

Strong Buy-Aggressive

Objective: Growth
Price Target: \$24

Wireless Communications

Price (8/25/99): \$14.00
52-Week Range: \$16-\$9

Year End: March

Fiscal Year	EPS	P/E
1999A	(\$0.04)	NM
2000E	\$0.15	93.3x
2001E	\$0.27	51.9x

Calendar Year	EPS	P/E
1998A	\$0.05	NM
1999E	\$0.05	NM
2000E	\$0.24	58.3x

Tr. 12 ROE: (4.7%)
Book Value: \$3.70
3-Yr. EPS Gr: 30%
Shares Out: 14.4 million
Market Cap: \$201.6 million

S&P 500 ♦ 1348.27
S&P 1998 P/E ♦ 27.0x

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August 25, 1999

Aironet Wireless Communications, Inc.

Nasdaq: AIRO

The Leading Independent Supplier Of High-Speed Wireless LAN Systems

Investment Highlights

- ◆ Aironet Wireless Communications, Inc. is a leader in the design and manufacture of standards-based wireless local area networking (LAN) communication products and wireless point-to-multipoint bridge products that operate in the industrial-scientific-medical (ISM) unlicensed frequency bands. The company excels at the design and manufacture of high data rate wireless LAN systems and is currently the leading volume producer of 11 Mbps systems that operate in the 2.4 GHz ISM frequency band.
- ◆ Aironet's focus on the high-speed segment of the industry has resulted in a dramatic shift in the company's revenue mix. Eleven Mbps product sales make up approximately 50% of sales and independent revenue (i.e., revenue outside of Telxon) is growing at a compound annual rate of approximately 41%.
- ◆ The physical products consist of a variety of ISA, PCI, and PC Card client network interface cards as well as stand-alone access points (APs) and multi-client adapters that enable localized wireless LAN communications up to 350 feet. Aironet also offers wireless LAN bridge products for longer-range wide-area networking (WAN) communications up to 15 miles.
- ◆ The company has developed a unique set of RF, software, and networking forties to excel at a broad range of wireless LAN technologies. As a result of these efforts, Aironet is the first-to-market with a high-speed 11Mbps wireless LAN product that is driven by its custom media access controller (MAC) IC. In addition, the company is a patent holder on key wireless LAN micro-cellular and roaming network management technologies and is the only company that has developed both frequency-hopping and direct-sequence products.
- ◆ We are initiating coverage of AIRO shares with a Strong Buy-Aggressive rating and a 12-month price target of \$24. We estimate the company to report pro forma fiscal 2000 earnings of \$0.22 per share on total revenue of \$54.8 million. This compares to fiscal 1999 pro forma earnings of \$0.05 on revenue of \$45.3 million. Our fiscal 2001 pro forma earnings estimate is \$0.33 per share on \$71.3 million in revenue. Overall, we believe Aironet is well positioned for continued growth. The company's initial lead in the high-speed 11 Mbps wireless LAN market should give it a solid foothold and significant share in this new market. In addition, we believe the company has the expertise and the industry perspective to remain the technological leader and compete effectively when rival products arrive on the market. We believe that Aironet shares can trade at a market cap-to-sales multiple of approximately 5x, which is comparable to other leading wireless technology companies, and thus the shares can potentially appreciate to \$24 based off our fiscal 2001 revenue estimate of \$71.3 million.



