SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

SCHEDULE 14D-1

TENDER OFFER STATEMENT PURSUANT TO SECTION 14(D)(1)
OF THE SECURITIES EXCHANGE ACT OF 1934

AMATI COMMUNICATIONS CORPORATION
(Name of Subject Company)

DSL ACQUISITION CORPORATION
(Bidder)

COMMON STOCK, PAR VALUE $.20 PER SHARE
(Title of Class of Securities)

023115 10 8
(CUSIP Number of Class of Securities)

CHARLES D. TOBIN
TEXAS INSTRUMENTS INCORPORATED
7839 CHURCHILL WAY
P.O. BOX 650311, M/S 3995
DALLAS, TEXAS 75265
972-917-3810
(Name, Address and Telephone Number of Person
Authorized to Receive Notices and Communications on Behalf of Bidders)

COPY TO:
R. SCOTT COHEN, ESQ.
WEIL, GOTSHAL & MANGES LLP
100 CRESCENT COURT, SUITE 1300
DALLAS, TEXAS 75201-6950
214-746-7738

CALCULATION OF FILING FEE
TRANSACTION VALUATION* $499,701,060
AMOUNT OF FILING FEE $99,940.21

* Estimated for purposes of calculating the amount of the filing fee only. The amount assumes the purchase of (i) 19,768,978 shares of common stock, par value $.20 per share (the "Shares"), of Amati Communications Corporation (the "Company") at a price per Share of $20.00 in cash (the "Offer Price"), (ii) the cancellation of and settlement with respect to (a) 4,885,599 options granted under the Company's stock option plans and (b) 330,476 warrants. Such number of Shares, options and warrants represents all of the Shares, options and warrants outstanding as of October 31, 1997 (except for 300,000 warrants to be cancelled and terminated without payment of any consideration).

[ ] Check box if any part of the fee is offset as provided by Rule 0-11(a)(2) and identify the filing with which the offsetting fee was previously paid. Identify the previous filing by registration statement number, or the form or schedule and the date of its filing. Amount previously paid: none Form or registration no.: n/a Filing party: n/a Date filed: n/a

TENDER OFFER

This Tender Offer Statement on Schedule 14D-1 relates to the offer by DSL Acquisition Corporation, a Delaware corporation (the "Purchaser") and a direct wholly owned subsidiary of Texas Instruments Incorporated, a Delaware corporation ("Parent"), to purchase all outstanding shares of common stock, par value $.20 per share (the "Shares"), of Amati Communications Corporation, a Delaware corporation, at $20.00 per Share, net to the seller in cash, without interest, on the terms and subject to the conditions set forth in the Offer to Purchase dated November 25, 1997 (the "Offer to Purchase") and in the related Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively (which, together with any amendments or supplements, collectively constitute the "Offer"). The item numbers and responses thereto below are in accordance with the requirements of Schedule 14D-1.

ITEM 1. SECURITY AND SUBJECT COMPANY

(a) The name of the subject company is Amati Communications Corporation, a Delaware corporation (the "Company"). The address of the Company's principal executive offices is 2043 Samaritan Drive, San Jose, California 95124.

(b) The information set forth in the Introduction of the Offer to Purchase is incorporated herein by reference.

(c) The information set forth in Section 6 -- "Price Range of Shares; Dividends on the Shares" of the Offer to Purchase is incorporated herein by reference.

ITEM 2. IDENTITY AND BACKGROUND

(a)-(d), (g) This Statement is filed by the Purchaser and Parent. The information set forth in the Introduction, in Section 9 -- "Certain Information Concerning the Purchaser and Parent" and in Schedule I of the Offer to Purchase is incorporated herein by reference.

(e)-(f) During the last five years, neither the Purchaser nor Parent nor, to their knowledge, any of the persons listed in Schedule I (Directors and Executive Officers) to the Offer to Purchase, (i) has been convicted in a criminal proceeding (excluding traffic violations or similar misdemeanors) or (ii) has been a party to a civil proceeding of a judicial or administrative body of competent jurisdiction and as a result of such proceeding was or is subject to a judgment, decree or final order enjoining future violations of, or prohibiting activities subject to, federal or state securities laws or finding any violation of such laws.

ITEM 3. PAST CONTACTS, TRANSACTIONS OR NEGOTIATIONS WITH THE SUBJECT COMPANY

(a) Not applicable.

(b) The information set forth in Section 11 -- "Background of the Offer; Contacts with the Company" and in Section 12 -- "Purpose of the Offer and the Merger; Plans for the Company; Merger Agreement; Loan Agreement; Retention Agreements; Consulting Agreement; Confidentiality Agreement; Other Matters" of the Offer to Purchase is incorporated herein by reference.

ITEM 4. SOURCE AND AMOUNT OF FUNDS OR OTHER CONSIDERATION

(a) The information set forth in Section 10 -- "Source and Amount of Funds" of the Offer to Purchase is incorporated herein by reference.

(b) Not applicable.

(c) Not applicable.

ITEM 5. PURPOSE OF THE TENDER OFFER AND PLANS OR PROPOSALS OF THE BIDDERS

(a)-(g) The information set forth in the Introduction, in Section 7 - - -- "Effect of the Offer on the Market for the Shares; NASDAQ Trading; Exchange Act Registration; Margin Securities" and in Section 12 -- "Purpose of the Offer and the Merger; Plans for the Company; Merger Agreement; Loan Agreement; Retention Agreements; Consulting Agreement; Confidentiality Agreement; Other Matters" of the Offer to Purchase is incorporated herein by reference.

ITEM 6. INTEREST IN SECURITIES OF THE SUBJECT COMPANY

(a)-(b) Not Applicable.

ITEM 7. CONTRACTS, ARRANGEMENTS, UNDERSTANDINGS OR RELATIONSHIPS WITH RESPECT TO THE SUBJECT COMPANY'S SECURITIES

The information set forth in the Introduction, in Section 11 -- "Background of the Offer; Contacts with the Company" and in Section 12 -- "Purpose of the Offer and the Merger; Plans for the Company; Merger Agreement; Loan Agreement; Retention Agreements; Consulting Agreement; Confidentiality Agreement; Other Matters" of the Offer to Purchase is incorporated herein by reference.

ITEM 8. PERSONS RETAINED, EMPLOYED OR TO BE COMPENSATED

The information set forth in the Introduction, in Section 16 -- "Fees and Expenses" and in Section 17 -- "Miscellaneous" of the Offer to Purchase is incorporated herein by reference.

ITEM 9. FINANCIAL STATEMENTS OF CERTAIN BIDDERS

Not applicable.

ITEM 10. ADDITIONAL INFORMATION

(a) The information set forth in the Introduction, in Section 11 - - -- "Background of the Offer; Contacts with the Company" and in Section 12 -- "Purpose of the Offer and the Merger; Plans for the Company; Merger Agreement; Loan Agreement; Retention Agreements; Consulting Agreement; Confidentiality Agreement; Other Matters" of the Offer to Purchase is incorporated herein by reference.

(b)-(c) The information set forth in Section 12 -- "Purpose of the Offer and the Merger; Plans for the Company; Merger Agreement; Loan Agreement; Retention Agreements; Consulting Agreement; Confidentiality Agreement; Other Matters," in Section 15 -- "Certain Legal Matters" and in Section 17 -- "Miscellaneous" of the Offer to Purchase is incorporated herein by reference.

(d) The information set forth in Section 7 -- "Effect of the Offer on the Market for the Shares; NASDAQ Trading; Exchange Act Registration; Margin Securities" of the Offer to Purchase is incorporated herein by reference.

(e) Not applicable.

(f) The information set forth in the Offer to Purchase and the Letter of Transmittal, copies of which are attached hereto as Exhibits (a)(1) and (a)(2), respectively, is incorporated herein by reference.

ITEM 11. MATERIAL TO BE FILED AS EXHIBITS

99(a)(1) Offer to Purchase, dated November 25, 1997.

99(a)(2) Letter of Transmittal.

99(a)(3) Notice of Guaranteed Delivery.

99(a)(4) Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

99(a)(5) Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.

99(a)(6) Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.

99(a)(7) Form of Summary Advertisement, dated November 25, 1997.

99(a)(8) Text of Press Release, dated November 19, 1997.

99(c)(1) Agreement and Plan of Merger, dated as of November 19, 1997, by and among the Company, Parent and the Purchaser.

99(c)(2) Loan and Security Agreement, dated November 19, 1997, by and between Parent and the Company.

99(c)(3) Confidentiality Agreement, dated as of July 22, 1997, by and between Parent and the Company.

99(c)(4) Retention Agreement, dated as of November 19, 1997, by and between Parent and James E. Steenbergen.

99(c)(5) Retention Agreement, dated as of November 19, 1997, by and between Parent and Ronald Carlini.

99(c)(6) Retention Agreement, dated as of November 19, 1997, by and between Parent and Dr. John Cioffi.

99(d) None.

99(e) Not applicable.

99(f) None.

SIGNATURES

After due inquiry and to the best of their knowledge and belief, the undersigned certify that the information set forth in this statement is true, complete and correct.

Dated: November 25, 1997

DSL ACQUISITION CORPORATION

By: /s/ GEORGE BARBER

George Barber, President

TEXAS INSTRUMENTS INCORPORATED

By: /s/ WILLIAM A. AYLESWORTH

William A. Aylesworth, Senior Vice President, Treasurer and Chief Financial Officer

EXHIBIT INDEX

EXHIBIT	
99(a)(1)	Offer to Purchase, dated November 25, 1997.
99(a)(2)	Letter of Transmittal.
99(a)(3)	Notice of Guaranteed Delivery.
99(a)(4)	Letter to Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99(a)(5)	Letter to Clients for use by Brokers, Dealers, Commercial Banks, Trust Companies and Other Nominees.
99(a)(6)	Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9.
99(a)(7)	Form of Summary Advertisement, dated November 25, 1997.
99(a)(8)	Text of Press Release, dated November 19, 1997.
99(c)(1)	Agreement and Plan of Merger, dated as of November 19, 1997, by and among the Company, Parent, and the Purchaser.
99(c)(2)	Loan and Security Agreement, dated November 19, 1997, by and between Parent and the Company.
99(c)(3)	Confidentiality Agreement, dated as of July 22, 1997, by and between Parent and the Company.
99(c)(4)	Retention Agreement, dated as of November 19, 1997, by and between Parent and James E. Steenbergen.
99(c)(5)	Retention Agreement, dated as of November 19, 1997, by and between Parent and Ronald Carlini.
99(c)(6)	Retention Agreement, dated as of November 19, 1997, by and between Parent and Dr. John Cioffi.
99(d)	None.
99(e)	Not applicable.
99(f)	None.

EXHIBIT 99 (a)(1)

Offer to Purchase For Cash
All Outstanding Shares of Common Stock

of

Amati Communications Corporation
at

$20.00 Net Per Share
by

DSL Acquisition Corporation
a direct wholly owned subsidiary

of

Texas Instruments Incorporated

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, DECEMBER 23, 1997, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER A NUMBER OF SHARES (AS DEFINED HEREIN) WHICH CONSTITUTES AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS. SEE SECTIONS 1 AND 14.

THE BOARD OF DIRECTORS OF AMATI COMMUNICATIONS CORPORATION (THE "COMPANY") HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT, THE OFFER AND THE MERGER (EACH AS DEFINED HEREIN), AND HAS DETERMINED THAT THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY'S STOCKHOLDERS, AND UNANIMOUSLY RECOMMENDS THAT THE COMPANY'S STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES IN THE OFFER.

IMPORTANT

Any stockholder desiring to tender all or any portion of his or her shares of common stock, par value $.20 per share, of the Company (the "Shares") should either (a) complete and sign the Letter of Transmittal (or a facsimile thereof) in accordance with the instructions in the Letter of Transmittal and mail or deliver it together with the certificate(s) evidencing tendered Shares, and any other required documents, to the Depositary, or tender such Shares pursuant to the procedures for book-entry transfer set forth in Section 3, or (b) request such stockholder's broker, dealer, commercial bank, trust company or other nominee to effect the transaction for such stockholder. A stockholder whose Shares are registered in the name of a broker, dealer, commercial bank, trust company or other nominee must contact such broker, dealer, commercial bank, trust company or other nominee if such stockholder desires to tender such Shares.

Any stockholder who desires to tender Shares and whose certificates evidencing such Shares are not immediately available or who cannot comply with the procedures for book-entry transfer described in this Offer to Purchase on a timely basis may tender such Shares by following the procedures for guaranteed delivery set forth in Section 3.

Questions and requests for assistance may be directed to the Information Agent or the Dealer Manager at their respective addresses and telephone numbers set forth on the back cover of this Offer to Purchase. Requests for additional copies of this Offer to Purchase, the Letter of Transmittal, the Notice of Guaranteed Delivery and other tender offer materials may be directed to the Information Agent. A stockholder may also contact brokers, dealers, commercial banks, trust companies or other nominees for assistance concerning this Offer.

The Dealer Manager for the Offer is:

MORGAN STANLEY DEAN WITTER

November 25, 1997

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To the Holders of Common Stock of
Amati Communications Corporation:

INTRODUCTION

DSL Acquisition Corporation, a Delaware corporation (the "Purchaser") and a direct wholly owned subsidiary of Texas Instruments Incorporated, a Delaware corporation ("Parent"), hereby offers to purchase all outstanding shares of common stock, par value $.20 per share (the "Shares"), of Amati Communications Corporation, a Delaware corporation (the "Company"), at $20.00 per Share (the "Offer Price"), net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in this Offer to Purchase and in the related Letter of Transmittal (which, together with any amendments or supplements, collectively constitute the "Offer").

Tendering stockholders will not be obligated to pay brokerage fees or commissions or, except as set forth in Instruction 6 of the Letter of Transmittal, stock transfer taxes on the purchase of Shares by the Purchaser pursuant to the Offer. Purchaser will pay all reasonable fees and expenses of Morgan Stanley & Co. Incorporated ("Morgan Stanley"), which is acting as the dealer manager (in such capacity, the "Dealer Manager"), ChaseMellon Shareholder Services, L.L.C., which is acting as the depositary (the "Depositary"), and Georgeson & Company Inc., which is acting as the information agent (the "Information Agent"), incurred in connection with the Offer. See Section 16.

The Offer is conditioned upon, among other things, there having been validly tendered and not withdrawn prior to the expiration of the Offer a number of Shares which, together with any Shares beneficially owned by Parent or the Purchaser, represent at least a majority of the Shares outstanding on a fully diluted basis (the "Minimum Condition"). See Section 14.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 19, 1997 (the "Merger Agreement"), by and among the Company, Parent and the Purchaser. The Merger Agreement provides that, among other things, following the consummation of the Offer and the satisfaction or waiver of the other conditions set forth in the Merger Agreement, the Purchaser will be merged with and into the Company (the "Merger"). Following the Merger, the Company will continue as the surviving corporation and will be a direct wholly owned subsidiary of Parent. At the effective time of the Merger (the "Effective Time"), each outstanding Share (other than Shares owned by Parent, the Purchaser or any other wholly owned subsidiary of Parent and Shares held by stockholders who have demanded and perfected dissenter's rights under the Delaware General Corporation Law, as amended (the "DGCL")), will be converted automatically into the right to receive the per Share price paid in the Offer in cash, without interest (referred to herein as the "Merger Consideration"). See Section 12.

THE BOARD OF DIRECTORS OF THE COMPANY (THE "COMPANY BOARD") HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT, THE OFFER AND THE MERGER, AND HAS DETERMINED THAT THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY'S STOCKHOLDERS, AND UNANIMOUSLY RECOMMENDS THAT THE COMPANY'S STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES IN THE OFFER.

Deutsche Morgan Grenfell Inc. ("DMG"), the Company's financial advisor, has delivered to the Company Board its written opinion, dated November 18, 1997, that, as of such date and based upon and subject to the matters set forth therein, the cash consideration to be received by the Company's stockholders (other than Parent and its affiliates) pursuant to the Offer and Merger is fair, from a financial point of view, to such stockholders. A copy of the opinion of DMG is contained in the Company's Solicitation/Recommendation Statement on Schedule 14D-9 (the "Schedule 14D-9") filed with the Securities and Exchange Commission (the "Commission") in connection with the Offer. A copy of the Schedule 14D-9 is being furnished to the Company's stockholders herewith.

The Merger Agreement provides that promptly upon the purchase of and payment for Shares by Parent or any of its subsidiaries pursuant to the Offer that represent at least a majority of the outstanding Shares on a fully diluted basis, Parent shall be entitled to designate up to such number of directors, rounded up to the next whole number, on the Company Board as will give Parent representation on the Company Board equal to the product of the total number of directors on the Company Board multiplied by the percentage that the aggregate number of Shares beneficially owned by the Purchaser, Parent and any of their affiliates (including Shares accepted for payment) bears to the total number of Shares then outstanding. In the Merger Agreement, the Company has agreed to either increase the size of the Company Board or secure the resignations of such number of its incumbent directors as is necessary to enable Parent's designees to be so elected and shall cause Parent's designees to be elected as directors of the Company. Notwithstanding the foregoing, Parent and the Purchaser have agreed that, until the Effective Time, the Company Board shall have at least two members who were directors on the date of the Merger Agreement.

The consummation of the Merger is subject to the satisfaction or waiver of certain conditions, including, if required by law and the Company's Certificate of Incorporation, the adoption of the Merger Agreement by the requisite vote of the Company's stockholders. See Section 12. Under the DGCL and the Company's Certificate of Incorporation, the affirmative vote of the holders of a majority of the outstanding Shares is required to adopt the Merger Agreement. Consequently, if the Purchaser acquires (pursuant to the Offer or otherwise) at least a majority of the then outstanding Shares, the Purchaser will have sufficient voting power to adopt the Merger Agreement without the vote of any other stockholder. If the Purchaser acquires at least 90% of the outstanding Shares (pursuant to the Offer or otherwise), the Purchaser will be able to effect the Merger pursuant to the "short form" merger provisions of Section 253 of the DGCL, without prior notice to, or any action by, any other stockholder. Parent has agreed to vote, or cause to be voted, all Shares owned by Parent, the Purchaser or any of its subsidiaries and affiliates in favor of the approval of the Merger and the adoption of the Merger Agreement.

The Merger Agreement provides that, following the satisfaction or waiver of the conditions to the Offer, the Purchaser will accept for payment and pay for all Shares validly tendered pursuant to the Offer as soon as it is legally permitted to do so under applicable law, which could be as early as immediately following 12:00 midnight, New York City time, on Tuesday, December 23, 1997; provided that, if the number of Shares that have been physically tendered and not withdrawn are more than 80% but less than 90% of the outstanding Shares determined on a fully diluted basis, the Purchaser may extend the Offer for up to five business days and thereafter on a day-to-day basis for up to an additional five business days from the date that all conditions to the Offer shall first have been satisfied or waived. The Merger Agreement provides that the Purchaser shall, and Parent shall cause the Purchaser to, extend the Offer from time to time until February 23, 1998 if, and to the extent that, at the initial expiration date of the Offer, or any extension thereof, all conditions to the Offer have not been satisfied or waived. In addition, the Offer Price may be increased and the Offer may be extended to the extent required by law in connection with such increase, in each case without the consent of the Company. The Offer will not remain open following the time Shares are accepted for payment.

According to the Company, as of October 31, 1997, there were 19,768,978 Shares outstanding, 4,885,599 Shares reserved for issuance upon the exercise of options granted under the Company's stock option plans and 630,476 Shares reserved for issuance upon the exercise of warrants. For purposes of the Offer, "fully diluted basis" assumes that all such options and warrants are exercised for Shares. Based upon the foregoing information, the Minimum Condition would be satisfied if 12,642,527 Shares were validly tendered.

THIS OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

1. TERMS OF THE OFFER

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), the Purchaser will accept for payment and pay for all Shares which are validly tendered prior to the Expiration Date and not withdrawn in accordance with Section 4. The term "Expiration Date" means 12:00 Midnight, New York City time, on Tuesday,

December 23, 1997, unless and until the Purchaser (subject to the terms of the Merger Agreement) shall have extended the period of time during which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by the Purchaser, shall expire.

The Offer is conditioned upon, among other things, satisfaction of the Minimum Condition. See Section 14, which sets forth in full the conditions to the Offer. If the Minimum Condition is not satisfied or any or all of the other events set forth in Section 14 shall have occurred or shall be determined by the Purchaser to have occurred prior to the Expiration Date, the Purchaser reserves the right (but shall not be obligated) to, subject to the terms of the Merger Agreement, (i) decline to purchase any of the Shares tendered in the Offer and terminate the Offer and return all tendered Shares to the tendering stockholders, (ii) waive any or all conditions to the Offer, to the extent permitted by applicable law and the provisions of the Merger Agreement, and, subject to complying with applicable rules and regulations of the Commission, purchase all Shares validly tendered, (iii) extend the Offer and, subject to the right of stockholders to withdraw Shares until the Expiration Date, retain the Shares which have been tendered during the period or periods for which the Offer is extended or (iv) amend the Offer. The Merger Agreement provides that the Purchaser will not, without the prior written consent of the Company, decrease the Offer Price, decrease the number of Shares sought in the Offer, amend or waive the Minimum Condition, amend any other term or condition of the Offer in any manner adverse to the holders of Shares or extend the Expiration Date. Notwithstanding the foregoing, the Purchaser is required to extend the Offer from time to time until February 23, 1998 if and to the extent that, at the initial expiration date of the Offer, or any extension thereof, all conditions to the Offer have not been satisfied or waived. Also, notwithstanding that the Purchaser has agreed to accept for payment and pay for all Shares validly tendered pursuant to the Offer as soon as it is legally permitted to do so, if the number of Shares that have been physically tendered and not withdrawn, are more than 80% but less than 90% of the outstanding Shares determined on a fully diluted basis, the Purchaser may extend the Offer for up to five business days and thereafter on a day-to-day basis for up to an additional five business days from the date that all conditions to the Offer shall first have been satisfied or waived.

The Purchaser expressly reserves the right, in its sole discretion, at any time or from time to time, subject to the terms of the Merger Agreement and regardless of whether or not any of the events set forth in Section 14 shall have occurred or shall have been determined by the Purchaser to have occurred, (i) to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, by giving oral or written notice of such extension to the Depositary and (ii) to amend the Offer in any respect by giving oral or written notice of such amendment to the Depositary. The rights reserved by the Purchaser in this paragraph are in addition to the Purchaser's rights to terminate the Offer pursuant to Section 14. Any extension, amendment or termination will be followed as promptly as practicable by public announcement thereof, the announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date in accordance with Rules 14d-4(c), 14d-6(d) and 14e-1(d) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"). Without limiting the obligation of the Purchaser under such rules or the manner in which the Purchaser may choose to make any public announcement, the Purchaser currently intends to make announcements by issuing a press release to the Dow Jones News Service.

If the Purchaser extends the Offer, or if the Purchaser (whether before or after its acceptance for payment of Shares) is delayed in its purchase of or payment for Shares or is unable to pay for Shares pursuant to the Offer for any reason, then, without prejudice to the Purchaser's rights under the Offer, the Depositary may retain tendered Shares on behalf of the Purchaser, and such Shares may not be withdrawn except to the extent tendering stockholders are entitled to withdrawal rights as described in Section 4. However, the ability of the Purchaser to delay the payment for Shares which the Purchaser has accepted for payment is limited by Rule 14e-1(c) under the Exchange Act, which requires that a bidder pay the consideration offered or return the securities deposited by or on behalf of holders of securities promptly after the termination or withdrawal of the Offer.

If the Purchaser makes a material change in the terms of the Offer or the information concerning the Offer or waives a material condition of the Offer (including the Minimum Condition, subject to the Merger Agreement), the Purchaser will disseminate additional tender offer materials and extend the Offer to the

extent required by Rules 14d-4(c) and 14d-6(d) under the Exchange Act. The minimum period during which the Offer must remain open following material changes in the terms of the Offer or information concerning the Offer, other than a change in price or a change in percentage of securities sought, will depend upon the facts and circumstances, including the relative materiality of the terms or information. With respect to a change in price or a change in percentage of securities sought, a minimum ten business day period is required to allow for adequate dissemination to stockholders and investor response. If, prior to the Expiration Date, the Purchaser should decide to increase the price per Share being offered in the Offer, such increase will be applicable to all stockholders whose Shares are accepted for payment pursuant to the Offer. The Merger Agreement provides that, without the Company's consent, the Purchaser will not decrease the price or the number of Shares sought in the Offer. As used in this Offer to Purchase, "business day" has the meaning set forth in Rule 14d-1 under the Exchange Act.

The Company has provided to the Purchaser its list of stockholders and security position listings for the purpose of disseminating the Offer to holders of Shares. This Offer to Purchase and the related Letter of Transmittal and other relevant materials will be mailed to record holders of Shares and furnished to brokers, dealers, commercial banks, trust companies and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing, for subsequent transmittal to beneficial owners of Shares.

2. ACCEPTANCE FOR PAYMENT AND PAYMENT FOR SHARES

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any extension or amendment), the Purchaser will purchase, by accepting for payment, and will pay for, all Shares validly tendered prior to the Expiration Date (and not properly withdrawn in accordance with Section 4) promptly after the later to occur of (i) the Expiration Date and (ii) the satisfaction or waiver of the conditions set forth in Section 14. Subject to the applicable rules of the Commission and the terms of the Merger Agreement, the Purchaser expressly reserves the right to delay acceptance for payment of, or payment for, Shares in order to comply, in whole or in part, with any applicable law, including the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"). See Sections 14 and 15.

In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates evidencing such Shares ("Stock Certificates") or timely confirmation of a book-entry transfer (a "Book-Entry Confirmation") of such Shares into the Depositary's account at The Depository Trust Company or the Philadelphia Depository Trust Company (each, a "Book-Entry Transfer Facility") pursuant to the procedures set forth in Section 3, (ii) a properly completed and duly executed Letter of Transmittal (or facsimile thereof) or, in the case of a book-entry transfer, an Agent's Message (as defined below) and (iii) any other documents required by the Letter of Transmittal.

The term "Agent's Message" means a message, transmitted by a Book-Entry Transfer Facility to, and received by, the Depositary and forming a part of a Book-Entry Confirmation, which states that such Book-Entry Transfer Facility has received an express acknowledgment from the participant in such Book-Entry Transfer Facility tendering the Shares that such participant has received and agrees to be bound by the terms of the Letter of Transmittal and that the Purchaser may enforce such agreement against the participant.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, tendered Shares if, as and when the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance of such Shares for payment. In all cases, payment for Shares accepted pursuant to the Offer will be made by deposit of the purchase price with the Depositary, which will act as agent for tendering stockholders for the purpose of receiving payments from the Purchaser and transmitting payments to such tendering stockholders. If, for any reason, acceptance for payment of any Shares tendered pursuant to the Offer is delayed, or the Purchaser is unable to accept for payment Shares tendered pursuant to the Offer, then, without prejudice to the Purchaser's rights under Section 14, the Depositary may, nevertheless, on behalf of the Purchaser, retain tendered Shares, and such Shares may not be withdrawn, except to the extent that the tendering stockholders are entitled to withdrawal rights as described in Section 4 below and as otherwise

required by Rule 14e-1(c) under the Exchange Act. UNDER NO CIRCUMSTANCES WILL INTEREST ON THE PURCHASE PRICE FOR SHARES BE PAID BY THE PURCHASER, REGARDLESS OF ANY DELAY IN MAKING SUCH PAYMENT.

Upon the deposit of funds with the Depositary for the purpose of making payments to tendering stockholders, the Purchaser's obligation to make such payment shall be satisfied and tendering stockholders must thereafter look solely to the Depositary for payment of amounts owed to them by reason of the acceptance for payment of Shares pursuant to the Offer.

If any tendered Shares are not accepted pursuant to the Offer for any reason, or if Stock Certificates are submitted evidencing more Shares than are tendered, Stock Certificates evidencing Shares not purchased or tendered will be returned, without expense to the tendering stockholder (or in the case of Shares tendered by book-entry transfer into the Depositary's account at a Book-Entry Transfer Facility pursuant to the procedures set forth in Section 3, such Shares will be credited to an account maintained at such Book-Entry Transfer Facility), as promptly as practicable after the expiration, termination or withdrawal of the Offer.

The Purchaser reserves the right to transfer or assign, in whole at any time or in part from time to time, to Parent or to one or more of its affiliates, the right to purchase all or a portion of the Shares tendered pursuant to the Offer, but any such transfer or assignment will not relieve the Purchaser of its obligations under the Offer and will in no way prejudice the rights of tendering stockholders to receive payment for Shares validly tendered and accepted for payment pursuant to the Offer.

3. PROCEDURES FOR TENDERING SHARES

Valid Tender. For Shares to be validly tendered pursuant to the Offer, a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or an Agent's Message (in the case of any book-entry transfer), and any other required documents, must be received by the Depositary at its address set forth on the back cover of this Offer to Purchase prior to the Expiration Date. In addition, either (i) the Stock Certificates evidencing Shares must be received by the Depositary along with the Letter of Transmittal or Shares must be tendered pursuant to the procedures for book-entry transfer described below and a Book-Entry Confirmation must be received by the Depositary, in each case prior to the Expiration Date or (ii) the tendering stockholder must comply with the guaranteed delivery procedures described below. No alternative, conditional or contingent tenders will be accepted.

Book-Entry Transfer. The Depositary will establish an account with respect to the Shares at each Book-Entry Transfer Facility for purposes of the Offer within two business days after the date of this Offer to Purchase, and any financial institution that is a participant in any of the Book-Entry Transfer Facilities' systems may make book-entry delivery of Shares by causing a Book-Entry Transfer Facility to transfer such Shares into the Depositary's account at a Book-Entry Transfer Facility in accordance with such Book-Entry Transfer Facility's procedures for transfer. However, although delivery of Shares may be effected through book-entry transfer at a Book-Entry Transfer Facility, the Letter of Transmittal (or facsimile thereof), properly completed and duly executed and with any required signature guarantees, or an Agent's Message in connection with a book-entry delivery of Shares, and any other required documents, must, in any case, be transmitted to and received by the Depositary at its address set forth on the back cover of this Offer to Purchase prior to the Expiration Date or the tendering stockholder must comply with the guaranteed delivery procedures described below. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY IN ACCORDANCE WITH THE BOOK-ENTRY TRANSFER FACILITY'S PROCEDURES DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

Signature Guarantees. Signatures on all Letters of Transmittal must be guaranteed by a financial institution (including most commercial banks, savings and loan associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Guarantee Program or the Stock Exchange Medallion Program (each, an "Eligible Institution"), unless the Shares tendered thereby are tendered (i) by a registered holder of Shares who has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on the Letter of Transmittal, or (ii) for the account of an Eligible Institution. See Instruction 1 of the Letter of Transmittal.

If a Stock Certificate is registered in the name of a person other than the signer of the Letter of Transmittal, or if payment is to be made, or a Stock Certificate not accepted for payment or not tendered is to be returned, to a person other than the registered holder(s), then the Stock Certificate must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear on the Stock Certificate, with the signature(s) on such Stock Certificate or stock powers guaranteed as described above. See Instructions 1 and 5 of the Letter of Transmittal.

Guaranteed Delivery. If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's Stock Certificates are not immediately available or time will not permit all required documents to reach the Depositary prior to the Expiration Date, or the procedures for book-entry transfer cannot be completed on a timely basis, such Shares may nevertheless be tendered if all the following conditions are satisfied:

(i) the tender is made by or through an Eligible Institution;

(ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Purchaser herewith, is received by the Depositary prior to the Expiration Date as provided below; and

(iii) the Stock Certificates for all tendered Shares, in proper form for transfer (or a Book-Entry Confirmation), together with a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message), and any other documents required by the Letter of Transmittal, are received by the Depositary within three New York Stock Exchange ("NYSE") trading days after the date of execution of the Notice of Guaranteed Delivery.

The Notice of Guaranteed Delivery may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution in the form set forth in the Notice of Guaranteed Delivery.

THE METHOD OF DELIVERY OF STOCK CERTIFICATES, THE LETTER OF TRANSMITTAL AND ANY OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, REGISTERED MAIL WITH RETURN RECEIPT REQUESTED, PROPERLY INSURED, IS RECOMMENDED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO ENSURE TIMELY DELIVERY.

Notwithstanding any other provision hereof, payment for Shares purchased pursuant to the Offer will in all cases be made only after timely receipt by the Depositary of (i) Stock Certificates evidencing such Shares or a Book-Entry Confirmation of the delivery of such Shares, (ii) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message) and (iii) any other documents required by the Letter of Transmittal.

BACKUP FEDERAL INCOME TAX WITHHOLDING. TO PREVENT BACKUP FEDERAL INCOME TAX WITHHOLDING WITH RESPECT TO PAYMENT OF THE PURCHASE PRICE FOR SHARES PURCHASED PURSUANT TO THE OFFER, EACH TENDERING STOCKHOLDER MUST PROVIDE THE DEPOSITARY WITH SUCH STOCKHOLDER'S CORRECT TAXPAYER IDENTIFICATION NUMBER AND CERTIFY THAT SUCH STOCKHOLDER IS NOT SUBJECT TO BACKUP FEDERAL INCOME TAX WITHHOLDING BY COMPLETING THE SUBSTITUTE FORM W-9 INCLUDED IN THE LETTER OF TRANSMITTAL. IF BACKUP WITHHOLDING APPLIES WITH RESPECT TO A STOCKHOLDER, THE DEPOSITARY IS REQUIRED TO WITHHOLD 31% OF ANY PAYMENTS MADE TO SUCH STOCKHOLDER. SEE INSTRUCTION 10 OF THE LETTER OF TRANSMITTAL. BACKUP WITHHOLDING IS NOT AN ADDITIONAL TAX AND MAY BE CLAIMED AS A CREDIT AGAINST THE FEDERAL INCOME TAX LIABILITY OF A STOCKHOLDER, PROVIDED THE REQUIRED INFORMATION IS FURNISHED TO THE INTERNAL REVENUE SERVICE.

Determination of Validity. All questions as to the validity, form, eligibility (including time of receipt) and acceptance for payment of any tendered Shares pursuant to any of the procedures described above will be determined by the Purchaser, in its sole discretion, whose determination will be final and binding on all parties. The Purchaser reserves the absolute right to reject any or all tenders of any Shares determined by it not to be

in proper form or if the acceptance for payment of, or payment for, such Shares may, in the opinion of the Purchaser's counsel, be unlawful. The Purchaser also reserves the absolute right, in its sole discretion, subject to the Merger Agreement, to waive any of the conditions of the Offer or any defect or irregularity in any tender with respect to Shares of any particular stockholder, and the Purchaser's interpretation of the terms and conditions of the Offer (including the Letter of Transmittal and the Instructions thereto) will be final and binding. None of the Purchaser, Parent, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in tenders or will incur any liability for failure to give any such notification.

Other Requirements. By executing a Letter of Transmittal as set forth above, a tendering stockholder irrevocably appoints designees of the Purchaser as the stockholder's attorneys-in-fact and proxies, in the manner set forth in the Letter of Transmittal, each with full power of substitution, to the full extent of the stockholder's rights with respect to the Shares tendered by the stockholder and accepted for payment by the Purchaser (and any and all other Shares or other securities or property issued or issuable in respect of such Shares on or after the date of the Merger Agreement). All such proxies shall be considered coupled with an interest in the tendered Shares. This appointment will be effective when, and only to the extent that, the Purchaser accepts Shares for payment. Upon acceptance for payment, all prior proxies and consents given by the stockholder with respect to the Shares or other securities will, without further action, be revoked, and no subsequent proxies may be given nor any subsequent written consent executed by such stockholder (and if given or executed, will not be deemed to be effective) with respect thereto. The designees of the Purchaser will, with respect to the Shares and other securities, be empowered to exercise all voting and other rights of such stockholder as they in their sole discretion may deem proper at any annual, special or adjourned meeting of the Company's stockholders, by written consent or otherwise. The Purchaser reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon the Purchaser's acceptance for payment of such Shares, the Purchaser must be able to exercise full voting and other rights of a record and beneficial holder, including rights in respect of acting by written consent, with respect to such Shares (including voting at any meeting of stockholders then scheduled or acting by written consent without a meeting).

A tender of Shares pursuant to any one of the procedures described above will constitute the tendering stockholder's acceptance of the terms and conditions of the Offer. The Purchaser's acceptance for payment of Shares tendered pursuant to the Offer will constitute a binding agreement between the tendering stockholder and the Purchaser upon the terms and subject to the conditions of the Offer.

4. WITHDRAWAL RIGHTS

Except as otherwise provided in this Section 4, tenders of Shares made pursuant to the Offer are irrevocable, provided that Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Purchaser pursuant to the Offer, may also be withdrawn at any time after January 23, 1998, or at such later time as may apply if the Offer is extended.

If the Purchaser extends the Offer, is delayed in its purchase of or payment for Shares or is unable to purchase or pay for Shares for any reason, then, without prejudice to the rights of the Purchaser hereunder, tendered Shares may be retained by the Depositary on behalf of Purchaser and may not be withdrawn except to the extent that tendering stockholders are entitled to withdrawal rights as set forth in Section 4. The reservation by the Purchaser of the right to delay the acceptance or purchase of or payment for Shares is subject to the provisions of Rule 14e-1(c) under the Exchange Act, which requires the Purchaser to pay the consideration offered or return Shares deposited by or on behalf of stockholders promptly after the termination or withdrawal of the Offer.

For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at its address set forth on the back cover of this Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the

person who tendered such Shares. If Stock Certificates evidencing Shares to be withdrawn have been delivered or otherwise identified to the Depositary, then prior to the release of such Stock Certificates, the tendering stockholder must also submit the serial numbers shown on the particular Stock Certificates evidencing the Shares to be withdrawn and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution, except in the case of Shares tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedures for book-entry transfer as set forth in Section 3, the notice of withdrawal must specify the name and number of the account at the appropriate Book-Entry Transfer Facility to be credited with the withdrawn Shares.

All questions as to the form and validity (including time of receipt) of notices of withdrawal will be determined by the Purchaser, in its sole discretion, whose determination will be final and binding. None of the Purchaser, Parent, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failure to give any such notification.

ANY SHARES PROPERLY WITHDRAWN WILL BE DEEMED TO NOT HAVE BEEN VALIDLY TENDERED FOR PURPOSES OF THE OFFER. However, withdrawn Shares may be re-tendered by following one of the procedures described in Section 3 at any time prior to the Expiration Date.

5. CERTAIN FEDERAL INCOME TAX CONSEQUENCES

The following is a summary of the material federal income tax consequences of the Offer and the Merger to stockholders of the Company whose Shares are purchased pursuant to the Offer or whose Shares are converted into the right to receive the Merger Consideration in the Merger (including any cash amounts received by dissenting stockholders pursuant to the exercise of dissenter's rights). The discussion applies only to stockholders of the Company in whose hands Shares are capital assets, and may not apply to stockholders who received their Shares pursuant to the exercise of employee stock options or otherwise as compensation, or who are not citizens or residents of the United States.

The federal income tax consequences set forth below are included for general informational purposes only and are based upon present law. Because individual circumstances may differ, each stockholder should consult such stockholder's own tax advisor to determine the applicability of the rules discussed below to such stockholder and the particular tax effects of the Offer and the Merger, including the application and effect of state, local and foreign tax laws.

Receipt of the Offer Price or the Merger Consideration. The receipt by a stockholder of the Offer Price or the Merger Consideration (including any cash amounts received by dissenting stockholders pursuant to the exercise of dissenter's rights) in exchange for Shares will be a taxable transaction for federal income tax purposes. In general, for federal income tax purposes, a stockholder will recognize gain or loss equal to the difference between such stockholder's adjusted tax basis in the Shares sold pursuant to the Offer or converted to cash in the Merger and the amount of cash received therefor. Such gain or loss will be recognized by a stockholder in the taxable year in which the stockholder's Shares are accepted for payment by the Purchaser or in which the Effective Time of the Merger occurs. Gain or loss must be determined separately for each block of Shares (i.e., Shares acquired at the same cost in a single transaction) sold pursuant to the Offer or converted to cash in the Merger. Such gain or loss will be capital gain or loss. In the case of non-corporate taxpayers, any such capital gain will be long-term capital gain and subject to a maximum federal income tax rate of 20% if the stockholder's holding period in the Shares on the date of sale (or, if applicable, the Effective Time of the Merger) is greater than eighteen months; if such holding period is more than one year but not more than eighteen months, then any such capital gain will be mid-term capital gain and will be subject to a maximum federal income tax rate of 28%.

Backup Withholding. Payments in connection with the Offer or the Merger may be subject to "backup withholding" at a 31% rate. Backup withholding generally applies if the stockholder (a) fails to furnish his social security number or other taxpayer identification number ("TIN"), (b) furnishes an incorrect TIN, (c) fails properly to report interest or dividends, or (d) under certain circumstances, fails to provide a certified statement, signed under penalties of perjury, that the TIN provided is his correct number and that he is not

subject to backup withholding. Any amounts withheld from a payment to a stockholder under the backup withholding rules will be allowed as a credit against such stockholder's federal income tax liability, provided that the required information is provided to the Internal Revenue Service. Certain persons generally are exempt from backup withholding, including corporations and financial institutions. Certain penalties apply for failure to furnish correct information and for failure to include the reportable payments in income. Each stockholder should consult with such stockholder's own tax advisor as to such stockholder's qualification for exemption from withholding and the procedure for obtaining such exemption.

6. PRICE RANGE OF SHARES; DIVIDENDS ON THE SHARES

The Shares are traded on the Nasdaq Stock Market's National Market System ("Nasdaq") under the symbol "AMTX." The following table sets forth, for the quarters indicated, the high and low sales price per Share on Nasdaq. All prices set forth below are as reported in published financial sources:

	MARKET PRICE	
	HIGH	LOW
1995		
Quarter ended December 31, 1995	$ 9.125	$ 2.813
1996		
Quarter ended March 31, 1996	9.500	5.125
Quarter ended June 30, 1996	36.500	8.375
Quarter ended September 30, 1996	25.375	9.375
Quarter ended December 31, 1996	25.125	12.625
1997		
Quarter ended March 31, 1997	16.125	9.375
Quarter ended June 30, 1997	15.500	7.125
Quarter ended September 30, 1997	19.250	10.250
Quarter ended December 31, 1997 (through November 24, 1997)	19.813	10.750

On November 18, 1997, the last full trading day prior to the public announcement of the terms of the Merger Agreement, the reported closing sales price per Share on Nasdaq was $15.188. On November 24, 1997, the last full trading day prior to the commencement of the Offer, the reported closing sales price per Share on the Nasdaq was $19.75. STOCKHOLDERS ARE URGED TO OBTAIN A CURRENT MARKET QUOTATION FOR THE SHARES.

The Company has not paid cash dividends on the Shares since its inception. The Merger Agreement prohibits the Company from declaring or paying any dividends until such time as the directors designated by Parent have been elected to, and shall constitute a majority of, the Company Board.

7. EFFECT OF THE OFFER ON THE MARKET FOR THE SHARES; NASDAQ TRADING; EXCHANGE ACT REGISTRATION; MARGIN SECURITIES

The purchase of Shares pursuant to the Offer will reduce the number of holders of Shares and the number of Shares that might otherwise trade publicly and could adversely affect the liquidity and market value of the remaining Shares held by the public.

The extent of the public market for the Shares and, according to the Nasdaq's published guidelines, the continued trading of the Shares on Nasdaq, after commencement of the Offer will depend upon the number of holders of Shares remaining at such time, the interest in maintaining a market in such Shares on the part of securities firms, the possible termination of registration of such Shares under the Exchange Act, as described below, and other factors.

If, as a result of the purchase of Shares pursuant to the Offer or otherwise, trading of the Shares on Nasdaq is discontinued, the liquidity of and market for the Shares could be adversely affected. The Purchaser

cannot predict whether or to what extent the reduction in the number of Shares that might otherwise trade publicly would have an adverse or beneficial effect on the market price for or marketability of the Shares or whether it would cause future prices to be greater or less than the Offer Price.

The Shares are currently registered under Section 12(g) of the Exchange Act. Registration of the Shares under the Exchange Act may be terminated upon application by the Company to the Commission if the Shares are not held by at least 300 holders of record. Termination of registration of the Shares under the Exchange Act would substantially reduce the information required to be furnished by the Company to its stockholders and to the Commission and could make certain provisions of the Exchange Act no longer applicable to the Company, such as the short-swing profit recovery provisions of Section 16(b) of the Exchange Act, the requirement of furnishing a proxy statement pursuant to Section 14(a) of the Exchange Act in connection with stockholders' meetings and the related requirement of furnishing an annual report to stockholders and the requirements of Rule 13e-3 under the Exchange Act with respect to "going private" transactions. Furthermore, the ability of "affiliates" of the Company and persons holding "restricted securities" of the Company to dispose of such securities pursuant to Rule 144 or 144A promulgated under the Securities Act of 1933, as amended, may be impaired or eliminated.

