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SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

Pursuant to Section 13 or 15(d) of  
The Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 3, 2000  
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VTEL CORPORATION  
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(Exact name of registrant as specified in its charter)

Delaware	0-20008	74-2415696
----- (State or other jurisdiction of incorporation)	----- (Commission File Number)	----- (IRS Employer Identification No.)
108 Wild Basin Road, Austin, Texas		78746
----- (Address of principal executive offices)		----- (Zip Code)

Registrant's telephone number, including area code: (512) 437-2700  
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(Not Applicable)

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(Former name or former address, if changed since last report)  
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Item 5. Other Events  
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The Registrant has settled a lawsuit pending in the 126th Judicial District Court in Travis County, Texas which the Registrant had previously initiated against five former employees who left the Registrant in September 1996 to form Via Video Communications, Inc. ("Via Video"). Via Video was subsequently acquired by Polycom, Inc. Pursuant to the settlement agreement, the former employees of the Registrant have paid the Registrant \$2.5 million in cash and have delivered to the Registrant 300,800 shares of common stock of Polycom, Inc., having a market value \$39,104,000 as of March 3, 2000, in settlement of the claims asserted by the Registrant. The parties have agreed to dismissal of all claims and counterclaims and third party claims in the lawsuit, ending the litigation. Separately, the Registrant voluntarily dismissed Polycom, Inc. and Via Video from the case without consideration.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

VTEL CORPORATION  
(Registrant)

Date: March 3, 2000

By: /s/ Stephen Von Rump  
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Stephen Von Rump  
President and Chief Executive Officer