Company Profile

Industry Wireless Communications
 Institutional Holdings NA
 Optionable No
 Marginable Yes
 Headquarters Akron, Ohio
 Chief Executive Officer Roger J. Murphy
 Chief Financial Officer Dale G. Holmes

Balance Sheet Data
Fiscal Year Ends in March

(In millions)	<u>1998</u>	<u>1999</u>	Qtr. 1 <u>2000</u>
Working Capital	\$4.4	\$10.4	\$9.8
Current Ratio	1.37:1	2.31:1	1.68:1
Book Value/Share	\$1.40	\$1.50	\$1.50
Long-Term Debt & Lease	\$0.0	\$2.5	\$2.5
Shareholders' Equity	\$11.7	\$14.01	\$15.14
LT Debt/Total Capital	0%	10.3%	7.8%

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◆ Company Overview And Strategy

Aironet Wireless Communications, Inc. is a leader in the design and manufacture of standards-based wireless local area networking (LAN) communication products and wireless point-to-multipoint bridge products that operate in the industrial-scientific-medical (ISM) unlicensed frequency bands. The company has excelled at the design and manufacture of high data-rate wireless LAN systems and is currently the leading volume producer of 11 Mbps systems that operate in the 2.4 GHz ISM frequency band.

Aironet was founded in 1993 as a division of Telxon Corporation following Telxon's 1992 acquisition of Telesystems SLW, Inc., a Toronto, Canada-based designer and manufacturer of spread spectrum wireless radios. Telesystems was founded in 1986 and was one of the earliest pioneers of spread spectrum wireless radios following a 1985 landmark rule made by the Federal Communication Commission (FCC) that permitted spread spectrum communications in the ISM bands. Telxon combined the Telesystems operations with its own internal wireless hardware and software development projects to form Aironet.

Aironet's core products consist of wireless communication devices that enable the wireless networking of mobile and fixed computing devices. In addition, the company excels at providing networking software that enables SNMP (standard network management protocol) network management as well as Aironet's patented microcellular wireless LAN architecture. The physical products consist of a variety of ISA, PCI, and PC Card client network interface cards as well as stand-alone access points (APs) and multi-client adapters that enable localized wireless LAN communications of up to 350 feet. Aironet also offers specialized antenna and product options that enable point-to-multipoint wireless bridge communications for longer-range wide-area networking (WAN) communications up to 15 miles.

Aironet's products are available in three general product series that operate in the 2.4 GHz ISM frequency band. The *3500* series is an IEEE 802.11 compliant 2 Mbps frequency-hopping (FH) system. The *4500* series is an IEEE 802.11 compliant 2 Mbps direct-sequence (DS) system. Finally the *4800 Turbo DS* series is an IEEE 802.11b draft compliant 11 Mbps direct-sequence system. Aironet is the only company to provide both frequency-hopping and direct-sequence technologies. As a result, Aironet avoids the technological debate between FH and DS technologies and can focus on providing the best solution for the customer.

Aironet has a diverse customer base that uses its products in a wide variety of applications. Historically the company's success has been built on sales into industrial vertical markets such as retailing and warehousing, where wireless LANs provide a communication mechanism from a bar-code scanning device on a mobile worker into the corporate LAN. While these applications remain a staple of the industry, the wireless LAN business is changing through the adoption of wireless networking products into such applications as medical mobile bedside communications, class room and campus educational applications, office and enterprise applications, unlicensed WAN (wide-area networking) bridge applications, and eventually SOHO (small-office, home-office) and consumer applications. Many of these new more horizontal market applications are being driven by the industry's move to the IEEE 802.11 wireless LAN standard as well as the availability of high data-rate wireless LAN products.

Aironet's focus on high data-rate products and emerging horizontal markets have resulted in a dramatic shift in the company's revenue mix over the last year to the point where revenue from 11Mbps product sales makeup approximately 50% of sales. Some of Aironet's most significant customers include Telxon and NCR in the retail and industrial market, Baptist

Health Systems and Duke Medical Center in the medical market, Princeton and Florida State University in the educational market, and IBM and Bloomberg Financial in the enterprise market.

With the pursuit of a horizontal market strategy, Aironet's sales channel is also shifting from an OEM-only approach to a channel approach that leverages distributors and resellers. For example, Aironet has recently signed on Ingram Micro and Tech Data as distributors in addition to Anister, GE Capital IT Solution, Healthpoint, IBM Global Services, and others as value added resellers. Going forward we expect these resellers and distributors to be the principle sales channels as wireless LANs are adopted by a growing base of customers into an expanding variety of applications.