Purchaser intends to seek to cause the Company to terminate the registration of the Shares under the Exchange Act as soon after the completion of the Offer as the requirements for such termination are met. If registration of the Shares is not terminated prior to the Merger, the registration of the Shares under the Exchange Act will be terminated following consummation of the Merger.

The Shares are currently "margin securities" under the regulations of the Board of Governors of the Federal Reserve System (the "Federal Reserve Board"), which has the effect, among other things, of allowing brokers to extend credit on the loan value of the Shares. Depending upon factors similar to those described above regarding listing and market quotations, it is possible that, following the Offer, the Shares would no longer constitute "margin securities" for the purposes of the margin regulations of the Federal Reserve Board and therefore could no longer be used as collateral for loans made by brokers. If registration of Shares under the Exchange Act were terminated, the Shares would no longer be "margin securities" or be eligible for listing on Nasdaq.

8. CERTAIN INFORMATION CONCERNING THE COMPANY

The information concerning the Company contained in this Offer to Purchase, including financial information (other than projections of the Company's results of operations provided below), has been taken from or based upon publicly available documents and records on file with the Commission and other public sources. Neither Parent nor the Purchaser assumes any responsibility for the accuracy or completeness of the information concerning the Company contained in such documents and records or for any failure by the Company to disclose events which may have occurred or may affect the significance or accuracy of any such information but which are unknown to Parent or the Purchaser.

General. The Company is a Delaware corporation with its principal executive offices located at 2043 Samaritan Drive, San Jose, California 95124. The telephone number of the Company at such offices is 408-879-2000.

The Company is a leading developer of advanced transmission equipment utilizing Discrete Multi-tone ("DMT") technology for the Asymmetrical Digital Subscriber Line ("ADSL") and Very high-speed Digital Subscriber Line ("VDSL") markets. The Company holds DMT, ADSL and VDSL patents and has entered into agreements covering its technology with companies like Alcatel, Analog Devices, Inc., Motorola, NEC, Northern Telecom, Siemens and Parent. The Company's DMT/ADSL products were recently selected by British Columbia Telephone, Canada for a proposed roll-out of the first standards based commercial ADSL services for transmitting high-speed data over existing copper phone lines, making internet access, interactive services, broadcast quality video and video-on-demand realizable to subscribers. The Company is also a provider of network connectivity systems for the internetworking and Original Equipment Manufacturer markets.

Financial Information. Set forth below is a summary of certain consolidated financial information with respect to the Company, excerpted or derived from the information contained in the Company's Annual Report on Form 10-K for the fiscal year ended August 2, 1997. More comprehensive financial information is included in such reports and other documents filed by the Company with the Commission, and the following summary is qualified in its entirety by reference to such reports and other documents and all of the financial information (including any related notes) contained therein. Such reports and other documents may be inspected and copies may be obtained from the offices of the Commission in the manner set forth below.

AMATI COMMUNICATIONS CORPORATION

SELECTED CONSOLIDATED FINANCIAL DATA

	FISCAL YEARS ENDED				
	JULY 31, 1993	JULY 30, 1994	JULY 29, 1995	JULY 27, 1996	AUGUST 2, 1997
	(IN THOUSANDS, EXCEPT PER SHARE AMOUNTS)				
SELECTED INCOME STATEMENT DATA:					
Net Sales	$12,307	$ 8,236	$12,040	$ 12,085	$ 13,200
Income (Loss) before Income Taxes	$(5,963)	$ 530	$ 1,933	$(34,035)	$(12,243)
Provision for Income Taxes	--	27	97	43	--
Net Income (Loss)	$(5,963)	$ 503	$ 1,836	$(34,078)	$(12,243)
Net Income (Loss) Per Share	(.46)	.04	.16	(2.21)	(.66)
SELECTED BALANCE SHEET DATA:					
Current Assets	$11,188	$ 9,463	$ 7,793	$ 5,182	$ 9,282
Current Liabilities	2,598	2,171	1,591	2,467	5,517
Working Capital	8,590	7,292	6,202	2,715	3,765
Total Assets	12,936	11,391	12,111	6,241	15,083
Long-term Liabilities	1,099	428	294	2,094	4,540
Stockholders' Equity	9,239	8,792	10,226	1,680	5,026

Available Information. The Company is subject to the information filing requirements of the Exchange Act and is required to file reports and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning the Company's directors and officers, their remuneration, options granted to them, the principal holders of the Company's securities and any material interest of such persons in transactions with the Company is required to be described in proxy statements distributed to the Company's stockholders and filed with the Commission. These reports, proxy statements and other information should be available for inspection and copying at the Commission's office at 450 Fifth Street, N.W., Washington, D.C. 20549, and also should be available for inspection and copying at the regional offices of the Commission located at Seven World Trade Center, New York, New York 10048 and Northwestern Atrium Center, 500 West Madison Street, Suite 1400, Chicago, Illinois 60661. Copies of this material may also be obtained by mail, upon payment of the Commission's customary fees, from the Commission's principal office at 450 Fifth Street, N.W., Washington, D.C. 20549. The Commission also maintains an internet web site at http://www.sec.gov that contains reports, proxy statements and other information.

Except as otherwise stated in this Offer to Purchase, the information concerning the Company contained herein has been taken from or based upon publicly available documents on file with the Commission and other publicly available information. Although the Purchaser and Parent do not have any knowledge that any such information is untrue, neither the Purchaser nor Parent takes any responsibility for the accuracy or completeness of such information or for any failure by the Company to disclose events that may have occurred and may affect the significance or accuracy of any such information.

Projections. During the course of the discussions between Parent and the Company that led to the execution of the Merger Agreement, the Company provided Parent with certain information about the Company and its financial performance which is not publicly available. The information provided included projected financial information for fiscal years ending August 1998 and August 1999 (the "Projections"). The

Projections were prepared by the Company's management for internal planning and budgeting purposes only and not with a view to publication. The Projections included estimates of (i) net sales of $40.6 million and $113.2 million for the Company's fiscal years ended August 1998 and August 1999, respectively, and (ii) a net loss of $8.7 million and net income of $10.5 million for the Company's fiscal years ended August 1998 and August 1999, respectively. None of the assumptions underlying the Projections give effect to the Offer, the Merger or the potential combined operations of the Company and Parent after the consummation of such transactions.

THE PROJECTIONS WERE NOT PREPARED WITH A VIEW TO PUBLIC DISCLOSURE OR COMPLIANCE WITH PUBLISHED GUIDELINES OF THE COMMISSION REGARDING PROJECTIONS OR THE GUIDELINES ESTABLISHED BY THE AMERICAN INSTITUTE OF CERTIFIED PUBLIC ACCOUNTANTS AND ARE INCLUDED IN THIS OFFER TO PURCHASE ONLY BECAUSE SUCH INFORMATION WAS PROVIDED TO PARENT. NONE OF PARENT, THE PURCHASER, THE COMPANY OR ANY PARTY TO WHOM THE PROJECTIONS WERE PROVIDED ASSUMES ANY RESPONSIBILITY FOR THE VALIDITY, REASONABLENESS, ACCURACY OR COMPLETENESS OF SUCH INFORMATION. WHILE PRESENTED WITH NUMERICAL SPECIFICITY, THESE PROJECTIONS ARE BASED UPON NUMEROUS ASSUMPTIONS RELATING TO COMMERCIAL ACCEPTANCE OF THE COMPANY'S PRODUCTS AND TECHNOLOGY, INDUSTRY PERFORMANCE, GENERAL BUSINESS AND ECONOMIC CONDITIONS, THE BUSINESS OF THE COMPANY AND OTHER MATTERS, ALL OF WHICH MAY NOT BE REALIZED AND ARE SUBJECT TO SIGNIFICANT UNCERTAINTIES AND CONTINGENCIES, MANY OF WHICH ARE BEYOND THE CONTROL OF THE COMPANY. THERE CAN BE NO ASSURANCE THAT THE PROJECTIONS WILL BE REALIZED, AND ACTUAL RESULTS MAY VARY MATERIALLY FROM THOSE SHOWN. THE PROJECTIONS HAVE NOT BEEN EXAMINED OR COMPILED BY THE COMPANY'S INDEPENDENT PUBLIC ACCOUNTANTS. FOR THESE REASONS, AS WELL AS THE BASES ON WHICH SUCH PROJECTIONS WERE COMPILED, THERE CAN BE NO ASSURANCE THAT SUCH PROJECTIONS WILL BE REALIZED, OR THAT ACTUAL RESULTS WILL NOT BE MATERIALLY HIGHER OR LOWER THAN THOSE ESTIMATED. THE INCLUSION OF SUCH PROJECTIONS HEREIN SHOULD NOT BE REGARDED AS AN INDICATION THAT PARENT, THE PURCHASER, THE COMPANY OR ANY OTHER PARTY WHO RECEIVED SUCH INFORMATION CONSIDERS IT AN ACCURATE PREDICTION OF FUTURE EVENTS. PARENT DID AN INDEPENDENT ASSESSMENT OF THE COMPANY'S VALUE AND DID NOT RELY TO ANY MATERIAL DEGREE UPON THE PROJECTIONS. NONE OF THE COMPANY, PARENT, THE PURCHASER OR ANY OTHER PARTY INTENDS PUBLICLY TO UPDATE OR OTHERWISE PUBLICLY REVISE THE PROJECTIONS SET FORTH ABOVE EVEN IF EXPERIENCE OR FUTURE CHANGES MAKE IT CLEAR THAT THE PROJECTIONS WILL NOT BE REALIZED.

9. CERTAIN INFORMATION CONCERNING THE PURCHASER AND PARENT

General. The Purchaser is a newly incorporated Delaware corporation and a direct wholly owned subsidiary of Parent. To date the Purchaser has not conducted any business other than in connection with the Offer and the Merger. Until immediately prior to the time the Purchaser purchases Shares pursuant to the Offer, it is not anticipated that the Purchaser will have any significant assets or liabilities or engage in activities other than those incident to its formation and capitalization and the transactions contemplated by the Offer and the Merger. The principal executive offices of the Purchaser are located at 13500 North Central Expressway, P.O. Box 655474, Dallas, Texas 75265-5474.

Parent is a global semiconductor company and the world's leading designer and supplier of digital signal processing solutions, the engines driving the digitization of electronics. Headquartered in Dallas, Texas, Parent's businesses also include calculators, productivity products, controls and sensors, metallurgical materials and digital light processing technologies. Parent has manufacturing or sales operations in more than 25 countries. The principal executive offices of Parent are located at 13500 North Central Expressway, P.O. Box 655474, Dallas, Texas 75265-5474.

The name, citizenship, business address, present principal occupation or employment and five-year employment history of each of the directors and executive officers of the Purchaser and Parent are set forth in Schedule I hereto.

None of the Purchaser, Parent nor, to the best knowledge of the Purchaser and Parent, any of the persons listed on Schedule I or any associate or wholly-owned or majority-owned subsidiary of the Purchaser, Parent or any of the persons so listed, beneficially owns or has a right to acquire directly or indirectly any Shares. None of the Purchaser, Parent nor, to the best knowledge of the Purchaser and Parent, any of the persons or

entities referred to above, or any of the respective executive officers, directors or subsidiaries of any of the foregoing, has effected any transactions in the Shares during the past sixty (60) days.

Except as described in this Offer to Purchase, none of the Purchaser, Parent or, to the best knowledge of the Purchaser and Parent, any of the persons listed on Schedule I, has any contract, arrangement, understanding or relationship with any other person with respect to any securities of the Company, including but not limited to contracts, arrangements, understandings or relationships concerning the transfer or voting of such securities, joint ventures, loan or option arrangements, puts or calls, guarantees of loans, guarantees against loss or the giving or withholding of proxies. Except as set forth in this Offer to Purchase, since July 31, 1994, none of the Purchaser, Parent or, to the best knowledge of the Purchaser and Parent, any of the persons listed on Schedule I, has had any business relationships or transactions with the Company or any of its executive officers, directors or affiliates that are required to be reported under the rules and regulations of the Commission applicable to the Offer. Except as set forth in this Offer to Purchase, since July 1, 1994 there have been no contracts, negotiations to transactions between any of the Purchaser, Parent or, to the best knowledge of the Purchaser and Parent, any of the persons listed on Schedule I, on the one hand, and the Company or its affiliates, on the other hand, concerning a merger, consolidation or acquisition, a tender offer or other acquisition of securities, an election of directors, or a sale of other transfer of a material amount of assets.

Available Information. Parent is subject to the informational filing requirements of the Exchange Act and is required to file reports and other information with the Commission relating to its business, financial condition and other matters. Information, as of particular dates, concerning Parent's directors and officers, their remuneration, options granted to them, the principal holders of Parent's securities and any material interest of such persons in transactions with Parent is required to be described in proxy statements distributed to Parent's stockholders and filed with the Commission. Such reports, proxy statements and other information may be inspected and copies may be obtained from the offices of the Commission in the same manner as set forth with respect to information concerning the Company in Section 8. Such material should also be available at the offices of the NYSE, 20 Broad Street, New York, New York 10005.

10. SOURCE AND AMOUNT OF FUNDS

The total amount of funds required by the Purchaser to purchase all of the Shares pursuant to the Offer and consummate the Merger is approximately $397 million assuming all eligible holders of Company options elect to receive a Substitute Option (as defined in Section 12) as provided in the Merger Agreement. Fees and expenses related to the Offer and the Merger, including the termination fee paid to Westell pursuant to the terms of the Merger agreement previously executed by the Company and Westell, are estimated to be approximately $19 million. The Purchaser plans to obtain all funds needed for the Offer and the Merger and to pay related fees and expenses through a capital contribution from Parent. Parent plans to obtain such funds from cash on hand.

11. BACKGROUND OF THE OFFER; CONTACTS WITH THE COMPANY

In October 1996, Parent and the Company entered into a Cooperative Development and Product Sale Agreement pursuant to which the Company agreed to develop and sell to Parent certain software to be incorporated into Parent's digital signal processing products. Pursuant to such agreement, the Company granted to Parent certain licenses to use, copy, sell and manufacture certain of the Company's intellectual property included in the software to be developed by the Company. Such agreement was not related to the subsequent contacts between Parent and the Company in connection with the Offer and the Merger.

Set forth below is a description of the background of the Offer, including a brief description of the material contacts between Parent and its affiliates and the Company and its affiliates regarding the transactions described herein.

On July 17, 1997, representatives of DMG contacted Parent's head of Corporate Development and informed him that the Company had been approached by several parties interested in a possible business combination with the Company and that the Company had engaged DMG to assist the Company in evaluating its strategic alternatives. Parent expressed an interest in evaluating a possible transaction with the

Company and was provided with certain publicly available information and a form of confidentiality agreement.

Parent's management held several internal meetings during late July to discuss a possible transaction with the Company. After deciding to proceed, Parent executed a confidentiality agreement with the Company on August 4, 1997 (which agreement was dated to be effective as of July 22, 1997).

On August 7, management of the Company gave a presentation for certain management representatives of Parent. On August 13, Parent contacted Morgan Stanley to engage it as Parent's financial advisor for the purpose of evaluating a potential transaction with the Company.

From mid-August through mid-September, Parent conducted its due diligence investigation of the Company and had extensive internal working sessions to evaluate a possible transaction with the Company. Morgan Stanley and DMG had numerous discussions during the same period regarding the Company's timetable and process for exploring a possible transaction and alternatives.

On September 18, 1997, Parent's board was briefed with respect to management's ongoing evaluation of a possible transaction with the Company. On September 24, 1997, Parent's management decided to submit a formal bid for a proposed acquisition of the Company by Parent.

Parent continued its due diligence investigation through late September. During this period DMG informed Morgan Stanley that in light of the status of the Company's current discussions with other parties, prompt action by Parent regarding a proposal was necessary. On September 29, 1997, Parent submitted a formal bid letter proposing an acquisition of the Company by Parent. On the next day, however, the Company Board determined to accept a competing bid submitted by Westell Technologies, Inc. ("Westell"). Parent was notified by DMG of the Company's decision that same day. On October 1, 1997, the Company and Westell publicly announced that they had entered into a definitive merger agreement providing for the acquisition of the Company by Westell.

Throughout the month of October, Parent and its advisors held several meetings to evaluate Parent's options with respect to the Company, including the desirability of submitting a competing proposal for the acquisition of the Company by Parent. On October 29, 1997, Parent's options were presented to and discussed by Parent's senior management. At the conclusion of this meeting, it was determined that Parent should proceed with the submission of a competing proposal for the acquisition of the Company by Parent.

On November 4, 1997, Parent sent an offer letter and a draft merger agreement to the Company for its review. The offer letter, which was subject to the approval of Parent's board of directors later that week, proposed a cash tender offer for all shares of the Company at $18.00 per Share.

On November 7, DMG informed Morgan Stanley that the Company Board had evaluated Parent's proposal and determined that it was permitted under law and the terms of its merger agreement with Westell to enter into discussions with Parent. Parent was informed that its final bid must be submitted by November 12, 1997.

On November 11, 1997, Parent's board of directors was briefed on the recent developments. At the conclusion of the briefing, Parent's board approved the proposed transaction and authorized senior management to negotiate and approve the final terms of the transaction.

On November 12, Parent submitted a proposal to acquire the Company for cash consideration of $20.00 per Share. During the period from November 7 through November 12, the Company's and Parent's respective legal counsel negotiated the terms of the proposed merger agreement and related documentation.

Parent was notified on November 13 that the Company Board had determined to accept Parent's proposal and to terminate the Company's merger agreement with Westell. Later that same day, the Company notified Westell of the Company Board's decision accordance with the terms of its merger agreement with Westell.

On November 18, the Company Board met again to consider and review the terms of the proposed merger agreement with Parent. At that meeting, DMG made a presentation to the Company Board and delivered its oral opinion (which opinion was subsequently confirmed in writing), that the $20.00 per Share

cash consideration to be received by the Company's stockholders pursuant to the Offer and the Merger was fair to such stockholders (other than Parent and its affiliates) from a financial point of view. After its discussion (during which the Company Board took note of the fact that Westell was not contemplating any proposal to improve the terms of the Company's merger agreement with Westell), the Company Board unanimously approved the Merger Agreement and the transactions contemplated thereby, and unanimously resolved to recommend that the Company's stockholders accept the Offer and tender their Shares pursuant thereto.

Effective as of November 19, 1997, Parent, the Purchaser and the Company executed and delivered the Merger Agreement, the Loan Agreement (as defined in Section 12) and certain related documents. The signing of the Merger Agreement was publicly announced on the morning of November 19 prior to the open of trading. Proceeds of the loans under the Loan Agreement were used to pay Westell the termination fee required pursuant to the terms of Westell's merger agreement with the Company as well as the outstanding balance of Westell's loans to the Company.

12. PURPOSE OF THE OFFER AND THE MERGER; PLANS FOR THE COMPANY; MERGER AGREEMENT; LOAN AGREEMENT; RETENTION AGREEMENTS; CONSULTING AGREEMENT; CONFIDENTIALITY AGREEMENT; OTHER MATTERS

PURPOSE OF THE OFFER AND THE MERGER; PLANS FOR THE COMPANY

The purpose of the Offer and the Merger is to enable Parent, through the Purchaser, to acquire in one or more transactions control of the Company Board and the entire equity interest in the Company. The Offer is intended to increase the likelihood that the Merger will be completed promptly.

Except as noted in this Offer to Purchase, the Purchaser and Parent have no present plans or proposal that would result in an extraordinary corporate transaction, such as a merger, reorganization, liquidation, or sale or transfer of a material amount of assets, involving the Company or any other material changes in the Company's capitalization, dividend policy, corporate structure, business or composition of its management. However, Parent and Westell have entered into an agreement in principle to outsource to Westell certain of the Company's manufacturing activities so that the Company, upon consummation of the Offer and the Merger, can focus on the commercial implementation of its technologies and research and development activities related thereto. Notwithstanding the foregoing, from time to time after completion of the Offer, Parent intends to evaluate and review the Company's assets, operations, management and personnel and consider what, if any, changes would be desirable in light of circumstances which then exist. Parent reserves the right to take such actions or effect such changes as it deems advisable.

MERGER AGREEMENT.

The following is a summary of certain provisions of the Merger Agreement. The summary is not a complete description of the terms thereof and is qualified in its entirety by reference to the Merger Agreement, which is incorporated herein by reference and a copy of which has been filed with the Commission as an exhibit to Parent's and the Purchaser's Tender Offer Statement on Schedule 14D-1 dated November 25, 1997 (the "Schedule 14D-1") which has been filed with the Commission. The Merger Agreement may be examined and copies may be obtained at the places and in the manner set forth in Section 8 of this Offer to Purchase.

The Offer. The Merger Agreement provides for the commencement of the Offer within five business days of the public announcement of the execution of the Merger Agreement. The Merger Agreement provides that the Purchaser cannot amend or waive the Minimum Condition or decrease the Offer Price or the number of Shares sought, or amend any other term or condition of the Offer in any manner adverse to the holders of Shares or extend the expiration date of the Offer without the prior written consent of the Company. Notwithstanding the foregoing, the Purchaser has agreed to extend the Offer from time to time until February 23, 1998 if, and to the extent that, at the initial expiration date of the Offer, or any extension thereof, all conditions to the Offer have not been satisfied or waived. In addition, the Offer Price may be increased and the Offer may be extended to the extent required by law in connection with such increase, in each case with or without the consent of the Company.

The obligation of the Purchaser to accept for payment and pay for Shares tendered pursuant to the Offer is subject to certain conditions. See Section 14. Assuming the prior satisfaction or waiver of the conditions to the Offer, the Purchaser has agreed to accept for payment and pay for any and all Shares tendered as soon as it is legally permitted to do so under applicable law; provided that, if the number of Shares that have been physically tendered and not withdrawn are more than 80% but less than 90% of the outstanding Shares determined on a fully diluted basis, the Purchaser may extend the Offer for up to five business days and thereafter on a day-to-day basis for up to an additional five business days from the date that all conditions to the Offer shall first have been satisfied or waived.

Directors. The Merger Agreement provides that promptly upon Parent's purchase of and payment for Shares which represent at least a majority of the outstanding Shares (on a fully diluted basis), Parent shall be entitled to designate a number of directors, rounded up to the next whole number, on the Company Board, subject to compliance with Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder, equal to the product of the total number of directors on the Company Board (giving effect to the directors elected pursuant to this sentence) multiplied by the percentage that the aggregate number of Shares beneficially owned by the Purchaser, Parent and any of their affiliates (including Shares accepted for payment) bears to the total number of Shares then outstanding. The Company shall, upon request of the Purchaser, on the date of such request, either increase the size of the Company Board or secure the resignations of such number of its incumbent directors as is necessary to enable Parent's designees to be elected to the Company Board, and shall cause Parent's designees to be so elected. Notwithstanding the foregoing, until the Effective Time, the Company shall retain as members of the Company Board at least two directors who were directors of the Company on the date of the Merger Agreement; provided, that subsequent to the purchase of and payment for Shares pursuant to the Offer, Parent shall always have its designees represent at least a majority of the entire Company Board.

The Merger Agreement also provides that from and after the time, if any, that Parent's designees constitute a majority of the Company Board, any amendment of the Merger Agreement, any termination of the Merger Agreement by the Company, any extension of time for performance of any of the obligations of Parent or the Purchaser under the Merger Agreement, and any waiver of any condition or any of the Company's rights under the Merger Agreement or other action by the Company in connection with the rights of the Company under the Merger Agreement may be effected only by the action of a majority of the directors of the Company then in office who were directors on the date of the Merger Agreement, which action shall be deemed to constitute the action of the full Company Board; provided, that if there are no such directors, such actions may be effected by unanimous vote of the entire Company Board.

The Merger. The Merger Agreement provides that, subject to the terms and conditions thereof, the Purchaser will be merged with and into the Company, with the Company continuing as the Surviving Corporation (the "Surviving Corporation") and a direct wholly owned subsidiary of Parent. At the Effective Time, by virtue of the Merger and without any action on the part of the holders of any Shares, each issued and outstanding Share (other than Shares owned by Parent, the Purchaser or any other wholly-owned subsidiary of Parent and Shares held by stockholders who have demanded and perfected dissenters' rights under the DGCL) shall be converted into the right to receive the Offer Price, without interest. Each issued and outstanding share of common stock, par value $.01 per share, of the Purchaser shall be converted into and become one fully paid and non-assessable share of common stock of the Surviving Corporation. The Merger Agreement also provides that (i) the directors of the Purchaser immediately prior to the Effective Time will be the initial directors of the Surviving Corporation and the officers of the Company immediately prior to the Effective Time will be the initial officers of the Surviving Corporation; (ii) the Certificate of Incorporation of the Company (the "Certificate of Incorporation") will be the initial Certificate of Incorporation of the Surviving Corporation; and (iii) the By-laws of the Company (the "By-laws") will be the initial By-laws of the Surviving Corporation.

Treatment of Options and Warrants. The Merger Agreement provides that the options (the "Options") to purchase Shares under the Company's 1981 Stock Option Plan, 1981 Supplemental Stock Option Plan, 1990 Stock Option Plan, Old Amati 1992 Stock Option Plan, 1990 Non-Employee Directors' Stock Option Plan and 1996 Stock Option Plan (the "Option Plans") shall, pursuant to the terms of such Option Plans, not automatically vest as a consequence of the transactions contemplated by the Merger Agreement and that the

Company Board shall not exercise any discretionary authority to vest such Options in connection with the transactions contemplated by the Merger Agreement. Notwithstanding the foregoing, Options ("Director Options") granted to non-employee directors under the 1990 Non-Employee Directors' Stock Option Plan shall vest immediately prior to the Effective Time pursuant to their terms and Director Options granted under any of the other Option Plans shall vest immediately prior to the Effective Time by action of the Company Board. At the Effective Time, each outstanding Director Option shall be converted into the right to receive cash in an amount equal to the product of (i) the number of Shares subject to such Director Option and (ii) the excess of (A) the Merger Consideration over (B) the per share exercise price of such Director Option.

Holders of outstanding Options (other than Director Options) that are vested at the Effective Time shall be given the opportunity to make an irrevocable election, on a grant by grant basis to be effective immediately following the Effective Time, to receive in exchange for the cancellation of each such vested Option either (i) cash in an amount equal to the product of (a) the number of Shares subject to such Option and (b) the excess of (1) the Merger Consideration over (2) the per share exercise price of such Option or (ii) a substitute option to purchase Parent common stock (a "Substitute Option") (a) which will be exercisable for a number of shares of Parent's common stock equal to (1) the number of Shares subject to the Option multiplied by (2) the ratio obtained by dividing the Offer Price by the average closing price per share of Parent's common stock on the New York Stock Exchange for the five consecutive trading days ending immediately prior to closing date of the Merger (the "Option Ratio"), rounded down to the next whole number of shares, (b) the exercise price for which shall equal the exercise price for the Shares otherwise purchasable pursuant to the Option divided by the Option Ratio, rounded to the nearest hundredth of a cent, and (c) which shall be subject to substantially the same terms and conditions as applicable to the Option.

Holders of outstanding Options (other than Director Options) that are not vested as of the Effective Time shall, at the Effective Time, receive in substitution and cancellation for each such nonvested Option a Substitute Option, which Substitute Option shall be subject to the same vesting schedule as applicable to the Option.

As of the Effective Time, by virtue of the Merger and without any action on the part of the holders thereof, each unexpired and unexercised warrant ("Warrant") to purchase Shares shall be converted into the right to receive an amount in cash equal to the product of (i) the number of Shares subject to such Warrant and (ii) the excess of (a) the Merger Consideration over (b) the per share exercise price of such Warrant, upon surrender of the certificate representing such Warrant; provided, that any Warrant as to which the per share exercise price is equal to or greater than the Merger Consideration shall be cancelled and terminated as of the Effective Time without payment of any consideration therefor.

Stockholders' Meeting. Pursuant to the Merger Agreement, if the Company owns less than 90% of the Shares following the purchase of Shares by the Purchaser pursuant to the Offer, the Company shall, in accordance with applicable law, duly call, give notice of, convene and hold a special meeting of its stockholders as soon as practicable following the acceptance for payment and purchase of Shares by the Purchaser pursuant to the Offer for the purpose of considering and taking action upon the Merger Agreement.

The Merger Agreement also provides that the Company shall, in accordance with applicable law, prepare and file with the Commission a preliminary proxy or information statement relating to the Merger and the Merger Agreement, obtain and furnish the information required to be included by the Commission in the Proxy Statement (as hereinafter defined) and, after consultation with Parent, respond promptly to any comments made by the Commission with respect to the preliminary proxy or information statement and cause a definitive proxy or information statement (the "Proxy Statement") to be mailed to its stockholders and obtain the necessary adoption of the Merger Agreement by its stockholders. The Merger Agreement also provides that the Company shall, subject to the fiduciary obligations of the Company Board under applicable law as advised by the Company's outside counsel, include in the Proxy Statement the recommendation of the Company Board that stockholders of the Company vote in favor of the approval of the adoption of the Merger Agreement. In the event that the Purchaser shall acquire at least 90% of the outstanding shares of each class of capital stock of the Company, pursuant to the Offer or otherwise, the parties shall take all necessary and

appropriate action to cause the Merger to become effective as soon as practicable after such acquisition, without a meeting of the Company's stockholders in accordance with Section 253 of the DGCL.

Representations and Warranties. The Merger Agreement contains representations and warranties of the Company with respect to, among other things (i) organization and good standing, certificate of incorporation, bylaws and minute books, (ii) capitalization (including the ownership of subsidiaries), (iii) authorization, validity of the Merger Agreement and Company action, (iv) consents and approvals and absence of violations, (v) Commission reports and financial statements, (vi) no undisclosed liabilities, (vii) absence of certain changes (including material adverse changes), (viii) certain contracts (including material agreements), (ix) employee benefit plans and ERISA, (x) litigation, (xi) permits, absence of defaults and compliance with applicable laws, (xii) taxes, (xiii) certain property, (xiv) intellectual property, (xv) environmental matters, (xvi) employee and labor matters, (xvii) information in tender offer documents, (xviii) brokers and finders, (xix) insurance and (xx) opinion of financial advisor.

The Merger Agreement contains joint and several representations and warranties of Parent and the Purchaser with respect to, among other things (i) organization and good standing, (ii) authorization, validity of the Merger Agreement and necessary action, (iii) consents and approvals and absence of violations, (iv) Commission reports and financial statements, (v) information in the tender offer documents and the proxy statement pertaining to the Merger, (vi) sufficiency of funds, (vii) Share ownership and (viii) the Purchaser's operations.

Interim Operations. In the Merger Agreement, the Company has agreed that, among other things, between the date of the Merger Agreement and prior to the time the Purchaser's designees have been elected to, and constitute a majority of, the Company Board, unless Parent otherwise agrees in writing and except as otherwise contemplated by the Merger Agreement, (i) the business of the Company and its subsidiaries shall be conducted only in the ordinary course of business and, to the extent consistent therewith, each of the Company and its subsidiaries shall use its reasonable best efforts to preserve in all material respects its business organization intact and maintain its existing relations with customers, suppliers, employees and business associates; (ii) neither the Company nor any of its subsidiaries shall, directly or indirectly, amend its certificate of incorporation or bylaws or similar organizational documents or split, combine or reclassify its outstanding capital stock; (iii) neither the Company nor any of its subsidiaries shall (a) declare, set aside or pay any dividend or other distribution (whether payable in cash, stock or property) with respect to its capital stock (other than dividends from any subsidiary of the Company to the Company or any other subsidiary of the Company); (b) issue or sell any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class of the Company or its subsidiaries, other than issuances pursuant to the exercise of Options and Warrants outstanding on the date of the Merger Agreement; (c) sell, lease or dispose of any assets or properties, other than in the ordinary course of business; (d) incur or modify any material debt, other than in the ordinary course of business consistent with past practice; (e) license or sublicense any asset or property of the Company or any of its subsidiaries except in the ordinary course of business consistent with past practice on a basis that results in a positive current royalty net of any royalties due by the Company or any of its subsidiaries on account of sales by the licensee or sublicensee; or (f) redeem, purchase or otherwise acquire, directly or indirectly, any of its or its subsidiaries' capital stock; (iv) neither the Company nor any of its subsidiaries shall enter into, adopt or materially amend or terminate any employee benefit plans, amend any employment or severance agreement or increase in any manner the compensation or other benefits of its officers or directors or increase in any manner the compensation of any other employees (except for normal increases in the ordinary course of business); (v) neither the Company nor any of its subsidiaries shall (a) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the material obligations of any other person (other than subsidiaries of the Company), except pursuant to contractual indemnification agreements entered into in the ordinary course of business; (b) make any loans, advances or capital contributions to, or investments in, any other person (other than to subsidiaries of the Company and payroll, travel and similar advances made in the ordinary course of business); or (c) make capital expenditures other than pursuant to the Company's current capital expenditure budget; (vi) neither the Company nor any of its subsidiaries shall change any of the accounting methods used by it unless required by generally accepted

accounting principles or applicable law; (vii) the Company shall not settle or compromise any claim (including arbitration) or litigation involving payments by the Company in excess of $250,000 individually which are not subject to insurance reimbursement without the prior written consent of Parent, which consent shall not be unreasonably withheld; (viii) the Company shall not amend, modify or terminate in any material respect or enter into any new agreement material to the business of the Company without the prior written consent of Parent, which consent shall not be unreasonably withheld; or (ix) neither the Company nor any of its subsidiaries shall authorize or enter into an agreement to do any of the foregoing.

Approvals and Consents; Cooperation; Notification. Parent, the Purchaser and the Company have agreed to use their respective reasonable best efforts, and cooperate with each other, to (i) determine as promptly as practicable all governmental and third party authorizations, approvals, consents or waivers, including pursuant to the HSR Act, advisable (in Parent's and Purchaser's discretion) or required in order to consummate the transactions contemplated by the Merger Agreement, including, the Offer and the Merger and (ii) obtain such authorizations, approvals, consents or waivers as promptly as practicable. The Company, Parent and the Purchaser have agreed to take all actions necessary to file as soon as practicable all notifications, filings and other documents required to obtain all governmental authorizations, approvals, consents or waivers, including under the HSR Act, and to respond as promptly as practicable to any inquiries received from the Federal Trade Commission, the Antitrust Division of the Department of Justice and any other governmental entity for additional information or documentation and to respond as promptly as practicable to all inquiries and requests received from any governmental entity in connection therewith. The Company is required give prompt notice to Parent of (i) the occurrence of any event, condition or development material to the Company and its subsidiaries, taken as a whole, and (ii) any notice from any Person claiming its consent is required in connection with the transactions contemplated by this Agreement. Each of the Company and Parent have agreed to give prompt notice to the other of the occurrence or failure to occur of an event that would, or, with the lapse of time would cause any condition to the consummation of the Offer or the Merger not to be satisfied.

Employee Benefits. Parent and the Purchaser have agreed that the Surviving Corporation and its subsidiaries and successors shall provide those persons who, immediately prior to the Effective Time, were employees of the Company or its subsidiaries ("Retained Employees") with employee plans and programs that provide benefits that are no less favorable in the aggregate than those provided to such Retained Employees immediately prior to the date hereof. With respect to such employee programs provided by the Surviving Corporation and its subsidiaries and successors, service accrued by such Retained Employees during employment with the Company and its subsidiaries prior to the Effective Time shall be recognized for all purposes, except to the extent necessary to prevent duplication of benefits. Parent and the Purchaser have also agreed to honor, and cause the Surviving Corporation to honor, without modification, all employment and severance agreements and arrangements, as amended through the date of the Merger Agreement, with respect to employees and former employees of the Company disclosed to Parent and the Purchaser pursuant to the Merger Agreement. Parent and the Company have agreed that prior to the Effective Time, they shall reasonably cooperate to develop and adopt an employee retention plan for key employees of the Company, which plan shall be subject to Parent's approval.

No Solicitation. Pursuant to the Merger Agreement, the Company has agreed that it and its subsidiaries shall not (and shall use their best efforts to cause their respective officers, directors, employees and investment bankers, attorneys or other agents retained by or acting on behalf of the Company or any of its subsidiaries not to), (i) initiate, solicit or encourage, directly or indirectly, any inquiries or the making of any proposal that constitutes or is reasonably likely to lead to any Acquisition Proposal (as defined below); (ii) engage in negotiations or discussions (other than to advise as to the existence of the restrictions described in this paragraph) with, or furnish any information or data to, any third party relating to an Acquisition Proposal; or (iii) enter into any agreement with respect to any Acquisition Proposal or approve any Acquisition Proposal. Notwithstanding the foregoing or anything to the contrary in the Merger Agreement, the Company and the Company Board may participate in discussions or negotiations (including, as a part thereof, making any counterproposal) with or furnish information to any third party making an unsolicited Acquisition Proposal (a "Potential Acquiror") or approve an unsolicited Acquisition Proposal if the Company Board is advised by its

financial advisor that such Potential Acquiror has the financial wherewithal to be reasonably capable of consummating such an Acquisition Proposal, and the Company Board determines in good faith (i) after receiving advice from its financial advisor, that such third party has submitted to the Company an Acquisition Proposal which is a Superior Proposal (as defined below), and (ii) based upon advice of outside legal counsel, that the failure to participate in such discussions or negotiations or to furnish such information or approve an Acquisition Proposal would violate the Company Board's fiduciary duties under applicable law.

"Acquisition Proposal" means any bona fide proposal, whether in writing or otherwise, made by a third party to acquire beneficial ownership (as defined under Rule 13d-3 of the Exchange Act) of all or a material portion of the assets of, or any material equity interest in, the Company or its material subsidiaries pursuant to a merger, consolidation or other business combination, sale of shares of capital stock, sale of assets, tender offer or exchange offer or similar transaction involving the Company or its material subsidiaries including any single or multi-step transaction or series of related transactions which is structured to permit such third party to acquire beneficial ownership of any material portion of the assets of, or any material portion of the equity interest in, the Company or its material subsidiaries. "Superior Proposal" means any bona fide proposal to acquire, directly or indirectly, for consideration consisting of cash and/or securities, more than a majority of the Shares then outstanding or all or substantially all the assets of the Company, and otherwise on terms which the Company Board determines in good faith to be more favorable to the Company and its stockholders than the Offer and the Merger (based on advice of the Company's financial advisor that the value of the consideration provided for in such proposal is superior to the value of the consideration provided for in the Offer and the Merger), for which financing, to the extent required, is then committed or which, in the good faith reasonable judgment of the Company Board, after receiving advice from its financial advisor, is reasonably capable of being financed by such third party.

The Merger Agreement also provides that the Company shall (i) in the event the Company shall determine to provide any information as described above or shall receive any Acquisition Proposal, promptly inform Parent in writing as to the fact that information is to be provided and shall furnish to Parent the identity of the recipient of such information and/or the Potential Acquiror and the terms of such Acquisition Proposal and (ii) inform Parent of any material amendment to the essential terms of any such Acquisition Proposal, except, in either case, to the extent that the Company Board determines in good faith, based upon the advice of outside legal counsel that any such action would violate the Company Board's fiduciary duties under, or otherwise violate, applicable law. The Company has agreed that any non-public information furnished to a Potential Acquiror will be pursuant to a confidentiality agreement containing confidentiality and standstill provisions substantially similar to the confidentiality and standstill provisions of the confidentiality agreement entered into between the Company and Parent and described below.

Pursuant to the Merger Agreement, the Company has agreed that the Company Board shall not (i) withdraw or modify, or propose to withdraw or modify, in any manner adverse to Parent, its approval or recommendation of the Merger Agreement, the Offer or the Merger or (ii) approve or recommend, or propose to approve or recommend, any Acquisition Proposal unless, in each case, the Company Board determines in good faith, after receiving advice from its financial advisor, that such Acquisition Proposal is a Superior Proposal and, based upon advice of its outside legal counsel, that the failure to take such action would violate its fiduciary duties under applicable law.

Indemnification. The Company shall, and from and after the consummation of the Offer, Parent and the Surviving Corporation shall jointly and severally, indemnify, defend and hold harmless the present and former directors and officers of the Company and its subsidiaries (the "Indemnified Parties") from and against all losses, expenses, claims, damages or liabilities arising out of the transactions contemplated by the Merger Agreement to the fullest extent permitted or required under applicable law. All rights to indemnification existing in favor of the directors and officers of the Company as provided in the Company's certificate of incorporation or by-laws, as in effect as of the date of the Merger Agreement, with respect to matters occurring through the Effective Time, shall survive the Merger and shall not be amended, repealed or otherwise modified for a period of six years after the consummation of the Offer in any manner that would adversely affect the rights of the individuals who at or prior to the consummation of the Offer were directors or

officers of the Company with respect to occurrences at or prior to the consummation of the Offer and Parent shall cause the Surviving Corporation to honor all such rights to indemnification.

Shareholder Litigation. The Merger Agreement provides that in connection with any litigation which may be brought against the Company or its directors relating to the transactions contemplated thereby, the Company will keep Parent, and any counsel which Parent may retain at its own expense, informed of the course of such litigation, to the extent Parent is not otherwise a party thereto. The Company has also agreed that it will consult with Parent prior to entering into any settlement or compromise of any such shareholder litigation and will not enter into any such settlement or compromise without Parent's prior written consent, which consent shall not be unreasonably withheld.

Further Assurances. Pursuant to the Merger Agreement, each of the parties has agreed to use its respective, reasonable best efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by the Merger Agreement, including the Offer and the Merger.

Conditions to the Merger. The Merger Agreement provides that the respective obligations of each party to effect the Merger shall be subject to the satisfaction, at or prior to the Effective Time, of the following conditions: (i) the Merger Agreement shall have been adopted by the requisite vote of the Company's stockholders if required by applicable law and the Company's certificate of incorporation; (ii) any waiting period applicable to the Merger under the HSR Act shall have expired or been terminated; (iii) no statute, rule, regulation, order, decree or injunction shall have been enacted, promulgated or issued by any Governmental Entity or court which prohibits consummation of the Merger; and (iv) Parent, the Purchaser or their affiliates shall have purchased Shares pursuant to the Offer.

The Merger Agreement provides that the obligation of the Company to effect the Merger is further subject to the conditions that the representations and warranties of Parent and the Purchaser shall be true and accurate and that each of Parent and the Purchaser shall have performed in all material respects all of the respective obligations required under the Merger Agreement to be performed by Parent or the Purchaser, as the case may be, at or prior to the Effective Time. The Merger Agreement also provides that the obligations of Parent and the Purchaser to effect the Merger are further subject to the conditions that the Company's representations and warranties shall be true and accurate in all material respects as of the Effective Time as if made at and as of such time, and that the Company shall have performed in all material respects all of the respective obligations required under the Merger Agreement to be performed by the Company at or prior to the Effective Time. The conditions described in the two preceding sentences shall cease to be conditions if the Purchaser shall have accepted for payment and paid for Shares validly tendered pursuant to the Offer.

Termination. The Merger Agreement provides that it may be terminated and the Merger abandoned at any time prior to the Effective Time: (i) by mutual consent of Parent, the Purchaser and the Company; (ii) by either the Company, on the one hand, or Parent and the Purchaser, on the other hand, (a) if the Shares shall not have been purchased pursuant to the Offer on or prior to February 23, 1998, which date may be extended by Parent, in its sole discretion, for up to an additional thirty days; provided, however, that a party may not terminate the Merger Agreement pursuant to this clause (a) if such party's failure to fulfill any obligation under the Merger Agreement was the cause of, or resulted in, the failure of Parent or the Purchaser to purchase the Shares on or prior to such date or (b) if any Governmental Entity shall have issued an order, decree or ruling or taken any other action permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by the Merger Agreement or prohibiting Parent to acquire or hold or exercise rights of ownership of the Shares, and such order, decree, ruling or other action shall have become final and non-appealable; (iii) by the Company (a) if prior to the purchase of Shares pursuant to the Offer, either (1) a third party shall have made an Acquisition Proposal that the Company Board determines in good faith, after consultation with its financial advisor, is a Superior Proposal and the Company shall have concurrently executed a definitive agreement with such third party in respect of such Superior Proposal, or (2) the Company Board shall have withdrawn, or modified or changed in any manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, the Merger Agreement or the Merger (or the Company Board resolves to do any of the foregoing), (b) if Parent or the Purchaser shall have terminated the

Offer, or the Offer shall have expired, without Parent or the Purchaser purchasing any Shares pursuant thereto; provided, that, the Company may not terminate the Merger Agreement pursuant to the provision described in this clause (b) if the Company is in willful breach of the Merger Agreement or (c) if, due to an occurrence that if occurring after the commencement of the Offer would result in a failure to satisfy any of the conditions to completion of the Offer, Parent or the Purchaser shall have failed to commence the Offer on or prior to five business days following the date of the initial public announcement of the Offer, provided, that, the Company may not terminate the Merger Agreement pursuant to the provision described in this clause (c) if the Company is in willful breach of the Merger Agreement; or (iv) by Parent and the Purchaser (a) if, prior to the purchase of Shares pursuant to the Offer, the Company Board shall have withdrawn, modified or changed in a manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, the Merger Agreement or the Merger or shall have recommended an Acquisition Proposal or shall have executed an agreement in principle or definitive agreement relating to an Acquisition Proposal or similar business combination with a person or entity other than Parent, the Purchaser or their affiliates (or the Company Board resolves to do any of the foregoing) or (b) if, due to an occurrence that if occurring after the commencement of the Offer would result in a failure to satisfy any of the conditions to completion of the Offer, Parent or the Purchaser shall have failed to commence the Offer on or prior to five business days following the date of the initial public announcement of the Offer; provided, that, Parent may not terminate the Merger Agreement pursuant to the provision described in this clause (b) if Parent or the Purchaser is in willful breach of the Merger Agreement.

