone #5 on or before [redact].
- + A milestone payment of [redact] is due and payable to ADI if ADI achieves milestone #6 on or before [redact].

Each ADI and AWARE commitment milestone payout is based on performance versus the milestone. If the milestone deliverable is achieved, payment will be made within 45 days after receipt of an invoice from ADI and AWARE. If the milestone deliverable is not achieved, payment for the milestone will not be made.

Analog Devices, Aware, Westell International, Westell
Development Agreement
Low Cost DMT ADSL

The WIN Milestones payouts are provided to identify the critical nature of the ADI and AWARE joint cooperation in achieving the WIN deliverables to BT. Achieving the WIN deliverables will require ADI and AWARE to provide appropriate and necessary levels of technical support to WEN. Category 1 and 2 is defined as ADSL product specifications according to the T1E1.4 ANSI standards committee.

- 13(a) In order to be competitive in the marketplace, WIN and Westell will require transceiver pricing which meets customers requirements. ADI agrees to supply WIN and Westell at an equivalent component purchase price of [redact] per line for each Low Cost DMT ADSL transceiver (Generation 1) ordered for delivery to WIN between the date of this agreement and 28 June 1996.
- (b) ADI agrees to supply WIN and Westell at an equivalent component purchase price per line according to the price schedule below for each Low Cost DMT ADSL transceiver (Generation 2 - a Category 2 compliant DMT processor with DFIC DSP and an integrated Category 1 AFE) ordered for delivery to WIN on or after 29 June 1996.
- (c) ADI agrees to supply WIN and Westell at an equivalent component purchase price per line according to the price schedule below for each Low Cost DMT ADSL transceiver (Generation 3 - comprised of the digital components of Generation 2 and a discrete category 2 AFE). Ordered for delivery to WIN on or after 1 Jan 1997.
- (d) ADI plans to supply WIN and Westell at an equivalent component purchase price per line according to the price schedule below for each Low Cost DMT ADSL transceiver (Generation 3+ - a reduced size Category 2 DMT processor with DFIC DSP and an integrated Category 2 AFE) with an expected availability date of 30 June 1997. WIN and Westell is authorized to make quotations in the marketplace for the Generation 3+ product offering based on the planned but not committed pricing and availability schedule.

[redact]

Pricing is per line for ADI provided components only and does not include any third party royalties to valid patent holders. Only Generation 1 pricing includes hybrid and line components and the line driving subsection

Analog Devices, Aware, Westell International, Westell
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14. ADI commits that its DMT Transceiver architecture with component parts, not including the hybrid and line driving subsection, will have a power consumption no greater than 3 watts per line effective June 30, 1996. This commitment will allow WIN and Westell to complete systems architecture and product development planning activities necessary to complete customer requests for proposals during 1995 and thereafter in order to meet customer requirements for systems level integration, network planning and product roll-out during 1996 and thereafter.

15. Confidentiality

The parties agree that any information, technical data or know how, which is furnished or has been already furnished to the other in written or tangible form by either party under or in connection with this Agreement and marked as "Proprietary Information" or "Confidential", will be maintained by the receiving party in confidence during the term of this Agreement and for a period of five (5) years thereafter and will not be used by the receiving party except to fulfill the receiving party's obligations under this Agreement.

Oral disclosure will be covered by this Agreement only if such disclosures are reduced to writing and transmitted by the disclosing party to the other within thirty (30) days of the original disclosure and marked as provided above. Neither party shall be under any obligation to maintain in confidence any portion of the information which is (i) already in the possession of the receiving party or its subsidiaries; (ii) independently developed by the receiving party or its subsidiaries; (iii) publicly disclosed by the disclosing party; (iv) rightfully received by the receiving party or its subsidiaries from a third party; (v) approved for release by written agreement with the disclosing party; (vi) available by the inspection of products marketed or offered for sale by either party hereto or others in the ordinary course of business; or (vii) disclosed pursuant to the requirement or request of a governmental agency or third party to the extent such disclosure is required by operation of law, regulation or court order.