We believe the overall wireless LAN market should grow at a compound annual growth rate of approximately 35% from \$496 million in 1999 to approximately \$1.6 billion in 2003. More importantly we believe the high-speed wireless LAN market should grow at a compound annual growth rate of approximately 90% from \$65 million in 1999 to \$858 million in 2003.

Wireless LAN products have historically proven to be somewhat technologically challenging devices to engineer. The inherent micro-cellular architecture and the multiple access, collision avoidance protocols of wireless LAN products make for a unique communication system. Over the years many companies have attempted and subsequently failed at bringing products to market.

Aironet's success in the wireless LAN industry is rooted in its technological and engineering expertise. The company has developed a unique set of RF, software, and networking fortes to excel at a broad range of wireless LAN technologies. As a result of these efforts, Aironet is the first-to-market with a high-speed 11Mbps wireless LAN product that is driven by its custom media access controller (MAC) integrated circuit. In addition, the company is a patent holder on key wireless LAN micro-cellular and roaming network management technologies and is the only company that has developed both frequency-hopping and direct-sequence products. Finally, the company is very active within the wireless LAN industry's standards bodies as well as within the rule making activities of the Federal Communication Commission (FCC).

Aironet's manufacturing capabilities have focused on maintaining the highest level of quality while also staying ahead of cost reductions required to compete in the industry. The company monitors quality control information that is collected on each unit manufactured by its contract assembly partners in order to maintain its strict quality standards. The company is also in the process of realizing further cost reductions and higher volume manufacturing capabilities by leveraging the offshore facilities of Solectron, a leading contract manufacturer and one of Aironet's key contract manufacturing partners. Aironet maintains the final product assembly and testing in its Akron, Ohio, manufacturing facilities and thus further ensures its high-quality standards. Aironet believes its current manufacturing agreements and capabilities should support a revenue run rate of at least \$100 million annually.

We believe there are two principle drivers for the entire wireless industry—mobility and advantageous deployment economics. If a wireless product application does not leverage one or both of these drivers, we believe it could ultimately fail due to more successful competition from other wired communication product options. The wireless LAN industry is no exception and, in our opinion, must thus adhere to that axiom.

Aironet's overall strategy is designed to capitalize on the previously mentioned two principle industry drivers. For example, the customers and applications that the company pursues utilize both mobile untethered wireless communications as well as cost-effective fixed-wireless bridge communications. Aironet's strategy emphasizes mobility and reduces product costs by refining power efficiency and furthering technological integration.

The company's steadfast focus on high-speed systems, as exemplified in their industry leading 11Mbps products, eliminates the bandwidth difference between wireless networks and standard Ethernet networks and thus leverages the broader industry economies of scale into its mobile and fixed wireless networking applications.

Finally, Aironet embraces industry standards to aid in further expanding the wireless networking industry at large. The company does this through its endorsement of truly open standards such as the 802.11 standard ratified by the Institute of Electrical and Electronic Engineers (IEEE). This standard parallels the IEEE 802.3 standard behind Ethernet and drives toward similar vendor interoperability and the resulting industry volume economies of scale that we cumulatively refer to as the "Ethernet effect". Overall, we believe Aironet's market, product, and industry strategies are focused on the key wireless industry drivers and should therefore increase the company's leadership position in the wireless LAN marketplace.

◆ Addressable Markets

The total addressable market for wireless LAN products consists of a number of sub-markets that span a broad set of communication applications. Historically a few of these sub-markets have been categorized as vertical markets due to their unique OEM integrated product designs. Newer sub-markets to adopt wireless LAN technology apply the products in more generic communication networks and are thus cumulatively beginning to form a broader horizontal wireless LAN market.