Termination Fee. The Company has agreed to pay to Parent a termination fee of $8 million if the Merger Agreement is terminated by the Company pursuant to the provisions described in clause (iii)(a) under "Termination" above, or by Parent and the Purchaser pursuant to the provisions described above in clause (iv)(a) under "Termination" above.

Amendment. Subject to applicable law, the Merger Agreement may be amended, modified and supplemented in any and all respects, whether before or after any vote of the stockholders of the Company, by written agreement of the parties thereto, by action taken by their respective Boards of Directors at any time prior to the date of closing with respect to any of the terms contained therein; provided, however, that after the approval of the Merger Agreement by the stockholders of the Company, no such amendment, modification or supplement shall reduce or change the Merger Consideration or adversely affects the rights of the Company's stockholders under the Merger Agreement without the approval of such stockholders.

LOAN AGREEMENT

The following is a summary of the Loan and Security Agreement, dated as of November 19, 1997, by and between the Company, as Borrower, and Parent, as Lender (the "Loan Agreement"). This summary is qualified in its entirety by reference to the Loan Agreement, which is incorporated herein by reference and a copy of which has been filed with the Commission as an Exhibit to the 14D-1. The Loan Agreement may be examined and copies may be obtained at the places and in the manner set forth in Section 8 of this Offer to Purchase.

The Commitments and the Loans. Subject to the terms and conditions of the Loan Agreement and in reliance on the representations and warranties of the Company set forth therein, Parent has agreed to make (i) a term loan (the "Term Loan") to the Company in the amount of $14,774,000 and (ii) revolving loans (each individually, a "Revolving Loan" and collectively, the "Revolving Loans," and together with the Term Loan, the "Loans") to the Company from time to time in an aggregate amount not to exceed at any time $5,000,000. The Term Loan was funded on November 19, 1997 in a single advance. All proceeds of the Term Loan were used to pay to Westell Technologies, Inc. ("Westell") the termination fee required to be paid to it pursuant to the Agreement and Plan of Merger, dated as of September 30, 1997, by and among the Company, Westell and Kappa Acquisition Corp. A Revolving Loan in the amount of $3,989,000 was funded on November 19, 1997. As required pursuant to the Loan Agreement, $3,557,000 of the Revolving Loan proceeds were used by the Company to pay in full all amounts outstanding under the Company's Loan and Security Agreement, dated as of September 30, 1997, between the Company and Westell. The balance of the Revolving Loan proceeds were used by the Company to pay in full all amounts outstanding to Silicon Valley

Bank ("SVB") under the Loan and Security Agreement, dated as of April 25, 1997, between the Company and SVB.

Interest Rate. The interest rate applicable to the Loans is the Prime Rate (as hereinafter defined) plus two percent (2%). Interest is payable monthly in arrears. Upon and during the continuance of an event of default under the Loan Agreement, the Term Loan and the Revolving Loans shall bear interest at a rate that is three percent (3%) in excess of the rate otherwise applicable at such time.

Prepayments; Repayments. The Company may prepay the loans in whole or in part in increments of $100,000 at its option. The Company will be required to prepay the Loans as follows: (i) in full, immediately upon termination of the Merger Agreement for any of the reasons described in clauses (iii)(a) or (iv) under "Merger Agreement -- Termination" above, (ii) in full, within 180 days after the termination of the Merger Agreement for any of the reasons described under "Merger Agreement -- Termination" above (other than those described in clauses (iii)(a) or (iv) of such section) and (iii) if at any time the Revolving Loans exceed $5,000,000, in an amount equal to the excess. The Loans shall otherwise be payable in full on September 30, 1999, the termination date of the Loan Agreement.

Forgiveness. Notwithstanding anything to the contrary in the Loan Agreement, Parent has agreed to forgive the repayment of the Term Loan in the event that the Merger Agreement is terminated, except if the Merger Agreement is terminated (i) for any of the reasons described in clauses (iii)(a) or (iv)(a) under "Merger Agreement -- Termination" above, (ii) for any of the reasons described in clauses (ii)(a), (iii)(b), (iii)(c) or (iv)(b) under "Merger Agreement -- Termination" above and at the time of such termination the Company is in breach of any the conditions described in paragraphs (b), (c) or (e) in Section 14 of this Offer to Purchase or (iii) in accordance with its terms and within six months after such termination, the Company or its stockholders consummate a transaction or enter into a definitive agreement with respect to an Acquisition Proposal that was pending at the time of such termination.

Security. The Revolving Loans are secured by liens on and security interests in substantially all of the Company's personal property, including, without limitation, its inventory, equipment, accounts receivable, general intangibles, patents, trademarks, copyrights, computer hardware and software, and the proceeds thereof. The Term Loan is an unsecured obligation of the Company.

Representations and Warranties. In addition to the Company's representations and warranties in the Merger, which are incorporated by reference into the Loan Agreement, the Company has made representations and warranties with respect to (i) the location of the collateral securing the Revolving Loans, (ii) the absence of other liens (other than certain permitted liens), (iii) the possession and control of its equipment and inventory, (iv) the delivery of instruments and chattel paper and (v) the absence of defaults or events of default.

Covenants. So long as any of Parent's lending commitments under the Loan Agreement remain in effect and until all of the Company's liabilities under the Loan Agreement have been irrevocably paid in full, the Company will be required to perform or comply with certain covenants, including, without limitation, covenants relating to (i) limitations on indebtedness, (ii) limitations on liens, (iii) notice and information delivery requirements, (iv) the payment of taxes and claims, (v) the maintenance of assets and properties, (vi) the maintenance of insurance policies, (vii) compliance with laws and (vii) reports to other creditors. In addition, certain covenants set forth in the Merger Agreement are incorporated by referenced into the Loan Agreement.

Events of Default. The Loan Agreement contains customary events of default including, without limitation, (i) the failure to pay principal or interest on the Loans when due, (ii) any representation or warranty proving to have been false when made, the failure to comply with any other term, covenant or agreement of the Loan Agreement (subject, in certain instances, to a grace period of ten days), (iv) defaults with respect to certain other indebtedness, (v) bankruptcy and insolvency and (vi) the failure of the Loan Agreement or any collateral documents to remain in full force and effect and to create a valid and perfected first priority security interest in the collateral securing the Revolving Loans.

RETENTION AGREEMENTS

The following is a summary of certain provisions of the retention agreements, each dated as of November 19, 1997, by and between Parent and each of James E. Steenbergen, the Company's Chief Executive Officer, President and Chief Financial Officer, Ronald Carlini, the Company's Vice President of Corporate Development, and James D. Hood, the Company's Vice President of Engineering (collectively, the "Retention Agreements"). This summary is qualified in its entirety by reference to the Retention Agreements, each of which is incorporated herein by reference and copies of which have been filed with the Commission as exhibits to the Schedule 14D-1. The Retention Agreements may be examined and copies may be obtained at the places and in the manner set forth in Section 8 of this Offer to Purchase.

Under the Retention Agreements, Parent has agreed that in the event the Company or Parent terminates without cause Mr. Steenbergen's, Mr. Carlini's or Mr. Hood's full-time employment with the Company or Parent following the Merger, Parent will retain such person as an employee on an approved leave of absence until such time as all of such person's options to purchase Shares that were granted prior to the Merger (and which will be converted into Substitute Options in connection with the Merger) become completely vested. In addition, under the Retention Agreements, each of Mr. Steenbergen, Mr. Carlini and Mr. Hood has agreed to certain non-competition and non-solicitation covenants in favor of Parent.

CONSULTING AGREEMENT

Parent is presently in discussions with Dr. John Cioffi, the Company's Chief Technical Officer, regarding the terms of a proposed consulting agreement. There can be no assurance, however, that a definitive agreement will be reached, or if reached, as to the terms of such agreement. The execution of a consulting agreement with Dr. Cioffi is not a condition to the Offer or the Merger.

CONFIDENTIALITY AGREEMENT

The following is a summary of certain provisions of the Confidentiality Agreement, dated as of July 22, 1997, between Parent and the Company (the "Confidentiality Agreement"). This summary is qualified in its entirety by reference to the Confidentiality Agreement, which is incorporated herein by reference and a copy of which has been filed with the Commission as an exhibit to the Schedule 14D-1. The Confidentiality Agreement may be examined and copies may be obtained at the places and in the manner set forth in Section 8 of this Offer to Purchase.

The Confidentiality Agreement contains customary provisions pursuant to which, among other matters, Parent agreed to keep confidential all nonpublic, confidential or proprietary information furnished to it by the Company relating to the Company, subject to certain exceptions (the "Confidential Information"), and to use the Confidential Information solely in connection a possible transaction involving the Company and Parent. Parent has agreed in the Confidentiality Agreement that for a period of two years from the date of the Confidentiality Agreement, without the prior written consent of the Company, neither it nor any of its affiliates would, among other things, directly or indirectly, acquire or offer to acquire any securities of the Company, solicit proxies with respect to the Company's securities, or propose to enter into any extraordinary transaction involving the Company. Parent further agreed that, for a period of two years from the date of the Confidentiality Agreement, neither Parent nor any of its affiliates would, without the written consent of the Company, employ or solicit the employment of any employee of the Company or any of its subsidiaries with whom Parent or its representatives had contact during the negotiations and investigations in connection with a possible transaction between Parent and the Company.

OTHER MATTERS

Delaware Law. Under the DGCL, the affirmative vote of holders of a majority of the outstanding Shares entitled to vote, including any Shares owned by the Purchaser, would be required to adopt the Merger Agreement. If the Purchaser acquires, through the Offer or otherwise, voting power with respect to at least a majority of the outstanding Shares, which would be the case if the Minimum Condition were satisfied, it

would have sufficient voting power to effect the Merger without the vote of any other stockholder of the Company.

Appraisal Rights. No appraisal rights are available to holders of Shares in connection with the Offer. However, if the Merger is consummated, holders of Shares will have certain rights under Section 262 of the DGCL to dissent and demand appraisal of, and payment in cash for the fair value of, their Shares. Such rights, if the statutory procedures are complied with, could lead to a judicial determination of the fair value (excluding any element of value arising from accomplishment or expectation of the Merger) required to be paid in cash to such dissenting holders for their Shares. Any such judicial determination of the fair value of Shares could be based upon consideration other than or in addition to the Offer Price and the market value of the Shares, including asset values and the investment value of the Shares. The value so determined could be more or less than the Offer Price or the Merger Consideration.

If any holder of Shares who demands appraisal under Section 262 of the DGCL fails to perfect, or effectively withdraws or loses, his right to appraisal, as provided in the DGCL, the Shares of such holder will be converted into the Merger Consideration in accordance with the Merger Agreement. A stockholder may withdraw his demand for appraisal by delivery to Parent of a written withdrawal of his demand for appraisal and acceptance of the Merger.

Failure to follow the steps required by Section 262 of the DGCL for perfecting appraisal rights may result in the loss of such rights.

Going Private Transactions. The Commission has adopted Rule 13e-3 under the Exchange Act which is applicable to certain "going private" transactions and which may under certain circumstances be applicable to the Merger or another business combination following the purchase of Shares pursuant to the Offer in which the Purchaser seeks to acquire the remaining Shares not held by it. Rule 13e-3 requires, among other things, that certain financial information concerning the Company and certain information relating to the fairness of the proposed transaction and the consideration offered to minority stockholders in such transaction, be filed with the Commission and disclosed to stockholders prior to consummation of the transaction. The Purchaser believes, however, that Rule 13e-3 will not be applicable to the Merger because it is anticipated that the Merger will be effected within one year following consummation of the Offer.

Acquisition and Disposition of Shares. The Purchaser or an affiliate of the Purchaser may, following the consummation or termination of the Offer, seek to acquire additional Shares through open market purchases, privately negotiated transactions, a tender offer or exchange offer or otherwise, upon such terms and at such prices as it shall determine, which may be more or less than the price to be paid pursuant to the Offer. The Purchaser and its affiliates also reserve the right to dispose of any or all Shares acquired by them, subject to the terms of the Merger Agreement.

13. DIVIDENDS AND DISTRIBUTIONS

If, on or after the date of the Merger Agreement, the Company should (i) split, combine or reclassify the outstanding Shares, (ii) redeem, purchase or otherwise acquire any of its capital stock or (iii) issue or sell any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class of the Company, other than issuances pursuant to the exercise of Options and Warrants outstanding on the date of the Merger Agreement, then, without prejudice to the Purchaser's rights under Sections 1 and 14, the Purchaser, in its sole discretion, may make such adjustments as it deems appropriate in the Offer Price and other terms of the Offer, including, without limitation, the number or type of securities offered to be purchased.

If, on or after the date of the Merger Agreement, the Company should declare, set aside or pay any dividend or other distribution payable in cash, stock or property with respect to the Shares, or issue with respect to the Shares any additional Shares, shares of any other class of capital stock, other voting securities or any securities convertible into, or rights, options or warrants, conditional or otherwise, to acquire, any of the foregoing, payable or distributable to stockholders of record on a date prior to the transfer of the Shares purchased pursuant to the Offer to the Purchaser or its nominee or transferee on the Company's stock transfer

records, then, without prejudice to the Purchaser's rights under Sections 1 and 14, (i) the Offer Price may, in the sole discretion of the Purchaser, be reduced by the amount of any such cash dividend or cash distribution and (ii) the whole of any such noncash dividend, distribution or issuance to be received by the tendering stockholders will (a) be received and held by the tendering stockholders for the account of the Purchaser and will be required to be promptly remitted and transferred by each tendering stockholder to the Depositary for the account of the Purchaser, accompanied by appropriate documentation of transfer, or (b) at the direction of the Purchaser, be exercised for the benefit of the Purchaser, in which case the proceeds of such exercise will promptly be remitted to the Purchaser. Pending such remittance and subject to applicable law, the Purchaser will be entitled to all rights and privileges as owner of any such dividend, distribution or right and may withhold the entire purchase price for Shares tendered in the Offer or deduct from the purchase price the amount or value thereof, as determined by the Purchaser in its sole discretion.

Pursuant to the Merger Agreement, the Company is prohibited from taking any of the actions described in the two preceding paragraphs and nothing herein shall constitute a waiver by the Purchaser or Parent of any of its rights under the Merger Agreement or a limitation of the remedies available to the Purchaser or Parent for any breach of the Merger Agreement.

14. CONDITIONS TO THE OFFER

Notwithstanding any other provision of the Offer, subject to the provisions of the Merger Agreement, the Purchaser will not be required to accept for payment or, subject to any applicable rules and regulations of the Commission, including Rule 14e-1(c) under the Exchange Act (relating to the Purchaser's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction referred to above, the payment for, any tendered Shares, and may terminate the Offer and not accept for payment any tendered Shares if (i) any applicable waiting period under the HSR Act has not expired or been terminated prior to the expiration of the Offer, (ii) the Minimum Condition has not been satisfied, or (iii) at any time on or after November 19, 1997, and before the time of acceptance of Shares for payment pursuant to the Offer, any of the following events shall occur:

(a) there shall have been any statute, rule, regulation, judgment, order or injunction promulgated, entered, enforced, enacted or issued applicable to the Offer or the Merger by any federal or state governmental regulatory or administrative agency or authority or court or legislative body or commission which (1) prohibits the consummation of the Offer or the Merger, (2) prohibits, or imposes any material limitations on, Parent's or the Purchaser's ownership or operation of all or a material portion of the Company's businesses or assets or the Shares, except for such prohibitions or limitations which would not have a Company Material Adverse Effect (as defined in the Merger Agreement), (3) prohibits, or makes illegal the acceptance for payment, payment for or purchase of Shares or the consummation of the Offer, or (4) renders the Purchaser unable to accept for payment, pay for or purchase a material portion or all of the Shares; provided, that the parties shall have used their reasonable best efforts to cause any such statute, rule, regulation, judgment, order or injunction to be vacated or lifted;

(b) the representations and warranties of the Company set forth in the Merger Agreement shall not be true and accurate as of the date of consummation of the Offer as though made on or as of such date (except for those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time which need only be true and accurate as of such date or with respect to such period), except where the failure of such representations and warranties to be true and accurate (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), do not, individually or in the aggregate, have a Company Material Adverse Effect;

(c) the Company shall have breached or failed to perform or comply with, in all material respects, any material obligation, agreement, or covenant required by the Merger Agreement to be performed or complied with by it as of the date of consummation of the Offer.

(d) the Merger Agreement shall have been terminated in accordance with its terms;

(e) the Company Board shall have withdrawn, modified or changed in a manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, the Merger Agreement or the Merger or shall have recommended an Acquisition Proposal or shall have executed an agreement in principle or definitive agreement relating to an Acquisition Proposal or similar business combination with a person or entity other than Parent, the Purchaser or their affiliates or the Company Board shall have adopted a resolution to do any of the foregoing; or

(f) Thirty percent (30%) or more of the key personnel of the Company and its subsidiaries identified on Schedule A(h) of the Company Disclosure Letter delivered to Parent and the Purchaser at or prior to the execution of the Merger Agreement shall no longer be employed by the Company or its subsidiaries or shall have submitted their resignations.

The foregoing conditions are for the sole benefit of the Purchaser and Parent and, subject to the Merger Agreement, may be asserted by either of them or may be waived by Parent or the Purchaser, in whole or in part at any time and from time to time in the sole discretion of Parent or the Purchaser. The failure by Parent or the Purchaser at any time to exercise any such rights shall not be deemed a waiver of any right and each right shall be deemed an ongoing right which may be asserted at any time and from time to time.

15. CERTAIN LEGAL MATTERS

Except as described in this Section 15, based on a review of publicly available filings by the Company with the Commission and other publicly available information concerning the Company, but without any independent investigation thereof, neither Parent nor the Purchaser is aware of any regulatory license or permit that appears to be material to the business of the Company and its subsidiaries, taken as a whole, that might be adversely affected by the acquisition of Shares by the Purchaser pursuant to the Offer or, except as set forth below, of any approval or other action by any governmental, administrative or regulatory agency or authority, domestic or foreign, that would be required prior to the acquisition of Shares by the Purchaser pursuant to the Offer. Should any such approval or other action be required, the Purchaser currently contemplates that it will be sought. Although the Purchaser does not currently intend to delay the acceptance for payment of Shares tendered pursuant to the Offer pending the outcome of such matters, there can be no assurance that any such approval or other action, if needed, would be obtained or would be obtained without substantial conditions or that adverse consequences might not result to the Company's business or that certain parts of the Company's business might not have to be disposed of in the event that such approvals were not obtained or any other actions were not taken. The Purchaser's obligation under the Offer to accept for payment and pay for Shares is subject to certain conditions, including conditions relating to the legal matters discussed in this Section 15. See Section 14.

United States Antitrust Approvals. The Offer and the Merger are subject to the HSR Act, which provides that certain acquisition transactions may not be consummated unless certain information has been furnished to the Antitrust Division of the Department of Justice (the "Antitrust Division") and the Federal Trade Commission ("FTC") and certain waiting period requirements have been satisfied.

Under the provisions of the HSR Act applicable to the Offer, the purchase of Shares pursuant to the Offer may not be consummated until the expiration of a 15-calendar day waiting period following the filing by Parent of a Pre-Merger Notification and Report Form with respect to the Offer, unless Parent receives a request for additional information or documentary material from the Antitrust Division or the FTC or unless early termination of the waiting period is granted. If, within such 15-day period, either the Antitrust Division or the FTC requests additional information or material from Parent concerning the Offer, the waiting period will be extended and would expire at 11:59 p.m., New York City time, on the tenth calendar day after the date of substantial compliance by Parent with such request. Only one extension of the waiting period pursuant to a request for additional information is authorized by the HSR Act. Thereafter, such waiting period may be extended only by court order or with the consent of Parent. The Purchaser will not accept for payment Shares tendered pursuant to the Offer unless and until the waiting period requirements imposed by the HSR Act with respect to the Offer have been satisfied. See Section 14.

The Merger would not require an additional filing under the HSR Act if the Purchaser owns 50% or more of the outstanding Shares at the time of the Merger or if the Merger occurs within one year after the HSR Act waiting period applicable to the Offer expires or is terminated.

The FTC and the Antitrust Division frequently scrutinize the legality under the antitrust laws of transactions such as the Purchaser's acquisition of Shares pursuant to the Offer and the Merger. At any time before or after the Purchaser's acquisition of Shares, the Antitrust Division or the FTC could take such action under the antitrust laws as it deems necessary or desirable in the public interest, including seeking to enjoin the purchase of Shares pursuant to the Offer or the consummation of the Merger or seeking divestiture of Shares acquired by the Purchaser or divestiture of substantial assets of Parent or its subsidiaries. Private parties and state attorneys general may also bring legal action under the antitrust laws under certain circumstances. Based upon an examination of publicly available information relating to the businesses in which Parent and the Company are engaged, Parent and the Purchaser believe that the acquisition of Shares by the Purchaser will not violate the antitrust laws. Nevertheless, there can be no assurance that a challenge to the Offer or other acquisition of Shares by the Purchaser on antitrust grounds will not be made or, if such a challenge is made, of the result. See Section 14 for certain conditions to the Offer, including conditions with respect to certain governmental actions.

State Takeover Laws. A number of states throughout the United States have enacted takeover statutes that purport, in varying degrees, to be applicable to attempts to acquire securities of corporations that are incorporated or have assets, stockholders, executive offices or places of business in such states. In Edgar v. MITE Corp., the Supreme Court of the United States held that the Illinois Business Takeover Act, which involved state securities laws, that made the takeover of certain corporations more difficult, imposed a substantial burden on interstate commerce and therefore was unconstitutional. In CTS Corp. v. Dynamics Corp. of America, however, the Supreme Court of the United States held that a state may, as a matter of corporate law and, in particular, those laws concerning corporate governance, constitutionally disqualify a potential acquiror from voting on the affairs of a target corporation without prior approval of the remaining stockholders, provided that such laws were applicable only under certain conditions.

Section 203 of the DGCL limits the ability of a Delaware corporation to engage in business combinations with "interested stockholders" (defined as any beneficial owner of 15% or more of the outstanding voting stock of the corporation) unless, among other things, the corporation's board of directors has given its prior approval to either the business combination or the transaction which resulted in the stockholder becoming an "interested stockholder." The Company Board's unanimous approval of the Merger Agreement, the Offer and the Merger constitutes an approval thereof for purposes of Section 203 of the DGCL.

Based on information supplied by the Company and the Company's representations in the Merger Agreement, the Purchaser does not believe that any state takeover statutes apply to the Offer or the Merger. Neither the Purchaser nor Parent has currently complied with any state takeover statute or regulation. The Purchaser reserves the right to challenge the applicability or validity of any state law purportedly applicable to the Offer or the Merger and nothing in this Offer to Purchase or any action taken in connection with the Offer or the Merger is intended as a waiver of such right. If it is asserted that any state takeover statute is applicable to the Offer or the Merger and an appropriate court does not determine that it is inapplicable or invalid as applied to the Offer or the Merger, the Purchaser might be required to file certain information with, or to receive approvals from, the relevant state authorities, and the Purchaser might be unable to accept for payment or pay for Shares tendered pursuant to the Offer, or be delayed in consummating the Offer or the Merger. In such case, the Purchaser may not be obligated to accept for payment or pay for any Shares tendered pursuant to the Offer.

16. FEES AND EXPENSES

Parent has retained Morgan Stanley to act as the Dealer Manager and to provide certain financial advisory services, Georgeson & Company Inc. to act as the Information Agent and ChaseMellon Shareholder Services, L.L.C. to act as the Depositary in connection with the Offer. The Dealer Manager and the Information Agent may contact holders of Shares by mail, telephone, telex, telegraph and personal interview

and may request brokers, dealers, commercial banks, trust companies and other nominees to forward the Offer materials to beneficial owners. The Dealer Manager, the Information Agent and the Depositary each will receive reasonable and customary compensation for their services, will be reimbursed for certain reasonable out-of-pocket expenses and will be indemnified against certain liabilities and expenses in connection therewith, including certain liabilities under the federal securities laws. None of the Dealer Manager, the Information Agent or the Depositary has been retained to make solicitations or recommendations in connection with the Offer. Neither Parent nor the Purchaser will pay any fees or commissions to any broker or dealer or other person for soliciting tenders of Shares pursuant to the Offer. Brokers, dealers, commercial banks and trust companies will be reimbursed by the Purchaser for reasonable expenses incurred by them in forwarding material to their customers.

17. MISCELLANEOUS

The Purchaser is not aware of any jurisdiction in which the making of the Offer is not in compliance with applicable law. If the Purchaser becomes aware of any jurisdiction in which the making of the Offer would not be in compliance with applicable law, the Purchaser will make a good faith effort to comply with any such law. If, after such good faith effort, the Purchaser cannot comply with any such law, the Offer will not be made to (nor will tenders be accepted from or on behalf of) the holders of Shares residing in such jurisdiction. In those jurisdictions whose securities or blue sky laws require the Offer to be made by a licensed broker or dealer, the Offer is being made on behalf of the Purchaser by the Dealer Manager or one or more registered brokers or dealers which are licensed under the laws of such jurisdiction.

NO PERSON HAS BEEN AUTHORIZED TO GIVE ANY INFORMATION OR MAKE ANY REPRESENTATION ON BEHALF OF THE PURCHASER OR PARENT NOT CONTAINED IN THIS OFFER TO PURCHASE OR IN THE LETTER OF TRANSMITTAL AND, IF GIVEN OR MADE, SUCH INFORMATION OR REPRESENTATION MUST NOT BE RELIED UPON AS HAVING BEEN AUTHORIZED.

The Purchaser has filed with the Commission the Schedule 14D-1 pursuant to Rule 14d-3 under the Exchange Act, furnishing certain additional information with respect to the Offer, and may file amendments thereto. The Schedule 14D-1 and any amendments thereto, including exhibits, may be inspected and copies may be obtained at the same places and in the same manner as set forth in Section 8 (except that they will not be available at the regional offices of the Commission).

DSL ACQUISITION CORPORATION

TEXAS INSTRUMENTS INCORPORATED

November 25, 1997

SCHEDULE I

INFORMATION CONCERNING DIRECTORS AND EXECUTIVE OFFICERS OF PARENT AND THE PURCHASER

1. Directors and Executive Officers of Parent. The following table sets forth the name and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years of each director and executive officer of Parent. The business address of each such person is c/o Parent, 13500 North Central Expressway, P.O. Box 655474, Dallas, Texas 75265-5474. All directors and officers listed below are citizens of the United States.

JAMES R. ADAMS — Chairman of the Board, Director of Parent

Chairman of the Board of Parent since June 1996. Group President, SBC Communications Inc. from 1992 until retirement in 1995; President and Chief Executive Officer of Southwestern Bell Telephone Company, 1988-92.

DAVID L. BOREN — Director of Parent

President of the University of Oklahoma since 1994. U.S. Senator, 1979-1994; Governor of Oklahoma, 1975-1979; Director, AMR Corporation, Phillips Petroleum Company and Torchmark Corporation; trustee, Yale University.

JAMES B. BUSEY IV — Director of Parent

Retired from U.S. Navy as Admiral in 1989. President and Chief Executive Officer, Armed Forces Communications and Electronics Association, 1992-96; Deputy Secretary, Department of Transportation, 1991-92; Administrator, Federal Aviation Administration, 1989-91. Director, Association of Naval Aviation, Curtiss-Wright Corporation and S.T. Research Corporation; Trustee, MITRE Corporation.

DANIEL A. CARP — Director of Parent

President and Chief Operating Officer of Eastman Kodak Company since January 1997. Joined Eastman Kodak Company in 1970; elected Executive Vice President and named Assistant Chief Operating Officer effective November 1995.

THOMAS J. ENGIBOUS — Director of Parent

President and Chief Executive Officer of Parent since June 1996. Joined Parent in 1976; elected Executive Vice President in 1993. Member, The Business Roundtable.

GERALD W. FRONTERHOUSE — Director of Parent

Investments. Former Chief Executive Officer (1985-88) of First RepublicBank Corporation. President and Director, Hoblitzelle Foundation.

WAYNE R. SANDERS — Director of Parent

Chairman of the Board of Kimberly-Clark Company since 1992; also Chief Executive Officer since 1991. Director, Adolph Coors Company, Coors Brewing Company and Texas Commerce Bank, N.A.; Trustee, Marquette University.

GLORIA M. SHATTO — Director of Parent

President of Berry College since 1980. Director, Becton Dickinson and Company, Georgia Power Company and The Southern Company.

WILLIAM P. WEBER — Vice Chairman of the Board, Director of Parent

Vice Chairman of Parent since 1993. Joined the Company in 1962; elected Vice President in 1979 and Executive Vice President in 1984. Director, Kmart Corporation and Semiconductor Industry Association.

CLAYTON K. YEUTTER — Director of Parent

Of Counsel, Hogan & Hartson. Counsel to President Bush for domestic policy during 1992; Chairman, Republic National Committee, 1991-92; Secretary, Department of Agriculture, 1989-91; U.S. Trade Repre-

sentative, 1985-89. Director, B.A.T. Industries P.L.C., Caterpillar Inc., ConAgra, Inc., FMC Corporation, IMC Global Inc. and Oppenheimer Funds.

GARY D. CLUBB

Executive Vice President and President, Digital Imaging Group, of Parent since August 1996. Joined Parent in 1968; elected Executive Vice President of Parent in 1989.

DAVID D. MARTIN

Executive Vice President of Parent since 1993. Joined Parent in 1960; elected Vice President of Parent in the mid-1980s.

RICHARD K. TEMPLETON

Executive Vice President and President, Semiconductor Group, of Parent since June 1996. Joined Parent in 1980; elected Senior Vice President, Semiconductor Group, in 1994.

RICHARD J. AGNICH

Senior Vice President, Secretary and General Counsel of Parent since August 1988. Joined Parent in 1973; elected Vice President, Secretary and General Counsel in 1982. Trustee, Austin College.

WILLIAM A. AYLESWORTH

Senior Vice President, Treasurer and Chief Financial Officer of Parent since 1985. Joined Parent in 1967; elected Vice President and Treasurer in 1982.

CHUCK F. NIELSON

Vice President of Human Resources of Parent since June 1990. Joined Parent in 1965.

ELWIN L. SKILES, JR.

Vice President of Corporate Communications of Parent since January 1992. Joined Parent in 1976.

2. Directors and Executive Officers of the Purchaser. The following table sets forth the name and present principal occupation or employment, and material occupations, positions, offices or employments for the past five years of each director and executive officer of the Purchaser. Each such person is a citizen of the United States of America and the business address of each such person is c/o Parent, 13500 North Central Expressway, P.O. Box 655474, Dallas, Texas 75265-5474. All directors and officers are citizens of the United States.

GEORGE BARBER — Director of Purchaser

President of the Purchaser since its incorporation in November 1997; Vice President, Semiconductor Group, of Parent since August 1995. Joined Parent in 1980; appointed Vice President of Parent's Asian operations in 1994.

MARVIN S. SELF — Director of Purchaser

Vice President of the Purchaser since its incorporation in November 1997; Senior Vice President and Chief Financial Officer, Semiconductor Group, of Parent since August 1996. Joined Parent in 1966; appointed Senior Vice President and Chief Financial Officer, Defense Systems and Software Businesses, of Parent in 1995.

GREGORY L. WATERS — Director of Purchaser

Vice President of the Purchaser since its incorporation in November 1997; Director of Network Access Products, Semiconductor Group, of Parent since September 1997. Joined Parent in 1983; appointed Manager of TI Networking Business, Semiconductor Group, of Parent in 1996.

Facsimile copies of the Letter of Transmittal, properly completed and duly executed, will be accepted. The Letter of Transmittal, certificates for Shares and any other required documents should be sent or delivered by each stockholder of the Company or his broker, dealer, commercial bank or other nominee to the Depositary at one of its addresses set forth below.

The Depositary for the Offer is:

CHASEMELLON SHAREHOLDER SERVICES

By Mail:
ChaseMellon Shareholder Services
Attention: Reorganization Department
Post Office Box 3301
South Hackensack, New Jersey 07606

By Facsimile Transmission:
(201) 329-8936
(For Eligible Institutions Only)
Confirm Facsimile by Telephone:
(201) 296-4860
(For Confirmation Only)

By Hand:
ChaseMellon Shareholder Services
Attention: Reorganization Department
120 Broadway, 13th Floor
New York, New York 10271

By Overnight Courier:
ChaseMellon Shareholder Services
Attention: Reorganization Department
85 Challenger Road
Ridgefield Park, New Jersey 07660

Any questions or requests for assistance may be directed to the Dealer Manager or the Information Agent at their respective telephone numbers and locations listed below. Additional copies of this Offer to Purchase, the Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from the Information Agent at its address and telephone numbers set forth below. You may also contact your broker, dealer, commercial bank or trust company or nominee for assistance concerning the Offer.

The Information Agent for the Offer is:

Georgeson & Company Inc. logo

Wall Street Plaza
New York, New York 10005

Banks and Brokers Call Collect: (212) 440-9800
Call Toll-Free: (800) 223-2064

The Dealer Manager for the Offer is:

MORGAN STANLEY DEAN WITTER

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036
(212) 761-6863

EXHIBIT 99(a)(2)

LETTER OF TRANSMITTAL
To Tender Shares of Common Stock

of

Amati Communications Corporation
at

$20.00 Net Per Share
Pursuant to the Offer to Purchase
Dated November 25, 1997

by

DSL Acquisition Corporation
a direct wholly owned subsidiary

of

Texas Instruments Incorporated

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT NEW YORK CITY TIME, ON TUESDAY, DECEMBER 23, 1997, UNLESS THE OFFER IS EXTENDED.

The Depositary for the Offer is:
CHASEMELLON SHAREHOLDER SERVICES

By Mail:	By Facsimile Transmission:	By Hand:
ChaseMellon Shareholder Services Attention: Reorganization Department Post Office Box 3301 South Hackensack, New Jersey 07660	(201) 329-8936 (For Eligible Institutions Only) Confirm Facsimile by Telephone: (201) 296-4860 (For Confirmation Only)	ChaseMellon Shareholder Services Attention: Reorganization Department 120 Broadway, 13th Floor New York, New York 10271 By Overnight Courier: ChaseMellon Shareholder Services Attention: Reorganization Department 85 Challenger Road Ridgefield Park, New Jersey 07660

DELIVERY OF THIS LETTER OF TRANSMITTAL TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION VIA A FACSIMILE NUMBER OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

THE INSTRUCTIONS ACCOMPANYING THIS LETTER OF TRANSMITTAL SHOULD BE READ CAREFULLY BEFORE THIS LETTER OF TRANSMITTAL IS COMPLETED.

DESCRIPTION OF SHARES TENDERED

NAME(S) AND ADDRESS(ES) OF REGISTERED HOLDER(S) (PLEASE FILL IN, IF BLANK, EXACTLY AS NAME(S) APPEAR(S) ON SHARES)	STOCK CERTIFICATE(S) AND SHARE(S) TENDERED (ATTACH ADDITIONAL SIGNED LIST, IF NECESSARY)		
	STOCK CERTIFICATE NUMBER(S)	TOTAL NUMBER OF SHARES REPRESENTED BY STOCK CERTIFICATE(S)*	NUMBER OF SHARES TENDERED**
	TOTAL SHARES.....		

* Need not be completed by Holders tendering by book-entry transfer.

** Unless otherwise indicated, it will be assumed that all Shares evidenced by each Stock Certificate delivered to the Depositary are being tendered hereby. See Instruction 4.

This Letter of Transmittal is to be completed by stockholders if certificates evidencing Shares ("Stock Certificates") are to be forwarded herewith or if delivery is to be made by book-entry transfer to the Depositary's account at The Depository Trust Company ("DTC") or the Philadelphia Depository Trust Company ("PDTC") (each, a "Book-Entry Transfer Facility" and collectively, the "Book-Entry Transfer Facilities") pursuant to the procedures set forth in Section 3 of the Offer to Purchase (as defined below).

Stockholders whose Stock Certificates are not immediately available or who cannot deliver their Stock Certificates and all other documents required hereby to the Depositary prior to the Expiration Date (as defined in Section 1 of the Offer to Purchase) or who cannot comply with the book-entry transfer procedures on a timely basis must tender their Shares according to the guaranteed delivery procedures set forth in Section 3 of the Offer to Purchase. See Instruction 2. DELIVERY OF DOCUMENTS TO A BOOK-ENTRY TRANSFER FACILITY DOES NOT CONSTITUTE DELIVERY TO THE DEPOSITARY.

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[ ] CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED BY BOOK-ENTRY TRANSFER TO THE DEPOSITARY'S ACCOUNT AT ONE OF THE BOOK-ENTRY TRANSFER FACILITIES AND COMPLETE THE FOLLOWING:

Name of Tendering Institution: _____

Check Box of Applicable Book-Entry Transfer Facility (check one):

DTC [ ] PDTC [ ]

Account Number: _____ Transaction Code Number: _____

[ ] CHECK HERE IF TENDERED SHARES ARE BEING DELIVERED PURSUANT TO A NOTICE OF GUARANTEED DELIVERY PREVIOUSLY SENT TO THE DEPOSITARY AND COMPLETE THE FOLLOWING:

Name(s) of Registered Holder(s): _____

Window Ticket No. (if any): _____

Date of Execution of Notice of Guaranteed Delivery: _____

Name of Institution which Guaranteed Delivery: _____

If Delivered by Book-Entry Transfer, Check Box of Applicable Book-Entry Transfer Facility (check one):

DTC [ ] PDTC [ ]

Account Number: _____ Transaction Code Number: _____

- - ---

NOTE: SIGNATURES MUST BE PROVIDED BELOW
PLEASE READ THE ACCOMPANYING INSTRUCTIONS CAREFULLY

Ladies and Gentlemen:

The undersigned hereby tenders to DSL Acquisition Corporation (the "Purchaser"), a Delaware corporation and a direct wholly owned subsidiary of Texas Instruments Incorporated, a Delaware corporation ("Parent"), the above-described shares of Common Stock, par value $.20 per share (the "Shares"), of Amati Communications Corporation, a Delaware corporation (the "Company"), at $20.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 25, 1997 (the "Offer to Purchase"), receipt of which is hereby acknowledged, and in this Letter of Transmittal (which, together with any amendments and supplements, collectively constitute the "Offer"). The undersigned understands that the Purchaser reserves the right to transfer or assign, in whole at any time or in part from time to time, to Parent or one or more of its affiliates, the right to purchase Shares tendered pursuant to the Offer.

Subject to and effective upon acceptance for payment of the Shares tendered herewith in accordance with the terms and subject to the conditions of the Offer, the undersigned hereby sells, assigns and transfers to, or upon the order of, the Purchaser all right, title and interest in and to all of the Shares that are being tendered hereby and all other Shares or other securities or property issued or issuable in respect thereof on or after November 19, 1997 (such other Shares, securities or property being referred to herein as the "Other Securities") and irrevocably appoints the Depositary the true and lawful agent and attorney-in-fact of the undersigned with respect to such Shares and all Other Securities with full power of substitution (such power of attorney being deemed to be an irrevocable power coupled with an interest), to (i) deliver Stock Certificates evidencing such Shares and all Other Securities, or transfer ownership of such Shares and all Other Securities on the account books maintained by any of the Book-Entry Transfer Facilities, together, in either case, with all accompanying evidences of transfer and authenticity, to or upon the order of the Purchaser, upon receipt by the Depositary, as the undersigned's agent, of the purchase price (adjusted, if appropriate, as provided in the Offer to Purchase), (b) present such Shares and all Other Securities for transfer on the books of the Company, and (c) receive all benefits and otherwise exercise all rights of beneficial ownership of such Shares and all Other Securities, all in accordance with the terms of the Offer.

The undersigned hereby irrevocably appoints designees of the Purchaser as the undersigned's attorneys-in-fact and proxies, each with full power of substitution, to the full extent of the undersigned's rights with respect to all of the Shares tendered hereby which have been accepted for payment by the Purchaser (and any and all Other Securities issued or issuable in respect thereof on or after November 19, 1997). This proxy and power of attorney is coupled with an interest in the Shares tendered hereby and is irrevocable and is granted in consideration of, and is effective upon, the acceptance for payment of such Shares by the Purchaser in accordance with the terms of the Offer. Such acceptance for payment shall, without further action, revoke all prior proxies and consents granted by the undersigned with respect to such Shares (and all Shares and other securities issued in Other Securities in respect of such Shares), and no subsequent proxy or power of attorney or written consent shall be given (and if given or executed, shall be deemed not to be effective) with respect thereto by the undersigned. The designees of the Purchaser will, with respect to the Shares and the Other Securities, be empowered to exercise all voting and other rights of the undersigned as they in their sole discretion may deem proper at any annual, special or adjourned meeting of the Company's stockholders, by written consent or otherwise. The Purchaser reserves the right to require that, in order for Shares to be deemed validly tendered, immediately upon the Purchaser's acceptance for payment of such Shares, the Purchaser is able to exercise full voting and other rights with respect to such Shares (including voting at any meeting of stockholders then scheduled or acting by written consent without a meeting).

The undersigned hereby represents and warrants that the undersigned has full power and authority to tender, sell, assign and transfer the Shares tendered hereby and all Other Securities, and that when such Shares are accepted for payment by the Purchaser, the Purchaser will acquire good, marketable and unencumbered title thereto, free and clear of all liens, restrictions, charges and encumbrances, and that none of such Shares and Other Securities will be subject to any adverse claim. The undersigned, upon request, shall execute and deliver any signature guarantees or additional documents deemed by the Depositary or the Purchaser to be necessary or desirable to complete the sale, assignment and transfer of the Shares tendered hereby and all Other Securities. In addition, the undersigned shall promptly remit and transfer to the Depositary for the account of the Purchaser all Other Securities in respect of the Shares tendered hereby, accompanied by appropriate documentation of transfer, and pending such remittance or appropriate assurance thereof, the Purchaser shall be entitled to all rights and privileges as owner of such Other Securities and may withhold the entire purchase price or deduct from the purchase price the amount or value thereof, as determined by the Purchaser in its sole discretion.

All authority herein conferred or agreed to be conferred shall survive the death or incapacity of the undersigned, and any obligation of the undersigned hereunder shall be binding upon the successors, assigns, heirs, executors, administrators and legal representatives of the undersigned. Except as stated in the Offer to Purchase, this tender is irrevocable.

The undersigned understands that tenders of Shares pursuant to any one of the procedures described in Section 3 of the Offer to Purchase and in the instructions hereto will constitute a binding agreement between the undersigned and the Purchaser upon the terms and subject to the conditions of the Offer. The undersigned recognizes that under certain circumstances set forth in the Offer to Purchase, the Purchaser may not be required to accept for payment any of the Shares tendered hereby.

Unless otherwise indicated herein under "Special Payment Instructions," please issue the check for the purchase price and/or return any Stock Certificates evidencing Shares not tendered or not accepted for payment in the name(s) of the registered holder(s) appearing under "Description of Shares Tendered." Similarly, unless otherwise indicated under "Special Delivery Instructions," please mail the check for the purchase price and/or return any Stock Certificates evidencing Shares not tendered or accepted for payment (and accompanying documents, as appropriate) to the address(es) of the registered holder(s) appearing under "Description of Shares Tendered." In the event that both the Special Delivery Instructions and the Special Payment Instructions are completed, please issue the check for the purchase price and/or return any Share Certificates evidencing Shares not purchased (together with accompanying documents as appropriate) in the name(s) of, and deliver said check and/or return such Share Certificates to, the person or persons so indicated. Stockholders tendering Shares by book-entry transfer may request that any Shares not accepted for payment be returned by crediting such account maintained at DTC or PDTC as such stockholder may designate by making an appropriate entry under "Special Payment Instructions." The undersigned recognizes that the Purchaser has no obligation pursuant to the Special Payment Instructions to transfer any Shares from the name of the registered holder(s) thereof if the Purchaser does not accept for payment any of the Shares so tendered.