16. Limitation of Claims

Except for warranty claims, No suit or action shall be brought against any party more than one (1) year after the related cause of action has occurred. As to warranty claims the applicable period shall be one year after the product warranty period which shall be one year.

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In no event, shall the accrued total liability of any party from any lawsuit, claim, warranty or indemnity exceed the aggregate sum paid or due to ADI and Aware under this development agreement. No party provides any indemnity from and against any liabilities, losses, damages and expenses (including attorney's fees) relating to claims for personal injuries, death or property damage.

In no event shall any party be liable for indirect, special, incidental, or consequential damages due to any breach of this Agreement or of any warranty or any other cause whatsoever.

17. Notices

Written notices hereunder are deemed to be given when telexed, faxed or mailed first class, postage prepaid, to the addresses of the parties as set forth herein, or such other addresses as shall be furnished in writing, by either party. All parties shall be copied on any notice for such notice to be effective.

Analog Devices Inc.
181 Ballardvale Street
Wilmington, MA 01887-1024
Facsimile: +1-617-937-1022

Aware Inc.
One Memorial Drive
Cambridge, MA 02142-1301
Facsimile: +1-617-577-1710

Westell International Inc.
2701 N. Rocky Point Drive
Suite 530
Tampa, FL 33607
Facsimile: +1-813-286-1957

Westell Inc.
101 Kendall Point Drive
Oswego, IL 60543
Facsimile: +1-708-851-5299

18. Non - Assignability

Except for WIN assignments to Westell, this Agreement is not assignable by either party without the prior written consent of the other party. Any attempt to assign this Agreement without the prior written consent of the other party shall be void.

Analog Devices Inc., Aware Inc., Westell International Inc., Westell Inc.
Proprietary and Confidential

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19. Other Agreements

This Agreement contains the entire understanding of the parties with respect to the subject matter hereof and supersedes the June 29, 1994 MOU and all other agreements and understandings relating thereto, written or oral, between the parties, except for the Participation Agreement dated 20 October 1993. Amendments to this Agreement must be in writing, signed by the duly authorized officers of the parties. Except as provided herein, the parties agree that the terms and conditions of this Agreement shall prevail, notwithstanding contrary or additional terms, in any purchase order, sales acknowledgment, confirmation or any other document issued by either party including the Schedules attached hereto.

20. Miscellaneous Provisions

- (a) This Agreement shall be construed, governed, interpreted and applied in accordance with the laws of the Commonwealth of Massachusetts, USA, except that questions affecting the construction and effect of any patent shall be determined by the law of the country in which the patent was granted.
- (b) No provision of this Agreement is intended to conflict with any law, and the provisions should be construed in a manner that will uphold their validity. In the event that any provision is found to be contrary to any law, it shall be deemed unenforceable, and the parties or the court shall substitute a lawful provision in its place which is equitable and which, to the extent possible, reflects the original intent of the parties. Unless it would be inequitable to do so, all other provisions of this Agreement shall remain in full force and effect.
- (c) The failure of either party to assert a right hereunder or to insist upon compliance with any term or condition of this Agreement shall not constitute a waiver of that right or excuse a similar subsequent failure to perform any such term or condition by the other party.

21. Force Majeure

Neither party shall be liable for delay in performance or failure to perform in whole or in part the terms of this Agreement due to strike, labor dispute, act of war, labor shortage, riot or civil commotion, act of public enemy, fire, flood or act of God or other cause beyond the control of such party.

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In WITNESS WHEREOF, Westell International, ADI and AWARE have executed this
Development Agreement as of 12 May 1995.

ANALOG DEVICES, INC.

By: /s/ Russell K. Johnsen

Name: Russell K. Johnsen

Title: V.P./G.M. Communications Div.

Date: 7 June 1995

AWARE INC.

By: /s/ Michael Tzannes

Name: Michael Tzannes

Title: V.P. Telecommunications

Date: 26 May 95

WESTELL INTERNATIONAL INC.

By: /s/ Robert D. Faw

Name: Robert D. Faw

Title: President and CEO

Date: 15 May 1995

WESTELL INC.

By: /s/ William V. Rodey

Name: William V. Rodey

Title: V.P. Planning and Business Development