All wireless LAN applications leverage either the mobility and/or the deployment economics that drive all wireless communication applications. However, in our analysis of the wireless LAN industry, we attempt to segment the details of those high-level industry drivers into the major industry segments. We have used the application as the primary differentiator followed by product price requirements, fundamental application bandwidth requirements (i.e., high-speed: >5Mbps, low-speed: <5Mbps), and application deployment configurations. As the industry exhibits more horizontal market dynamics, we believe that many of these differentiators converge and that the industry should exhibit dynamics similar to the horizontal markets for modem or Ethernet products.

Currently we believe there are seven basic segments that make up the wireless LAN industry. These segments include industrial/retail, medical, K-12 education, post secondary education, office/enterprise, small office-home office (SOHO)/consumer, and unlicensed WAN bridges. A table summarizing our estimates of these segment opportunities is displayed in Exhibit 1 and graphed in Exhibit 2. Our complete overall model of these segments and the cumulative industry analysis is displayed in Appendix A.

The industry/retail segment includes all the traditional vertical markets and is the most mature of all the segments. As a result, this is the largest segment from the perspective of deployed units and annual revenue but is also the slowest growing segment (2.1% compound annual revenue growth rate between 1999 and 2003). In general this segment maintains higher product prices due to the more customized, OEM-integrated nature of the wireless LAN applications. These prices are estimated to decline at a 10% annual rate. In addition, this

segment is principally concerned in communicating small packets of data that are not time sensitive (i.e., bar-code scanned information) and thus generally doesn't require high-speed communications. While we estimate that some high-speed industrial applications should emerge, we believe that those applications should be a small part of the addressable segment for the foreseeable future.

The medical segment includes applications such as mobile bedside data access and remote wireless instrumentation monitoring. This segment is a growth segment that has emerged over the last couple years. We estimate that this segment should exhibit a compound annual revenue growth rate of approximately 44% between 1999 and 2003. In addition, we believe this segment should maintain generally higher product prices that would likely decline at the standard 10% annual rate. Unlike the industrial segment, however, we expect the medical segment to be a fairly aggressive adopter of high-speed wireless LAN products due to the emergence of more bandwidth intensive wireless communication applications such as the transmission of complete patient records and images, among others.

The K-12 educational segment is a new market that capitalizes on the initiatives to network schools. While much of this networking initiative is to utilize wired equipment, there is evidence that wireless applications such as mobile PC workstations or network connections have begun to penetrate this market. However, we expect the K-12 educational segment to be more price sensitive and to thus require more significant near-term price reductions than the other markets. At the same time, though, the K-12 market should be pushed to utilize the high-speed wireless LAN products through interfaces to standard Ethernet networks within schools and through the focus on delivering broadband Internet access. We believe this segment has the potential to exhibit compound annual revenue growth of approximately 63% between 1999 and 2003.

The post secondary educational segment is similar to the K-12 segment; however, we believe the post secondary segment should maintain slightly higher product prices and should be a more aggressive adopter of wireless networking technology. We anticipate this adoption to be driven principally by the mobility of students and faculty and secondarily by the deployment economics associated with reconfigurable fixed network connections. We believe the post secondary educational segment has the potential to exhibit compound annual revenue growth of approximately 100% between 1999 and 2003.

The office/enterprise networking segment has been a pursuit of the wireless LAN industry for many years. However, data rate and product pricing handicaps had prevented wireless LAN products from penetrating this segment. While our expectations for wireless LAN revenue growth in this segment are still relative modest, we believe that wireless LAN are now capturing some applications within the office/enterprise environment. Adoption of these applications have been driven by mobility and/or advantageous deployment economics (i.e., extensions of the corporate Ethernet LAN, not replacements of the corporate LAN) and are particularly enabled by the availability of 10Mbps+ wireless LAN systems. While high product pricing is likely to decline through ramping volume production, it is the availability of Ethernet-like wireless LAN speeds that is driving this market. We believe the office/enterprise segment has the potential to exhibit compound annual revenue growth of approximately 67% between 1999 and 2003.