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SPECIAL PAYMENT INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6, AND 7)

To be completed ONLY if Stock Certificates for Shares not tendered or not accepted for payment, and/or the check for the purchase price of Shares accepted for payment are to be issued in the name of someone other than the undersigned, or if Shares delivered by book-entry transfer that are not accepted for payment are to be returned by credit to an account maintained at a Book-Entry Transfer Facility, other than to the account indicated above.

Issue (check appropriate box(es)):
[ ] Check to:
[ ] Certificate to:

Name:

(Please Type or Print)

Address:

- - ---

- - ---
(Include Zip Code)

- - ---
(Tax Identification or Social Security No.)
(See Substitute Form W-9)

Credit unpurchased Shares delivered by book-entry transfer to the Book-Entry Transfer Facility account set forth below:

[ ] DTC [ ] PDTC
(check one)

- - ---
(DTC/PDTC Account Number)

- - ---

- - ---

SPECIAL DELIVERY INSTRUCTIONS
(SEE INSTRUCTIONS 1, 5, 6 AND 7)

To be completed ONLY if Stock Certificates for Shares not tendered or not accepted for payment and/or the check for the purchase price of Shares accepted for payment are to be sent to someone other than the undersigned or to the undersigned at an address other than that shown above.

Mail (check appropriate box(es)):
[ ] Check to:

[ ] Certificate to:

Name:

(Please Type or Print)

Address:

- - ---

- - ---

(Include Zip Code)

- - ---

(Tax Identification or Social Security No.)
(See Substitute Form W-9)

- - ---

SIGN HERE
AND COMPLETE SUBSTITUTE FORM W-9

SIGN HERE ____ SIGN HERE

(Signature(s) of holder(s))

Dated: ____,199 _

Must be signed by the registered holder(s) exactly as name(s) appear(s) on Stock Certificate(s) or on a security position listing or by person(s) authorized to become registered holder(s) by certificates and documents transmitted herewith. If signature is by trustees, executors, administrators, guardians, attorneys-in-fact, officers of corporations, or others acting in a fiduciary or representative capacity, please provide the following information and See Instruction 5.

Name(s):

(Please Print)

Capacity (Full Title):

Address:

(Include Zip Code)

Area Code and Telephone Number:

Tax Identification or
Social Security No.:

(See Substitute Form W-9)

GUARANTEE OF SIGNATURE(S)
(If Required -- See Instructions 1 and 5)

Authorized Signature:

Name:

Name of Firm:

(Please Print)

Address:

(Include Zip Code)

Area Code and Telephone Number:

Dated: ____,199 _

INSTRUCTIONS
FORMING PART OF THE TERMS AND CONDITIONS OF THE OFFER

1. GUARANTEE OF SIGNATURES. All signatures on this Letter of Transmittal must be guaranteed by a financial institution (including most commercial banks, savings and loan associations and brokerage houses) that is a participant in the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Guarantee Program or the Stock Exchange Medallion Program (each, an "Eligible Institution"), unless the Shares tendered hereby are tendered (i) by a registered holder of Shares who has not completed either the box entitled "Special Delivery Instructions" or the box entitled "Special Payment Instructions" on this Letter of Transmittal, or (ii) for the account of an Eligible Institution. See Instruction 5. If the Stock Certificates are registered in the name of a person other than the signer of this Letter of Transmittal, or if Stock Certificates evidencing Shares not accepted for payment or not tendered are to be issued to a person other than the registered holder, then the Stock Certificates must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered owner(s) appear on the Stock Certificates, with the signatures on the Stock Certificates or stock powers guaranteed by an Eligible Institution as provided herein. See Instruction 5.

2. REQUIREMENTS OF TENDER. This Letter of Transmittal is to be completed by stockholders if Stock Certificates are to be forwarded herewith or if delivery of Shares is to be made pursuant to the procedures for book-entry transfer set forth under "Procedure for Tendering Shares -- Book-Entry transfer" in Section 3 of the Offer to Purchase. For Shares to be validly tendered pursuant to the Offer, this Letter of Transmittal (or facsimile thereof), properly completed and duly executed with all required signature guarantees and all other documents required hereby, must be received by the Depositary at one of its addresses set forth on the cover hereof prior to the Expiration Date (as defined in the Offer to Purchase). In addition, either (i) Stock Certificates evidencing such Shares must be received by the Depositary along with this Letter of Transmittal or such Shares must be tendered pursuant to the procedures for book-entry transfer set forth under "Procedure for Tendering Shares -- Book-Entry Transfer" in Section 3 of the Offer to Purchase and a confirmation of a book-entry transfer (a "Book-Entry Confirmation") must be received by the Depositary, in each case prior to the Expiration Date or (ii) the tendering stockholder must comply with the guaranteed delivery procedures set forth below and under "Procedure for Tendering Shares -- Guaranteed Delivery" in Section 3 of the Offer to Purchase.

If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's Stock Certificates are not immediately available or time will not permit all required documents to reach the Depositary prior to the Expiration Date, or the procedures for book-entry transfer cannot be completed on a timely basis, such Shares may nevertheless be tendered if all of the following conditions are satisfied: (i) the tender is made by or through an Eligible Institution, (ii) a properly completed and duly executed Notice of Guaranteed Delivery, substantially in the form provided by the Purchaser, is received by the Depositary prior to the Expiration Date as provided below and (iii) the Stock Certificates for all tendered Shares, in proper form for transfer (or a Book-Entry Confirmation), together with this Letter of Transmittal (or facsimile thereof) properly completed and duly executed, with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message (as defined in Section 2 of the Offer to Purchase)) and any other documents required by this Letter of Transmittal, are received by the Depositary within three New York Stock Exchange trading days after the date of execution of such Notice of Guaranteed Delivery.

THE METHOD OF DELIVERY OF THIS LETTER OF TRANSMITTAL, STOCK CERTIFICATES AND ANY OTHER REQUIRED DOCUMENTS, INCLUDING DELIVERY THROUGH ANY BOOK-ENTRY TRANSFER FACILITY, IS AT THE OPTION AND RISK OF THE TENDERING STOCKHOLDER AND THE DELIVERY WILL BE DEEMED MADE ONLY WHEN ACTUALLY RECEIVED BY THE DEPOSITARY. IF DELIVERY IS BY MAIL, IT IS RECOMMENDED THAT SUCH STOCK CERTIFICATES AND DOCUMENTS BE SENT BY REGISTERED MAIL, PROPERLY INSURED, WITH RETURN RECEIPT REQUESTED. IN ALL CASES, SUFFICIENT TIME SHOULD BE ALLOWED TO INSURE TIMELY DELIVERY.

No alternative, conditional or contingent tenders will be accepted. All tendering stockholders, by execution of this Letter of Transmittal (or facsimile thereof), waive any right to receive any notice of the acceptance of their Shares for payment.

3. INADEQUATE SPACE. If the space provided herein under "Description of Shares Tendered" is inadequate, the certificate numbers and/or the number of Shares tendered should be listed on a separate signed schedule and attached hereto.

4. PARTIAL TENDERS. If fewer than all the Shares evidenced by any Stock Certificate submitted are to be tendered, fill in the number of Shares which are to be tendered in the box entitled "Number of Shares Tendered." In such case, new Stock Certificate(s) evidencing the remainder of the Shares that were evidenced by the old Stock Certificate(s) will be sent to the registered holder, unless otherwise provided in the appropriate box on this Letter of Transmittal, as soon as practicable after the Expiration Date. All Shares evidenced by Stock Certificates delivered to the Depositary will be deemed to have been tendered unless otherwise indicated.

5. SIGNATURES ON LETTER OF TRANSMITTAL, STOCK POWERS AND ENDORSEMENTS. If this Letter of Transmittal is signed by the registered holder(s) of the Shares tendered hereby, the signature(s) must correspond exactly with the name(s) as written on the face of the Stock Certificate(s) without alteration, enlargement or any change whatsoever. If any of the Shares tendered hereby are held of record by two or more persons, all such persons must sign this Letter of Transmittal.

If any tendered Shares are registered in different names on several Stock Certificates, it will be necessary to complete, sign and submit as many separate Letters of Transmittal as there are different registrations of such Shares.

If this Letter of Transmittal is signed by the registered holder(s) of the Shares evidenced by Stock Certificates listed and transmitted hereby, no endorsements of Stock Certificates or separate stock powers are required unless payment is to be made to or Stock Certificates evidencing Shares not tendered or purchased are to be issued in the name of a person other than the registered holder(s), in which case the Stock Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name(s) of the registered holder(s) appear(s) on such Stock Certificate(s). Signatures on such Stock Certificates and stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal is signed by a person other than the registered holder(s) of the Shares tendered hereby, the Stock Certificate(s) evidencing the Shares tendered hereby must be endorsed or accompanied by appropriate stock powers, in either case signed exactly as the name or names of the registered holder or holders appear on the Stock Certificate(s). Signatures on such Stock Certificate(s) or stock powers must be guaranteed by an Eligible Institution.

If this Letter of Transmittal or any Stock Certificates or stock powers are signed by a trustee, executor, administrator, guardian, attorney-in-fact, agent, officer of a corporation or any person acting in a fiduciary or representative capacity, such person should so indicate when signing, and proper evidence satisfactory to the Purchaser of such person's authority to so act must be submitted.

6. STOCK TRANSFER TAXES. Except as set forth in this Instruction 6, the Purchaser will pay or cause to be paid any stock transfer taxes with respect to the transfer and sale of Shares to it or its order pursuant to the Offer. If, however, payment of the purchase price is to be made to, or if Stock Certificates evidencing Shares not tendered or purchased are to be registered in the name of, any person other than the registered holder(s), or if Stock Certificates evidencing tendered Shares are registered in the name of any person other than the person(s) signing this Letter of Transmittal, the amount of any stock transfer taxes (whether imposed on the registered holder(s) or such other person) payable on account of the transfer to such person will be deducted from the purchase price unless satisfactory evidence of the payment of such taxes or exemption therefrom is submitted.

EXCEPT AS PROVIDED IN THIS INSTRUCTION 6, IT WILL NOT BE NECESSARY FOR TRANSFER TAX STAMPS TO BE AFFIXED TO THE STOCK CERTIFICATE(S) LISTED IN THIS LETTER OF TRANSMITTAL.

7. SPECIAL PAYMENT AND DELIVERY INSTRUCTIONS. If a check for the purchase price of any Shares tendered hereby is to be issued, or Stock Certificate(s) evidencing Shares not tendered or not purchased are to be issued, in the name of a person other than the person(s) signing this Letter of Transmittal or if such check or any such Stock Certificate is to be sent and/or any Stock Certificates are to be returned to someone other than the signer above, or to the signer above but at an address other than that shown in the box entitled "Description of Shares Tendered" on the cover hereof, the appropriate boxes on this Letter of Transmittal should be completed. Stockholders tendering Shares by book-entry transfer may request that Shares not purchased be credited to such account maintained at any of the Book-Entry Transfer Facilities as such stockholder may designate under "Special Delivery Instructions". If no such instructions are given, any such Share not purchased will be returned by crediting the account at the Book-Entry Transfer Facilities designated above.

8. REQUEST FOR ASSISTANCE OR ADDITIONAL COPIES. Requests for assistance may be directed to, or additional copies of the Offer to Purchase, this Letter of Transmittal and the Notice of Guaranteed Delivery may be obtained from, the Information Agent or the Dealer Manager at the telephone numbers and addresses set forth below. A stockholder may also contact such stockholder's broker, dealer, commercial bank, trust company or other nominee.

9. WAIVER OF CONDITIONS. Except as otherwise provided in the Offer to Purchase, the Purchaser reserves the right in its sole discretion to waive in whole or in part at any time or from time to time any of the specified conditions of the Offer or any defect or irregularity in tender with regard to any Shares tendered.

10. SUBSTITUTE FORM W-9. Except in the case of foreign persons, each tendering stockholder is required to provide the Depositary with a correct Taxpayer Identification Number ("TIN") on Substitute Form W-9, which is provided under "Important Tax Information" herein, and to certify that such stockholder is not subject to backup withholding. Failure to provide the information on the Substitute Form W-9 may subject the tendering stockholder to 31% federal income tax backup withholding on the payment of the purchase price for the Shares. The tendering stockholder should

indicate in the box in Part I of the Substitute Form W-9 if such stockholder has not been issued a TIN and has applied for a TIN or intends to apply for a TIN in the near future. If the stockholder has indicated in the box in Part I that a TIN has been applied for and the Depositary is not provided with a TIN by the time of payment, the Depositary will withhold 31% of all payments of the purchase price, if any, made thereafter pursuant to the Offer until a TIN is provided to the Depositary. A tendering stockholder who is a foreign person (i.e., who is not a citizen or resident of the United States) should provide the Depositary with a completed Form W-8. Please contact the Depositary, if necessary, in order to obtain a copy of Form W-8.

11. LOST OR DESTROYED CERTIFICATES. If any Stock Certificate(s) representing Shares has been lost or destroyed, the holders should promptly notify the Depositary. The holders will then be instructed as to the procedure to be followed in order to replace the Stock Certificate(s). This Letter of Transmittal and related documents cannot be processed until the procedures for replacing lost or destroyed Stock Certificates have been followed.

IMPORTANT: THIS LETTER OF TRANSMITTAL (OR A FACSIMILE THEREOF), PROPERLY COMPLETED AND DULY EXECUTED, MUST BE RECEIVED BY THE DEPOSITARY (TOGETHER WITH STOCK CERTIFICATES OR A BOOK-ENTRY CONFIRMATION FOR SHARES AND ANY OTHER REQUIRED DOCUMENTS AND/OR SIGNATURES), OR A NOTICE OF GUARANTEED DELIVERY MUST BE RECEIVED BY THE DEPOSITARY, ON OR PRIOR TO THE EXPIRATION DATE.

IMPORTANT TAX INFORMATION

Under federal income tax law, a stockholder whose tendered Shares are accepted for payment is required to provide the Depositary (as payor) with such stockholder's correct TIN on Substitute Form W-9 herein. If such stockholder is an individual, the TIN is such stockholder's Social Security Number. If the Depositary is not provided with the correct TIN or an adequate basis for exemption, the stockholder may be subject to a $50 penalty imposed by the Internal Revenue Service. In addition, payments that are made to such stockholder with respect to Shares purchased pursuant to the Offer may be subject to backup withholding in an amount equal to 31% of the gross proceeds resulting from the Offer.

Certain stockholders (including, among others, certain corporations and foreign individuals) are not subject to these backup withholding and reporting requirements. In order for a foreign individual to qualify as an exempt recipient, that stockholder must submit an IRS Form W-8, signed under penalties of perjury, attesting to that individual's exempt status. A Form W-8 can be obtained from the Depositary. See the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional instructions.

If backup withholding applies, the Depositary is required to withhold 31% of any payments made to the stockholder. Backup withholding is not an additional tax. Rather, the tax liability of persons subject to backup withholding will be reduced by the amount of tax withheld. If withholding results in an overpayment of taxes, a refund may be obtained from the Internal Revenue Service.

PURPOSE OF SUBSTITUTE FORM W-9

To prevent backup withholding on payments that are made to a stockholder with respect to Shares purchased pursuant to the Offer, the stockholder is required to notify the Depositary of his correct TIN by completing the Substitute Form W-9 contained herein, certifying that the TIN provided on the Substitute Form W-9 is correct (or that such stockholder is awaiting a TIN) and that (i) the stockholder is exempt from backup withholding, (ii) the stockholder has not been notified by the Internal Revenue Service that he is subject to backup withholding as a result of failure to report all interest or dividends, or (iii) the Internal Revenue Service has notified the stockholder that such stockholder is no longer subject to backup withholding.

WHAT NUMBER TO GIVE THE DEPOSITARY

The stockholder is required to give the Depositary the social security number or employer identification number of the record owner of the Shares. If the Shares are in more than one name or are not in the name of the actual owner, consult the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 for additional guidance on which number to report. If the tendering stockholder has not been issued a TIN and has applied for a number or intends to apply for a number in the near future, he or she should write "Applied For" in the space provided for the TIN in Part I, sign and date the Substitute Form W-9 and sign and date the Certificate of Awaiting Taxpayer Identification Number. If "Applied For" is written in Part I and the Depositary is not provided with a TIN within 60 days, the Depositary will withhold 31% of all payments of the purchase price until a TIN is provided to the Depositary.

PAYOR'S NAME: CHASEMELLON SHAREHOLDER SERVICES, L.L.C., AS DEPOSITARY

SUBSTITUTE FORM W-9 DEPARTMENT OF THE TREASURY INTERNAL REVENUE SERVICE PAYOR'S REQUEST FOR TAXPAYER IDENTIFICATION NUMBER (TIN)	PLEASE PROVIDE YOUR TIN IN THE BOX AT RIGHT AND CERTIFY BY SIGNING AND DATING BELOW Name Business Name Please check appropriate box: [ ] Individual/Sole Proprietor [ ] Corporation [ ] Partnership [ ] Other Address City, State, Zip Code	PART I -- Social Security Number OR Employer Identification Number (If awaiting TIN, write "Applied For") PART II -- For Payees exempt from backup withholding, see the enclosed Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9, check the exempt box below, and complete the Form W-9. Exempt [ ]

CERTIFICATION. Under penalties of perjury, I certify that:

(1) The number shown on this form is my correct Taxpayer Identification Number (or I am waiting for a number to be issued to me), and

(2) I am not subject to backup withholding either because (a) I am exempt from backup withholding, or (b) I have not been notified by the Internal Revenue Service ("IRS") that I am subject to backup withholding as a result of a failure to report all interest or dividends, or (c) the IRS has notified me that I am no longer subject to backup withholding.

CERTIFICATION INSTRUCTIONS. You must cross out item (2) above if you have been notified by the IRS that you are subject to backup withholding because of underreporting interest or dividends on your tax return. However, if after being notified by the IRS that you were subject to backup withholding, you received another notification from the IRS that you are no longer subject to backup withholding, do not cross out item (2). Also see instructions in the enclosed Guidelines.)

SIGNATURE: DATE: _____ , 199__

NOTE: FAILURE TO COMPLETE AND RETURN THIS SUBSTITUTE FORM W-9 MAY RESULT IN BACKUP WITHHOLDING OF 31% OF ANY PAYMENTS MADE TO YOU PURSUANT TO THE OFFER. PLEASE REVIEW THE ENCLOSED GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9 FOR ADDITIONAL INSTRUCTIONS.

YOU MUST COMPLETE THE FOLLOWING CERTIFICATE IF YOU WROTE "APPLIED FOR" IN THE PART 1 OF SUBSTITUTE FORM W-9.

CERTIFICATE OF AWAITING TAXPAYER IDENTIFICATION NUMBER

I certify under penalties of perjury that a taxpayer identification number has not been issued to me, and either (1) I have mailed or delivered an application to receive a taxpayer identification number to the appropriate Internal Revenue Service Center or Social Security Administration Office or (2) I intend to mail or deliver an application in the near future. I understand that if I do not provide a taxpayer identification number by the time of payment, 31% of all payments of the purchase price made to me thereafter will be withheld until I provide a number.

SIGNATURE: _____ DATE: _____,199_

The Information Agent for the Offer is:

Georgeson & Company Inc. logo
Wall Street Plaza

New York, New York 10005
Banks and Brokers Call Collect: (212) 440-9800
Call Toll-Free: (800) 223-2064

The Dealer Manager for the Offer is:

MORGAN STANLEY DEAN WITTER
Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036
(212) 761-6863

EXHIBIT 99(a)(3)

NOTICE OF GUARANTEED DELIVERY
for
Tender of Shares of Common Stock
of

Amati Communications Corporation
to

DSL Acquisition Corporation
a direct wholly owned subsidiary
of

Texas Instruments Incorporated

As set forth in Section 3 of the Offer to Purchase (as defined below), this form, or a form substantially equivalent to this form, must be used to accept the Offer (as defined below) if the certificates representing shares of common stock, par value $.20 per share of Amati Communications Corporation (the "Shares"), are not immediately available or time will not permit all required documents to reach the Depositary prior to the Expiration Date (as defined in the Offer to Purchase) or the procedures for book-entry transfer cannot be completed on a timely basis. Such form may be delivered by hand or transmitted by telegram, facsimile transmission or mail to the Depositary and must include a guarantee by an Eligible Institution (as defined in Section 3 of the Offer to Purchase). See Section 3 of the Offer to Purchase.

The Depositary for the Offer is:
CHASEMELLON SHAREHOLDER SERVICES

By Mail:
ChaseMellon Shareholder Services
Attention: Reorganization Department
Post Office Box 3301
South Hackensack, New Jersey 07660

By Facsimile Transmission:
(201) 329-8936
(For Eligible Institutions Only)

Confirm Facsimile by Telephone:
(201) 296-4860
(For Confirmation Only)

By Hand:
ChaseMellon Shareholder Services
Attention: Reorganization Department
120 Broadway, 13th Floor
New York, New York 10271

By Overnight Courier:
ChaseMellon Shareholder Services
Attention: Reorganization Department
85 Challenger Road
Ridgefield Park, New Jersey 07660

DELIVERY OF THIS NOTICE OF GUARANTEED DELIVERY TO AN ADDRESS OTHER THAN AS SET FORTH ABOVE, OR TRANSMISSION VIA A FACSIMILE NUMBER OTHER THAN AS SET FORTH ABOVE, WILL NOT CONSTITUTE A VALID DELIVERY.

This Notice of Guaranteed Delivery is not to be used to guarantee signatures. If a signature on a Letter of Transmittal is required to be guaranteed by an "Eligible Institution" under the instructions thereto, such signature guarantee must appear in the applicable space provided in the signature box on the Letter of Transmittal.

Ladies and Gentlemen:

The undersigned hereby tenders to DSL Acquisition Corporation, a Delaware corporation and a direct wholly owned subsidiary of Texas Instruments Incorporated, a Delaware corporation, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 25, 1997 (the "Offer to Purchase") and the related Letter of Transmittal (which, together with any amendments and supplements, collectively constitute the "Offer"), receipt of which is hereby acknowledged, the number of Shares indicated below pursuant to the guaranteed delivery procedure set forth in Section 3 of the Offer to Purchase.

Number of Shares:

Stock Certificate Numbers (if available):

If Shares will be delivered by book-entry transfer, check one box:

[ ] The Depository Trust Company

[ ] Philadelphia Depository Trust Company

Account Number

Dated:
---, 199_

PLEASE TYPE OR PRINT

Name(s) of Record Holder(s):

Address(es)

(Include Zip Code)

Area Code and Telephone Number:

SIGNATURE(S)

GUARANTEE
(NOT TO BE USED FOR SIGNATURE GUARANTEE)

The undersigned, a participant in the Security Transfer Agents Medallion Program, the New York Stock Exchange Medallion Signature Guarantee Program or the Stock Exchange Medallion Program (each, an "Eligible Institution"), hereby guarantees that either the certificates representing the Shares tendered hereby in proper form for transfer, or timely confirmation of a book-entry transfer of such Shares into the Depositary's account at The Depository Trust Company or the Philadelphia Depository Trust Company (pursuant to procedures set forth in Section 3 of the Offer to Purchase), together with a properly completed and duly executed Letter of Transmittal (or facsimile thereof) with any required signature guarantees (or, in the case of a book-entry transfer, an Agent's Message (as defined in the Offer to Purchase)) and any other documents required by the Letter of Transmittal, will be received by the Depositary at one of its addresses set forth above within three (3) New York Stock Exchange trading days after the date of execution hereof.

The Eligible Institution that completes this form must communicate the guarantee to the Depositary and must deliver the Letter of Transmittal, certificates for Shares and any other required documents to the Depositary within the time period shown herein. Failure to do so could result in a financial loss to such Eligible Institution.

Name of Firm:

Address:

(Include Zip Code)

Area Code and
Telephone Number:

AUTHORIZED SIGNATURE

Name:

PLEASE TYPE OR PRINT

Title:

Dated:
---------- , 199_

NOTE: DO NOT SEND CERTIFICATES FOR SHARES WITH THIS NOTICE OF GUARANTEED DELIVERY. CERTIFICATES FOR SHARES ARE TO BE DELIVERED WITH THE LETTER OF TRANSMITTAL.

EXHIBIT 99(a)(4)

Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of

Amati Communications Corporation
at
$20.00 Net Per Share
by

DSL Acquisition Corporation
a direct wholly owned subsidiary
of

Texas Instruments Incorporated

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, DECEMBER 23, 1997, UNLESS THE OFFER IS EXTENDED.

November 25, 1997

To Brokers, Dealers, Commercial Banks,
Trust Companies and Other Nominees:

We have been appointed by DSL Acquisition Corporation (the "Purchaser"), a Delaware corporation and a direct wholly owned subsidiary of Texas Instruments Incorporated, a Delaware corporation ("Parent"), to act as Dealer Manager in connection with its offer to purchase all outstanding shares of common stock, par value $.20 per share (the "Shares"), of Amati Communications Corporation, a Delaware corporation (the "Company"), at $20.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 25, 1997 (the "Offer to Purchase") and in the related Letter of Transmittal (which, together with any amendments and supplements, collectively constitute the "Offer"), copies of which are enclosed herewith.

For your information and for forwarding to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, we are enclosing the following documents:

1. Offer to Purchase;

2. Letter of Transmittal for your use and for the information of your clients, together with Guidelines for Certification of Taxpayer Identification Number on Substitute Form W-9 providing information relating to backup federal income tax withholding;

3. Notice of Guaranteed Delivery to be used to accept the Offer if the Shares and all other required documents cannot be delivered to the Depositary by the Expiration Date (as defined in the Offer to Purchase);

4. A form of letter which may be sent to your clients for whose accounts you hold Shares registered in your name or in the name of your nominee, with space provided for obtaining such clients' instructions with regard to the Offer;

5. Solicitation/Recommendation Statement on Schedule 14D-9 issued by the Company; and

6. Return envelope addressed to ChaseMellon Shareholder Services, L.L.C., as the Depositary.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 19, 1997 (the "Merger Agreement"), by and among the Company, Parent and the Purchaser. The Merger Agreement provides that, among other things, following the consummation of the Offer and the satisfaction or waiver of the other conditions set forth in the Merger Agreement, the Purchaser will be merged with and into the Company (the "Merger"). Following the Merger, the Company will continue as the surviving corporation and

will be a direct wholly owned subsidiary of Parent. At the effective time of the Merger, each outstanding Share (other than Shares owned by Parent, the Purchaser or any other wholly owned subsidiary of Parent and Shares held by stockholders who have demanded and perfected dissenter's rights under Delaware law) will be converted into the right to receive the per Share price paid in the Offer in cash, without interest.

THE BOARD OF DIRECTORS OF THE COMPANY HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT, THE OFFER AND THE MERGER, AND HAS DETERMINED THAT THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE COMPANY'S STOCKHOLDERS AND UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES IN THE OFFER.

Upon the terms and subject to the conditions of the Offer (including, if the Offer is extended or amended, the terms and conditions of any such extension or amendment), the Purchaser will purchase, by accepting for payment, and will pay for, all Shares validly tendered and not properly withdrawn prior to the Expiration Date (as defined in the Offer to Purchase) if, as and when the Purchaser gives oral or written notice to the Depositary of the Purchaser's acceptance of the tenders of such Shares for payment pursuant to the Offer. Payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates evidencing such Shares or timely confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase), (ii) a properly completed and duly executed Letter of Transmittal (or facsimile thereof) or, in the case of a book-entry transfer, an Agent's Message (as defined in the Offer to Purchase) and (iii) any other documents required by the Letter of Transmittal.

In order to tender Shares pursuant to the Offer, a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or an Agent's Message (in the case of any book-entry transfer), and any other documents required by the Letter of Transmittal, should be sent to the Depositary, and either certificates representing the tendered Shares should be delivered or such Shares must be delivered to the Depositary pursuant to the procedures for book-entry transfers, all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

If a stockholder desires to tender Shares pursuant to the Offer and such stockholder's stock certificates are not immediately available or time will not permit all required documents to reach the Depositary prior to the Expiration Date, or the procedures for book-entry transfer cannot be completed on a timely basis, such Shares may nevertheless be tendered by following the guaranteed delivery procedures specified in Section 3 of the Offer to Purchase.

Neither Parent nor the Purchaser will pay any fees or commissions to any broker, dealer or other person (other than the Dealer Manager, the Information Agent and the Depositary as described in the Offer to Purchase) in connection with the solicitation of tenders of Shares pursuant to the Offer. The Purchaser will, however, upon request, reimburse brokers, dealers, commercial banks and trust companies for reasonable expenses incurred by them in forwarding materials to their customers. The Purchaser will pay all stock transfer taxes applicable to its purchase of Shares pursuant to the Offer, subject to Instruction 6 of the Letter of Transmittal.

YOUR PROMPT ACTION IS REQUESTED. WE URGE YOU TO CONTACT YOUR CLIENTS AS PROMPTLY AS POSSIBLE. THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, DECEMBER 23, 1997, UNLESS THE OFFER IS EXTENDED.

Any inquiries you may have with respect to the Offer may be addressed to the Information Agent or the undersigned at the addresses and telephone numbers set forth on the back cover page of the Offer to Purchase. Requests for additional copies of the enclosed materials may be directed to the Information Agent or the Dealer Managers.

Very truly yours,

MORGAN STANLEY & CO. INCORPORATED

NOTHING CONTAINED HEREIN OR IN THE ENCLOSED DOCUMENTS SHALL RENDER YOU OR ANY PERSON THE AGENT OF THE PURCHASER, PARENT, THE COMPANY, ANY AFFILIATE OF THE COMPANY, THE DEALER MANAGER, THE INFORMATION AGENT OR THE DEPOSITARY, OR AUTHORIZE YOU OR ANY OTHER PERSON TO USE ANY DOCUMENT OR MAKE ANY STATEMENT ON BEHALF OF ANY OF THEM IN CONNECTION WITH THE OFFER OTHER THAN THE DOCUMENTS ENCLOSED HEREWITH AND THE STATEMENTS CONTAINED THEREIN.

EXHIBIT 99(a)(5)

Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of

Amati Communications Corporation
at
$20.00 Net Per Share
by

DSL Acquisition Corporation
a direct wholly owned subsidiary
of

Texas Instruments Incorporated

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE AT 12:00 MIDNIGHT, NEW YORK CITY TIME, ON TUESDAY, DECEMBER 23, 1997, UNLESS THE OFFER IS EXTENDED.

To Our Clients:

Enclosed for your consideration are the Offer to Purchase dated November 25, 1997 (the "Offer to Purchase") and the related Letter of Transmittal (which, together with any amendments and supplements, collectively constitute the "Offer") and other materials relating to the Offer by DSL Acquisition Corporation (the "Purchaser"), a Delaware corporation and a direct wholly owned subsidiary of Texas Instruments Incorporated, a Delaware corporation ("Parent"), to purchase all of the outstanding shares of common stock, par value $.20 per share (the "Shares"), of Amati Communications Corporation, a Delaware corporation (the "Company"), at $20.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer. Also enclosed is the letter to stockholders of the Company from the Chairman of the Board and the President and Chief Executive Officer of the Company accompanied by the Company's Solicitation/Recommendation Statement on Schedule 14D-9. This material is being sent to you as the beneficial owner of Shares held by us for your account but not registered in your name. A tender of such Shares can be made only by us as the holder of record and pursuant to your instructions. The Letter of Transmittal accompanying this letter is furnished to you for your information only and cannot be used by you to tender Shares held by us for your account.

We request instructions as to whether you wish to have us tender any or all of the Shares held by us for your account, upon the terms and subject to the conditions set forth in the Offer.

Your attention is directed to the following:

1. The tender price is $20.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions of the Offer.

2. The Offer and withdrawal rights will expire at 12:00 midnight, New York City time, on Tuesday, December 23, 1997, unless the Offer is extended.

3. The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 19, 1997 (the "Merger Agreement"), by and among the Company, Parent and the Purchaser. The Merger Agreement provides that, among other things, following the consummation of the Offer and the satisfaction or waiver of the other conditions set forth in the Merger Agreement, the Purchaser will be merged with and into the Company (the "Merger"). Following the Merger, the Company will continue as the surviving corporation and will be a direct wholly owned subsidiary of Parent. At the effective time of the Merger, each outstanding Share (other than Shares owned by Parent, the Purchaser or any other wholly owned subsidiary of Parent and Shares held by stockholders who have demanded and perfected

dissenter's rights under Delaware law) will be converted into the right to receive the per Share price paid in the Offer in cash, without interest.

4. The Board of Directors of the Company has unanimously approved the Merger Agreement, the Offer and the Merger, and has determined that the Offer and the Merger are fair to and in the best interests of the Company's stockholders and unanimously recommends that stockholders accept the Offer and tender their Shares in the Offer.

5. The Offer is conditioned upon, among other things, there being validly tendered and not withdrawn prior to the expiration of the Offer, that number of Shares which, together with any Shares beneficially owned by Parent or the Purchaser, represent at least a majority of the Shares outstanding on a fully diluted basis. Subject to the terms of the Merger Agreement, the Offer is also subject to other terms and conditions set forth in the Offer to Purchase. Pursuant to the Merger Agreement, the Purchaser has agreed to extend the Offer from time to time until February 23, 1998 (as such date may be extended pursuant to the terms of the Merger Agreement), if at the initial Expiration Date (as defined in the Offer to Purchase), or any extension thereof, all conditions to the Offer have not been satisfied or waived. Any or all conditions to the Offer may be waived by the Purchaser.

6. Any stock transfer taxes applicable to the sale of Shares to the Purchaser pursuant to the Offer will be paid by the Purchaser, except as otherwise provided in Instruction 6 of the Letter of Transmittal.

In order to tender Shares pursuant to the Offer, a properly completed and duly executed Letter of Transmittal (or facsimile thereof), with any required signature guarantees, or an Agent's Message (in the case of any book-entry transfer), and any other documents required by the Letter of Transmittal, should be sent to the Depositary, and either certificates representing the tendered Shares should be delivered or such Shares must be delivered to the Depositary pursuant to the procedures for book-entry transfers, all in accordance with the instructions set forth in the Letter of Transmittal and the Offer to Purchase.

The Offer is being made to all holders of Shares. The Offer is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction. In any jurisdiction where the securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by Morgan Stanley & Co. Incorporated or one or more registered brokers or dealers licensed under the laws of such jurisdictions.

If you wish to have us tender any or all of the Shares held by us for your account, please so instruct us by completing, executing and returning to us the instruction form set forth below. Please forward your instructions to us in ample time to permit us to submit a tender on your behalf prior to the expiration of the Offer. If you authorize the tender of your Shares, all such Shares will be tendered unless otherwise specified on the instruction form set forth below.

Instructions with Respect to
Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of

Amati Communications Corporation
by

DSL Acquisition Corporation
a direct wholly owned subsidiary
of

Texas Instruments Incorporated

The undersigned acknowledge(s) receipt of your letter and the enclosed Offer to Purchase dated November 25, 1997 and the related Letter of Transmittal, in connection with the offer by DSL Acquisition Corporation, a Delaware corporation and a direct wholly owned subsidiary of Texas Instruments Incorporated, a Delaware corporation, to purchase for cash all outstanding shares of common stock, par value $.20 per share (the "Shares"), of Amati Communications Corporation, a Delaware corporation.

This will instruct you to tender the number of Shares indicated below (or if no number is indicated below, all Shares) that are held by you for the account of the undersigned, upon the terms and subject to the conditions set forth in the Offer and the related Letter of Transmittal.

Dated: _____ , 199 __

NUMBER OF SHARES TO BE TENDERED:
_____ SHARES*

- - ---

Signature(s)

- - ---

Please Print Name(s)

- - ---

Please Print Address(es)

- - ---

Area Code and Telephone Number(s)

- - ---

Tax Identification or Social Security Number(s)

- - ---

* I (We) understand that if I (we) sign this instruction form without indicating a lesser number of Shares in the space above, all Shares held by you for my (our) account will be tendered.

EXHIBIT 99(a)(6)

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION NUMBER ON SUBSTITUTE FORM W-9

GUIDELINES FOR DETERMINING THE PROPER IDENTIFICATION NUMBER TO GIVE THE PAYER -- Social Security Numbers have nine digits separated by two hyphens: i.e., 000-00-0000. Employer Identification Numbers have nine digits separated by only one hyphen: i.e., 00-0000000. The table below will help determine the type of number to give the payer.

	FOR THIS TYPE OF ACCOUNT:	GIVE THE SOCIAL SECURITY NUMBER OF --
1.	An individual's account	The individual
2.	Two or more individuals (joint account)	The actual owner of the account or, if combined funds, any one of the individuals(1)
3.	Husband and wife (joint account)	The actual owner of the account or, if joint funds, either person(1)
4.	Custodian account of a minor (Uniform Gift to Minors Act)	The minor(2)
5.	Adult and minor (joint account)	The adult or, if the minor is the only contributor, the minor(1)
6.	Account in the name of guardian or committee for a designated ward, minor, or incompetent person	The ward, minor, or incompetent person(3)
7.	a. The usual revocable savings trust account (grantor is also trustee)	The grantor-trustee(1)
	b. So-called trust account that is not a legal or valid trust under State law	The actual owner(1)
8.	Sole proprietorship account	The owner(4)

	FOR THIS TYPE OF ACCOUNT:	GIVE THE EMPLOYER IDENTIFICATION NUMBER OF --
9.	A valid trust, estate, or pension trust	The legal entity (Do not furnish the identifying number of the personal representative or trustee unless the legal entity itself is not designated in the account title.)(5)
10.	Corporate account	The corporation
11.	Religious, charitable, or educational organization account	The organization
12.	Partnership account held in the name of the business	The partnership
13.	Association, club, or other tax-exempt organization	The organization
14.	A broker or registered nominee	The broker or nominee
15.	Account with the Department of Agriculture in the name of a public entity (such as a State or local government, school district, or prison) that receives agricultural program payments	The public entity

(1) List first and circle the name of the person whose number you furnish.
(2) Circle the minor's name and furnish the minor's social security number.
(3) Circle the ward's, minor's or incompetent person's name and furnish such person's social security number.
(4) You must show your individual name, but you may also enter your business or "doing business" name. You may use either your Social Security Number or Employer Identification Number.
(5) List first and circle the name of the legal trust, estate, or pension trust.

NOTE: If no name is circled when there is more than one name, the number will be considered to be that of the first name listed.

GUIDELINES FOR CERTIFICATION OF TAXPAYER IDENTIFICATION
NUMBER OF SUBSTITUTE FORM W-9

PAGE 2

OBTAINING A NUMBER

If you don't have a taxpayer identification number or you don't know your number, obtain Form SS-5, Application for a Social Security Number Card, or Form SS-4, Application for Employer Identification Number, at the local office of the Social Security Administration or the Internal Revenue Service (the "IRS") and apply for a number.

PAYEES EXEMPT FROM BACKUP WITHHOLDING

Payees specifically exempted from backup withholding on ALL payments include the following:

- - - A corporation.

- - - A financial institution.

- - - An organization exempt from tax under section 501(a), or an individual retirement plan or a custodial account under Section 403(b)(7).

- - - The United States or any agency or instrumentality thereof.

- - - A State, the District of Columbia, a possession of the United States, or any subdivision or instrumentality thereof.

- - - A foreign government, a political subdivision of a foreign government, or any agency or instrumentality thereof.

- - - An international organization or any agency, or instrumentality thereof.

- - - A registered dealer in securities or commodities registered in the U.S. or a possession of the U.S.

- - - A real estate investment trust.

- - - A common trust fund operated by a bank under section 584(a).

- - - An exempt charitable remainder trust, or a non-exempt trust described in section 4947(a)(1).

- - - An entity registered at all times under the Investment Company Act of 1940.

- - - A foreign central bank of issue.

Payments of dividends and patronage dividends not generally subject to backup withholding include the following:

- - - Payments to nonresident aliens subject to withholding under section 1441.

- - - Payments to partnerships not engaged in a trade or business in the U.S. and which have at least one nonresident partner.

- - - Payments of patronage dividends where the amount received is not paid in money.

- - - Payments made by certain foreign organizations.

- - - Payments made to a nominee.

Payments of interest not generally subject to backup withholding include the following:

- - - Payments of interest on obligations issued by individuals. Note: You may be subject to backup withholding if this interest is $600 or more and is paid in the course of the payer's trade or business and you have not provided your correct taxpayer identification number to the payer.

- - - Payments of tax-exempt interest (including exempt-interest dividends under section 852).

- - - Payments described in section 6049(b)(5) to non-resident aliens.

- - - Payments on tax-free covenant bonds under section 1451.

- - - Payments made by certain foreign organizations.

- - - Payments made to a nominee.

Exempt payees described above should file Form W-9 to avoid possible erroneous backup withholding. FILE THIS FORM WITH THE PAYER, FURNISH YOUR TAXPAYER IDENTIFICATION NUMBER, CHECK "EXEMPT" IN PART II OF THE FORM, SIGN AND DATE THE FORM AND RETURN IT TO THE PAYER.

Certain payments other than interest, dividends, and patronage dividends, that are not subject to information reporting are also not subject to backup withholding. For details, see the regulations under sections 6041, 6041A(a),

6045, and 6050A.

PRIVACY ACT NOTICE. -- Section 6109 requires most recipients of dividend, interest, or other payments to give taxpayer identification numbers to payers who must report the payments to IRS. IRS uses the numbers for identification purposes. Payers must be given the numbers whether or not recipients are required to file tax returns. Beginning January 1, 1993, payers must generally withhold 31% of taxable interest, dividend, and certain other payments to a payee who does not furnish a taxpayer identification number to a payer. Certain penalties may also apply.

PENALTIES

(1) PENALTY FOR FAILURE TO FURNISH TAXPAYER IDENTIFICATION NUMBER. -- If you fail to furnish your taxpayer identification number to a payer, you are subject to a penalty of $50 for each such failure unless your failure is due to reasonable cause and not to willful neglect.

(2) FAILURE TO REPORT CERTAIN DIVIDEND AND INTEREST PAYMENTS -- If you fail to include any portion of an includible payment for interest, dividends, or patronage dividends in gross income, such failure will be treated as being due to negligence and will be subject to a penalty of 5% on any portion of an under-payment attributable to that failure unless there is clear and convincing evidence to the contrary.

(3) CIVIL PENALTY FOR FALSE INFORMATION WITH RESPECT TO WITHHOLDING. -- If you make a false statement with no reasonable basis which results in no imposition of backup withholding, you are subject to a penalty of $500.

(4) CRIMINAL PENALTY FOR FALSIFYING INFORMATION. -- Falsifying certifications or affirmations may subject you to criminal penalties including fines and/or imprisonment. FOR ADDITIONAL INFORMATION CONTACT YOUR TAX CONSULTANT OR THE INTERNAL REVENUE SERVICE.

EXHIBIT (a)(7)

This announcement is neither an offer to purchase nor a solicitation of an offer to sell Shares. The Offer is made solely by the Offer to Purchase dated November 25, 1997 and the related Letter of Transmittal, and any amendments and supplements thereto, and is not being made to, nor will tenders be accepted from or on behalf of, holders of Shares in any jurisdiction in which the making of the Offer or acceptance thereof would not be in compliance with the laws of such jurisdiction. In those jurisdictions where securities, blue sky or other laws require the Offer to be made by a licensed broker or dealer, the Offer shall be deemed to be made on behalf of the Purchaser by Morgan Stanley & Co. Incorporated or one or more registered brokers or dealers licensed under the laws of such jurisdictions.

Notice of Offer to Purchase for Cash
All Outstanding Shares of Common Stock
of
AMATI COMMUNICATIONS CORPORATION
at
$20.00 NET PER SHARE
by
DSL ACQUISITION CORPORATION
a direct wholly owned subsidiary of
TEXAS INSTRUMENTS INCORPORATED

DSL Acquisition Corporation (the "Purchaser"), a Delaware corporation and a direct wholly owned subsidiary of Texas Instruments Incorporated, a Delaware corporation ("Parent"), is offering to purchase all outstanding shares of common stock, par value $.20 per share (the "Shares"), of Amati Communications Corporation, a Delaware corporation (the "Company"), at $20.00 per Share, net to the seller in cash, without interest, upon the terms and subject to the conditions set forth in the Offer to Purchase dated November 25, 1997 (the "Offer to Purchase") and in the related Letter of Transmittal (which, together with any amendments or supplements, collectively constitute the "Offer"). Following the consummation of the Offer, the Purchaser intends to effect the "Merger" described below.

THE OFFER AND WITHDRAWAL RIGHTS WILL EXPIRE
AT 12:00 MIDNIGHT, NEW YORK CITY TIME,
ON TUESDAY, DECEMBER 23, 1997, UNLESS THE OFFER IS EXTENDED.

THE OFFER IS CONDITIONED UPON, AMONG OTHER THINGS, THERE BEING VALIDLY TENDERED AND NOT WITHDRAWN PRIOR TO THE EXPIRATION OF THE OFFER, THAT NUMBER OF SHARES WHICH, TOGETHER WITH ANY SHARES BENEFICIALLY OWNED BY PARENT OR THE PURCHASER, REPRESENT AT LEAST A MAJORITY OF THE SHARES OUTSTANDING ON A FULLY DILUTED BASIS. THE OFFER IS ALSO SUBJECT TO OTHER TERMS AND CONDITIONS SET FORTH IN THE OFFER TO PURCHASE, INCLUDING, WITHOUT LIMITATION, THE EXPIRATION OR TERMINATION OF ALL WAITING PERIODS UNDER THE HART-SCOTT-RODINO ANTITRUST IMPROVEMENTS ACT OF 1976, AS AMENDED.

The Offer is being made pursuant to an Agreement and Plan of Merger, dated as of November 19, 1997 (the "Merger Agreement"), by and among the Company, Parent and the Purchaser. The Merger Agreement provides, among other things, that following the consummation of the Offer and the satisfaction or waiver of the other conditions set forth in the Merger Agreement, the Purchaser will be merged with and into the Company (the "Merger"). Following the Merger, the Company will continue as the surviving corporation and will be a direct wholly owned subsidiary of Parent. At the effective time of the Merger, each outstanding Share (other than Shares owned by Parent, the Purchaser or any other wholly owned subsidiary of Parent and Shares held by stockholders who have demanded and perfected dissenter's rights under Delaware law) will be converted automatically into the right to receive the per Share price paid in the Offer in cash, without interest.

THE BOARD OF DIRECTORS OF THE COMPANY HAS UNANIMOUSLY APPROVED THE MERGER AGREEMENT, THE OFFER AND THE MERGER, HAS DETERMINED THAT THE OFFER AND THE MERGER ARE FAIR TO AND IN THE BEST INTERESTS OF THE STOCKHOLDERS OF THE COMPANY AND UNANIMOUSLY RECOMMENDS THAT STOCKHOLDERS ACCEPT THE OFFER AND TENDER THEIR SHARES PURSUANT TO THE OFFER.

For purposes of the Offer, the Purchaser will be deemed to have accepted for payment, and thereby purchased, tendered Shares if, as and when the Purchaser gives oral or written notice to the Depositary of its acceptance of the tenders of such Shares. Payment for Shares accepted for payment pursuant to the Offer will be made by deposit of the purchase price with ChaseMellon Shareholder Services, L.L.C. (the "Depositary"), which will act as agent for tendering stockholders for the purpose of receiving payment from the Purchaser and transmitting payment to tendering stockholders. In all cases, payment for Shares purchased pursuant to the Offer will be made only after timely receipt by the Depositary of (i) certificates evidencing such Shares (or timely confirmation of a book-entry transfer of such Shares into the Depositary's account at one of the Book-Entry Transfer Facilities (as defined in the Offer to Purchase)), (ii) a Letter of Transmittal (or facsimile thereof), properly completed and duly executed, with any required signature guarantees (or in the case of a

book-entry transfer, an Agent's Message (as defined in the Offer to Purchase) in lieu of a Letter of Transmittal) and (iii) any other documents required by the Letter of Transmittal.

The term "Expiration Date" shall mean 12:00 Midnight, New York City time, on Tuesday, December 23, 1997, unless and until Purchaser, in accordance with the terms of the Offer and the Merger Agreement, shall have extended the period of time during which the Offer is open, in which event the term "Expiration Date" shall mean the latest time and date at which the Offer, as so extended by Purchaser, shall expire.

The Purchaser expressly reserves the right, in its sole discretion, at any time or from time to time, subject to the terms of the Merger Agreement and regardless of whether or not any of the events set forth in Section 14 of the Offer to Purchase shall have occurred or shall have been determined by the Purchaser to have occurred, (i) to extend the period of time during which the Offer is open and thereby delay acceptance for payment of, and the payment for, any Shares, by giving oral or written notice of such extension to the Depositary and (ii) to amend the Offer in any respect by giving oral or written notice of such amendment to the Depositary. The rights reserved by the Purchaser in this paragraph are in addition to the Purchaser's rights to terminate the Offer pursuant to Section 14 of the Offer to Purchase. Any extension, amendment or termination will be followed as promptly as practicable by public announcement thereof, the announcement in the case of an extension to be issued no later than 9:00 a.m., New York City time, on the next business day after the previously scheduled Expiration Date. Without limiting the obligation of the Purchaser under such rules or the manner in which the Purchaser may choose to make any public announcement, the Purchaser currently intends to make announcements by issuing a press release to the Dow Jones News Service.

Tenders of Shares made pursuant to the Offer are irrevocable, except as other wise provided below. Shares tendered pursuant to the Offer may be withdrawn at any time prior to the Expiration Date and, unless theretofore accepted for payment by the Purchaser, may also be withdrawn at any time after January 23, 1998. For a withdrawal to be effective, a written, telegraphic or facsimile transmission notice of withdrawal must be timely received by the Depositary at one of its addresses set forth in the Offer to Purchase. Any such notice of withdrawal must specify the name of the person who tendered the Shares to be withdrawn, the number of Shares to be withdrawn and the name of the registered holder, if different from that of the person who tendered such Shares. If certificates evidencing Shares have been delivered or otherwise identified to the Depositary, then prior to the release of such certificates, the tendering stockholder must also submit the serial numbers shown on the particular certificates evidencing the Shares to be withdrawn, and the signature on the notice of withdrawal must be guaranteed by an Eligible Institution (as defined in Section 3 of the

Offer to Purchase), except in the case of Shares tendered for the account of an Eligible Institution. If Shares have been tendered pursuant to the procedure for book-entry transfer set forth in Section 3 of the Offer to Purchase, the notice of withdrawal must specify the name and number of the account at the applicable Book-Entry Transfer Facility to be credited with the withdrawn Shares. All questions as to form and validity (including time of receipt) of notice of withdrawal will be determined by the Purchaser, in its sole discretion, whose determination shall be final and binding on all parties. No withdrawal of Shares shall be deemed to have been properly made until all defects and irregularities have been cured or waived. None of the Purchaser, Parent, the Dealer Manager, the Depositary, the Information Agent or any other person will be under any duty to give notification of any defects or irregularities in any notice of withdrawal or incur any liability for failing to give such notification.

The information required to be disclosed by Rule 14d-6(e)(1)(vii) of the General Rules and Regulations under the Securities Exchange Act of 1934, as amended, is contained in the Offer to Purchase and is incorporated herein by reference.

The Company has provided the Purchaser with the Company's stockholder list and security position listings for the purpose of disseminating the Offer to holders of Shares. The Offer to Purchase and the related Letter of Transmittal will be mailed to record holders of Shares and will be furnished to brokers, banks and similar persons whose names, or the names of whose nominees, appear on the stockholder list or, if applicable, who are listed as participants in a clearing agency's security position listing for subsequent transmittal to beneficial owners of Shares.

THE OFFER TO PURCHASE AND THE RELATED LETTER OF TRANSMITTAL CONTAIN IMPORTANT INFORMATION WHICH SHOULD BE READ CAREFULLY BEFORE ANY DECISION IS MADE WITH RESPECT TO THE OFFER.

Questions and requests for assistance or for copies of the Offer to Purchase, the related Letter of Transmittal, the Notice of Guaranteed Delivery and other Offer materials may be directed to the Information Agent or the Dealer Manager at their respective telephone number and addresses set forth below. Holders of Shares may also contact brokers, dealers, commercial banks, trust companies or other nominees for assistance concerning the Offer. Copies of the Offer materials will be furnished at the Purchaser's expense. No fees or commissions will be payable to brokers, dealers or other persons other than the Dealer Manager and the Information Agent for soliciting tenders of Shares pursuant to the Offer.

The Information Agent for the Offer is:

[Georgeson & Company Inc. logo]

Wall Street Plaza
New York, New York 10005
Bankers and Brokers Call Collect: (212) 440-9800
All Others Call Toll-Free: (800) 223-2064

The Dealer Manager for the Offer is:

[Morgan Stanley Dean Witter logo]

Morgan Stanley & Co. Incorporated
1585 Broadway
New York, New York 10036
(212) 761-6863

EXHIBIT (a)(1)

NEWS RELEASE
C-97087

TI TO ACQUIRE AMATI COMMUNICATIONS FOR $395 MILLION

MOVE STRENGTHENS TI POSITION IN EMERGING $6 BILLION MARKET

Dallas (November 19, 1997) -- Texas Instruments (NYSE:TXN, today announced it has entered into an agreement to acquire Amati Communications Corporation (NASDAQ:AMTX), further strengthening TI's leadership in providing digital signal processing solutions for high-speed Internet connectivity. The agreement provides for an all-cash tender offer for all outstanding shares of Amati's common stock at $20 per share, or $395 million.

Amati, located in San Jose, California, is a world leader in digital modem technology, also known as Digital Subscriber Line (xDSL), which lets ordinary phone lines transmit data as much as 200 times faster than today's typical analog voiceband modems. Robust implementation of xDSL makes extensive use of digital signal processing semiconductor technology, an area where TI is the world leader.

"We are investing in TI's position in the emerging xDSL segment of the semiconductor market, which we expect to grow rapidly over the next decade to more than $6 billion," said Rich Templeton, president of TI's semiconductor group. "Our

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vision is to provide digital signal processing solutions across the spectrum of communications -- from voiceband to broadband."

Digital modems, such as xDSL, will use a digital signal processing solution at the front and back ends of every connection to the Internet. With 790 million phone lines in use today around the world, that would mean a market opportunity of more than 1.5 billion sockets, each using a DSP solution.

"The combination of Amati's xDSL technology and TI's digital signal processing solutions will enable faster, more reliable access to the Internet and the ability to use a single, existing phone line to simultaneously access voice, data and video," Templeton said.

For example, home computer users could use the phone lines already in their homes to log onto network services, send a fax and play an interactive game on the Internet -- all at the same time. Software and electronic content companies could leverage the higher bandwidth to distribute their products over the Internet instead of delivering floppy disks and CD-ROMs through traditional retail channels.

"The combination of both companies' leadership technologies enables the large scale deployment of digital modems, and provides a worldwide reach for the experience and accomplishments of Amati's employees," said Jim Steenbergen, president and CEO of Amati Communications.

This acquisition broadens the cooperative relationship that TI and Amati have had during the last year to build an xDSL chipset using TI's TMS320C6x core DSP technology and precision mixed-signal components, and Amati's leading discrete multitone (DMT) technology software. This chipset will be the industry's first fully software-programmable xDSL solution, which will mean that customers can upgrade their modems through a software download as new standards become available. Customer samples of this chipset are expected to be available in the first quarter of 1998.

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TI will, subject to satisfaction of certain conditions, commence the all-cash tender offer on November 25, 1997, and the tender offer is scheduled to expire at midnight EST, December 23, 1997, unless extended. TI intends to acquire the Amati common stock through a wholly-owned subsidiary of TI. Any shares not purchased in the tender offer will be acquired for the tender offer price in cash in a second-step merger.

The boards of directors of both companies have unanimously approved the acquisition, and the Amati board of directors has recommended that Amati's stockholders accept TI's all-cash tender offer. Consummation of the acquisition is contingent upon the tender of a majority of Amati's outstanding common stock on a fully-diluted basis, the expiration or termination of the applicable waiting period under the Hart-Scott-Rodino Antitrust Improvements Act and other customary requirements.

Concurrently, TI announced that TI and Westell Technologies, Inc. have entered into a strategic technology development program that will accelerate the use of TI's DSP-based xDSL technologies into Westell's DSL systems. These solutions will incorporate Amati's Discrete Multi-Tone software technology. This arrangement is contingent on the consummation of TI's acquisition of Amati.

TI expects to take a one-time charge in the fourth quarter for in-process research and development. Amati will become a wholly-owned subsidiary of TI reporting into the Semiconductor Group and will continue to operate from its facilities in San Jose. Amati had fiscal year sales of $13.2 million for 1997 and has approximately 120 employees.

Amati terminated its merger agreement with Westell Technologies to enter into the definitive agreement with TI for the acquisition of Amati. Termination of the Westell merger agreement required the payment of a break-up fee of $14.8 million to Westell.

TI has made a number of strategic investments in recent months in support of digital signal processing solutions. Acquisitions have included SSi, Tartan and Intersect Technologies, which brought TI additional expertise in the areas of hard-disk drives/mass

storage and DSP software tools. Recently, TI announced a $100 million venture fund to seed new markets related to digital signal processing, and $25 million for additional university research in DSP. On September 9, TI formally opened a $150 million research and development center in Dallas that will serve as the technology base for the ongoing creation of leading-edge digital signal processing solutions.

# # #

NOTE TO EDITORS: Texas Instruments Incorporated is a global semiconductor company and the world's leading designer and supplier of digital signal processing solutions, the engines driving the digitization of electronics. Headquartered in Dallas, Texas, the company's businesses also include calculators, productivity products, controls and sensors, metallurgical materials and digital light processing technologies. The company has manufacturing or sales operations in more than 25 countries.

Texas Instruments is traded on the New York Stock Exchange under the symbol TXN. More information is located on the World Wide Web at http://www.ti.com

Amati is a pioneer and leading developer of advanced transmission equipment utilizing DMT technology for the Asymmetric Digital Subscriber Line (ADSL), Very High-Speed Digital Subscriber Line (VDSL) and xDSL markets. Amati is the holder of the ADSL/DMT patents and has licensed the technology to companies such as Alcatel, Analog Devices, Inc., Nortel, Pairgain and Motorola. The ADSL/DMT technology, recently selected by BC TEL, Canada for a proposed rollout of commercial ADSL services, is an effective means of transmitting high-speed data over existing copper phone lines, making internet access, interactive services, broadcast quality video and video-on-demand realizable to many subscribers.

More information is located on the World Wide Web at http://www.amati.com

EXHIBIT (c)(1)

AGREEMENT AND PLAN OF MERGER

by and among

TEXAS INSTRUMENTS INCORPORATED

DSL ACQUISITION CORPORATION

and

AMATI COMMUNICATIONS CORPORATION

November 19, 1997

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AGREEMENT AND PLAN OF MERGER

AGREEMENT AND PLAN OF MERGER, dated as of November 19, 1997 (this "Agreement"), by and among TEXAS INSTRUMENTS INCORPORATED, a Delaware corporation ("Parent"), DSL ACQUISITION CORPORATION, a Delaware corporation and a wholly-owned subsidiary of Parent (the "Purchaser"), and AMATI COMMUNICATIONS CORPORATION, a Delaware corporation (the "Company").

WHEREAS, the Boards of Directors of Parent, the Purchaser and the Company have approved, and deem it advisable and in the best interests of their respective stockholders to consummate, the acquisition of the Company by Parent and the Purchaser upon the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the foregoing and the representations, warranties, covenants and agreements set forth herein, and other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, the parties hereto agree as follows:

ARTICLE I

THE OFFER AND MERGER

Section 1.1 The Offer. (a) As promptly as practicable (but in no event later than five business days from the public announcement of the execution hereof), the Purchaser shall commence (within the meaning of Rule 14d-2 under the Securities Exchange Act of 1934, as amended (the "Exchange Act")), an offer (the "Offer") to purchase for cash any and all of the issued and outstanding shares of Common Stock, par value $0.20 per share (referred to herein as either the "Shares" or "Company Common Stock"), of the Company at a price of $20.00 per Share, net to the seller in cash (such price, or such higher price per Share as may be paid in the Offer, being referred to herein as the "Offer Price"). The Purchaser shall, on the terms and subject to the prior satisfaction or waiver of the conditions of the Offer, accept for payment and pay for Shares tendered as soon as it is legally permitted to do so under applicable law; provided that, if the number of Shares that have been physically tendered and not withdrawn are more than 80% but less than 90% of the outstanding Shares determined on a fully diluted basis, the Purchaser may extend the Offer for up to five business days and thereafter on a day-to-day basis for up to an additional five business days from the date that all conditions to the Offer shall first have been satisfied or waived. The obligations of the Purchaser to accept for payment and to pay for any and all Shares validly tendered on or prior to the expiration of the Offer and not withdrawn shall be subject only to there being validly tendered and not withdrawn prior to the expiration of the Offer, that number of Shares which, together with any Shares beneficially owned by Parent or the Purchaser, represent at least a

majority of the Shares outstanding on a fully diluted basis (the "Minimum Condition") and the other conditions set forth in Annex A hereto. The Offer shall be made by means of an offer to purchase (the "Offer to Purchase") containing the terms set forth in this Agreement, the Minimum Condition and the other conditions set forth in Annex A hereto. The Purchaser shall not amend or waive the Minimum Condition and shall not decrease the Offer Price or decrease the number of Shares sought, or amend any other term or condition of the Offer in any manner adverse to the holders of the Shares or extend the expiration date of the Offer without the prior written consent of the Company (such consent to be authorized by the Board of Directors of the Company or a duly authorized committee thereof). Notwithstanding the foregoing, the Purchaser shall, and Parent agrees to cause the Purchaser to, extend the Offer from time to time until February 23, 1998 if, and to the extent that, at the initial expiration date of the Offer, or any extension thereof, all conditions to the Offer have not been satisfied or waived. In addition, the Offer Price may be increased and the Offer may be extended to the extent required by law in connection with such increase, in each case without the consent of the Company.

(b) As soon as practicable on the date the Offer is commenced, Parent and the Purchaser shall file with the United States Securities and Exchange Commission (the "SEC") a Tender Offer Statement on Schedule 14D-1 with respect to the Offer (together with all amendments and supplements thereto and including the exhibits thereto, the "Schedule 14D-1"). The Schedule 14D-1 will include, as exhibits, the Offer to Purchase and a form of letter of transmittal and summary advertisement (collectively, together with any amendments and supplements thereto, the "Offer Documents"). The Offer Documents will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published, sent or given to the Company's stockholders, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by Parent or the Purchaser with respect to information supplied by the Company in writing for inclusion in the Offer Documents. Each of Parent and the Purchaser further agrees to take all steps necessary to cause the Offer Documents to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Each of Parent and the Purchaser, on the one hand, and the Company, on the other hand, agrees promptly to correct any information provided by it for use in the Offer Documents if and to the extent that it shall have become false and misleading in any material respect and the Purchaser further agrees to take all steps necessary to cause the Offer Documents as so corrected to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. The Company and its counsel shall be given a reasonable opportunity to review the initial Schedule 14D-1 before it is filed with the SEC. In addition, Parent and the Purchaser agree to provide the Company and its counsel in writing with any comments or other communications that Parent, the Purchaser or their counsel may receive from time to time from the SEC or its staff

with respect to the Offer Documents promptly after the receipt of such comments or other communications.

Section 1.2 Company Actions.

(a) The Company hereby approves of and consents to the Offer and represents that the Board of Directors, at a meeting duly called and held, has (i) approved this Agreement and the transactions contemplated hereby, including the Offer and the Merger (as defined in Section 1.4), which approvals constitute approval of this Agreement, the Offer and the Merger for purposes of Section 203 of the General Corporation Law of the State of Delaware (the "DGCL"), and (ii) resolved to recommend that the stockholders of the Company accept the Offer, tender their Shares thereunder to the Purchaser and approve and adopt this Agreement and the Merger, which recommendation shall not be withdrawn, modified or amended except as permitted by Section 5.4(b) hereof.

(b) The Company shall file with the SEC a Solicitation/Recommendation Statement on Schedule 14D-9 (together with all amendments and supplements thereto and including the exhibits thereto, the "Schedule 14D-9") which shall, subject to the fiduciary duties of the Company's directors under applicable law and to the provisions of this Agreement, contain the recommendation referred to in clause (ii) of Section 1.2(a) hereof. The Company will use its reasonable best efforts to cause the Schedule 14D-9 to be filed on the same date that the Schedule 14D-1 is filed; provided, however, that in any event the Schedule 14D-9 will be filed no later than ten business days following the commencement of the Offer. The Schedule 14D-9 will comply in all material respects with the provisions of applicable federal securities laws and, on the date filed with the SEC and on the date first published, sent or given to the Company's shareholders, shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading, except that no representation is made by the Company with respect to information supplied by Parent or the Purchaser in writing for inclusion in the Offer Documents. The Company further agrees to take all steps necessary to cause the Schedule 14D-9 to be filed with the SEC and to be disseminated to holders of Shares, in each case as and to the extent required by applicable federal securities laws. Each of the Company, on the one hand, and Parent and the Purchaser, on the other hand, agrees promptly to correct any information provided by it for use in the Schedule 14D-9 if and to the extent that it shall have become false and misleading in any material respect and the Company further agrees to take all steps necessary to cause the Schedule 14D-9 as so corrected to be filed with the SEC and to be disseminated to holders of the Shares, in each case as and to the extent required by applicable federal securities laws. Parent and its counsel shall be given a reasonable opportunity to review the initial Schedule 14D-9 before it is filed with the SEC. In addition, the Company agrees to provide Parent, the Purchaser and their counsel in writing with any comments or other communications that the Company or its counsel may receive from time to time from the SEC or its staff with respect to the Schedule 14D-9 promptly after the receipt of such comments or other communications.

(c) In connection with the Offer, the Company will promptly furnish or cause to be furnished to the Purchaser mailing labels, security position listings and any available listing or computer file containing the names and addresses of the record holders of the Shares as of a recent date (which shall in no event be more than ten days prior to the date hereof), and shall furnish the Purchaser with such additional information (including updated lists of holders of Shares and their addresses, mailing labels and lists of security positions) and such other assistance as the Purchaser or its agents may reasonably request in communicating the Offer to the record and beneficial shareholders of the Company. Except for such steps as are necessary to disseminate the Offer Documents, Parent and the Purchaser shall hold in confidence the information contained in any of such labels and lists and the additional information referred to in the preceding sentence, will use such information only in connection with the Offer, and, if this Agreement is terminated, will upon request of the Company deliver or cause to be delivered to the Company all copies of such information then in its possession or the possession of its agents or representatives.

Section 1.3 Directors.

(a) Promptly upon the purchase of and payment for Shares by Parent or any of its subsidiaries which represent at least a majority of the outstanding shares of Company Common Stock (on a fully diluted basis), Parent shall be entitled to designate such number of directors, rounded up to the next whole number, on the Board of Directors of the Company as is equal to the product of the total number of directors on such Board (giving effect to the directors designated by Parent pursuant to this sentence) multiplied by the percentage that the aggregate number of Shares beneficially owned by the Purchaser, Parent and any of their affiliates (including Shares accepted for payment) bears to the total number of shares of Company Common Stock then outstanding. The Company shall, upon request of the Purchaser, on the date of such request, either increase the size of its Board of Directors or secure the resignations of such number of its incumbent directors as is necessary to enable Parent's designees to be so elected to the Company's Board, and shall cause Parent's designees to be so elected as either may be necessary to comply with the preceding sentence. Notwithstanding the foregoing, until the Effective Time (as defined in Section 1.5 hereof), the Company shall retain as members of its Board of Directors at least two directors who are directors of the Company on the date hereof; provided, that subsequent to the purchase of and payment for Shares pursuant to the Offer, Parent shall always have its designees represent at least a majority of the entire Board of Directors. The Company's obligations under this Section 1.3(a) shall be subject to Section 14(f) of the Exchange Act and Rule 14f-1 promulgated thereunder. The Company shall promptly take all actions required pursuant to such Section 14(f) and Rule 14f-1 in order to fulfill its obligations under this Section 1.3(a), including mailing to stockholders the information required by such Section 14(f) and Rule 14f-1 as is necessary to enable Parent's designees to be elected to the Company's Board of Directors. Parent or the Purchaser will supply the Company any information with respect to either of them and their nominees, officers, directors and affiliates required by such Section 14(f) and Rule 14f-1.

(b) From and after the time, if any, that Parent's designees constitute a majority of the Company's Board of Directors, any amendment of this Agreement, any termination of this Agreement by the Company, any extension of time for performance of any of the obligations of Parent or the Purchaser hereunder, any waiver of any condition or any of the Company's rights hereunder or other action by the Company in connection with the rights of the Company hereunder may be effected only by the action of a majority of the directors of the Company then in office who were directors of the Company on the date hereof, which action shall be deemed to constitute the action of the full Board of Directors; provided, that if there shall be no such directors, such actions may be effected by unanimous vote of the entire Board of Directors of the Company.

Section 1.4 The Merger. Subject to the terms and conditions of this Agreement, at the Effective Time (as defined in Section 1.5 hereof), the Company and the Purchaser shall consummate a merger (the "Merger") pursuant to which (a) the Purchaser shall be merged with and into the Company and the separate corporate existence of the Purchaser shall thereupon cease, (b) the Company shall be the successor or surviving corporation in the Merger (the "Surviving Corporation") and shall continue to be organized under the laws of the State of Delaware, and (c) the separate corporate existence of the Company with all its rights, privileges, immunities, powers and franchises shall continue unaffected by the Merger. Pursuant to the Merger, (x) the Certificate of Incorporation of the Company, as in effect immediately prior to the Effective Time, shall be the Certificate of Incorporation of the Surviving Corporation until thereafter amended as provided by law and such Certificate of Incorporation, and (y) the By-laws of the Company, as in effect immediately prior to the Effective Time, shall be the By-laws of the Surviving Corporation until thereafter amended as provided by law, the Certificate of Incorporation and such Bylaws. The Merger shall have the effects set forth in the DGCL.

Section 1.5 Effective Time. On the date of the Closing (as defined in Section 1.6 hereof) (or on such other date as the parties may agree), the parties shall file a certificate of merger or other appropriate document (in any such case, the "Certificate of Merger") executed in accordance with the relevant provisions of the DGCL, and shall make all other filings, recordings and publications required by the DGCL with respect to the Merger. The Merger shall become effective on the date specified in the Certificate of Merger (the time the Merger becomes effective is hereinafter referred to as the "Effective Time").

Section 1.6 Closing. The closing of the Merger (the "Closing") will take place at 11:00 a.m. on a date to be specified by the parties, which shall be no later than the second business day after satisfaction or waiver of all of the conditions set forth in Article VI hereof (the "Closing Date"), at the offices of Weil, Gotshal & Manges LLP, 100 Crescent Court, Suite 1300, Dallas, Texas 75201, unless another date or place is agreed to in writing by the parties hereto.

Section 1.7 Directors and Officers of the Surviving Corporation. The directors of the Purchaser immediately prior to the Effective Time shall, from and after the Effective Time, be the directors of the Surviving Corporation until their successors shall have been duly elected or appointed or qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and By-laws. The officers of the Company immediately prior to the Effective Time shall, from and after the Effective Time, be the officers of the Surviving Corporation until their successors shall have been duly elected or appointed or qualified or until their earlier death, resignation or removal in accordance with the Surviving Corporation's Certificate of Incorporation and By-laws.

Section 1.8 Stockholders' Meeting.

(a) If the Purchaser owns less than 90% of the Shares following the purchase of Shares by the Purchaser pursuant to the Offer, the Company, acting through its Board of Directors, shall, in accordance with applicable law:

(i) duly call, give notice of, convene and hold a special meeting of its stockholders (the "Special Meeting") as soon as practicable following the acceptance for payment and purchase of Shares by the Purchaser pursuant to the Offer for the purpose of considering and taking action upon this Agreement;

(ii) prepare and file with the SEC a preliminary proxy or information statement relating to the Merger and this Agreement, obtain and furnish the information required to be included by the SEC in the Proxy Statement (as hereinafter defined) and, after consultation with Parent, respond promptly to any comments made by the SEC with respect to the preliminary proxy or information statement and cause a definitive proxy or information statement (the "Proxy Statement") to be mailed to its stockholders and use its best efforts to obtain the necessary adoption of this Agreement by its stockholders; and

(iii) subject to the fiduciary obligations of the Board under applicable law as advised by the Company's outside counsel, include in the Proxy Statement the recommendation of the Board that stockholders of the Company vote in favor of the adoption of this Agreement.

(b) Parent agrees that it will provide the Company with the information concerning Parent and the Purchaser required to be included in the Proxy Statement and will vote, or cause to be voted, all of the Shares then owned by Parent, the Purchaser or any of its other subsidiaries and affiliates in favor of the approval of the Merger and the adoption of this Agreement.

Section 1.9 Merger Without Meeting of Stockholders. Notwithstanding Section 1.8 hereof, in the event that the Purchaser shall acquire at least 90% of the outstanding shares of

each class of capital stock of the Company, pursuant to the Offer or otherwise, the parties hereto agree to take all necessary and appropriate action to cause the Merger to become effective as soon as practicable after such acquisition, without a meeting of stockholders of the Company.

ARTICLE II

CONVERSION OF SECURITIES

Section 2.1 Conversion of Capital Stock. As of the Effective Time, by virtue of the Merger and without any action on the part of the holders of any shares of Company Common Stock or common stock of the Purchaser (the "Purchaser Common Stock"):

(a) Each issued and outstanding share of the Purchaser Common Stock shall be converted into and become one fully paid and nonassessable share of common stock of the Surviving Corporation.

(b) Any shares of Company Common Stock owned by Parent, the Purchaser or any other wholly owned Subsidiary (as defined in Section 3.1 hereof) of Parent shall be cancelled and retired and shall cease to exist and no consideration shall be delivered in exchange therefor.

(c) Each issued and outstanding share of Company Common Stock (other than Shares to be cancelled in accordance with Section 2.1(b) hereof and any Dissenting Shares (if applicable and as defined in Section 2.3 hereof)), shall be converted into the right to receive the Offer Price, payable to the holder thereof, without interest (the "Merger Consideration"), upon surrender of the certificate formerly representing such share of Company Common Stock in the manner provided in Section 2.2 hereof. All such shares of Company Common Stock, when so converted, shall no longer be outstanding and shall automatically be cancelled and retired and shall cease to exist, and each holder of a certificate representing any such shares shall cease to have any rights with respect thereto, except the right to receive the Merger Consideration therefor upon the surrender of such certificate in accordance with Section 2.2 hereof, without interest, or to perfect any rights of appraisal as a holder of Dissenting Shares (as hereinafter defined) that such holder may have pursuant to Section 262 of the DGCL.

Section 2.2 Exchange of Certificates.

(a) Parent shall designate a bank or trust company, or an affiliate thereof, of nationally recognized standing to act as agent for the holders of shares of Company Common Stock in connection with the Merger (the "Paying Agent") to receive the funds to which holders of shares of Company Common Stock shall become entitled pursuant to Section 2.1(c) hereof. Prior to the Effective Time, Parent shall take all steps necessary to deposit or cause to

be deposited with the Paying Agent such funds for timely payment hereunder. Such funds shall be invested by the Paying Agent as directed by Parent or the Surviving Corporation.

(b) As soon as reasonably practicable after the Effective Time but in no event more than three business days thereafter, the Paying Agent shall mail to each holder of record of a certificate or certificates, which immediately prior to the Effective Time represented outstanding shares of Company Common Stock (the "Certificates"), whose shares were converted pursuant to Section 2.1 hereto into the right to receive the Merger Consideration (i) a letter of transmittal (which shall specify that delivery shall be effected, and risk of loss and title to the Certificates shall pass, only upon delivery of the Certificates to the Paying Agent and shall be in such form and have such other provisions as Parent and the Company may reasonably specify) and (ii) instructions for use in effecting the surrender of the Certificates in exchange for payment of the Merger Consideration. Upon surrender of a Certificate for cancellation to the Paying Agent or to such other agent or agents as may be appointed by Parent, together with such letter of transmittal, duly executed, the holder of such Certificate shall be entitled to receive in exchange therefor the Merger Consideration for each share of Company Common Stock formerly represented by such Certificate and the Certificate so surrendered shall forthwith be cancelled. If payment of the Merger Consideration is to be made to a person other than the person in whose name the surrendered Certificate is registered, it shall be a condition of payment that the Certificate so surrendered shall be properly endorsed or shall be otherwise in proper form for transfer and that the person requesting such payment shall have paid any transfer and other taxes required by reason of the payment of the Merger Consideration to a person other than the registered holder of the Certificate surrendered or shall have established to the satisfaction of the Surviving Corporation that such tax either has been paid or is not applicable. Until surrendered as contemplated by this Section 2.2, each Certificate shall be deemed at any time after the Effective Time to represent only the right to receive the Merger Consideration in cash as contemplated by this Section 2.2.

(c) At the Effective Time, the stock transfer books of the Company shall be closed and thereafter there shall be no further registration of transfers of shares of Company Common Stock on the records of the Company. From and after the Effective Time, the holders of Certificates evidencing ownership of shares of Company Common Stock outstanding immediately prior to the Effective Time shall cease to have any rights with respect to such Shares, except as otherwise provided for herein or by applicable law. If, after the Effective Time, Certificates are presented to the Surviving Corporation for any reason, they shall be cancelled and exchanged as provided in this Article II.

(d) At any time following one year after the Effective Time, the Surviving Corporation shall be entitled to require the Paying Agent to deliver to it any funds (including any interest received with respect thereto) which had been made available to the Paying Agent and which have not been disbursed to holders of Certificates, and thereafter such holders shall be entitled to look to the Surviving Corporation (subject to abandoned property, escheat or other similar laws) only as general creditors thereof with respect to the Merger Consideration

payable upon due surrender of their Certificates, without any interest thereon. Notwithstanding the foregoing, neither the Surviving Corporation nor the Paying Agent shall be liable to any holder of a Certificate for Merger Consideration delivered to a public official pursuant to any applicable abandoned property, escheat or similar law.

Section 2.3 Dissenting Shares. Notwithstanding anything in this Agreement to the contrary, Shares outstanding immediately prior to the Effective Time and held by a holder who has not voted in favor of the Merger or consented thereto in writing and who has demanded appraisal for such Shares in accordance with the DGCL ("Dissenting Shares") shall not be converted into a right to receive the Merger Consideration, unless and until such holder fails to perfect or withdraws or otherwise loses his or her right to appraisal. A holder of Dissenting Shares shall be entitled to receive payment of the appraised value of such Shares held by him or her in accordance with the provisions of Section 262 of the DGCL, unless, after the Effective Time, such holder fails to perfect or withdraws or loses his or her right to appraisal, in which case such Shares shall be treated as if they had been converted as of the Effective Time into a right to receive the Merger Consideration, without interest thereon.

Section 2.4 Company Option Plans.

(a) The options (the "Options") to purchase shares of Company Common Stock outstanding under the Company's 1981 Stock Option Plan, 1981 Supplemental Stock Option Plan, 1990 Stock Option Plan, Old Amati 1992 Stock Option Plan, 1990 Non-Employee Directors' Stock Option Plan and 1996 Stock Option Plan (the "Option Plans") shall, pursuant to the terms of such Option Plans, not automatically vest as a consequence of the transactions contemplated hereby nor shall the Board of Directors of the Company exercise any discretionary authority to vest such Options in connection with the transactions contemplated hereby; provided, that notwithstanding the foregoing, Options (the "Director Options") granted to non-employee directors of the Company pursuant to any of the Option Plans shall be treated in the manner contemplated by Section 2.4(d).

(b) The holders of outstanding Options (other than Director Options) that are vested as of the Effective Time shall be given the opportunity to make an irrevocable election, on a grant by grant basis to be effective immediately following the Effective Time, to receive in exchange for the cancellation of each such vested Option either:

(i) cash in the amount equal to the product of (A) the number of shares of Company Common Stock subject to such Option and (B) the excess of (1) the Merger Consideration over (2) the per share exercise price of such Option; or

(ii) a substitute option to purchase Parent common stock (a "Substitute Option") on the following terms:

(A) the Substitute Option will be exercisable for a number of shares of Parent common stock equal to (1) the number of shares of Company Common Stock subject to the Option multiplied by (2) the Option Ratio (as defined below), rounded down to the next whole number of shares;

(B) the exercise price for the Substitute Option shall equal the exercise price for the shares of Company Common Stock otherwise purchasable pursuant to such Option divided by the Option Ratio, rounded to the nearest hundredth of a cent; and

(C) shall otherwise be subject to substantially the same terms and conditions as applicable to the Option.

For purposes of this Section 2.4, "Option Ratio" shall mean the Offer Price divided by the average closing price per share of Parent common stock on the New York Stock Exchange for the five consecutive trading days ending immediately prior to the Closing Date.

(c) The holders of outstanding Options (other than Director Options) that are not vested as of the Effective Time shall, at the Effective Time, receive in substitution and cancellation for each such nonvested Option a Substitute Option, which Substitute Option shall be subject to the same vesting schedule as applicable to the Option.

(d) Each of the outstanding Director Options granted pursuant to (i) the 1990 Non-Employee Directors Stock Option Plan shall, in accordance with the terms thereof, be vested immediately prior to the Effective Time and (ii) any other Option Plan shall, in accordance with the discretionary authority granted to the Board of Directors of the Company under the applicable Option Plan, be vested immediately prior to the Effective Time by action of the Board of Directors of the Company. Each outstanding Director Option shall, at the Effective Time, be converted into the right to receive in cash an amount equal to the product of (i) the number of shares of Company Common Stock subject to such Director Option and (ii) the excess of (A) the Merger Consideration over (B) the per share exercise price of such Director Option.

(e) As soon as practicable after the Effective Time and in no event more than three (3) business days thereafter, to the extent necessary to provide for registration of shares of Parent common stock subject to such Substitute Options, Parent shall file a registration statement on Form S-8 (or any successor form) with respect to such shares of Parent common stock and shall use its reasonable best efforts to maintain such registration statement, including the current status of any related prospectus or prospectuses, for so long as the Substitute Options remain outstanding.

Section 2.5 Company Warrants. As of the Effective Time, by virtue of the Merger and without any action on the part of the holders thereof, each unexpired and unexercised warrant ("Warrant") to purchase shares of Company Common Stock shall be converted into the right to receive an amount in cash equal to the product of (a) the number of shares of Company Common Stock subject to such Warrant and (b) the excess of the (i) Merger Consideration over (ii) the per share exercise price of such Warrant, upon surrender of the certificate formerly representing such Warrant; provided, that any Warrant as to which the per share exercise price is equal to or greater than the Merger Consideration shall be cancelled and terminated as of the Effective Time without payment of any consideration therefor.

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

Except as otherwise disclosed to Parent and Purchaser in a letter delivered to it at or prior to the execution hereof (the "Company Disclosure Letter"), the Company represents and warrants to Parent and Purchaser as follows:

Section 3.1 Organization; Subsidiaries. (a) Each of the Company and its Subsidiaries (as hereinafter defined) is a corporation or other entity duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation or organization and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as it is now being conducted, except where failure to be in good standing would not have a Company Material Adverse Effect (as hereinafter defined). Each of the Company and its Subsidiaries is duly qualified to do business as a foreign corporation and is in good standing in each jurisdiction in which the nature of the business conducted by it makes such qualification necessary, except where the failure to be so duly qualified and in good standing would not have a Company Material Adverse Effect. As used in this Agreement, the word "Subsidiary" means, with respect to any party, any corporation, partnership or other entity or organization, whether incorporated or unincorporated, of which (i) such party or any other Subsidiary of such party is a general partner (excluding such partnerships where such party or any Subsidiary of such party do not have a majority of the voting interest in such partnership) or (ii) at least a majority of the securities or other interests having by their terms ordinary voting power to elect a majority of the Board of Directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries. As used in this Agreement, "Company Material Adverse Effect" means any change in or effect on the business of the Company and its Subsidiaries that is materially adverse to the business, financial condition, assets or results of operations of the Company and its Subsidiaries taken as a whole except for any events, changes or effects substantially resulting from (i) any material and adverse change in the financial markets; (ii) any political, economic or financial conditions affecting the

industry or business generally; or (iii) the announcement of the transactions contemplated by this Agreement. Section 3.1 of the Company Disclosure Letter sets forth a complete and correct list of all of the Company's Subsidiaries and their respective jurisdictions of incorporation or organization. Except as set forth in Section 3.1 of the Company Disclosure Letter, neither the Company nor any Company Subsidiary holds any interest in a partnership or joint venture of any kind.

(b) The Company has heretofore delivered to Parent a complete and correct copy of each of its Certificate of Incorporation and By-Laws, as currently in effect, and has heretofore made available to Parent a complete and correct copy of the charter and by-laws of each of its Subsidiaries, as currently in effect. In all material respects, the minute books of the Company and the Company Subsidiaries through November 1, 1997 contain accurate records of all meetings and accurately reflect all other actions taken by the stockholders, the Boards of Directors and all committees of the Boards of Directors of the Company and the Company Subsidiaries since July 30, 1995. Complete and accurate copies of all such minute books (except for the portions relating to deliberations regarding the Merger or the proposed acquisition of the Company by Westell Technologies, Inc. ("Westell"), which were redacted, or otherwise redacted on the basis of statutory or common law privilege), and of the stock register of the Company and each Company Subsidiary have been made available by the Company to Parent.

Section 3.2 Capitalization. (a) As of the date hereof, the authorized capital stock of the Company consists of 45,000,000 shares of Company Common Stock and 5,000 shares of preferred stock, par value $100.00 per share (the "Company Preferred Stock"). As of October 31, 1997, (i) 19,768,978 shares of Company Common Stock were issued and outstanding, (ii) 4,885,599 shares of Company Common Stock were reserved for issuance upon exercise of Options granted pursuant to the Option Plans, (iii) 630,476 shares of the Company Common Stock were reserved for issuance upon exercise of the Warrants, (iv) no shares of Company Common Stock were issued and held in the treasury of the Company and (v) there were no shares of Company Preferred Stock issued and outstanding. All the outstanding shares of the Company's capital stock are duly authorized, validly issued, fully paid, non-assessable and free of preemptive rights. Since October 31, 1997, no additional shares of capital stock or securities convertible into or exchangeable for such capital stock, have been issued other than any shares of Company Common Stock issued upon exercise of the Warrants or Options granted under the Option Plans, and no shares of Company Preferred Stock have been issued. Section 3.2 of the Company Disclosure Letter identifies (i) the holders of each of the Options, (ii) the number of Options vested for each holder, (iii) the Option Plan under which each Option was issued, and (iv) the exercise price of each of the Options. All shares of Company Common Stock subject to issuance as aforesaid, upon issuance prior to the Effective Time on the terms and conditions specified in the instruments pursuant to which they are issuable, will be duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. Except as provided in Section 2.4(d), no vesting of the Options or the Warrants shall accelerate by virtue of the transactions contemplated by this Agreement and the Board of Directors of the

Company has not accelerated any of the Options or Warrants. None of the Options are "incentive stock options" within the meaning of Section 422 of the Code. Except for shares of Company Common Stock issuable upon exercise of the Options or the Warrants described in Section 3.2 of the Company Disclosure Letter or as otherwise set forth in Section 3.2 of the Company Disclosure Letter, there are no (i) options, warrants, calls, subscriptions or other rights, convertible securities, agreements or commitments of any character obligating the Company or any Company Subsidiary to issue, transfer or sell any shares of capital stock or other equity interest in, the Company or any Company Subsidiary or securities convertible into or exchangeable for such shares or equity interests, (ii) outstanding contractual obligations or commitments of any character of the Company or any Company Subsidiary to repurchase, redeem or otherwise acquire any capital stock of the Company or any Company Subsidiary, (iii) outstanding contractual obligations or commitments of any character restricting the transfer of, or requiring the registration for sale of, any capital stock of the Company or any Company Subsidiary, (iv) outstanding contractual obligations or commitments of any character granting any preemptive or antidilutive right with respect to, any capital stock of the Company or any Company Subsidiary or (v) voting trusts or similar agreements to which the Company or any Company Subsidiary is a party with respect to the voting of the capital stock of the Company or any Company Subsidiary. Except as set forth in Section 3.3 of the Company Disclosure Letter, there are no outstanding contractual obligations of the Company or any Company Subsidiary to provide funds to, or make any investment (in the form of a loan, capital contribution or otherwise) in, any Company Subsidiary or any other person, other than guarantees by the Company of any indebtedness of any Company Subsidiary.