The SOHO/consumer market is the newest emerging market for wireless LAN systems. The principle driver behind this segment is the availability of DSL and cable modems that have opened this market for broadband communications. Once these broadband services are delivered to homes and small offices, cost-efficient distribution of this broadband data throughout the home or office is a problem. New wired technologies like phone-line networking should capture a portion of this market. However, wireless solutions also present viable alternatives to consumers that have preference for mobile computing or have the need to deploy and reconfigure networks. In addition, just as cordless phones are popular within homes, mobile networking connections may also find applications.

The SOHO/consumer market, however, is the most price sensitive segment in the wireless LAN industry and is likely to experience significant product pricing declines over the next few years. From a data rate perspective, we expect the low speed solutions to be popular in the near-term as availability and pricing are meeting the current demand. However, just as phone-line networking technology is likely to move to the 10Mbps HPNA (Home Phone line Networking Association) 2.0 standard, we also believe that SOHO/Consumer wireless LAN products will move to 10Mbps+ solutions. In the near term, we expect the growth in the SOHO/Consumer wireless LAN segment to be quite modest as it is likely to be limited by the residential and small business deployments of DSL and cable modem connections, which seem to be experiencing only modest growth. In the longer term, we believe the SOHO/Consumer segment has the potential to exhibit compound annual revenue growth of approximately 157% between 1999 and 2003.

The last basic wireless LAN industry segment is the Unlicensed WAN Bridge market. This segment has proven to be a significant and high-growth staple of the business. WAN bridge applications utilize wireless networking products that have been modified for longer-range communications and outfitted with directional antennas. The resulting product is a point-to-point or point-to-multipoint unlicensed wireless-networking link that can communicate at distances typically up to 15 miles.

These products have considerably higher selling prices that usually range between \$1500 and \$3000 per end. However, even at the current prices, these products represent a significant value proposition as compared to other wireless communications equipment of similar function.

Due to the bridge/back-bone-like communication function of these products, high data rates are very important. Historically, the higher data-rate products have been the most successful in this segment. As a result, we believe the adoption of high data-rate products in this segment should be very aggressive and should quickly cannibalize the lower speed products.

From an application perspective, these products are proving to be quite popular for inter-building and campus communications links for corporations and universities. In addition, some Internet service providers are now realizing that unlicensed 10Mbps+ point-to-multipoint bridge products can be a convenient and relatively inexpensive alternative to T1 connections that deliver broadband Internet services to businesses and schools. We believe the unlicensed WAN bridge segment has the potential to exhibit compound annual revenue growth of approximately 32% between 1999 and 2003.

◆ Wireless LAN Market Opportunity

Exhibit 1 summarizes our estimates for the major wireless LAN segments and the cumulative wireless LAN market. This table also divides the opportunity between the high-speed and low-speed markets. Overall we expect the wireless LAN market to grow at a compound annual rate of approximately 36%, from \$496 million in 1999 to \$1.7 billion in 2003. This represents a cumulative opportunity of approximately \$5.0 billion over the five-year period. Exhibit 2 charts the total wireless LAN opportunity over the 1999-2003 time period.

In addition, we believe that the high-speed segment is positioned for even more aggressive growth relative to the overall wireless LAN market. We believe the cumulative high-speed wireless LAN opportunity is likely to grow at a compound annual rate of approximately 90% from \$66 million in 1999 to \$858 million in 2003. The high-speed opportunity is charted in Exhibit 3, and the effect of the high-speed market on NIC shipments by market segment is shown in Exhibit 4.

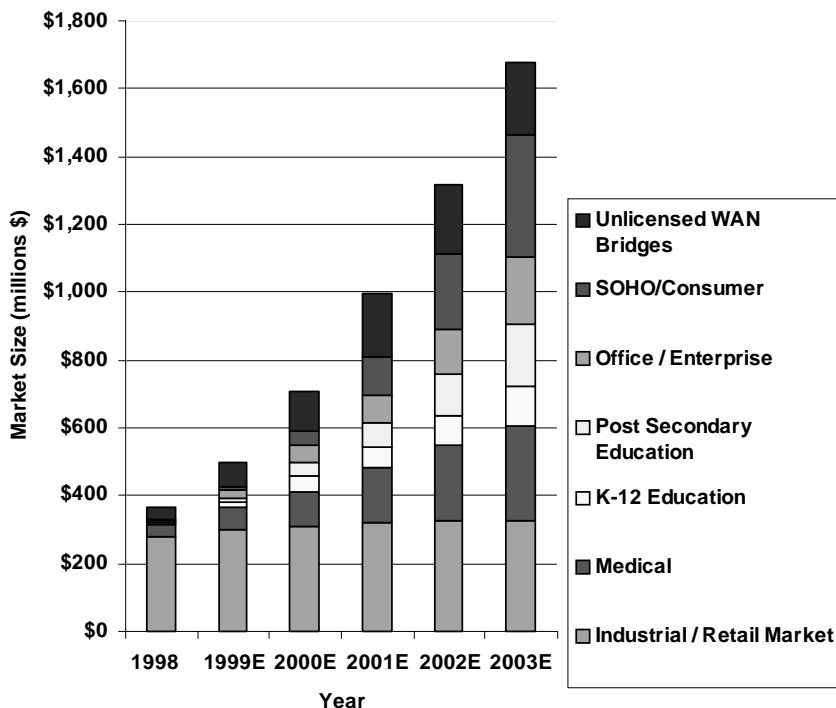
Exhibit 1 ◆ Total Wireless LAN Addressable Market Table

High Speed: > 5 Mbps
Low Speed: < 5 Mbps
Calendar Year Ending December
(in millions)

World Wide Totals		1998	1999E	2000E	2001E	2002E	2003E	1999-2003E CAGR
Industrial / Retail Market	Low Speed Market	\$279.70	\$295.78	\$301.95	\$305.73	\$299.11	\$285.36	-0.9%
	High Speed Market	\$0.00	\$2.91	\$7.61	\$16.39	\$28.38	\$39.49	91.9%
Medical	Low Speed Market	\$35.38	\$59.50	\$89.60	\$126.55	\$164.77	\$203.78	36.0%
	High Speed Market	\$0.00	\$5.83	\$15.22	\$32.78	\$56.76	\$78.97	91.9%
K-12 Education	Low Speed Market	\$5.63	\$14.69	\$20.50	\$27.16	\$33.91	\$39.33	27.9%
	High Speed Market	\$0.00	\$1.76	\$20.95	\$33.64	\$51.03	\$77.42	157.4%
Post Secondary Education	Low Speed Market	\$3.51	\$7.76	\$16.29	\$27.18	\$41.45	\$58.63	65.8%
	High Speed Market	\$0.00	\$3.58	\$25.55	\$45.55	\$81.24	\$123.99	142.5%
Office / Enterprise	Low Speed Market	\$3.76	\$10.03	\$14.88	\$21.04	\$28.15	\$35.17	36.8%
	High Speed Market	\$0.00	\$15.50	\$34.23	\$62.71	\$105.82	\$161.61	79.7%
SOHO / Consumer	Low Speed Market	\$1.65	\$5.94	\$36.79	\$81.31	\$134.02	\$198.19	140.3%
	High Speed Market	\$0.00	\$2.23	\$4.41	\$29.27	\$90.72	\$161.05	191.6%
Unlicensed WAN Bridges	Low Speed Market	\$31.75	\$37.15	\$36.78	\$23.17	\$8.34	\$1.50	-55.2%
	High Speed Market	\$5.00	\$33.75	\$81.00	\$164.03	\$191.91	\$215.90	59.0%
Cumulative Market	Low Speed Market	\$361.38	\$430.84	\$516.78	\$612.13	\$709.76	\$821.97	17.5%
	High Speed Market	\$5.00	\$65.56	\$188.98	\$384.37	\$605.85	\$858.43	90.2%
	Total Market	\$366.38	\$496.41	\$705.76	\$996.49	\$1,315.61	\$1,680.40	35.6%