(b) Each outstanding share of capital stock of each Company Subsidiary is duly authorized, validly issued, fully paid, nonassessable and free of preemptive rights. Except as disclosed in Section 3.2(b) of the Company Disclosure Letter, all of the outstanding shares of capital stock of each of Company Subsidiary are owned of record and beneficially, directly or indirectly, by the Company, free and clear of all security interests, liens, claims, pledges, options, rights of first refusal, agreements, limitations on the Company's or such other Company Subsidiary's voting rights, charges and other encumbrances of any nature whatsoever, except where failure to own such shares free and clear would not, individually or in the aggregate, have a Company Material Adverse Effect.

Section 3.3 Authorization; Validity of Agreement; Company Action. The Company has full corporate power and authority to execute and deliver this Agreement and, subject to obtaining the necessary approval of its stockholders, to consummate the transactions contemplated hereby. The execution, delivery and performance by the Company of this Agreement, and the consummation by it of the transactions contemplated hereby, have been duly authorized by its Board of Directors and, except for those actions contemplated by Section 1.2(a) hereof and obtaining the approval of its stockholders as contemplated by Section 1.8 hereof, no other corporate action on the part of the Company is necessary to authorize the execution and delivery by the Company of this Agreement and the consummation by it of the transactions contemplated hereby. This Agreement has been duly executed and delivered by

the Company and, subject to approval and adoption of this Agreement by the Company's stockholders (and assuming due and valid authorization, execution and delivery hereof by Parent and the Purchaser) is a valid and binding obligation of the Company enforceable against the Company in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 3.4 Consents and Approvals; No Violations. Except as disclosed in Section 3.4 of the Company Disclosure Letter and except for (a) filings pursuant to the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended (the "HSR Act"), (b) applicable requirements under the Exchange Act, (c) the filing of the Certificate of Merger, (d) applicable requirements under "takeover" or "blue sky" laws of various states, or (e) matters specifically described in this Agreement, neither the execution, delivery or performance of this Agreement by the Company nor the consummation by the Company of the transactions contemplated hereby will (i) violate any provision of the Certificate of Incorporation or By-Laws of the Company or the charter or by-laws of any of its Subsidiaries, (ii) result in a violation or breach of, or result in any loss of benefit or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, acceleration or modification) under, any of the terms, conditions or provisions of any material note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which the Company or any of its Subsidiaries is a party or by which any of them or any of their properties or assets may be bound (the "Material Agreements"), (iii) violate any order, writ, judgment, injunction or decree applicable to the Company, any of its Subsidiaries or any of their properties or assets, (iv) violate any law, statute, rule or regulation applicable to the Company, any of its Subsidiaries or any of their properties or assets, or (v) require on the part of the Company or any of its Subsidiaries any filing or registration with, notification to, or authorization, consent or approval of, any court, legislative, executive or regulatory authority or agency (a "Governmental Entity"); except in the case of clauses (ii), (iv) or (v) for such violations, breaches or defaults which, or filings, registrations, notifications, authorizations, consents or approvals the failure of which to obtain, would not have a Company Material Adverse Effect or would not materially adversely affect the ability of the Company to consummate the transactions contemplated by this Agreement.

Section 3.5 SEC Reports and Financial Statements. The Company has filed all reports required to be filed by it with the SEC pursuant to the Exchange Act and the Securities Act of 1933, as amended (the "Securities Act"), since July 30, 1995 (as such documents have been amended since the date of their filing, collectively, the "Company SEC Documents"). The Company SEC Documents (a) were prepared in accordance with the requirements of the Securities Act or the Exchange Act, as the case may be, and (b) as of their respective filing dates, or if amended, as of the date of the last such amendment, did not contain any untrue

statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the historical consolidated balance sheets (including the related notes) included in the Company SEC Documents fairly presents in all material respects the financial position of the Company and its consolidated Subsidiaries as of the date thereof, and the other related historical statements (including the related notes) included in the Company SEC Documents fairly present in all material respects the results of operations and cash flows of the Company and its consolidated Subsidiaries for the respective periods or as of the respective dates set forth therein. Each of the historical consolidated balance sheets and historical statements of operations and cash flow (including the related notes) included in the Company SEC Documents has been prepared in all material respects in accordance with United States generally accepted accounting principles ("GAAP") applied on a consistent basis during the periods involved, except as otherwise noted therein and, in the case of unaudited interim financial statements, subject to normal year-end adjustments and except as permitted by Form 10-Q of the SEC. The books and records of the Company and its Subsidiaries have been, and are being, maintained in accordance with GAAP and any other applicable legal and accounting requirements.

Section 3.6 No Undisclosed Liabilities. Except (a) for liabilities and obligations incurred in the ordinary course of business consistent with past practices since August 2, 1997, (b) for liabilities and obligations disclosed in the Company SEC Documents filed prior to the date hereof, (c) for liabilities and obligations incurred in connection with the Offer and the Merger or otherwise as contemplated by this Agreement and (d) as disclosed in Section 3.6 of the Company Disclosure Letter, since August 2, 1997, neither the Company nor any of its Subsidiaries has incurred any material liabilities or obligations that would be required to be reflected or reserved against in a consolidated balance sheet of the Company and its consolidated Subsidiaries prepared in accordance with GAAP as applied in preparing the consolidated balance sheet of the Company and its consolidated Subsidiaries as of August 2, 1997.

Section 3.7 Absence of Certain Changes. Except as (a) disclosed in the Company SEC Documents filed prior to the date hereof, (b) disclosed in Section 3.7 of the Company Disclosure Letter, (c) contemplated by this Agreement or (d) occurring pursuant to the express terms of that certain Agreement and Plan of Merger dated as of September 30, 1997, among Westell, Kappa Acquisition Corp., a Delaware corporation, and the Company, since August 2, 1997, the Company has conducted its business in the ordinary and usual course and there has not been:

(i) any transaction, commitment, dispute or other event or condition (financial or otherwise) of any character (whether or not in the ordinary course of business) which, alone or in the aggregate, has had or would have a Company Material Adverse Effect;

(ii) any declaration, setting aside or payment of any dividend or other distribution with respect to any shares of capital stock of the Company or any repurchase, redemption or other acquisition by the Company or any of its Subsidiaries of any outstanding shares of capital stock or other securities of, or other ownership interests in, the Company or such Subsidiary;

(iii) any amendment of any material term of any outstanding security of the Company or any of its Subsidiaries;

(iv) any acquisition, sale or transfer of any material assets of the Company or any of its Subsidiaries;

(v) any material contract entered into by the Company or any of its Subsidiaries or any material amendment or termination of, or default under, any Material Agreement;

(vi) any making of any loan, advance or capital contributions to or investment in any Person other than loans, advances or capital contributions to or investments in wholly-owned Subsidiaries of the Company made in the ordinary course of business and payroll, travel and similar advances made in the ordinary course of business;

(vii) any change in any method of accounting or accounting practice by the Company or any of its Subsidiaries, except as required by GAAP; or

(viii) any entering into of any severance, termination pay, employment, deferred compensation or other similar agreement (or any amendment to any such existing agreement) with any director, officer or employee of the Company or any of its Subsidiaries, increase in benefits payable under any existing severance or termination pay policies or employment agreements or increase in compensation, bonus or other benefits payable to directors, officers or employees of the Company or any of its Subsidiaries, other than in the ordinary course of business.

Section 3.8 Contracts. Except as disclosed in or attached as exhibits to the Company SEC Documents or as disclosed in Section 3.8 of the Company Disclosure Letter, neither the Company nor any of the Company Subsidiaries is a party to or bound by any contract, arrangement, commitment or understanding (whether written or oral) (i) as of the date hereof, which requires expenditures in excess of $1,000,000 or which requires annual expenditures in excess of $500,000 and is not cancelable within one year by the Company, that has not been filed or incorporated by reference in the Company SEC Documents, (ii) which contains any material non-compete provisions with respect to any line of business or geographic area in which business is conducted with respect to the Company or any of the Company

Subsidiaries or which restricts the conduct of any line of business by the Company or any of the Company Subsidiaries or any geographic area in which the Company or any of the Company Subsidiaries may conduct business, in each case in any material respect, (iii) which are terminable by the other party thereto which if so terminated would result in a Company Material Adverse Effect, or (iv) which would prohibit or materially delay the consummation of the transactions contemplated by this Agreement. The Company has previously made available to Parent true and correct copies of all such agreements and of all employment and deferred compensation agreements with directors, officers and employees, and material agreements with consultants, which are in writing and to which the Company or any of the Company Subsidiaries is a party. Each Material Agreement is valid and binding on the Company or any of the Company Subsidiaries, as applicable, and in full force and effect, and the Company and each of the Company Subsidiaries have in all material respects performed all obligations required to be performed by them to date under each Material Agreement, except where such noncompliance, individually or in the aggregate, would not have a Company Material Adverse Effect. Neither the Company nor any Company Subsidiary knows of, or has received notice of, any violation or default under (nor does there exist any condition which with the passage of time or the giving of notice would cause such a violation of or default under) any Material Agreement or any other loan or credit agreement, note, bond, mortgage, indenture or lease, or any other contract, agreement, arrangement or understanding to which it is a party or by which it or any of its properties or assets is bound, except for violations or defaults that would not, individually or in the aggregate, result in a Company Material Adverse Effect. Set forth in Section 3.8 of the Company Disclosure Letter is a description, including amounts as of the date hereof, of all indebtedness of the Company and the Company Subsidiaries other than trade payables and accruals. Section 3.8 of the Company Disclosure Letter sets forth a list of each contract, agreement or other instrument or obligation between the Company or any of its affiliates, on the one hand, and Westell or any of its affiliates, on the other hand. Section 3.8 of the Company Disclosure Letter also sets forth a summary of all DMT licenses in which the Company is a licensee identifying (i) the parties, (ii) the royalties and basis thereof receivable by the Company as a licensor, (iii) the royalties and basis thereof payable by the Company to third parties in respect of any sales by the licensee, (iv) whether for each license, on a current basis, the amounts receivable by the Company under (ii) above exceed the amounts payable by the Company under subsection (iii) above and (v) amounts which would be owing to licensors with respect to a sale by the Company of products incorporating licensed products purchased from sublicensees.

Section 3.9 Employee Benefit Plans; ERISA.

(a) Section 3.9(a) of the Company Disclosure Letter lists (i) all "employee benefit plans", as defined in Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), and all stock option, stock award, stock purchase or other equity-based compensation, bonus or other incentive compensation, severance, tuition assistance, salary continuation, and vacation plans, policies or agreements, written or unwritten, under which the Company or any of its Subsidiaries has any obligation or liability (collectively, "Benefit Plans") and (ii) all employment and consulting agreements with current

or former officers, employers, consultants, advisors or directors of the Company or any of its Subsidiaries (collectively, "Benefit Arrangements").

(b) With respect to each Benefit Plan and Benefit Arrangement, a complete and correct copy of each of the following documents (if applicable) has been made available to Purchaser: (i) the most recent plan and related trust documents, and all amendments thereto; (ii) the most recent summary plan description, and all related summaries of material modifications; (iii) the most recent Form 5500 (including schedules); (iv) the most recent IRS determination letter; and (v) the most recent actuarial reports (including for purposes of Financial Accounting Standards Board report nos. 87, 106 and 112).

(c) Except as set forth in Section 3.9(c) of the Company Disclosure Letter, with respect to each Benefit Plan: (i) if intended to qualify under section 401(a) of the Internal Revenue Code of 1986, as amended (the "Code"), and the rules and regulations promulgated thereunder, such plan has received a determination letter from the Internal Revenue Service stating that it so qualifies and that its trust is exempt from taxation under section 501(a) of the Code and nothing has occurred to the knowledge of the Company since the date of such determination that could adversely affect such qualification or exempt status; (ii) such plan has been administered in accordance with its terms and applicable law, except for such non-compliance which would not have, individually or in the aggregate, a Company Material Adverse Effect; (iii) no disputes are pending, or, to the knowledge of the Company, threatened that, individually or in the aggregate, would have a Company Material Adverse Effect; and (iv) all contributions required to be made to such plan as of the date hereof (taking into account any extensions for the making of such contributions) have been made in full.

(d) No Benefit Plan is subject to Title IV of ERISA or section 412 of the Code. None of the Benefit Plans is a plan described in Section 3(37), 4063 or 4064 of ERISA.

(e) Except as set forth in Section 3.9(e) of the Company Disclosure Letter, no liability relating to any Benefit Plan has been or is expected to be incurred by the Company or any Subsidiary of the Company (either directly or indirectly, including as a result of an indemnification obligation) under or pursuant to Part 4 of Title I of ERISA or Title IV of ERISA or the penalty or the excise tax provisions of the Code, which would have a Company Material Adverse Effect.

(f) Except as set forth in Section 3.9(f) of the Company Disclosure Letter, no employee or former employee of the Company or any of its Subsidiaries will become entitled to any bonus, retirement, severance, job security or similar or enhanced benefit (including acceleration of vesting, time of payment, or exercise of a stock option or an incentive award) as a result of the transactions contemplated hereby.

Section 3.10 Litigation. Except as disclosed in Section 3.10 of the Company Disclosure Letter or as disclosed in the Company SEC Documents filed prior to the date

hereof, there is no action, suit, proceeding, audit or investigation pending or, to the best knowledge of the Company, action, suit, proceeding, audit or investigation threatened, involving the Company or any of its Subsidiaries, by or before any court, governmental or regulatory authority or by any third party that could prevent, enjoin, or materially alter or delay any of the transactions contemplated by this Agreement or that, if adversely determined, would have a Company Material Adverse Effect. Except as disclosed in Section 3.10 of the Company Disclosure Letter or as disclosed in the Company SEC Documents filed prior to the date hereof, neither the Company nor any of its Subsidiaries is subject to any outstanding order, writ, injunction or decree which has had or, insofar as can be reasonably foreseen, individually or in the aggregate, would have a Company Material Adverse Effect.

Section 3.11 Permits; No Default; Compliance with Applicable Laws. Each of the Company and the Company Subsidiaries is in possession of all franchises, grants, authorizations, licenses, permits, easements, variances, exceptions, consents, certificates, approvals, clearances and orders of any Governmental Entity necessary for the Company or any Company Subsidiary to own, lease and operate its properties or to carry on their respective businesses substantially in the manner described in the Company SEC Documents and as it is now being conducted (the "Company Permit"), and all such Company Permits are valid, and in full force and effect, except where the failure to have, or the suspension or cancellation of, any of the Company Permits would neither, individually or in the aggregate, (a) have a Company Material Adverse Effect nor (b) materially adversely affect the ability of the Company to consummate the transactions contemplated by this Agreement, and no suspension or cancellation of any of the Company Permits is pending or, to the knowledge of the Company, threatened, except where the failure to have, or the suspension or cancellation of, any of the Company Permits would neither, individually or in the aggregate, (x) have a Company Material Adverse Effect nor (y) materially adversely affect the ability of the Company to consummate the transactions contemplated by this Agreement. The business of the Company and each of its Subsidiaries is not in default or violation of any term, condition or provision of (i) its respective certificate of incorporation or by-laws, (ii) any Material Agreement or (iii) any statute, law, rule, regulation, judgment, decree, order, permit, license or other governmental authorization or approval (including any Company Permit) applicable to the Company or any of its Subsidiaries or by which any property, asset or operation of the Company or any of its Subsidiaries is bound or affected, including, laws, rules and regulations relating to the environment, occupational health and safety, employee benefits, wages, workplace safety, equal employment opportunity and race, religious or sex discrimination, excluding from clauses (ii) and (iii) defaults or violations which would not have a Company Material Adverse Effect.

Section 3.12 Taxes. Except as disclosed in Section 3.12 of the Company Disclosure Letter:

(a) All material Tax Returns required to be filed by or with respect to the Company and each of its Subsidiaries have been filed. The Company and each of its

Subsidiaries has paid (or there has been paid on its behalf) all material Taxes that are due, except for Taxes being contested in good faith by appropriate proceedings and for which adequate reserves have been established in the Company's financial statements (as of the date thereof).

(b) There are no outstanding agreements or waivers extending the statutory period of limitation applicable to the collection or assessment of material Taxes due from the Company or any of its Subsidiaries for any taxable period. No audit or other proceeding by any court, governmental or regulatory authority, or similar person is pending or, to the knowledge of the Company, threatened in regard to any material Taxes due from or with respect to the Company or any of the Subsidiaries. Neither the Company nor any Subsidiary of the Company has received written notice that any assessment of material Taxes is proposed against the Company or any of its Subsidiaries.

(c) There is no contract, agreement, plan or arrangement covering any person that, individually or collectively, could give rise to the payment of any amount that would not be deductible by the Company or any of its Subsidiaries by reason of Section 280G of the Code in connection with the transactions contemplated by this Agreement.

(d) There are no Tax liens upon any property or assets of the Company or any of the Company Subsidiaries except liens for current Taxes not yet due and except for liens which have not had and are not reasonably likely to have a Company Material Adverse Effect.

(e) Neither the Company nor any of its Subsidiaries has been required to include in income any adjustment pursuant to Section 481 of the Code by reason of a voluntary change in accounting method initiated by the Company or any of its Subsidiaries, and the IRS has not initiated or proposed any such adjustment or change in accounting method, in either case which adjustment or change has had or is reasonably likely to have a Company Material Adverse Effect.

(f) Except as set forth in the financial statements described in Section 3.5, neither the Company nor any of its Subsidiaries has entered into a transaction which is being accounted for under the installment method of Section 453 of the Code, which would be reasonably likely to have a Company Material Adverse Effect. No compensation paid or payable by the Company is subject to Section 162(m) of the Code.

(g) The term "Taxes" shall mean all taxes, charges, fees, levies, or other similar assessments or liabilities imposed by the United States of America, or by any state, local, or foreign government, or any subdivision, agency, or other similar person of the United States or any such government, including without limitation (i) income, gross receipts, ad valorem, premium, excise, real property, personal property, sales, use, transfer, withholding, employment, payroll, and franchise taxes; and (ii) any interest, penalties or additions to taxes resulting from, attributable to, or incurred in connection with any Tax or any contest, dispute,

or refund thereof. The term "Tax Returns" shall mean any report, return, or statement required to be supplied to a taxing authority in connection with Taxes.

Section 3.13 Certain Property. The Company and its Subsidiaries, as the case may be, have good and marketable title in fee simple to all of their respective real property and good title to all of their respective leasehold interests and other properties, as reflected in the most recent balance sheet included in the Company SEC Documents, except for properties and assets that have been disposed of in the ordinary course of business since the date of such balance sheet, free and clear of all mortgages, liens, pledges, charges or encumbrances of any nature whatsoever, except (i) the lien for current taxes, payments of which are not yet delinquent, (ii) such imperfections in title and easements and encumbrances, if any, as are not substantial in character, amount or extent and do not materially detract from the value, or interfere with the present use of the property subject thereto or affected thereby, or otherwise materially impair the Company's business operations (in the manner presently carried on by the Company) or (iii) as disclosed in the Company SEC Documents, and except for such matters, which individually or in the aggregate, could not reasonably be expected to have a Company Material Adverse Effect. All leases under which the Company leases any real or personal property are in good standing, valid and effective in accordance with their respective terms, and there is not, under any of such leases, any existing default or event which with notice or lapse of time or both would become a default which could reasonably be expected to have a Company Material Adverse Effect. Section 3.13 of the Company Disclosure Letter sets forth all liens and security interests granted by the Company or any of the Company Subsidiaries to third parties.

Section 3.14 Intellectual Property.

(a) The Company has previously given to Parent detailed information (including, where applicable, federal registration numbers and dates of registrations or applications for registration) concerning the following: (i) all of the Company's and the Company Subsidiaries' trademarks, trademark rights, service marks, trade names, and other trade rights, indicating which are registered and which are not, including all pending applications for any registrations thereof, and all patents, patent rights and copyrights used or proposed to be used by the Company in its business and all pending applications therefore; (ii) all computer software presently used by the Company which has been purchased or licensed from outside parties with a purchase price or license fee in excess of $5,000; and (iii) all other trade secrets, mailing lists, know-how, designs, plans, specifications and other intellectual property rights of the Company (whether or not registered or registrable) (collectively, "Intellectual Property"). Section 3.14 of the Company Disclosure Letter identifies (i) each patent or registration which has been issued (and which has not expired or lapsed) to the Company or any of the Company

Subsidiaries with respect to any Intellectual Property, (ii) each pending patent application or application for registration which the Company or any of the Company Subsidiaries has made with respect to any Intellectual Property, and (iii) any Intellectual Property that any third party owns and that the Company or any of the Company Subsidiaries use or propose to use in its business (including any marketing rights granted to the Company or any of the Company Subsidiaries under patents owned or licensed by third parties). Except as set forth in Section 3.14 of the Company Disclosure Letter, (i) the Company or one of the Company Subsidiaries solely owns or is in sole and exclusive possession of adequate licenses or other legal rights to use all Intellectual Property now used or held for use in connection with the business as currently conducted or as contemplated to be conducted and (ii) neither the Company nor any of the Company Subsidiaries has disclosed any of the Intellectual Property other than in a manner reasonably necessary for the operation of their business. None of the Company or any of the Company Subsidiaries have granted any licenses of or other rights to use any of the Intellectual Property to any third party. The Intellectual Property comprises all of the intellectual property rights that are in the aggregate necessary in any material respect for the operation of its business as it is presently conducted.

(b) To the Company's knowledge, there is no unauthorized use, disclosure, infringement or misappropriation of any Intellectual Property rights of the Company or any of its Subsidiaries, or any Intellectual Property right of any third party to the extent licensed by or through the Company or any of its Subsidiaries, by any third party, including any employee or former employee of the Company or any of its Subsidiaries. Neither the Company nor any of its Subsidiaries has entered into any agreement to indemnify any other person against any charge of infringement of any Intellectual Property.

(c) The Company is not, nor will it be as a result of the execution and delivery of this Agreement or the performance of its obligations under this Agreement, in breach of any license, sublicense or other agreement relating to the Intellectual Property.

(d) All patents, registered trademarks, service marks and copyrights held by the Company are valid and subsisting. The Company (i) has not been sued in any suit, action or proceeding which involves a claim of infringement of any patents, trademarks, service marks, copyrights or violation of any trade secret or other proprietary right of any third party; (ii) has no knowledge that the manufacturing, marketing, licensing or sale of its products infringes any patent, trademark, service mark, copyright, trade secret or other proprietary right of any third party; and (iii) has not brought any action, suit or proceeding for infringement of Intellectual Property or breach of any license or agreement involving Intellectual Property against any third party.

(e) The Company has secured valid written assignments from all consultants and employees who contributed to the creation or development of Intellectual Property of the rights to such contributions that the Company does not already own by operation of law.

(f) The Company has taken all necessary and appropriate steps to protect and preserve the confidentiality of all Intellectual Property not otherwise protected by patents, patent applications or copyright ("Confidential Information"). All use, disclosure or appropriation of Confidential Information owned by the Company by or to a third party has

been pursuant to the terms of a written agreement between the Company and such third party. All use, disclosure or appropriation of Confidential Information not owned by the Company has been pursuant to the terms of a written agreement between the Company and the owner of such Confidential Information, or is otherwise lawful.

Section 3.15 Environmental Matters. Except as disclosed in Section 3.15 of the Company Disclosure Letter or as disclosed in the Company SEC Documents:

(a) no notice, request for information, order, complaint or penalty has been received relating to, and there are no judicial, administrative or other actions, suits or proceedings pending or, to the knowledge of the Company, threatened which allege a violation of, any law, regulation, rule or governmental restriction relating to the environment or to pollutants, contaminants or wastes, in each case relating to the current or prior business of the Company or any of its Subsidiaries which, individually or in the aggregate, would have a Company Material Adverse Effect; and

(b) there has been no environmental assessment, investigation or audit conducted of which the Company has knowledge in relation to the current or prior business of the Company or any of its Subsidiaries or any property or facility now or previously owned, leased or operated by the Company or any of its Subsidiaries which has not been made available to the Parent.

Section 3.16 Employee and Labor Matters. Except as set forth in Section 3.16 of the Company Disclosure Letter and except to the extent that the failure of any of the following representations to be accurate would not have a Company Material Adverse Effect: (i) since January 1, 1996 there has been no labor strike or work stoppage against, or lockout by, the Company or any of its Subsidiaries, (ii) there is no unfair labor practice charge or complaint against the Company or any of its Subsidiaries pending before, or, to the knowledge of the Company or any of its Subsidiaries, threatened by, the National Labor Relations Board, and (iii) there is no pending or, to the knowledge of the Company or any of its Subsidiaries, threatened union grievance against the Company or any of its Subsidiaries.

Section 3.17 Information in Offer Documents. None of the information supplied or to be supplied by the Company or any of its or agents for inclusion or incorporation by reference in the Offer Documents or the Schedule 14D-9, including any amendments or supplements thereto, will at the respective times the Offer Documents and the Schedule 14D-9 are filed with the SEC or first published, sent or given to the Company's shareholders, contain any statement which, at such time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein not false or misleading. Notwithstanding the foregoing, the Company does not make any representation or warranty with respect to the information that has been or will be supplied by Parent or the Purchaser or their officers, directors, employees, representatives Subsidiaries, or any of their officers, directors, employees, representatives

or agents for inclusion or incorporation by reference in any of the foregoing documents. The Schedule 14D-9 and any amendments or supplements thereto will comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations thereunder.

Section 3.18 Brokers or Finders. The Company represents, as to itself, its Subsidiaries and its affiliates, that no agent, broker, investment banker, financial advisor or other firm or person is or will be entitled to any brokers' or finder's fee or any other commission or similar fee in connection with any of the transactions contemplated by this Agreement, except Deutsche Morgan Grenfell ("DMG"), the fees and expenses of which will be paid by the Company in accordance with the Company's agreement with such firm, a true and complete copy of which has heretofore been furnished to Parent. The Company has no obligations or commitments to any investment banker or financial advisor in connection with any future transactions that may be considered or entered into by the Company after the Effective Time.

Section 3.19 Insurance. The Company maintains insurance coverage with reputable insurers in such amounts and covering such risks as are in accordance with normal industry practice for companies engaged in businesses similar to that of the Company (taking into account the cost and availability of such insurance).

Section 3.20 Opinion of Financial Advisor. The Company has received the opinion of DMG to the effect that, as of the date hereof, the consideration to be received by the stockholders of the Company in the Offer and the Merger is fair from a financial point of view.

ARTICLE IV

REPRESENTATIONS AND WARRANTIES OF PARENT AND THE PURCHASER

Parent and the Purchaser jointly and severally represent and warrant to the Company as follows:

Section 4.1 Organization. Each of Parent and the Purchaser is a corporation duly organized, validly existing and in good standing under the laws of the jurisdiction of its incorporation and has all requisite corporate power and authority to own, lease and operate its properties and to carry on its business as now being conducted. Parent and each of its Subsidiaries is duly qualified to do business and in good standing in each jurisdiction in which the property owned, leased or operated by it or the nature of the business conducted by it makes such qualification necessary, except where the failure to be so duly qualified and in good standing would not have a material adverse effect on the consummation of the transactions contemplated hereby.

Section 4.2 Authorization; Validity of Agreement; Necessary Action. Each of Parent and the Purchaser has full corporate power and authority to execute and deliver this Agreement and to consummate the transactions contemplated hereby. The execution, delivery and performance by Parent and the Purchaser of this Agreement, and the consummation of the transactions contemplated hereby, have been duly authorized by their Boards of Directors and no other corporate action on the part of Parent and the Purchaser is necessary to authorize the execution and delivery by Parent and the Purchaser of this Agreement and the consummation by them of the transactions contemplated hereby. This Agreement has been duly executed and delivered by Parent and the Purchaser, as the case may be and (assuming due and valid authorization, execution and delivery hereof by the Company) is a valid and binding obligation of each of Parent and the Purchaser, as the case may be, enforceable against them in accordance with its terms, except that (i) such enforcement may be subject to applicable bankruptcy, insolvency, reorganization, moratorium or other similar laws, now or hereafter in effect, affecting creditors' rights generally, and (ii) the remedy of specific performance and injunctive and other forms of equitable relief may be subject to equitable defenses and to the discretion of the court before which any proceeding therefor may be brought.

Section 4.3 Consents and Approvals; No Violations. Except for (a) filings pursuant to the HSR Act, (b) applicable requirements under the Exchange Act, (c) the filing of the Certificate of Merger, (d) applicable requirements under "takeover" or "blue sky" laws of various states, or (e) as described in this Agreement, neither the execution, delivery or performance of this Agreement by Parent and the Purchaser nor the consummation by Parent and the Purchaser of the transactions contemplated hereby will (i) violate any provision of the charter or by-laws or other comparable constituent documents of Parent or the Purchaser, (ii) result in a violation or breach of, or result in any loss of benefit or constitute (with or without due notice or lapse of time or both) a default (or give rise to any right of termination, cancellation, acceleration or modification) under, any of the terms, conditions or provisions of any note, bond, mortgage, indenture, lease, license, contract, agreement or other instrument or obligation to which Parent or any of its Subsidiaries is a party or by which any of them or any of their properties or assets may be bound, (iii) violate any order, writ, judgment, injunction or decree applicable to Parent, any of its Subsidiaries or any of their properties or assets, (iv) violate any law, statute, rule or regulation applicable to Parent, any of its Subsidiaries or any of their properties or assets, or (v) require on the part of Parent or the Purchaser any filing or registration with, notification to, or authorization, consent or approval of, any Governmental Entity, except in the case of clauses (ii), (iv) or (v) for such violations, breaches or defaults which, or filings, registrations, notifications, authorizations, consents or approvals the failure of which to obtain, would not materially adversely affect the ability of Parent and the Purchaser to consummate the transactions contemplated by this Agreement.

Section 4.4 SEC Reports and Financial Statements. Parent has filed all reports required to be filed by it with the SEC pursuant to the Exchange Act and the Securities Act since July 30, 1995 (as such documents have been amended since the date of their filing, collectively, the "Parent SEC Documents"). The Parent SEC Documents (a) were prepared in

accordance with the requirements of the Securities Act or the Exchange Act, as the case may be, and (b) as of their respective filing dates, or if amended, as of the date of the last such amendment, did not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. Each of the historical consolidated balance sheets (including the related notes) included in the Parent SEC Documents fairly presents in all material respects the financial position of the Parent and its consolidated Subsidiaries as of the date thereof, and the other related historical statements (including the related notes) included in the Parent SEC Documents fairly present in all material respects the results of operations and cash flows of Parent and its consolidated Subsidiaries for the respective periods or as of the respective dates set forth therein. Each of the historical consolidated balance sheets and historical statements of operations and cash flow (including the related notes) included in the Parent SEC Documents has been prepared in all material respects in accordance with GAAP applied on a consistent basis during the periods involved, except as otherwise noted therein and, in the case of unaudited interim financial statements, subject to normal year-end adjustments and except as permitted by Form 10-Q of the SEC. The books and records of Parent and its Subsidiaries have been, and are being, maintained in accordance with GAAP and any other applicable legal and accounting requirements.

Section 4.5 Information in Offer Documents; Proxy Statement. None of the information supplied or to be supplied by Parent or the Purchaser, or any of their officers, directors, employees, representatives or agents for inclusion or incorporation by reference in the Offer Documents, the Schedule 14D-9 or the Proxy Statement, including any amendments or supplements thereto, will, in the case of the Offer Documents and the Schedule 14D-9, at the respective times the Offer Documents and the Schedule 14D-9 are filed with the SEC or first published, sent or given to the Company's stockholders, or, in the case of the Proxy Statement, at the date the Proxy Statement is first mailed to the Company's stockholders or at the time of the Special Meeting, contain any statement which, at such time and in light of the circumstances under which it is made, is false or misleading with respect to any material fact, or omit to state any material fact necessary in order to make the statements therein not false or misleading. Notwithstanding the foregoing, Parent and the Purchaser do not make any representation or warranty with respect to the information that has been supplied by the Company or any of its Subsidiaries or their officers, directors, employees, representatives or agents for inclusion or incorporation by reference in any of the foregoing documents. The Offer Documents and the Proxy Statement and any amendments or supplements thereto will comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations thereunder.

Section 4.6 Sufficient Funds. Either Parent or the Purchaser has sufficient funds available to purchase all of the Shares outstanding on a fully diluted basis and to pay all fees and expenses related to the transactions contemplated by this Agreement.

Section 4.7 Share Ownership. None of Parent, the Purchaser or any of their respective affiliates beneficially owns any Shares.

Section 4.8 Purchaser's Operations. The Purchaser was formed solely for the purpose of engaging in the transactions contemplated hereby and has not engaged in any business activities or conducted any operations other than in connection with the transactions contemplated hereby.

ARTICLE V

COVENANTS

Section 5.1 Interim Operations of the Company. The Company covenants and agrees that, except (i) as contemplated by this Agreement, (ii) as disclosed in Section 5.1 of the Company Disclosure Letter or (iii) as agreed in writing by Parent, after the date hereof, and prior to the time the directors of the Purchaser have been elected to, and shall constitute a majority of, the Board of Directors of the Company pursuant to Section 1.3:

(a) the business of the Company and its Subsidiaries shall be conducted only in the ordinary course of business and, to the extent consistent therewith, each of the Company and its Subsidiaries shall use its reasonable best efforts to preserve in all material respects its business organization intact and maintain its existing relations with customers, suppliers, employees and business associates;

(b) each of the Company and its Subsidiaries will not, directly or indirectly, (i) amend its Certificate of Incorporation or By-laws or similar organizational documents or (ii) split, combine or reclassify its outstanding capital stock;

(c) neither the Company nor any of its Subsidiaries shall: (i) declare, set aside or pay any dividend or other distribution (whether payable in cash, stock or property) with respect to its capital stock (other than dividends from any Subsidiary of the Company to the Company or any other Subsidiary of the Company); (ii) issue or sell any additional shares of, or securities convertible into or exchangeable for, or options, warrants, calls, commitments or rights of any kind to acquire, any shares of capital stock of any class of the Company or its Subsidiaries, other than issuances pursuant to the exercise of Options outstanding on the date hereof; (iii) sell, lease, license or dispose of any assets or properties, other than in the ordinary course of business; (iv) incur or modify any material debt, other than in the ordinary course of business consistent with past practice; (v) license or sublicense any asset or property of the Company or any Company Subsidiary except in the ordinary course of business consistent with past practice on a basis that results in a positive current royalty net of any royalties due by the Company or any Company Subsidiary on account of sales by the licensee or sublicensee; or

(vi) redeem, purchase or otherwise acquire, directly or indirectly, any of its or its Subsidiaries' capital stock;

(d) neither the Company nor any of its Subsidiaries shall, except as may be required or contemplated by this Agreement or by applicable law, (i) enter into, adopt, materially amend or terminate any employee benefit plans, (ii) amend any employment or severance agreement, (iii) increase in any manner the compensation or other benefits of its officers or directors or (iv) increase in any manner the compensation of any other employees (except, in the case of this clause (iv), for normal increases in the ordinary course of business);

(e) neither the Company nor any of its Subsidiaries shall: (i) assume, guarantee, endorse or otherwise become liable or responsible (whether directly, contingently or otherwise) for the material obligations of any other person (other than Subsidiaries of the Company), except pursuant to contractual indemnification agreements entered into in the ordinary course of business; (ii) make any loans, advances or capital contributions to, or investments in, any other person (other than to Subsidiaries of the Company and payroll, travel and similar advances made in the ordinary course of business); or (iii) make capital expenditures other than pursuant to the Company's current capital expenditure budget, a copy of which has been provided to Parent;

(f) neither the Company nor any of its Subsidiaries shall change any of the accounting methods used by it unless required by GAAP or applicable law;

(g) the Company will not settle or compromise any claim (including arbitration) or litigation involving payments by the Company in excess of $250,000 individually which are not subject to insurance reimbursement without the prior written consent of Parent, which consent will not be unreasonably withheld;

(h) the Company will not amend, modify or terminate in any material respect any Material Agreement or enter into any new agreement material to the business of the Company without the prior written consent of Parent, which consent shall not be unreasonably withheld; and

(i) neither the Company nor any of its Subsidiaries will authorize or enter into an agreement to do any of the foregoing.

Section 5.2 Access to Information. Upon reasonable notice, the Company shall (and shall cause each of its Subsidiaries to) afford to the officers, employees, accountants, counsel, financing sources and other representatives of Parent, access, during normal business hours during the period prior to the Closing Date, to all its properties, books, contracts, commitments and records and, during such period, the Company shall (and shall cause each of its Subsidiaries to) furnish promptly to Parent (a) a copy of each report, schedule, registration statement and other document filed or received by it during such period pursuant to the

requirements of federal securities laws or regulatory boards or agencies and (b) all other information concerning its business, properties and personnel as Parent may reasonably request. Unless otherwise required by law and until the Closing Date, Parent will hold any such information which is nonpublic in confidence in accordance with the provisions of the Confidentiality Agreement between the Company and Parent, dated as of July 22, 1997 (the "Confidentiality Agreement").

Section 5.3 Employee Benefits.

(a) Parent and the Purchaser agree that the Surviving Corporation and its Subsidiaries and successors shall provide those persons who, immediately prior to the Effective Time, were employees of the Company or its Subsidiaries ("Retained Employees") with employee plans and programs that provide benefits that are no less favorable in the aggregate to those provided to such Retained Employees immediately prior to the date hereof. With respect to such employee plans and programs provided by the Surviving Corporation and its Subsidiaries and successors, service accrued by such Retained Employees during employment with the Company and its Subsidiaries prior to the Effective Time shall be recognized for all purposes, except to the extent necessary to prevent duplication of benefits.

(b) Parent and the Purchaser agree to honor, and cause the Surviving Corporation to honor, without modification, all employment and severance agreements and arrangements, as amended through the date hereof, with respect to employees and former employees of the Company that are listed in Section 3.8 of the Company Disclosure Letter (collectively, the "Severance Agreements").

(c) After the date hereof and prior to the Effective Time, Parent and the Company shall reasonably cooperate to develop and adopt an employee retention plan for key employees of the Company, which shall be subject to Parent approval.

Section 5.4 No Solicitation. (a) The Company and its Subsidiaries will not, and will use their best efforts to cause their respective officers, directors, employees and investment bankers, attorneys or other agents retained by or acting on behalf of the Company or any of its Subsidiaries not to, (i) initiate, solicit or encourage, directly or indirectly, any inquiries or the making of any proposal that constitutes or is reasonably likely to lead to any Acquisition Proposal (as defined in Section 5.4(c) hereof), (ii) engage in negotiations or discussions (other than to advise as to the existence of the restrictions set forth in this Section 5.4) with, or furnish any information or data to, any third party relating to an Acquisition Proposal, or (iii) enter into any agreement with respect to any Acquisition Proposal or approve any Acquisition Proposal. Notwithstanding anything to the contrary contained in this Section 5.4 or in any other provision of this Agreement, the Company and its Board of Directors (i) may participate in discussions or negotiations (including, as a part thereof, making any counterproposal) with or furnish information to any third party making an unsolicited Acquisition Proposal (a "Potential Acquiror") or approve an unsolicited Acquisition Proposal if the Company's Board

of Directors is advised by its financial advisor that such Potential Acquiror has the financial wherewithal to be reasonably capable of consummating such an Acquisition Proposal, and the Board determines in good faith (A) after receiving advice from its financial advisor, that such third party has submitted to the Company an Acquisition Proposal which is a Superior Proposal (as defined in Section 5.4(d) hereof), and (B) based upon advice of outside legal counsel, that the failure to participate in such discussions or negotiations or to furnish such information or approve an Acquisition Proposal would violate the Board's fiduciary duties under applicable law. The Company agrees that any non-public information furnished to a Potential Acquiror will be pursuant to a confidentiality agreement containing confidentiality and standstill provisions substantially similar to the confidentiality and standstill provisions of the Confidentiality Agreement. In the event that the Company shall determine to provide any information as described above, or shall receive any Acquisition Proposal, it shall promptly inform Parent in writing as to the fact that information is to be provided and shall furnish to Parent the identity of the recipient of such information and/or the Potential Acquiror and the terms of such Acquisition Proposal, except to the extent that the Board determines in good faith, based upon advice of its outside legal counsel, that any such action described in this sentence would violate such Board's fiduciary duties under, or otherwise violate, applicable law. The Company will inform Parent of any material amendment to the essential terms of any such Acquisition Proposal except to the extent that the Board determines in good faith, based upon advice of outside legal counsel, that any such action would violate such Board's fiduciary duties under, or otherwise violate, applicable law.

(b) The Board of Directors of the Company shall not (i) withdraw or modify or propose to withdraw or modify, in any manner adverse to Parent, the approval or recommendation of such Board of Directors of this Agreement, the Offer or the Merger or (ii) approve or recommend, or propose to approve or recommend, any Acquisition Proposal unless, in each case, the Board determines in good faith (A) after receiving advice from its financial advisor, that such Acquisition Proposal is a Superior Proposal and (B) based upon advice of outside legal counsel, that the failure to take such action would violate the Board's fiduciary duties under applicable law.

(c) For purposes of this Agreement, "Acquisition Proposal" shall mean any bona fide proposal, whether in writing or otherwise, made by a third party to acquire beneficial ownership (as defined under Rule 13d-3 of the Exchange Act) of all or a material portion of the assets of, or any material equity interest in, the Company or its material Subsidiaries pursuant to a merger, consolidation or other business combination, sale of shares of capital stock, sale of assets, tender offer or exchange offer or similar transaction involving the Company or its material Subsidiaries including any single or multi-step transaction or series of related transactions which is structured to permit such third party to acquire beneficial ownership of any material portion of the assets of, or any material portion of the equity interest in, the Company or its material Subsidiaries (other than the transactions contemplated by this Agreement).

(d) The term "Superior Proposal" means any bona fide proposal to acquire, directly or indirectly, for consideration consisting of cash and/or securities, more than a majority of the Shares then outstanding or all or substantially all the assets of the Company, and otherwise on terms which the Board of Directors of the Company determines in good faith to be more favorable to the Company and its stockholders than the Offer and the Merger (based on advice of the Company's financial advisor that the value of the consideration provided for in such proposal is superior to the value of the consideration provided for in the Offer and the Merger), for which financing, to the extent required, is then committed or which, in the good faith reasonable judgment of the Board of Directors, after receiving advice from its financial advisor, is reasonably capable of being financed by such third party.

Section 5.5 Publicity. The initial press releases with respect to the execution of this Agreement shall be acceptable to Parent and the Company and shall be in the form of Annex B hereto. Thereafter, so long as this Agreement is in effect, neither the Company, Parent nor any of their respective affiliates shall issue or cause the publication of any press release with respect to the Merger, this Agreement or the other transactions contemplated hereby without prior consultation with the other party, except as may be required by law or by any listing agreement with a national securities exchange or national securities quotation system.

Section 5.6 Indemnification. The Company shall, and from and after the consummation of the Offer, Parent and the Surviving Corporation shall jointly and severally, indemnify, defend and hold harmless the present and former directors and officers of the Company and its Subsidiaries (the "Indemnified Parties") from and against all losses, expenses, claims, damages or liabilities arising out of the transactions contemplated by this Agreement to the fullest extent permitted or required under applicable law. All rights to indemnification existing in favor of the directors and officers of the Company as provided in the Company's Certificate of Incorporation or By-laws, as in effect as of the date hereof, with respect to matters occurring through the Effective Time, shall survive the Merger and shall not be amended, repealed or otherwise modified for a period of six years after the consummation of the Offer in any manner that would adversely affect the rights of the individuals who at or prior to the consummation of the Offer were directors or officers of the Company with respect to occurrences at or prior to the consummation of the Offer and Parent shall cause the Surviving Corporation to honor all such rights to indemnification.

Section 5.7 Approvals and Consents; Cooperation; Notification. (a) The parties hereto shall use their respective reasonable best efforts, and cooperate with each other, to (i) determine as promptly as practicable all governmental and third party authorizations, approvals, consents or waivers, including, pursuant to the HSR Act, advisable (in Parent's and Purchaser's discretion) or required in order to consummate the transactions contemplated by this Agreement, including, the Offer and the Merger and (ii) obtain such authorizations, approvals, consents or waivers as promptly as practicable.

(b) The Company, Parent and the Purchaser shall take all actions necessary to file as soon as practicable all notifications, filings and other documents required to obtain all governmental authorizations, approvals, consents or waivers, including, under the HSR Act, and to respond as promptly as practicable to any inquiries received from the Federal Trade Commission, the Antitrust Division of the Department of Justice and any other Governmental Entity for additional information or documentation and to respond as promptly as practicable to all inquiries and requests received from any Governmental Entity in connection therewith.