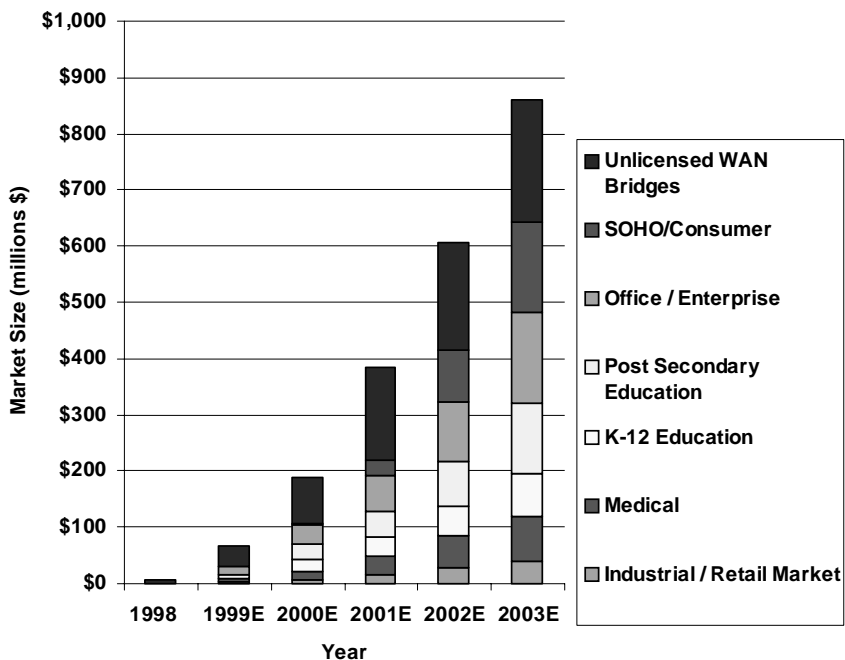
Source: Dain Rauscher Wessels and Industry Sources

Exhibit 2 ♦ Total Wireless LAN Addressable Market Chart



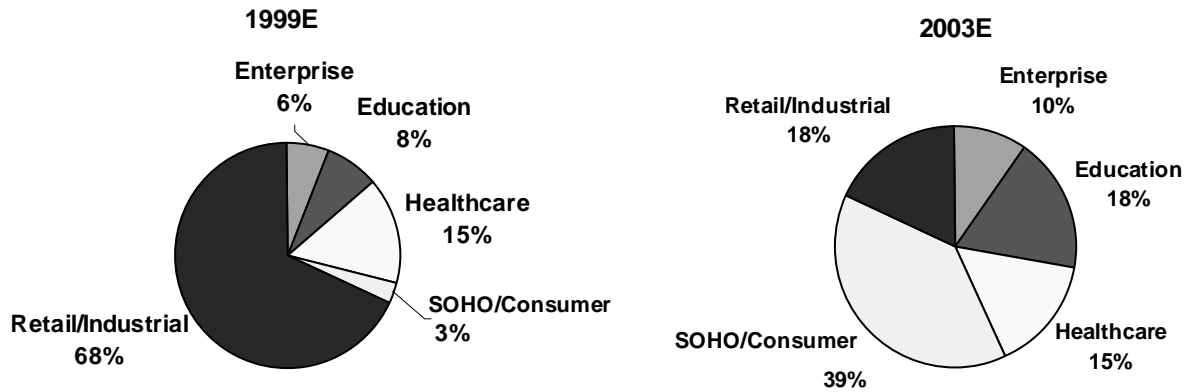
Source: Dain Rauscher Wessels and Industry Sources

Exhibit 3 ♦ High-Speed Wireless LAN Market Opportunity Chart



Source: Dain Rauscher Wessels and Industry Sources

**Exhibit 4 ♦ WLAN Worldwide NIC Shipments
By Market Segment, 1999E And 2003E**



Source: Dain Rauscher Wessels and Industry Sources

♦ **Standards**

In some vertical markets, interoperability and standards are moot because the entire system, from application to access point to mobile device, is sold as a package. Only those products certified by the primary wireless LAN vendor are included.