(c) The Company shall give prompt notice to Parent of (i) the occurrence of any event, condition or development material to the Company and its Subsidiaries, taken as a whole, and (ii) any notice from any Person claiming its consent is required in connection with the transactions contemplated by this Agreement. Each of the Company and Parent shall give prompt notice to the other of the occurrence or failure to occur of an event that would, or, with the lapse of time would cause any condition to the consummation of the Offer or the Merger not to be satisfied.

Section 5.8 Further Assurances. Each of the parties hereto agrees to use its respective reasonable best efforts to take, or cause to be taken, all action, and to do, or cause to be done, all things necessary, proper or advisable under applicable laws and regulations to consummate and make effective the transactions contemplated by this Agreement, including, the Offer and the Merger.

Section 5.9 Taxes. With respect to any Taxes, the Company shall not (i) make any material tax election or (ii) settle or compromise any material income tax liability (whether with respect to amount or timing), in each case without the prior written consent of Parent which consent shall not be unreasonably withheld.

Section 5.10 Shareholder Litigation. The Company and Parent agree that in connection with any litigation which may be brought against the Company or its directors relating to the transactions contemplated hereby, the Company will keep Parent, and any counsel which Parent may retain at its own expense, informed of the course of such litigation, to the extent Parent is not otherwise a party thereto, and the Company agrees that it will consult with Parent prior to entering into any settlement or compromise of any such shareholder litigation; provided, that, no such settlement or compromise will be entered into without Parent's prior written consent, which consent shall not be unreasonably withheld.

Section 5.11 Loan and Security Agreement. Concurrently with the execution and delivery of this Agreement, the Company and Parent shall execute and deliver the Loan and Security Agreement in the form of Annex C attached hereto.

ARTICLE VI

CONDITIONS

Section 6.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger shall be subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) this Agreement shall have been adopted by the requisite vote of the holders of Company Common Stock, if required by applicable law and the Certificate of Incorporation (provided that Parent shall comply with its obligations in respect of the voting of Shares set forth in Section 1.8(b));

(b) any waiting period applicable to the Merger under the HSR Act shall have expired or been terminated;

(c) no statute, rule, regulation, order, decree or injunction shall have been enacted, promulgated or issued by any Governmental Entity or court which prohibits the consummation of the Merger; and

(d) Parent, the Purchaser or their affiliates shall have purchased shares of Company Common Stock pursuant to the Offer.

Section 6.2 Conditions to the Obligations of the Company to Effect the Merger. The obligation of the Company to effect the Merger shall be further subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) the representations and warranties of Parent and the Purchaser shall be true and accurate in all material respects as of the Effective Time as if made at and as of such time (except for those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time which need only be true and accurate as of such date or with respect to such period); and

(b) each of Parent and the Purchaser shall have performed in all material respects all of the respective obligations hereunder required to be performed by Parent or the Purchaser, as the case may be, at or prior to the Effective Time.

Section 6.3 Conditions to the Obligations of Parent and the Purchaser to Effect the Merger. The obligations of Parent and the Purchaser to effect the Merger shall be further subject to the satisfaction at or prior to the Effective Time of the following conditions:

(a) the representations and warranties of the Company shall be true and accurate in all material respects as of the Effective Time as if made at and as of such time

(except for those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time which need only be true and accurate as of such date or with respect to such period); and

(b) the Company shall have performed in all material respects all of the respective obligations hereunder required to be performed by the Company, at or prior to the Effective Time.

Section 6.4 Exception. The conditions set forth in Section 6.2 and 6.3 hereof shall cease to be conditions to the obligations of the parties if the Purchaser shall have accepted for payment and paid for Shares validly tendered pursuant to the Offer.

ARTICLE VII

TERMINATION

Section 7.1 Termination. This Agreement may be terminated and the Merger contemplated herein may be abandoned at any time prior to the Effective Time, whether before or after stockholder approval thereof:

(a) By the mutual consent of Parent, the Purchaser and the Company.

(b) By either of the Company, on the one hand, or Parent and the Purchaser, on the other hand:

(i) if shares of Company Common Stock shall not have been purchased pursuant to the Offer on or prior to February 23, 1998, which date may be extended by Parent, in its sole discretion, for up to an additional 30 days; provided further, however, that the right to terminate this Agreement under this Section 7.1(b)(i) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of, or resulted in, the failure of Parent or the Purchaser, as the case may be, to purchase shares of Company Common Stock pursuant to the Offer on or prior to such date; or

(ii) if any Governmental Entity shall have issued an order, decree or ruling or taken any other action (which order, decree, ruling or other action the parties hereto shall use their respective reasonable best efforts to lift), in each case permanently restraining, enjoining or otherwise prohibiting the transactions contemplated by this Agreement or prohibiting Parent to acquire or hold or exercise rights of ownership of the Shares, and such order, decree, ruling or other action shall have become final and non-appealable.

(c) By the Company:

(i) if, prior to the purchase of shares of Company Common Stock pursuant to the Offer, either (A) a third party shall have made an Acquisition Proposal that the Board of Directors of the Company determines in good faith, after consultation with its financial advisor, is a Superior Proposal and the Company shall have concurrently executed a definitive agreement with such third party in respect of such Superior Proposal, or (B) the Board of Directors of the Company shall have withdrawn, or modified or changed in any manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, this Agreement or the Merger (or the Board of Directors of the Company resolves to do any of the foregoing); or

(ii) if Parent or the Purchaser shall have terminated the Offer, or the Offer shall have expired, without Parent or the Purchaser, as the case may be, purchasing any shares of Company Common Stock pursuant thereto; provided that the Company may not terminate this Agreement pursuant to this Section 7.1(c)(ii) if the Company is in willful breach of this Agreement; or

(iii) if, due to an occurrence that if occurring after the commencement of the Offer would result in a failure to satisfy any of the conditions set forth in Annex A hereto, Parent or the Purchaser shall have failed to commence the Offer on or prior to five business days following the date of the initial public announcement of the Offer; provided, that the Company may not terminate this Agreement pursuant to this Section 7.1(c)(iii) if the Company is in willful breach of this Agreement.

(d) By Parent and the Purchaser:

(i) if, prior to the purchase of shares of Company Common Stock pursuant to the Offer, the Board of Directors of the Company shall have withdrawn, modified or changed in a manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, this Agreement or the Merger or shall have recommended an Acquisition Proposal or shall have executed an agreement in principle or definitive agreement relating to an Acquisition Proposal or similar business combination with a person or entity other than Parent, the Purchaser or their affiliates (or the Board of Directors of the Company resolves to do any of the foregoing); or

(ii) if, due to an occurrence that if occurring after the commencement of the Offer would result in a failure to satisfy any of the conditions set forth in Annex A hereto, Parent or the Purchaser shall have failed to commence the Offer on or prior to five business days following the date of the initial public

announcement of the Offer; provided that Parent may not terminate this Agreement pursuant to this Section 7.1(d)(ii) if Parent or the Purchaser is in willful breach of this Agreement.

Section 7.2 Effect of Termination.

(a) In the event of the termination of this Agreement as provided in Section 7.1, written notice thereof shall forthwith be given to the other party or parties specifying the provision hereof pursuant to which such termination is made, and this Agreement shall forthwith become null and void, and there shall be no liability on the part of Parent, the Purchaser or the Company or their respective directors, officers, employees, shareholders, representatives, agents or advisors other than, with respect to Parent, the Purchaser and the Company, the obligations pursuant to this Section 7.2, Sections 8.1, 8.2, 8.3, 8.4, 8.5, 8.6, 8.7, 8.8, 8.10, 8.11, 8.12, 8.13 and the last sentence of Section 5.2. Nothing contained in this Section 7.2 shall relieve Parent, the Purchaser or the Company from liability for willful breach of this Agreement.

(b) In the event that this Agreement is terminated by the Company pursuant to Section 7.1(c)(i) hereof or by Parent and the Purchaser pursuant to Section 7.1(d)(i) hereof, the Company shall pay to Parent by certified check or wire transfer to an account designated by Parent immediately following receipt of a request therefor, an amount equal to $8 million (the "Termination Fee").

ARTICLE VIII

MISCELLANEOUS

Section 8.1 Amendment and Modification. Subject to applicable law, this Agreement may be amended, modified and supplemented in any and all respects, whether before or after any vote of the stockholders of the Company contemplated hereby, by written agreement of the parties hereto, by action taken by their respective Boards of Directors (which in the case of the Company shall include approvals as contemplated in Section 1.3(b)), at any time prior to the Closing Date with respect to any of the terms contained herein; provided, however, that after the approval of this Agreement by the stockholders of the Company, no such amendment, modification or supplement shall reduce or change the Merger Consideration or adversely affect the rights of the Company's stockholders hereunder without the approval of such stockholders.

Section 8.2 Nonsurvival of Representations and Warranties. None of the representations and warranties in this Agreement or in any schedule, instrument or other document delivered pursuant to this Agreement shall survive the Effective Time. This Section

8.2 shall not limit any covenant or agreement contained in this Agreement which by its terms contemplates performance after the Effective Time.

Section 8.3 Notices. All notices and other communications hereunder shall be in writing and shall be deemed given if delivered personally, telecopied (which is confirmed) or sent by an overnight courier service, such as Federal Express, with delivery by such service confirmed, to the parties at the following addresses (or at such other address for a party as shall be specified by like notice):

(a) if to Parent or the Purchaser, to:

Texas Instruments Incorporated
7839 Churchill Way
P.O. Box 650311, M/S 3995
Dallas, Texas 75265
Telephone: (972) 917-3810
Telecopy: (972) 917-3804
Attention: Charles D. Tobin

with copies to:

Texas Instruments Incorporated
P.O. Box 655474, M/S 241
Dallas, Texas 75265
Telephone: (972) 995-2551
Telecopy: (972) 995-9133
Attention: Richard J. Aqnich, Esq.

and

Weil, Gotshal & Manges LLP
100 Crescent Court, Suite 1300
Dallas, Texas 75201-6950
Telephone: (214) 746-7738
Telecopy: (214) 746-7777
Attention: R. Scott Cohen, Esq.

(b) if to the Company, to:

Amati Communications Corporation
2043 Samaritan Drive
San Jose, California 95124
Telephone: (408) 879-2000

Telecopy: (408) 879-2900
Attention: James Steenbergen

with a copy to:

Heller Ehrman White & McAuliffe
525 University Avenue
Palo Alto, California 94301-1900
Telephone: (650) 324-7025
Telecopy: (650) 324-0638
Attention: Richard A. Peers, Esq.

Any notice which is not sent to the party's counsel in the manner and at the address or telecopy number set forth above within 24 hours following the time such notice is given to such party shall be deemed not to be validly delivered to such party.

Section 8.4 Interpretation. The words "hereof", "herein" and "herewith" and words of similar import shall, unless otherwise stated, be construed to refer to this Agreement as a whole and not to any particular provision of this Agreement, and article, section, paragraph, exhibit and schedule references are to the articles, sections, paragraphs, exhibits and schedules of this Agreement unless otherwise specified. Whenever the words "include", "includes" or "including" are used in this Agreement they shall be deemed to be followed by the words "without limitation". The words describing the singular number shall include the plural and vice versa, and words denoting any gender shall include all genders and words denoting natural persons shall include corporations and partnerships and vice versa. The phrase "to the best knowledge of" or any similar phrase shall mean such facts and other information which as of the date of determination are actually known to any vice president, chief financial officer, general counsel, chief compliance officer, controller, and any officer superior to any of the foregoing, of the referenced party after the conduct of a reasonable investigation under the circumstances by such officer. The phrases "the date of this Agreement", "the date hereof" and terms of similar import, unless the context otherwise requires, shall be deemed to refer to November 19, 1997. As used in this Agreement, the term "affiliate(s)" shall have the meaning set forth in Rule 12b-2 of the Exchange Act. The parties have participated jointly in the negotiation and drafting of this Agreement. In the event an ambiguity or question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provisions of this Agreement.

Section 8.5 Counterparts. This Agreement may be executed in two or more counterparts, all of which shall be considered one and the same agreement and shall become effective when two or more counterparts have been signed by each of the parties and delivered to the other parties, it being understood that all parties need not sign the same counterpart.

Section 8.6 Entire Agreement; Third Party Beneficiaries. This Agreement and the Confidentiality Agreement (including the documents and the instruments referred to herein and therein) (a) constitutes the entire agreement and supersedes all prior agreements and understandings, both written and oral, among the parties with respect to the subject matter hereof, and (b) except as provided in Sections 5.3 and 5.6, are not intended to confer upon any person other than the parties hereto any rights or remedies hereunder.

Section 8.7 Severability. If any term, provision, covenant or restriction of this Agreement is held by a court of competent jurisdiction or other authority to be invalid, void, unenforceable or against its regulatory policy, the remainder of the terms, provisions, covenants and restrictions of this Agreement shall remain in full force and effect and shall in no way be affected, impaired or invalidated.

Section 8.8 Governing Law. This Agreement shall be governed and construed in accordance with the laws of the State of Delaware without giving effect to the principles of conflicts of law thereof or of any other jurisdiction.

Section 8.9 Specific Performance. Each of the parties hereto acknowledges and agrees that in the event of any breach of this Agreement, each non-breaching party would be irreparably and immediately harmed and could not be made whole by monetary damages. It is accordingly agreed that the parties hereto (a) will waive, in any action for specific performance, the defense of adequacy of a remedy at law and (b) shall be entitled, in addition to any other remedy to which they may be entitled at law or in equity, to compel specific performance of this Agreement in any action instituted in a court of competent jurisdiction.

Section 8.10 Assignment. Neither this Agreement nor any of the rights, interests or obligations hereunder shall be assigned by any of the parties hereto (whether by operation of law or otherwise) without the prior written consent of the other parties. Subject to the preceding sentence, this Agreement will be binding upon, inure to the benefit of and be enforceable by the parties and their respective permitted successors and assigns.

Section 8.11 Expenses. Except as set forth in Section 7.2 hereof, all costs and expenses incurred in connection with the Offer, the Merger, this Agreement and the consummation of the transactions contemplated hereby shall be paid by the party incurring such costs and expenses, whether or not the Offer or the Merger is consummated.

Section 8.12 Headings. Headings of the Articles and Sections of this Agreement are for convenience of the parties only, and shall be given no substantive or interpretative effect whatsoever.

Section 8.13 Waivers. Except as otherwise provided in this Agreement, any failure of any of the parties to comply with any obligation, covenant, agreement or condition herein may be waived by the party or parties entitled to the benefits thereof only by a written instrument

signed by the party granting such waiver, but such waiver or failure to insist upon strict compliance with such obligation, covenant, agreement or condition shall not operate as a waiver of, or estoppel with respect to, any subsequent or other failure.

Section 8.14 Disclosure Letter. The Company Disclosure Letter shall be construed with and as an integral part of this Agreement to the same extent as if the same had been set forth verbatim herein. Any matter disclosed pursuant to the Company Disclosure Letter shall be deemed to be disclosed for all purposes under this Agreement but such disclosure shall not be deemed to be an admission or representation as to the materiality of the item so disclosed.

IN WITNESS WHEREOF, Parent, the Purchaser and the Company have caused this Agreement to be signed by their respective officers thereunto duly authorized as of the date first written above.

TEXAS INSTRUMENTS INCORPORATED

By: /s/ RICHARD K. TEMPLETON

Name: Richard K. Templeton
Title: President, Semiconductor Group

DSL ACQUISITION CORPORATION

By: /s/ GEORGE BARBER

Name: George Barber
Title: President

AMATI COMMUNICATIONS CORPORATION

By: /s/ JAMES STEENBERGEN

Name: James Steenbergen
Title: President and Chief Executive Officer

ANNEX A

CONDITIONS TO THE OFFER

Notwithstanding any other provision of the Offer, subject to the provisions of the Merger Agreement, the Purchaser shall not be required to accept for payment or, subject to any applicable rules and regulations of the SEC, including Rule 14e-1(c) under the Exchange Act (relating to the Purchaser's obligation to pay for or return tendered Shares promptly after termination or withdrawal of the Offer), pay for, and may delay the acceptance for payment of or, subject to the restriction referred to above, the payment for, any tendered Shares, and may terminate the Offer and not accept for payment any tendered Shares if (i) any applicable waiting period under the HSR Act has not expired or been terminated prior to the expiration of the Offer, (ii) the Minimum Condition has not been satisfied, or (iii) at any time on or after November 19, 1997, and before the time of acceptance of Shares for payment pursuant to the Offer, any of the following events shall occur:

(a) there shall have been any statute, rule, regulation, judgment, order or injunction promulgated, entered, enforced, enacted or issued applicable to the Offer or the Merger by any federal or state governmental regulatory or administrative agency or authority or court or legislative body or commission which (1) prohibits the consummation of the Offer or the Merger, (2) prohibits, or imposes any material limitations on, Parent's or the Purchaser's ownership or operation of all or a material portion of the Company's businesses or assets or the Shares, except for such prohibitions or limitations which would not have a Company Material Adverse Effect, (3) prohibits, or makes illegal the acceptance for payment, payment for or purchase of Shares or the consummation of the Offer, or (4) renders the Purchaser unable to accept for payment, pay for or purchase a material portion or all of the Shares; provided, that the parties shall have used their reasonable best efforts to cause any such statute, rule, regulation, judgment, order or injunction to be vacated or lifted;

(b) the representations and warranties of the Company set forth in the Merger Agreement shall not be true and accurate as of the date of consummation of the Offer as though made on or as of such date (except for those representations and warranties that address matters only as of a particular date or only with respect to a specific period of time which need only be true and accurate as of such date or with respect to such period), except where the failure of such representations and warranties to be true and accurate (without giving effect to any limitation as to "materiality" or "material adverse effect" set forth therein), do not, individually or in the aggregate, have a Company Material Adverse Effect;

(c) the Company shall have breached or failed to perform or comply with, in all material respects, any material obligation, agreement or covenant required by the Merger Agreement to be performed or complied with by it as of the date of consummation of the Offer

(d) the Merger Agreement shall have been terminated in accordance with its terms;

(e) the Board of Directors of the Company shall have withdrawn, modified or changed in a manner adverse to Parent or the Purchaser its approval or recommendation of the Offer, the Merger Agreement or the Merger or shall have recommended an Acquisition Proposal or shall have executed an agreement in principle or definitive agreement relating to an Acquisition Proposal or similar business combination with a person or entity other than Parent, the Purchaser or their affiliates or the Board of Directors of the Company shall have adopted a resolution to do any of the foregoing;

(f) Thirty percent (30%) or more of the key personnel of the Company and its Subsidiaries identified on Schedule A(h) of the Company Disclosure Letter shall no longer be employed by the Company or its Subsidiaries or shall have submitted their resignations.

The foregoing conditions are for the sole benefit of the Purchaser and Parent and, subject to the Merger Agreement, may be asserted by either of them or may be waived by Parent or the Purchaser, in whole or in part at any time and from time to time in the sole discretion of Parent or the Purchaser. The failure by Parent or the Purchaser at any time to exercise any such rights shall not be deemed a waiver of any right and each right shall be deemed an ongoing right which may be asserted at any time and from time to time.

EXHIBIT (c)(2)

$19,774,000

LOAN AND SECURITY AGREEMENT

dated as of November 19, 1997

between

AMATI COMMUNICATIONS CORPORATION

as Borrower

and

TEXAS INSTRUMENTS INCORPORATED

as Lender

THE FOLLOWING TABLE OF CONTENTS HAS BEEN INSERTED FOR CONVENIENCE ONLY AND DOES NOT CONSTITUTE A PART OF THIS AGREEMENT.

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EXHIBITS

SCHEDULES

LOAN AND SECURITY AGREEMENT

THIS LOAN AND SECURITY AGREEMENT, dated as of November 19, 1997, is made by and between AMATI COMMUNICATIONS CORPORATION, a Delaware corporation (the "Borrower"), and TEXAS INSTRUMENTS INCORPORATED, a Delaware corporation (together with its successors and assigns, the "Lender"). Capitalized terms used herein and not otherwise defined herein shall have the respective meanings provided in the Merger Agreement (as hereinafter defined).

RECITALS

WHEREAS, the Borrower desires that the Lender extend financing to the Borrower pursuant to the terms of this Agreement;

WHEREAS, the Lender is willing to extend financing to the Borrower pursuant to the terms of this Agreement for the purposes specified herein; and

WHEREAS, concurrently with the execution and delivery of this Agreement and as a condition precedent thereto, the Borrower, the Lender and DSL Acquisition Corporation ("Merger Sub") have entered into that certain Agreement and Plan of Merger of even date herewith (the "Merger Agreement"), pursuant to which the Merger Sub will commence a tender offer for all outstanding shares of common stock, par value $.20 per share, of the Borrower and, subject to the consummation of such tender offer, Merger Sub will be merged with and into the Borrower with the Borrower continuing as the surviving corporation and a wholly-owned subsidiary of the Lender;

NOW, THEREFORE, in consideration of the mutual agreements contained herein, and subject to the terms and conditions hereof, the parties hereto agree as follows:

ARTICLE I
DEFINITIONS AND ACCOUNTING TERMS

SECTION 1.1 Certain Defined Terms. As used in this Agreement, the following terms shall have the following meanings (such meanings to be equally applicable to both the singular and plural forms of the terms defined):

"Agreement" means this Loan and Security Agreement, as hereafter amended, modified, restated, refinanced, refunded or renewed from time to time in whole or in part.

"Authorized Officer" means any one of the following officers of the Borrower: the Chief Executive Officer, the Chief Financial Officer or the Vice President, Business Development.

"Borrower" - see Preamble.

"Business Day" means any day excluding Saturday, Sunday and any day which is a legal holiday under the laws of the State of Texas or is a day on which banking institutions located in such state are authorized or required by law or other governmental action to close.

"Code" means the Internal Revenue Code of 1986, as amended, and all rules and regulations thereunder.

"Collateral" - see Section 6.1.

"Commitments" means the commitments of the Lender to make the Term Loan and the Revolving Loans pursuant to Sections 2.1(a) and 2.1(b), respectively.

"Computer Hardware and Software" shall mean (a) all computer and other electronic data processing hardware, integrated computer systems, central processing units, memory units, display terminals, printers, features, computer elements, card readers, tape drives, hard and soft disk drives, cables, electrical supply hardware, generators, power equalizers, accessories and all peripheral devices and other related computer hardware, whether now owned, licensed or leased or hereafter acquired by the Borrower; (b) all software programs, including source code and object code whether now owned, licensed or leased or hereafter acquired by the Borrower, designed for use on the computers and electronic data processing hardware described in clause (a) above; (c) all firmware associated therewith, whether now owned, licensed or leased or hereafter acquired by the Borrower; and (d) all documentation for such hardware, software and firmware described in the preceding clauses (a), (b) and (c), whether now owned, licensed or leased or hereafter acquired by the Borrower.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control which, together with the Borrower, are treated as a single employer under section 414(b) or section 414(c) of the Code or section 4001 of ERISA.

"Copyright Collateral" shall mean all of the Borrower's right, title and interest in and to registered and unregistered copyrights (including, without limitation, copyrights for

any of the Computer Hardware and Software), copyright registrations and copyright applications, which, in the case of registrations and applications, have been or are hereafter issued by or filed with the CRO or any similar office or agency of any other countries, including, without limitation, the copyrighted works, copyright registrations and copyright applications listed on Schedule I attached hereto and made a part hereof.

"Copyright Security Agreement" means a Copyright Security Agreement in substantially the form attached hereto as Exhibit A.

"CRO" shall mean the United States Copyright Office.

"Default" means any event which if it continues uncured would, with lapse of time or notice, or both, constitute an Event of Default.

"Dollars" and the sign "$" means lawful money of the United States of America.

"Equipment" - see Section 6.1.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"Event of Default" means any of the events described in Section 10.1.

"GAAP" - see Section 1.3.

"Indebtedness", as applied to any Person, means (i) all indebtedness for borrowed money, (ii) all notes payable and drafts accepted representing extensions of credit whether or not representing obligations for borrowed money, (iii) any obligation owed for all or any part of the deferred purchase price of property or services (excluding obligations incurred under ERISA) which purchase price is (x) due more than six months from the date of incurrence of the obligation in respect thereof or (y) evidenced by a note or similar written instrument, (iv) all indebtedness secured by any Lien on any property or asset owned or held by that Person regardless of whether the indebtedness secured thereby shall have been assumed by that Person or is nonrecourse to the credit of that Person and (v) that portion of obligations with respect to capital leases that is properly classified as a liability on a balance sheet in conformity with GAAP.

"Intellectual Property Collateral" shall mean (i) the Trademark Collateral, Copyright Collateral and Patent Collateral; (ii) all reissues, divisions, continuations, renewals, extensions and continuations-in-part of any of the foregoing; (iii) all license agreements related to any of the foregoing set forth in this definition; (iv) all income, royalties, damages and payments now and hereafter due or payable with respect thereto, including without limitation, payments, under all licenses entered into in connection therewith and damages, settlements and payments for past or future infringements thereof; (v) all books, records, writings, computer tapes or disks, flow diagrams, specification sheets, source codes, object codes and other physical manifestations, embodiments or incorporation of the foregoing set forth in this definition; and (vi) the right to sue for all past, present and future infringements of any of the foregoing set forth in this definition.

"Inventory" - see Section 6.1.

"Lender" - see Preamble.

"Liabilities" means all obligations of the Borrower to the Lender howsoever created, arising or evidenced, whether direct or indirect, joint or several, absolute or contingent, or now or hereafter existing, or due or to become due, which arise out of or in connection with this Agreement, the Notes or any other Related Document.

"Lien" means any security interest, mortgage, pledge, hypothecation, assignment, deposit arrangement, encumbrance, lien (statutory or other), claim, charge or other priority or preferential arrangement of any kind or nature whatsoever.

"Loan(s)" - see Section 2.1.

"Material Adverse Effect" means any material adverse effect on the business, assets, liabilities, financial condition or results of operations of the Borrower and its Subsidiaries taken as a whole.

"Merger Agreement" - see third recital.

"Notes" means, collectively, the Term Note and the Revolving Note.

"Payment Date" - see Section 4.2.

"Patent Collateral" shall mean all of the Borrower's right, title and interest in and to patents, patent applications, inventions, trade secrets, know-how and proprietary information, which, in the case of patents or patent applications, have been or are hereafter issued by or filed with the PTO or any similar office or agency of any other countries, including, without limitation, the patents and patent applications listed on Schedule II attached hereto and made part thereof.

"Patent Security Agreement" means a Patent Security Agreement in substantially the form attached hereto as Exhibit B.

"PBGC" means the Pension Benefit Guaranty Corporation and any entity succeeding to any or all of its functions under ERISA.

"Pension Plan" means a "pension plan," as such term is defined in section 3(2) of ERISA (including a multi-employer plan as defined in section 4001 (a) (3) of ERISA), to which the Borrower or any corporation, trade or business that is, along with the Borrower, a member of a Controlled Group, may have liability, including any liability by reason of having been a substantial employer within the meaning of section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under section 4069 of ERISA.

"Permitted Liens" shall mean the Liens described on Schedule III attached hereto.

"Person" means any natural person, corporation, limited partnership, general partnership, limited liability company, limited liability partnership, joint stock company, joint venture, association, company, trust, bank, trust company, land trust, business trust or other organization, whether or not a legal entity, or any government, agency or other administrative or regulatory body.

"Prime Rate" means the rate that NationsBank announces as its prime lending rate, as in effect from time to time.

"PTO" shall mean the United States Patent and Trademark Office.

"Receivables" - see Section 6.1.

"Related Contracts" - see Section 6.1.

"Related Documents" shall mean the Term Note, the Revolving Note, the Copyright Security Agreement, the Patent Security Agreement and the Trademark Security Agreement.

"Reportable Event" shall have the meaning assigned to such term in ERISA.

"Revolving Loan Commitment" means the commitment of the Lender to make the Revolving Loans pursuant to Section 2.1(b).

"Revolving Loan Commitment Termination Date" - see Section 2.1(b).

"Subsidiary" means, with respect to any party, any corporation, partnership or other entity or organization, whether incorporated or unincorporated, of which (i) such party or any other Subsidiary of such party is a general partner (excluding such partnerships where such party or any Subsidiary of such party do not have a majority of the voting interest in such partnership) or (ii) at least a majority of the securities or other interests having by their terms ordinary voting powers to elect a majority of the board of directors or others performing similar functions with respect to such corporation or other organization is directly or indirectly owned or controlled by such party or by any one or more of its Subsidiaries, or by such party and one or more of its Subsidiaries.

"SVB" means Silicon Valley Bank.

"SVB Loan Agreement" means the Loan and Security Agreement dated as of April 25, 1997 between Borrower and SVB.

"Termination Date" means September 30, 1999.

"Trademark Collateral" shall mean all of the Borrower's right, title and interest in and to registered and unregistered trademarks, service marks, trade names, designs, logos, indicia, and/or other source and/or business identifiers and the goodwill of the business relating to any and all of the foregoing and any registrations or applications therefor, which, in the case of applications or registrations, have been or are hereafter issued by or filed with the PTO, with any similar office or agency of any state, territory or possession of the United States or any similar office or agency of any other countries or, if not so filed, are otherwise used in the United States, any state, territory or possession thereof or any other country, including, without limitation, the marks, names, logos, indicia, trademark registrations and trademark applications listed on Schedule IV attached hereto and made a part hereof.

"Trademark Security Agreement" means a Trademark Security Agreement in substantially the form attached hereto as Exhibit C.

"U.C.C." shall mean the Uniform Commercial Code or comparable statute or any successor statute thereto, as in effect from time to time in the relevant jurisdiction.

SECTION 1.2 Other Definitional Provisions.

(a) All terms defined in this Agreement shall have the above-defined meanings when used in any certificate, report or other document made or delivered pursuant to this Agreement, unless the context therein shall clearly otherwise require.

(b) The words "hereof," "herein," "hereunder" and similar terms when used in this Agreement shall refer to this Agreement as a whole and not to any particular provision of this Agreement.

(c) The words "amended or modified" when used in this Agreement shall mean with respect to this Agreement or any Related Document, this Agreement or Related Document as from time to time, in whole or in part, amended, modified, supplemented, restated, refinanced, refunded or renewed.

(d) In the computation of periods of time in this Agreement from a specified date to a later specified date, the word "from" means "from and including" and the words "to" and "until" each means "to but excluding."

SECTION 1.3 Accounting and Financial Determinations. For purposes of this Agreement, unless otherwise specified, all accounting terms used herein shall be interpreted, all accounting determinations and computations hereunder shall be made, and all financial statements required to be delivered hereunder shall be prepared in accordance with, those generally accepted accounting principles ("GAAP") applied in the preparation of the financial statements referred to in Section 3.5 of the Merger Agreement.

ARTICLE II
THE LOAN COMMITMENTS

SECTION 2.1 Commitments. Subject to the terms and conditions hereof and in reliance upon the representations and warranties of Company herein set forth, Lender agrees to

make the loans described in subsections 2.1(a) and 2.1(b) (each referred to herein individually, as a "Loan", and collectively, as the "Loans").

(a) Term Loan. Lender agrees to make a loan (the "Term Loan) to Borrower on the date hereof in a single advance in the amount of $14,774,000. Amounts borrowed pursuant to this subsection 2.1(a) and subsequently repaid or prepaid may not be reborrowed.

(b) Revolving Loans. Lender agrees to make loans (each referred to herein individually, as a "Revolving Loan," and collectively, as "Revolving Loans") to Borrower from time to time during the period from the date hereof to the earlier of (i) the Effective Time and (ii) the termination of the Merger Agreement (the "Revolving Loan Commitment Termination Date") in an aggregate amount not to exceed at any time $5,000,000 (the "Maximum Revolver Amount"). Amounts borrowed pursuant to this subsection 2.1(b) may be repaid and, subject to the Maximum Revolver Amount and the other terms and conditions herein, reborrowed.

SECTION 2.2 Borrowing Procedures. Any Authorized Officer of the Borrower may request a Loan on any Business Day prior to the Revolving Loan Commitment Termination Date (provided, however, that the Term Loan shall be made only on the date hereof) by giving the Lender telephonic or facsimile notice (which notice shall be irrevocable once given and shall be promptly confirmed in writing if given telephonically). Each request for a Loan must be received by the Lender prior to 12:00 noon, Dallas time, on the proposed date of borrowing (which must be a Business Day) and shall specify (a) the principal amount of such borrowing and (b) the proposed date of such borrowing. Each Revolving Loan shall be in a principal amount of $100,000 or an integral multiple of $100,000 in excess thereof. Subject to satisfaction of the applicable conditions precedent set forth in Section 8 hereof and the requirements as to the use of proceeds set forth in Section 5.5 hereof, the Lender shall make the proceeds of each Loan available to the Borrower by causing an amount of same day funds equal to the principal amount of the Loan to be credited to the account of the Borrower at a bank designated by the Borrower.

SECTION 2.3 Repayment of Loans. Subject to the provisions of Sections 5.2, 5.6 and 10.2, the Loans shall be payable (and the Borrower agrees to pay such Loans) in full in immediately available funds on the Termination Date.

ARTICLE III
NOTES EVIDENCING LOANS

SECTION 3.1 Term Note. The Term Loan shall be evidenced by a promissory note (the "Term Note") substantially in the form attached hereto as Exhibit D, with appropriate insertions, in a principal amount equal to the amount of the Term Loan.

SECTION 3.2 Revolving Note. The Revolving Loans shall be evidenced by a promissory note (the "Revolving Note") substantially in the form attached hereto as Exhibit E, with appropriate insertions, in the principal amount of $5,000,000.

SECTION 3.3 Recordation of Loans and Payments. The date and amount of each Loan made by the Lender and of each repayment of principal thereon received by the Lender shall be recorded by the Lender in its records, or at its option, on a schedule attached to the Term Note or the Revolving Note, as the case may be. The aggregate unpaid principal amount so recorded shall be rebuttable presumptive evidence of the principal amount owing and unpaid on such Note in the absence of manifest error. The failure to so record or any error in so recording any such amount shall not, however, limit or otherwise affect the obligations of the Borrower hereunder or under the Notes to repay the principal amount of the Loans together with all interest accrued thereon.

ARTICLE IV
INTEREST, ETC.

SECTION 4.1 Interest Rate. Subject to Section 4.3, the Term Loan and each Revolving Loan shall bear interest on the unpaid principal amount thereof from the date made through maturity (whether by acceleration, required prepayment or otherwise) a rate per annum equal to the Prime Rate plus two percent (2.0%).

SECTION 4.2 Interest Payment Dates. Subject to Section 4.3, accrued interest on the Loans shall be payable monthly in arrears on the first Business Day of each month and at maturity (each a "Payment Date"), commencing with the first of such dates to occur after the date hereof.

SECTION 4.3 Default Interest Rate. Upon and during the continuance of an Event of Default (as defined in Section 10.1), the outstanding principal amount of all Loans, and, to the extent permitted by applicable law, any interest payments thereon not paid when

due and any fees and other amounts then due and payable under this Agreement, shall bear interest (including post-petition interest in any proceeding under Title 11 of the United States Code, as now and hereinafter in effect, or any successor statute (the "Bankruptcy Code") or any other applicable bankruptcy laws) payable on demand at a rate that is three percent (3.0%) per annum in excess of the interest rate otherwise payable under this Agreement. Payment or acceptance of the increased rates of interest provided for in this Section 4.3 is not a permitted alternative to timely payment and shall not constitute a waiver of any Event of Default or otherwise prejudice or limit any rights or remedies of the Lender.

SECTION 4.4 Computation of Interest. All interest on the Loans shall be computed for the actual number of days elapsed on the basis of a 360-day year.

ARTICLE V
PAYMENTS AND PREPAYMENTS

SECTION 5.1 Voluntary Prepayments. The Borrower may from time to time prepay the Loans in whole or in part, provided that (a) each partial prepayment of a Loan shall be in a principal amount of $100,000 or an integral multiple thereof, and (b) any prepayment of the entire principal amount of all Loans shall include accrued interest to the date of prepayment.

SECTION 5.2 Mandatory Prepayments. Subject to Section 5.6, the Borrower shall make mandatory repayments of the Loans as follows:

(a) If the Merger Agreement shall be terminated by the Borrower pursuant to Section 7.1(c)(i) of the Merger Agreement or by Parent and Purchaser pursuant to Section 7.1(d)(i) or (ii) of the Merger Agreement, the Borrower shall, immediately on demand, repay the Loans (including interest accrued thereon) and any other Liabilities in full in immediately available funds.

(b) If the Merger Agreement shall be terminated for any reason under Section 7.1 of the Merger Agreement (other than pursuant to Sections 7.1(c)(i) or 7.1(d)(i) or (ii), Borrower shall, within 180 days of demand, repay the Loans (including interest accrued thereon) and any other Liabilities in full in immediately available funds.

(c) If at any time the amount of Revolving Loans outstanding shall exceed the Maximum Revolver Amount, the Borrower shall immediately repay the Revolving Loans in an amount equal to such excess.

SECTION 5.3 Making of Payments. Except as otherwise provided, all payments in respect of the Loans shall be made by the Borrower to the Lender in immediately available funds. All such payments shall be made to the Lender at its account at NationsBank or as otherwise directed by Lender, not later than 12:30 P.M., Dallas time, on the date due. Funds received after such time shall be deemed to have been received by the Lender on the next following Business Day.

SECTION 5.4 Due Date Extension. If any Payment Date falls on a day which is not a Business Day, then such Payment Date shall be extended to the next following Business Day (except as provided in Section 4.3), and additional interest shall accrue and be payable for the period of such extension.

SECTION 5.5 Use of Proceeds. The proceeds of the Term Loan shall be used by the Borrower solely for the purpose of paying to Westell Technologies, Inc. the fee required to be paid to it pursuant to Section 8.1(e) of the Agreement and Plan of Merger dated September 30, 1997 by and among Westell Technologies, Inc. ("Westell"), Kappa Acquisition Corp. and Borrower. The proceeds of the Revolving Loans shall be used by the Borrower (i) to repay in full on the date hereof (x) all amounts owing to Westell under the Loan and Security, dated as of September 30, 1997, between Westell and the Borrower (the "Westell Loan Agreement") and (y) all amounts owing to SVB under the SVB Loan Agreement and (ii) subsequent to such repayments, for general working capital purposes to the extent permitted by the Merger Agreement. The Borrower will not, directly or indirectly, use any part of such proceeds for the purpose of purchasing or carrying any margin stock within the meaning of Regulation U of the Board of Governors of the Federal Reserve System or to extend credit to any Person for the purpose of purchasing or carrying any such margin stock.

SECTION 5.6 Forgiveness of Term Loan. Notwithstanding anything to the contrary contained herein, the Lender agrees to forgive the outstanding principal amount of the Term Loan in the event that the Merger Agreement is terminated, except in the following circumstances:

(a) the Merger Agreement is terminated by the Borrower pursuant to Section 7.1(c)(i) of the Merger Agreement;

(b) the Merger Agreement is terminated by the Lender and Merger Sub pursuant to Section 7.1(d)(i) of the Merger Agreement;

(c) the Merger Agreement is terminated either by the Borrower pursuant to Section 7.1(b)(i), (c)(ii) or (c)(iii) or by the Lender and Merger Sub pursuant to Section 7.1(b)(i) or (d)(ii), and at the time of such termination any of the events specified in clauses (b), (c) or (e) of Annex A to the Merger Agreement shall have occurred and be continuing; and

(d) the Merger Agreement is terminated in accordance with its terms and, within six months after such termination, the Borrower or its stockholders consummate a transaction or enter into a definitive agreement with respect to an Acquisition Proposal (as defined in the Merger Agreement) pending at the time of such termination.

In connection with clause (d) above, the Lender and the Borrower agree that notwithstanding anything to the contrary contained herein, during the six month period specified in such clause (d), the Term Loan shall remain outstanding and the Lender shall forebear from enforcing its right to repayment of the Term Loan. If at the conclusion of such six month period no event described in clause (d) has occurred, the outstanding principal amount of the Term Loan shall be forgiven. If prior to the conclusion of such six month period an event described in clause (d) has occurred, the outstanding principal amount of the Term Loan shall thereupon become immediately due and payable.

ARTICLE VI
SECURITY

SECTION 6.1 Grant of Security. The Borrower hereby assigns, pledges and grants to the Lender a security interest in all of the Borrower's right, title and interest in and to the following, whether now or hereafter existing, acquired or created (the "Collateral"):

(a) As such terms are defined in the U.C.C., all "equipment", in all of its forms, wherever located and all fixtures and all parts thereof and all accessions, additions, attachments, improvements, substitutions and replacements thereto and therefore, including, but not limited to, Computer Hardware and Software (any and all of the foregoing being the "Equipment");

(b) As such terms are defined in the U.C.C., all "inventory", in all of its forms, wherever located including, without limitation, (i) all raw materials and work in process therefor, finished goods thereof and materials used or consumed in the manufacture or production thereof, (ii) all goods in which the Borrower has an interest in mass or a joint or other interest or right of any kind (including, without limitation, goods in which the Borrower has an interest or right as consignee), and (iii) all goods which are returned to or repossessed by the Borrower, and all accessions thereto and products thereof and documents therefor, including Computer Hardware and Software (any and all of the foregoing being the "Inventory");

(c) As such terms are defined in the U.C.C., all "accounts" (including, without limitation, any intercompany accounts), "contracts", "contract rights", "chattel paper", "documents", "instruments", "deposit accounts" and "general intangibles", and other obligations of any kind whether or not arising out of or in connection with the sale or lease of goods or the rendering of services, and all rights now or hereafter existing in and to all security agreements, guarantees, leases and other contracts securing or otherwise relating to any such accounts, contracts, contract rights, chattel paper, documents, instruments, deposit accounts, general intangibles and other obligations including, without limitation, to the extent applicable, the Material Contracts (as defined in the Merger Agreement), and all payments under contract rights constituting Collateral (any and all of the foregoing being the "Receivables," and any and all documents and written instruments related thereto being the "Related Contracts");

(d) All Intellectual Property Collateral;

(e) All Computer Hardware and Software;

(f) All books, records, writings, data bases, information and other property relating to, used or useful in connection with, evidencing, embodying, incorporating or referring to, any of the foregoing in this Section 6.1;

(g) All of the Borrower's other personal property and rights of every kind and description and interests therein, including, but not limited to, Computer Hardware and Software;

(h) All products, rents, issues, profits, returns, income and proceeds of and from and claims relating to any and all of the foregoing Collateral (including, without

limitation, proceeds which constitute property of the types described in clauses (a) through (g) of this Section 6.1), and, to the extent not otherwise included, all (i) payments under insurance (whether or not the Lender is the loss payee thereof), or any indemnity, warranty or guaranty, payable by reason of loss or damage to or otherwise with respect to any of the foregoing Collateral, and (ii) cash.

SECTION 6.2 Security for Liabilities. The security interests granted pursuant to Section 6.1 secure the prompt payment in full when due, whether at stated maturity, by required prepayment, declaration, acceleration, demand or otherwise (including the payment of amounts that would become due but for the operation of the automatic stay under Section 362(a) of the Bankruptcy Code), of all of the Liabilities in respect of the Revolving Loans now or hereafter existing, whether for principal, interest, fees, expenses or otherwise (the "Secured Liabilities"). Liabilities in respect of the Term Loan shall be unsecured obligations of the Borrower.

SECTION 6.3 Continuing Security Interest; Transfer of Note. This Agreement shall create a continuing security interest in the Collateral, which security interest shall:

(a) remain in full force and effect until the irrevocable payment in full of all Secured Liabilities and the termination of the Revolving Loan Commitment;

(b) be binding upon the Borrower, its successors, transferees and assigns; and

(c) inure to the benefit of the Lender, its successors, transferees and assigns.

Without limiting the generality of the foregoing clause (c), the Lender may assign or otherwise transfer (in whole or in part) the Loans or the Commitments, or any portion thereof, to any other Person or entity, and such other Person or entity shall thereupon become vested with all the rights and benefits in respect the security interest granted to the Lender under this Agreement or any Related Document or otherwise. Upon the payment in full of all Secured Liabilities and the termination of the Revolving Loan Commitment, the security interest granted herein shall terminate and all rights to the Collateral shall revert to the Borrower. Upon any such termination, the Lender will, at the Borrower's sole expense, execute and deliver to the Borrower such documents as the Borrower shall reasonably request to evidence such termination.

SECTION 6.4 Borrower Remains Liable. Anything herein to the contrary notwithstanding:

(a) Borrower shall remain liable under the contracts and agreements included in the Collateral to the extent set forth therein, and shall perform all of its duties and obligations thereunder to the same extent as if this Agreement had not been executed;

(b) the exercise by the Lender of any of its rights hereunder shall not release the Borrower from any of its duties or obligations under the contracts or agreements included in the Collateral; and

(c) the Lender shall not have any obligation or liability under such contracts or agreements included in the Collateral by reason of this Agreement, nor shall the Lender be obligated to perform any of the obligations or duties of the Borrower thereunder or to take any action to collect or enforce any claim for payment assigned hereunder.

SECTION 6.5 Further Assurances.

(a) The Borrower agrees that from time to time, at the expense of the Borrower, the Borrower will promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that the Lender may request, in order to perfect and protect any security interest granted or purported to be granted hereby or to enable the Lender to exercise and enforce its rights and remedies hereunder with respect to any Collateral. Without limiting the generality of the foregoing, the Borrower will: (i) mark conspicuously each item of chattel paper included in the Receivables and, at the request of the Lender, each of its records pertaining to the Collateral, with a legend, in form and substance satisfactory to the Lender, indicating that such Collateral is subject to the security interest granted hereby, (ii) at the request of the Lender, deliver and pledge to the Lender hereunder all promissory notes and other instruments (including checks) and all original counterparts of chattel paper constituting Collateral, duly endorsed and accompanied by duly executed instruments of transfer or assignment, all in form and substance satisfactory to the Lender, (iii) execute and file such financing or continuation statements, or amendments thereto, and such other instruments or notices, as may be necessary or desirable, or as the Lender may request, in order to perfect and preserve the security interests granted or purported to be granted hereby, (iv) promptly after the acquisition

by the Borrower of any item of Equipment which is covered by a certificate of title under a statute of any jurisdiction under the law of which indication of a security interest on such certificate is required as a condition of perfection thereof, execute and file with the registrar of motor vehicles or other appropriate authority in such jurisdiction an application or other document requesting the notation or other indication of the security interest created hereunder on such certificate of title, (v) within thirty (30) days after the end of each calendar quarter, deliver to the Lender copies of all such applications or other documents filed during such calendar quarter indicating and copies of all such certificates of title issued during such calendar quarter indicating the security interest created hereunder in the items of Equipment covered thereby, (vi) at any reasonable time, upon request by the Lender, exhibit the Collateral to and allow inspection of the Collateral by the Lender, or persons designated by the Lender, and (vii) at the Lender's request, appear in and defend any action or proceeding that may affect the Borrower's title to or the Lender's security interest in all or any part of the Collateral.

(b) The Borrower hereby authorizes the Lender to file one or more financing or continuation statements, and amendments thereto, relative to all or any part of the Collateral without the signature of the Borrower. The Borrower agrees that a carbon, photographic or other reproduction of this Agreement or of a financing statement signed by the Borrower shall be sufficient as a financing statement and may be filed as a financing statement in any and all jurisdictions.

(c) The Borrower will furnish to the Lender from to time to time statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as the Lender may reasonably request, all in reasonable detail.

SECTION 6.6 Notice Requirements. The Borrower shall notify the Lender of any change in the Borrower's name, identity or corporate structure within fifteen (15) days of such change and shall give the Lender thirty (30) days' prior written notice of any change in the Borrower's chief place of business, chief executive office or residence or the office where the Borrower keeps its records regarding the Receivables and all originals of all chattel paper that evidence Receivables.

SECTION 6.7 The Lender May Perform. If the Borrower fails to perform any agreement contained herein, the Lender may itself perform, or cause performance of, such

agreement, and the expenses of the Lender incurred in connection therewith shall be payable by the Borrower under Section 11.5.

SECTION 6.8 Standard of Care. The powers conferred on the Lender hereunder are solely to protect its interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the exercise of reasonable care in the custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, the Lender shall have no duty as to any Collateral or as to the taking of any necessary steps to preserve rights against prior parties or any other rights pertaining to any Collateral. The Lender shall be deemed to have exercised reasonable care in the custody and preservation of Collateral in its possession if such Collateral is accorded treatment substantially equal to that which the Lender accords its own property.

SECTION 6.9 Remedies. If any Event of Default shall have occurred and be continuing, the Lender may exercise in respect of the Collateral, in addition to all other rights and remedies provided for herein or otherwise available to it, all the rights and remedies of a secured party on default under the U.C.C. (whether or not the U.C.C. applies to the affected Collateral), and also may (a) require the Borrower to, and Borrower hereby agrees that it will at its expense and upon request of the Lender forthwith, assemble all or part of the Collateral as directed by the Lender and make it available to the Lender at a place to be designated by the Lender that is reasonably convenient to both parties, (b) enter onto the property where any Collateral is located and take possession thereof with or without judicial process, (c) prior to the disposition of the Collateral, store, process, repair or recondition the Collateral or otherwise prepare the Collateral for disposition in any manner to the extent the Lender deems appropriate, and (d) without notice except as specified below, sell the Collateral or any part thereof in one or more parcels at public or private sale, at any of the Lender's offices or elsewhere, for cash, on credit or for future delivery, at such time or times and at such price or prices and upon such other terms as the Lender may deem commercially reasonable. The Lender may be the purchaser of any or all of the Collateral at any such sale and the Lender shall be entitled, for the purpose of bidding and making settlement or payment of the purchase price for all or any portion of the Collateral sold at any public sale, to use and apply any of the Liabilities as a credit on account of the purchase price for any Collateral payable by the Lender at such sale. Each purchaser at any such sale shall hold the property sold absolutely free from any claim or right on the part of the Borrower, and the Borrower hereby waives (to the extent permitted by applicable law) all rights of redemption, stay and/or appraisal which it now has or may at any time in the future have under any rule or law or statute now existing or hereafter enacted. The Borrower agrees that, to the extent notice of sale shall be required by law, at least ten (10) days' notice to the Borrower of the time and place of any public sale or the time

after which any private sale is to be made shall constitute reasonable notification. The Lender shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. The Lender may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor, and such sale may, without further notice, be made at the time and place to which it was so adjourned. The Borrower hereby waives any claims against the Lender arising by reason of the fact that the price at which any Collateral may have been sold at such a private sale was less than the price which might have been obtained at a public sale, even if the Lender accepts the first offer received and does not offer such Collateral to more than one offeree. If the proceeds of any sale or other disposition of the Collateral are insufficient to pay all the Liabilities, the Borrower shall be liable for the deficiency and the fees of any attorneys employed by the Lender to collect such deficiency.

ARTICLE VII
REPRESENTATIONS AND WARRANTIES

SECTION 7.1 Representations and Warranties. The Borrower represents and warrants to the Lender as set forth in this Section 7.

SECTION 7.1.1 Location of Collateral, etc. All of the Equipment and Inventory is located at the places specified in Item A and Item B, respectively, of Schedule V hereto. The chief place of business and chief executive office of the Borrower and the office where Borrower keeps its records concerning the Receivables, and all originals of all chattel paper that evidence Receivables, and the original copies of the contracts, are located at its address specified in Item C of Schedule V hereto. The Borrower has not been known by any legal name different from the one set forth on the signature page hereto, nor has the Borrower been the subject of any merger or other corporate reorganization (other than as contemplated by the Merger Agreement). None of the Receivables is evidenced by a promissory note or other instrument.

SECTION 7.1.2 Ownership, No Liens, etc. The Borrower is the legal and beneficial owner of the Collateral free and clear of any Lien except for the security interest created by this Agreement and Permitted Liens. No effective financing statement or other document similar in effect covering all or any part of the Collateral is on file in any recording office, except such as may have been filed by or with respect to the Borrower relating to this Agreement and Permitted Liens.

SECTION 7.1.3 Possession and Control. The Borrower has exclusive possession and control of the Equipment and Inventory.

SECTION 7.1.4 Negotiable Documents, Instruments and Chattel Paper. The Borrower has, contemporaneously herewith, delivered to the Lender possession of all originals of all negotiable documents (other than checks received by the Borrower in the ordinary course of business), instruments and chattel paper currently owned or held by the Borrower (duly endorsed in blank, if requested by the Lender).

SECTION 7.1.5 No Default or Event of Default. No Default or Event of Default has occurred and is continuing with respect to the Borrower and no violation or breach of any provision has occurred and is continuing under the Merger Agreement.

SECTION 7.1.6 Incorporation by Reference. The Borrower agrees that the representations and warranties of the Borrower set forth in Article III of the Merger Agreement shall be incorporated by reference in this Agreement in their entirety as if fully set forth herein with the same effect as if applied to this Agreement. All capitalized terms set forth in Article III of the Merger Agreement shall have the meanings provided in the Merger Agreement; provided that for purposes of this Agreement, to the extent set forth in the Merger Agreement, the term "Company" shall be deemed to refer to the Borrower. Such representations and warranties shall not be affected in any manner by the termination of the Merger Agreement.

ARTICLE VIII
CONDITIONS PRECEDENT

SECTION 8.1 Condition Precedent to Initial Loans. The obligation of the Lender to make the initial Loans to the Borrower is subject to the condition precedent that the Borrower shall have delivered or caused to be delivered to Lender on or before the day of such Loans each of the following, in form and substance satisfactory to the Lender and its counsel:

(a) Notes. The Term Note and the Revolving Note, each duly executed by the Borrower;

(b) Intellectual Property Security Documents. The Copyright Security Agreement, the Patent Security Agreement and the Trademark Security Agreement, each duly executed by the Borrower;

(c) Financing Statements. (i) financing statements (UCC-1), in form and substance satisfactory to the Lender, for filing in all jurisdictions necessary or, in the opinion of the Lender or its counsel, desirable to perfect the security interests created by this Agreement; and (ii) certified copies of Requests for Information (Form UCC-11) identifying all of the financing statements on file with respect to the Borrower in all jurisdictions referred to under clause (i) herein, indicating that the Collateral is free of all Liens, except for Permitted Liens;

(d) Insurance. Evidence of the existence of insurance on the property of the Borrower, together with evidence establishing the Lender as a loss payee and/or additional insured on all related insurance policies;

(e) Certificate of the Borrower. A certificate (dated as of the date of this Agreement) of the Secretary of the Borrower certifying: (i) a copy of the certificate of incorporation of the Borrower as theretofore amended; (ii) a copy of the bylaws of the Borrower, as theretofore amended; (iii) copies of all corporate action taken by the Borrower, including resolutions of its Board of Directors, authorizing the execution, delivery, and performance of this Agreement and the Related Documents by the Borrower and each other document to be delivered pursuant to this Agreement and authorizing borrowings by each of the Authorized Officers; and (iv) the names and true signatures of the officers of the Borrower authorized to sign this Agreement, the Related Documents and the other documents and instruments to be delivered by the Borrower under this Agreement;

(f) Certified Charter and Good Standing. A certificate of the due formation, valid existence and good standing of the Borrower in its state of incorporation, issued by the appropriate authorities of such jurisdictions, and certificates of the Borrower's good standing and due qualification to do business, issued by appropriate officials in any states in which Borrower owns Collateral subject to this Agreement;

(g) Opinion of counsel for the Borrower. A favorable opinion of Heller Ehrman White & McAuliffe, counsel for the Borrower, in substantially the form of Exhibit F and as to such other matters as the Lender may reasonably request;

(h) Merger Agreement. The Borrower, the Lender and the Merger Sub shall have executed and delivered the Merger Agreement on terms and conditions satisfactory to the Lender;

(i) SVB Lien Releases. All termination statements, lien releases or similar documents or instruments duly executed by SVB for filing in all applicable jurisdictions as may be necessary to terminate all of SVB's Liens against the Collateral; and

(j) Other Matters. The Lender shall have received such other approvals, opinions, or documents as the Lender may reasonably request.

SECTION 8.2 Conditions Precedent to All Loans. The obligation of the Lender to make each Loan (including the initial Loan) shall be subject to the further conditions precedent that on the date of such Loan:

(a) The following statements shall be true and correct and the Lender shall have received a certificate signed by an Authorized Officer of the Borrower, dated the date of such Loan, stating that:

(i) The representations and warranties contained in Article 7 of this Agreement and Article III of the Merger Agreement are true and correct on and as of the date of such Loan as though made on and as of such date;

(ii) No Default or Event of Default has occurred and is continuing, or would result from the borrowing of such Loan; and

(iii) No Material Adverse Effect has occurred since the date of the most recent financial statements delivered or required to be delivered pursuant to the Merger Agreement.

(b) The Lender shall have received such other approvals, opinions, or documents as the Lender may reasonably request.

ARTICLE IX
COVENANTS AND OTHER AGREEMENTS

The Borrower covenants and agrees that, so long as either of the Commitments hereunder shall remain in effect and until all Liabilities have been irrevocably paid in full, the Borrower shall perform all covenants in this Article IX:

SECTION 9.1 Limit on Indebtedness. The Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or guaranty, or otherwise become or remain directly or indirectly liable with respect to, any Indebtedness other than the Liabilities and the Indebtedness described on Schedule VI to this Agreement.

SECTION 9.2 Prohibition on Liens. Except to the extent permitted in the following sentence, the Borrower shall not, and shall not permit any of its Subsidiaries to, directly or indirectly, create, incur, assume or permit to exist any Lien on or with respect to the Collateral, whether now owned or hereafter acquired, or any income or profits therefrom, or file or permit the filing the filing of, or permit to remain in effect, any financing statement or other similar notice of any Lien with respect to the Collateral under the U.C.C. of any state or under any similar recording or notice statute, including, without limitation, any filings made with the CRO or the PTO, except for Permitted Liens. Notwithstanding the foregoing, the Borrower may permit to exist the Liens held by Westell pursuant to the Westell Loan Agreement; provided, however, that the Borrower shall use its best efforts to obtain within twenty (20) days after the date hereof all termination statements, lien releases or similar documents or instruments duly executed by Westell for filing in all applicable jurisdictions as may be necessary to terminate all of Westell's Liens against the Collateral.

SECTION 9.3 Notice of Litigation. Promptly after the commencement thereof, the Borrower shall notify the Lender of all actions, suits, and proceedings before any court or governmental department, commission, board, bureau, agency, or instrumentality, domestic or foreign, affecting the Borrower or any of its Subsidiaries, which, if determined adversely to the Borrower or such Subsidiary, could have a Material Adverse Effect.

SECTION 9.4 Notice of Defaults and Events of Default. As soon as possible and in any event within five (5) days after the occurrence of each Default or Event of Default, the Borrower shall deliver to the Lender a written notice setting forth the details of such Default or Event of Default and the action which is proposed to be taken by the Borrower with respect thereto.

SECTION 9.5 ERISA Reports. Promptly after the filing or receiving thereof, the Borrower shall deliver to the Lender copies of all reports, including annual reports, and notices which the Borrower or any of its Subsidiaries files with or receives from the PBGC or the U.S. Department of Labor under ERISA. As soon as possible, and in

any event within ten (10) days after the Borrower or any of its Subsidiaries knows or has reason to know that any Reportable Event has occurred with respect to any Pension Plan or that the PBGC or the Borrower or any of its Subsidiaries has instituted or will institute proceedings under Title IV of ERISA to terminate any Pension Plan, the Borrower shall deliver to the Lender a certificate of the chief financial officer of the Borrower setting forth details as to such Reportable Event or Pension Plan termination and the action the Borrower has taken or proposes to take with respect thereto.

SECTION 9.6 SEC Filings and Press Releases. The Borrower shall deliver to the Lender, promptly upon their becoming available, copies of all (i) financial statements, reports, notices and proxy statements sent or made available generally by the Borrower to its security holders, (ii) all regular and periodic reports and all registration statements and prospectuses, if any, filed by the Borrower or any of its Subsidiaries with any securities exchange, the United States Securities and Exchange Commission or any governmental or private regulatory authority and (iii) all press releases and other statements made available generally by the Borrower or any of its Subsidiaries to the public concerning material developments in the business of the Borrower or any of its Subsidiaries.

SECTION 9.7 Payment of Taxes and Claims. The Borrower shall, and shall cause each of its Subsidiaries to, pay all taxes, assessments and other governmental charges imposed upon it or any of its properties or assets or in respect of any of its income, businesses or franchises before any penalty accrues thereon, and all claims (including, without limitation, claims for labor, services, materials and supplies) for sums that have become due and payable and that by law have or may become a Lien upon any of its properties or assets, prior to the time when any penalty or fine shall be incurred with respect thereto; provided, however, that no such charge or claim need be paid if it is being contested in good faith by appropriate proceedings promptly instituted and diligently conducted, so long as (i) such reserve or other appropriate provision, if any, as shall be required in accordance with GAAP shall have been made therefor and (ii) in the case of a charge or claim which has or may become a Lien against any of the Collateral, such contest proceedings conclusively operate to stay the sale of any portion of the Collateral to satisfy such charge or claim.

SECTION 9.8 Maintenance of Assets and Properties. The Borrower shall, and shall cause each of its Subsidiaries to maintain or cause to be maintained in good repair, working order and condition, ordinary wear tear excepted, all material assets and properties used or useful in the business of the Borrower and its Subsidiaries

(including, without limitation, the Collateral) and from time to time make or cause to be made all appropriate repairs, renewals and replacements thereof.

SECTION 9.9 Insurance. The Borrower shall maintain or cause maintained, with financially sound and reputable insurers, such public liability insurance, third party property damage insurance, business interruption insurance and casualty insurance with respect to liabilities, losses or damage in respect of the assets, properties and business of the Borrower and its Subsidiaries as may customarily be carried or maintained under similar circumstances by corporations of established reputation engaged in similar businesses, in each case in such amounts (giving effect to any self-insurance), with such deductibles, covering such risks and otherwise on such terms and conditions as shall be customary for corporations similarly situated in the Borrower's industry.

SECTION 9.10 Compliance with Laws, Etc. The Borrower shall comply, and shall cause each of its Subsidiaries to comply, with the requirements of all applicable laws, rules, regulations and orders of any governmental authority, noncompliance with which could cause, individually or in the aggregate, a Material Adverse Effect.

SECTION 9.11 Reports to Other Creditors. Promptly after the furnishing thereof, the Borrower shall deliver to the Lender copies of any statement or report furnished to any other party pursuant to the terms of any indenture, loan, or credit or similar agreement (including, without limitation, the SVB Loan Agreement) and not otherwise required to be furnished to the Lender pursuant to Article IX.

SECTION 9.12 Incorporation by Reference. The Borrower shall comply with the covenants and other agreements set forth in Sections 5.1, 5.2, 5.3, 5.7, 5.8 and 5.9 of the Merger Agreement and the terms and provisions set forth therein shall be incorporated by reference in this Agreement in their entirety as if fully set forth herein with the same effect as if applied to this Agreement. All capitalized terms set forth in Sections 5.1, 5.2, 5.3, 5.7, 5.8, and 5.9 of the Merger Agreement shall have the meanings provided in the Merger Agreement; provided, however, that for purposes of this Agreement, to the extent set forth in the Merger Agreement, the term "Company" shall be deemed to refer to the Borrower. Such covenants and agreements shall not be affected in any manner by the termination of the Merger Agreement.

SECTION 9.13 General Information. Such other information respecting the condition or operations, financial or otherwise, of the Borrower or any of its Subsidiaries as the Lender may from time to time reasonably request.

ARTICLE X
EVENTS OF DEFAULT

SECTION 10.1 Events of Default. Each of the following events shall constitute an "Event of Default" under this Agreement:

(a) The Borrower shall fail to pay the principal of, or interest on, the Notes or any of the other Liabilities as and when due and payable (whether at stated maturity, by acceleration, by mandatory prepayment or otherwise);

(b) Any representation or warranty made or deemed made by the Borrower in this Agreement or any Related Document or which is contained in any certificate, document, opinion, or financial or other statement furnished at any time under or in connection with this Agreement or any Related Document shall prove to have been incorrect in any material respect on the date made;

(c) The Borrower shall fail to perform or comply with any term, covenant or agreement contained in Article IX of this Agreement;

(d) The Borrower shall fail to perform or comply with any other term, covenant, or agreement contained in this Agreement or any Related Document (other than any such term, covenant or agreement referred to in any other subsection of this Section 10.1) on its part to be performed or complied with, which failure is not cured within ten (10) days;

(e) The Borrower or any of its Subsidiaries shall fail to (i) pay when due and payable any principal of or interest on or any other amount payable in respect of one or more items of Indebtedness (other than Indebtedness referred to in Section 10.1(a)) in an individual amount of $500,000 or more or with an aggregate principal amount of $1,000,000 or more, in each case beyond the end of any grace period provided therefor, or (ii) perform or comply with the any other term of (x) one or more items of Indebtedness in the individual or aggregate principal amounts set forth on clause (i) above or (y) any loan agreement, mortgage, indenture or other agreement relating to

such items of Indebtedness, if the effect of such failure is to cause, or to permit the holder or holders of that Indebtedness (or a trustee on behalf of such holder or holders) to cause, that Indebtedness to become or be declared due and payable prior to its stated maturity or the stated maturity of any underlying obligation, as the case may be(upon the giving of notice, lapse of time or both);

(f) The Borrower or any of its Subsidiaries (i) shall generally not, or shall be unable to, or shall admit in writing its inability to pay its debts as such debts become due; or (ii) shall make an assignment for the benefits of creditors, petition or apply to any tribunal for the appointment of a custodian, receiver, or trustee for it or a substantial part of its assets; or (iii) shall commence any proceeding under any bankruptcy, reorganization, arrangements, readjustment of debt, dissolution, or liquidation law or statute of any jurisdiction, whether now or hereafter in effect; or (iv) shall have any such petition or application filed or any such proceeding commenced against it in which an order for relief is entered or adjudication or appointment is made and which remains undismissed for a period of sixty (60) days or more; or (v) by any act or omission shall indicate its consent to, approval of, or acquiescence in any such petition, application, or proceeding, or order for relief, or the appointment of a custodian, receiver, or trustee for all or any substantial part of its properties; or (vi) shall suffer any such custodianship, receivership, or trusteeship to continue undischarged for a period of sixty (60) days or more; and

(g) This Agreement, the Copyright Security Agreement, the Patent Security Agreement or the Trademark Security Agreement shall at any time after their execution and delivery for any reason cease: (i) to create a valid and perfected first priority security interest in and to the Collateral covered thereby or (ii) to be in full force and effect or shall be declared null and void, or the validity or enforceability thereof shall be contested by the Borrower, or the Borrower shall deny it has any further liability or obligation under or shall fail to perform any of its obligations under any of the foregoing.

SECTION 10.2 Remedies. If any Event of Default described in Section 10(f) shall occur and be continuing, the Commitments shall immediately terminate and all Liabilities of the Borrower shall become immediately due and payable, all without presentment, demand, protest or notice of

any kind. If any other Event of Default shall occur and be continuing, the Lender may declare the Commitments to be terminated and all Liabilities to be due and payable, whereupon the Commitments shall immediately terminate and all Liabilities shall become immediately due and payable, all without presentment, demand, protest or notice of any kind. The Lender shall promptly advise the Borrower of any such declaration, but failure to do so shall not impair the effect of such declaration. Notwithstanding anything to the contrary contained herein, the Lender hereby agrees that it shall not declare the Liabilities due and payable unless and until such time as the Merger Agreement shall have been terminated.

ARTICLE XI
MISCELLANEOUS

SECTION 11.1 Amendments, Etc. No amendment, modification, termination, or waiver of any provision of this Agreement, nor consent to any departure by the Borrower from this Agreement, shall in any event be effective unless the same shall be in writing and signed by the Lender, and then such waiver or consent shall be effective only in the specific instance and for the specific purpose for which given.

SECTION 11.2 Notices, Etc. All notices and other communications provided for under this Agreement shall be in writing (including telegraphic or facsimile communication) and mailed or telecommunicated or delivered, if to the Borrower or Lender at the addresses set forth in the Merger Agreement, or, as to each party, at such other address as shall be designated by such party in a written notice to the other party complying as to delivery with the terms of this Section 11.2. All such notices and communications shall, when mailed or telecommunicated, be effective when deposited in the mails, transmitted by facsimile or delivered to the telegraph company, respectively, addressed as aforesaid, except that notices to the Lender pursuant to the provisions of Section 2.2 shall not be effective until received by the Lender.

SECTION 11.3 No Waiver; Remedies. No failure on the part of the Lender to exercise, and no delay in exercising, any right, power, or remedy under this Agreement shall operate as a waiver thereof; nor shall any single or partial exercise of any right under this Agreement preclude any other or further exercise thereof or the exercise of any other right. The remedies provided in this Agreement are cumulative and not exclusive of any remedies provided by law.

SECTION 11.4 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the Borrower and the Lender and their respective successors and assigns, except that the Borrower may not assign or transfer any of its rights under this Agreement without the prior written consent of the Lender.

SECTION 11.5 Indemnity and Expenses.

(a) The Borrower agrees to indemnify the Lender from and against any and all claims, losses and liabilities in any way relating to, growing out of or resulting from this Agreement and the transactions contemplated hereby (including, without limitation, enforcement of this Agreement), except to the extent such claims, losses or liabilities result solely from the Lender's gross negligence or willful misconduct as finally determined by a court of competent jurisdiction.

(b) The Borrower shall pay to the Lender upon demand the amount of any and all costs and expenses, including the reasonable fees and expenses of its counsel and of any experts and agents, that the Lender may incur in connection with (i) the administration of this Agreement, (ii) the custody, preservation, use or operation of, or the sale of, collection from, or other realization upon, any of the Collateral, (iii) the exercise or enforcement of any of the rights of the Lender hereunder, or (iv) the failure by the Borrower to perform or observe any of the provisions hereof.

SECTION 11.6 Right of Setoff. Upon the occurrence of any Event of Default, the Lender is hereby authorized at any time and from time to time, without notice to the Borrower (any such notice being expressly waived by the Borrower), to set off and apply any and all deposits (general or special, time or demand, provisional or final) at any time held and other indebtedness at any time owing by the Lender to or for the credit or the account of the Borrower against any and all of the obligations of the Borrower now or hereafter existing under this Agreement, the Notes or any other Related Document, irrespective of whether or not the Lender shall have made any demand under this Agreement, the Notes or such other Related Document and although such obligations may be unmatured. The Lender agrees promptly to notify the Borrower after any such setoff and application, provided that the failure to give such notice shall not affect the validity of such setoff and application. The rights of the Lender under this Section 11.6 are in addition to other rights and remedies (including, without limitation, other rights of setoff) which the Lender may have.

SECTION 11.7 GOVERNING LAW. THIS AGREEMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, AND SHALL BE CONSTRUED AND ENFORCED IN ACCORDANCE WITH, THE INTERNAL LAWS OF THE STATE OF CALIFORNIA (INCLUDING WITHOUT LIMITATION SECTION 1646.5 OF THE CIVIL CODE OF THE STATE OF CALIFORNIA), WITHOUT REGARD TO CONFLICTS OF LAWS PRINCIPLES, EXCEPT TO THE EXTENT THAT THE U.C.C. PROVIDES THAT THE

PERFECTION OF THE SECURITY INTERESTS HEREUNDER, OR REMEDIES HEREUNDER, IN RESPECT OF ANY PARTICULAR COLLATERAL ARE GOVERNED BY THE LAWS OF A JURISDICTION OTHER THAN THE STATE OF CALIFORNIA. Unless otherwise defined herein, terms used in Article 9 of the U.C.C. in the State of California are used herein as therein defined.

SECTION 11.8 Severability of Provisions. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions of this Agreement or affecting the validity or enforceability of such provision in any other jurisdiction.

SECTION 11.9 Headings. Section headings in this Agreement are included in this Agreement for the convenience of reference only and shall not constitute a part of this Agreement or for any other purpose.

SECTION 11.10 WAIVER OF JURY TRIAL. THE BORROWER AND THE LENDER HEREBY KNOWINGLY, VOLUNTARILY AND INTENTIONALLY WAIVE ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION, PROCEEDING OR COUNTERCLAIM CONCERNING ANY RIGHTS UNDER THIS AGREEMENT, ANY RELATED DOCUMENT OR UNDER ANY OTHER DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH, OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH THIS AGREEMENT, AND AGREE THAT ANY SUCH ACTION, PROCEEDING OR COUNTERCLAIM SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY; THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE LENDER ENTERING INTO THIS AGREEMENT.

SECTION 11.11 Counterparts. This Agreement may be executed in one or more counterparts and by different parties hereto in separate counterparts, each of which when so executed and delivered shall be deemed an original, but all such counterparts together shall constitute but one and the same instrument; signature pages may be detached from multiple separate counterparts and attached to a single counterpart so that all signature pages are physically attached to the same document.

IN WITNESS WHEREOF, the parties hereto have caused this Agreement to be executed by their respective officers thereunto duly authorized, as of the date first above written.

BORROWER:

AMATI COMMUNICATIONS CORPORATION

By: /s/ JAMES STEENBERGEN

Name: James Steenbergen

Title: President and Chief Executive Officer

LENDER:

TEXAS INSTRUMENTS INCORPORATED

By: /s/ RICHARD K. TEMPLETON

Name: Richard K. Templeton

Title: President, Semiconductor Group

EXHIBIT (c)(3)

[AMATI LETTERHEAD]

Texas Instruments Inc.
7829 Churchill Way
Mail Station 3995
Dallas, TX 75261

July 22, 1997

CONFIDENTIALITY AGREEMENT

Ladies and Gentlemen:

In connection with your possible interest in an acquisition or other business combination (the "Transaction") involving Amati Communications Corporation ("Amati" or the "Company"), you have requested that we or our representatives furnish you or your representatives with certain information relating to the Company or the Transaction. All such information (whether written or oral) furnished (whether before or after the date hereof) by us or our directors, officers, employees, affiliates, representatives (including, without limitation, financial advisors, attorneys and accountants) or agents (collectively, "our Representatives") to you or your directors, officers, employees, affiliates, representatives (including, without limitation, financial advisors, attorneys and accountants) or agents of your potential sources of financing for the Transaction (collectively "your Representatives") and all analysis, compilations, forecasts, studies or other documents prepared by you or your Representatives in connection with your or their review of, or your interest in, the Transaction which contain or reflect any such information is hereinafter referred to as the "Information". The term information will not, however, include information which (i) is or becomes publicly available other than as a result of a disclosure by you or your Representatives or (ii) is or becomes available to you on a nonconfidential basis from a source (other than us or our Representatives) which, to the best of your knowledge after due inquiry, is not prohibited from disclosing such information to you by a legal, contractual or fiduciary obligation to us.

Accordingly, you hereby agree that:

1. You and your Representatives (i) will keep the information confidential and will not (except as permitted by paragraph 3 below), without our prior written consent, disclose any information in any manner whatsoever, and (ii) will not use any information other than in connection with the Transaction; provided, however, that you may reveal the information to your Representatives (a) who need to know this information for the purpose of evaluating the Transaction, (b) who are informed by you of the confidential nature of the information and (c)

who agree to act in accordance with the terms of this letter agreement. You will cause your Representatives to observe the terms of this letter agreement, and you will be responsible for any breach of this letter agreement by any of your Representatives.

2. You and your Representatives will not (except as permitted by paragraph 3 below), without our prior written consent, disclose to any person the fact that the information exists or has been made available, that you are considering the Transaction or any transaction involving the Company, or that discussions or negotiations are taking or have taken place concerning the Transaction or involving the Company or any term, condition or other fact relating to the Transaction or such discussions or negotiations, including, without limitation, the status thereof.

3. In the event that you or any of your Representatives are requested pursuant to, or required by, applicable law, regulation or legal process to disclose any of the information, you will notify us promptly so that we may seek a protective order or other appropriate remedy or, in our sole discretion, waive compliance with the terms of this letter agreement. In the event that no such protective order or other remedy is obtained, or that the Company waives compliance with the terms of the letter agreement, you will furnish only that portion of the information which you are advised by counsel is legally required and will exercise all reasonable efforts to obtain reliable assurance that confidential treatment will be accorded the information.

4. At any time upon the request of the Company or any of our Representatives, and in any event upon your decision not to proceed with a Transaction, you will either (i) promptly destroy all copies of the written information in your or your Representatives' possession and confirm such destruction to us in writing, or (ii) promptly deliver to the Company at your own expense all copies of the written information in you or your Representatives' possession. Any oral information will continue to be subject to the terms of this letter agreement.

5. You acknowledge that neither we, nor DMG or its affiliates, nor our other Representatives, nor any of our or their respective officers, directors, employees, agents or controlling persons within the meaning of Section 20 of the Securities Exchange Act of 1934, as amended, makes any express or implied representation or warranty as to the accuracy or completeness of the information, and you agree that no such person will have any liability relating to the information or for any errors therein or omissions therefrom. You further agree that you are not entitled to rely on the accuracy or completeness of the information and that you will be entitled to rely solely on such representations and warranties as may be included in any definitive agreement with respect to the Transaction, subject to such limitations and restrictions as may be contained therein.

6. You agree that, for a period of two years from the date of this letter agreement, you will not, directly or indirectly, solicit for employment or hire any employee of the Company or any of its subsidiaries with whom you have had contact or who became known to you in connection with your consideration of the Transaction; provided, however, that the foregoing provision will not prevent you from employing any such person who contacts you on his or her

own initiative without any direct or indirect solicitation by or encouragement from you (excluding generalized solicitation by advertisement or other method).

7. You agree that, for a period of two years from the date of this Confidentiality Agreement, neither you nor any of your affiliates will, without the prior written consent of the Company or the Company's Board of Directors: (i) acquire, offer to acquire, or agree to acquire, directly or indirectly, by purchase or otherwise, any voting securities or direct or indirect rights to acquire any voting securities of the Company or any subsidiary thereof, or of any successor corporation; (ii) make, or in any way participate in, directly or indirectly, any "solicitation" of "proxies" (as such terms are used in the Rules of the Securities Exchange Commission) to vote, or seek to advise or influence any person or entity with respect to the voting of, any voting securities of the Company; (iii) make any public announcement with respect to, or submit a proposal for, or offer of any extraordinary transaction involving the Company or its securities or assets; (iv) form, join or in any way participate in a "group" (as defined in Section 13(d)(3) of the Securities Exchange Act of 1934, as amended) in connection with any of the foregoing; or (v) request the Company or any of the Company's Representatives to amend or waive any provision of this paragraph 7; provided that the foregoing provisions shall not preclude you from submitting any offer to acquire the Company or voting securities thereof in response to any publicly announced transaction or proposed acquisition of the Company by a third party. You will promptly advise the Company of any inquiry or proposal made to it with respect to any of the foregoing.

8. You acknowledge that remedies at law may be inadequate to protect us against any actual or threatened breach of this letter agreement by you or by your Representatives. In the event of litigation relating to this letter agreement, if a court of competent jurisdiction determines in a final, nonappealable order that this letter agreement has been breached by your or by your Representatives, then you will reimburse the company for its legal expenses incurred in connection with all such litigation.

9. You agree that no failure or delay by us in exercising any right, power or privilege hereunder will operate as a waiver thereof, nor will any single or partial exercise thereof preclude any other or further exercise thereof or the exercise of any right, power or privilege hereunder.

10. This letter agreement will by governed by and construed in accordance with the laws of the State of California applicable to contracts between residents of that State and executed in and to be performed in that State.

11. This letter agreement contains the entire agreement between you and us concerning the confidentiality of the Information, and no modifications of this letter agreement or waiver of the terms and conditions hereof will be binding upon you or us, unless approved in writing by each of you and us.

12. This letter agreement shall terminate on the earlier of the consummation of the Transaction by you or your affiliates or the second anniversary of the date hereof.

Please confirm your agreement with the foregoing by signing and returning to the undersigned the duplicate copy of this letter enclosed herewith.

Sincerely,

Amati Communications Corporation

By: /s/ JAMES STEENBERGEN
Name: James Steenbergen
Title: President & CEO

Accepted and Agreed as of the date
first written above:

Texas Instruments Inc.

By: /s/ CHARLES D. TOBIN
Name: Charles D. Tobin
Title: Vice President Corporate Staff,
Manager, Corporate Development

EXHIBIT (c)(4)

TEXAS INSTRUMENTS INCORPORATED

November 19, 1997

Mr. James Steenbergen
President, CEO and CFO
Amati Communications Corporation
2043 Samaritan Drive
San Jose, California 95124

Dear Mr. Steenbergen:

It is our understanding that you were granted an option to purchase 500,000 shares of Amati Communications Corporation ("Amati") common stock on November 27, 1995 at an exercise price of $4.25. It is also our understanding that your right to exercise the option vested with respect to 25% of these shares, or 125,000 shares six months after at grant, and that the remaining 375,000 shares would vest in three equal annual installments on May 27, 1997, 1998 and 1999.

In connection with the acquisition of Amati by Texas Instruments Incorporated ("TI"), your Amati options will be converted on the closing date into options on TI common stock. The number of shares covered by the TI options will be determined by the exchange ratio contained in the merger agreement and the per share option price shall be adjusted so that the aggregate option price for the TI shares will be equal to the aggregate option price of the Amati shares subject to your existing option. The TI options shall be subject to the same vesting schedule and other terms and conditions as now exist in your outstanding Amati options. In the event Amati or its successor terminates your full-time employment with Amati and its affiliates without cause following the acquisition, you will be retained as an employee on an approved leave of absence until the date on which your TI converted options are completely vested.

In consideration of the conversion of the Amati options into TI options and the acquisition of the common stock of Amati by TI, you agree to abide by the following non-competition and non-solicitation covenants through the term of your employment with Amati or its successor and for a period of one year following the termination of your full-time employment with Amati or its successors for any reason.

You shall not own, directly or indirectly, a debt or equity interest in or provide any labor or services (whether as an employee, consultant, partner, joint venturer, director, agent, trustee or otherwise) to any person or entity that is engaged in the business of developing, designing, manufacturing, marketing or selling digital signal processing solutions and/or physical layer coding attributes of high speed digital lines ("Competing Business"); provided, however, that the Employee shall be permitted to own 5% or less of a Competing Business which is publicly- traded entity or is a non-publicly traded entity (but the fair market value of such interest in the non-publicly-traded entity is $50,000 or less). You shall not directly or indirectly solicit, on behalf of yourself or any person other than Amati or its successors, any customer of Amati or its successors to purchase, lease, license or otherwise exploit any goods or services that are similar to or competitive with any goods or services offered (or then under active development) by Amati or its successor. You shall not directly or indirectly solicit, on behalf of yourself or any person other than Amati or its successors, or assist any such person to solicit any employee of Amati or its successors to terminate such employee's employment relationship with Amati and its successors or provide any labor or services to any person or entity other than Amati or its successors.

Please indicate your agreement with the terms and conditions of the conversion of your options by affixing your signature to the enclosed copy of this letter and returning the same to the undersigned as soon as possible.

Very truly yours,

TEXAS INSTRUMENTS INCORPORATED

By: /s/ BARBARA GIBBS

Barbara Gibbs,
Vice President, Corporate Staff

I agree to the foregoing
terms and conditions:

/s/ JAMES STEENBERGEN

James Steenbergen

11-19-97
- - ----------
Date

EXHIBIT (c)(5)

TEXAS INSTRUMENTS INCORPORATED

November 19, 1997

Mr. Ronald Carlini
V.P. Business Development
Amati Communications Corporation
2043 Samaritan Drive
San Jose, California 95124

Dear Mr. Carlini:

It is our understanding that you were granted options to purchase an aggregate of 190,000 shares of Amati Communications Corporation ("Amati") common stock on various dates at exercise prices ranging from $1.19 to $10.75. It is also our understanding that all of such options would become fully vested no later than July 27, 2000.

In connection with the acquisition of Amati by Texas Instruments Incorporated ("TI"), your Amati options will be converted on the closing date into options on TI common stock. The number of shares covered by the TI options will be determined by the exchange ratio contained in the merger agreement and the per share option price shall be adjusted so that the aggregate option price for the TI shares will be equal to the aggregate option price of the Amati shares subject to your existing option. The TI options shall be subject to the same vesting schedule and other terms and conditions as now exist in your outstanding Amati options. In the event Amati or its successor terminates your full-time employment with Amati and its affiliates without cause following the acquisition, you will be retained as an employee on an approved leave of absence until the date on which your TI converted options are completely vested.

In consideration of the conversion of the Amati options into TI options and the acquisition of the common stock of Amati by TI, you agree to abide by the following non-competition and non-solicitation covenants through the term of your employment with Amati or its successor and for a period of one year following the termination of your full-time employment with Amati or its successors for any reason.

You shall not own, directly or indirectly, a debt or equity interest in or provide any labor or services (whether

as an employee, consultant, partner, joint venturer, director, agent, trustee or otherwise) to any person or entity that is engaged in the business of developing, designing, manufacturing, marketing or selling digital signal processing solutions and/or physical layer coding attributes of high speed digital lines ("Competing Business"); provided, however, that the Employee shall be permitted to own 5% or less of a Competing Business which is publicly-traded entity or is a non-publicly traded entity (but the fair market value of such interest in the non-publicly-traded entity is $50,000 or less). You shall not directly or indirectly solicit, on behalf of yourself or any person other than Amati or its successors, any customer of Amati or its successors to purchase, lease, license or otherwise exploit any goods or services that are similar to or competitive with any goods or services offered (or then under active development) by Amati or its successor. You shall not directly or indirectly solicit, on behalf of yourself or any person other than Amati or its successors, or assist any such person to solicit any employee of Amati or its successors to terminate such employee's employment relationship with Amati and its successors or provide any labor or services to any person or entity other than Amati or its successors.

Please indicate your agreement with the terms and conditions of the conversion of your options by affixing your signature to the enclosed copy of this letter and returning the same to the undersigned as soon as possible.

Very truly yours,

TEXAS INSTRUMENTS INCORPORATED

By: /s/ BARBARA GIBBS

Barbara Gibbs,
Vice President, Corporate Staff

I agree to the foregoing
terms and conditions:

/s/ RONALD CARLINI

Ronald Carlini

11/19/97

Date

EXHIBIT (c)(6)

TEXAS INSTRUMENTS INCORPORATED

November 19, 1997

Mr. James D. Hood
V.P. Engineering
Amati Communications Corporation
2043 Samaritan Drive
San Jose, California 95124

Dear Mr. Hood:

It is our understanding that you were granted options to purchase an aggregate of 180,000 shares of Amati Communications Corporation ("Amati") common stock at an exercise prices of $8.13. It is also our understanding that all of such options would become fully vested no later than July 2, 1999.

In connection with the acquisition of Amati by Texas Instruments Incorporated ("TI"), your Amati options will be converted on the closing date into options on TI common stock. The number of shares covered by the TI options will be determined by the exchange ratio contained in the merger agreement and the per share option price shall be adjusted so that the aggregate option price for the TI shares will be equal to the aggregate option price of the Amati shares subject to your existing option. The TI options shall be subject to the same vesting schedule and other terms and conditions as now exist in your outstanding Amati options. In the event Amati or its successor terminates your full-time employment with Amati and its affiliates without cause following the acquisition, you will be retained as an employee on an approved leave of absence until the date on which your TI converted options are completely vested.

In consideration of the conversion of the Amati options into TI options and the acquisition of the common stock of Amati by TI, you agree to abide by the following non-competition and non-solicitation covenants through the term of your employment with Amati or its successor and for a period of one year following the termination of your full-time employment with Amati or its successors for any reason.

You shall not own, directly or indirectly, a debt or equity interest in or provide any labor or services (whether

as an employee, consultant, partner, joint venturer, director, agent, trustee or otherwise) to any person or entity that is engaged in the business of developing, designing, manufacturing, marketing or selling digital signal processing solutions and/or physical layer coding attributes of high speed digital lines ("Competing Business"); provided, however, that the Employee shall be permitted to own 5% or less of a Competing Business which is publicly-traded entity or is a non-publicly traded entity (but the fair market value of such interest in the non-publicly-traded entity is $50,000 or less). You shall not directly or indirectly solicit, on behalf of yourself or any person other than Amati or its successors, any customer of Amati or its successors to purchase, lease, license or otherwise exploit any goods or services that are similar to or competitive with any goods or services offered (or then under active development) by Amati or its successor. You shall not directly or indirectly solicit, on behalf of yourself or any person other than Amati or its successors, or assist any such person to solicit any employee of Amati or its successors to terminate such employee's employment relationship with Amati and its successors or provide any labor or services to any person or entity other than Amati or its successors.

Please indicate your agreement with the terms and conditions of the conversion of your options by affixing your signature to the enclosed copy of this letter and returning the same to the undersigned as soon as possible.

Very truly yours,

TEXAS INSTRUMENTS INCORPORATED

By: /s/ BARBARA GIBBS

Barbara Gibbs,
Vice President, Corporate Staff

I agree to the foregoing
terms and conditions:

/s/ JAMES D. HOOD

James D. Hood

11/18/97
- - ---
Date