Contrast this with an educational institution where individual departments and students may make their own purchasing decisions. In addition, the network should support visiting faculty and exchange students that may not own equipment compatible with a proprietary solution. Mobile professionals have similar requirements. For example, a traveling executive with a WLAN-enabled laptop cannot connect to the Internet from an airport lounge if the notebook card is not compatible with the installed wireless LAN access point installed.

As the horizontal applications for wireless LANs develop and the addressable market grows, interoperability between different vendors' products becomes a requirement in order for the benefits of mobility to be realized. Product compatibility should be a key catalyst for the growth of the wireless LAN market.

Additionally, standards decrease product and implementation costs over time and increase the rate of improvement in technology. As more companies launch standard products, competition ensues and ensures that only the most cost efficient competitors survive. The proliferation of standard products also increases the pool of quality technicians and developers, which in turn reduces implementation costs and brings more minds to bear on improving the technology than do proprietary architectures.

In enterprise data networking, industry standards have always prevailed over *de facto* standards. There are several examples of companies with strong market positions failing in their attempts to foist their technology upon the networking industry. IBM's SNA, Digital's DecNet, Novell's IPX, and Apple's Appletalk have all been relegated to legacy status as a

result of the widespread acceptance of the industry standards Ethernet and TCP/IP. The keys to market dominance in the enterprise data networking industry are broad product lines that offer high performance and easy administration.

There are currently five major wireless LAN-standards consortia that are sponsoring standards development—the Institute of Electrical and Electronics Engineers (IEEE), the European Telecommunications Standards Institute’s Broadband Radio Access Networks project (ETSI/BRAN), the HomeRF Working Group, Bluetooth, and the Wireless LAN Interoperability Forum (WLI Forum). The characteristics and status of these standards are summarized in Exhibit 5.

The IEEE is a worldwide professional and technical organization that includes members from both the academic and business communities. It is the major forum for development of local area networks standards including Ethernet (802.3) and token ring. Its 802.11 working group is working on or has completed four wireless LAN standards. It has also convened a working group (802.15) to explore wireless personal networks (WPANs).

The ETSI/BRAN is a nonprofit organization whose purpose is to develop European telecommunications standards and promote these standards worldwide. It has completed the HiperLAN 1 standard for very high speed (>20 Mbps) wireless LANs.

The HomeRF Working Group is an industry consortium formed to develop a simple standard for wireless LANs that is suitable for the home market. It is intended to support wireless connectivity for a wide range of devices including computers, stereos, and televisions. Its SWAP standard was completed in early 1999 and products based in this standard are expected to be available late 1999.

Bluetooth is an industry consortium focused on developing a standard for low-speed, low-cost, low-complexity wireless LAN products. Its low cost and limited range make it suitable for personal ad hoc networks and cable replacement. The low cost and complexity are achieved at the expense of throughput, distance, and roaming. Thus this standard is unsuitable for the vertical applications described above or for corporate network extension.

The WLI Forum was formed to promote interoperability among products using Proxim’s OpenAir protocol. The organization certifies interoperability of all members’ products. It has currently expanded its testing and certification program to include 802.11 products.

The IEEE, ETSI, Home RF Working Group, and Bluetooth organizations communicate regularly on the development of their standards. We believe that this cooperation should eventually lead to a single suite of standards and interoperable products that address the needs of all markets. We expect current competing standards to evolve and merge as shown in Exhibit 6.

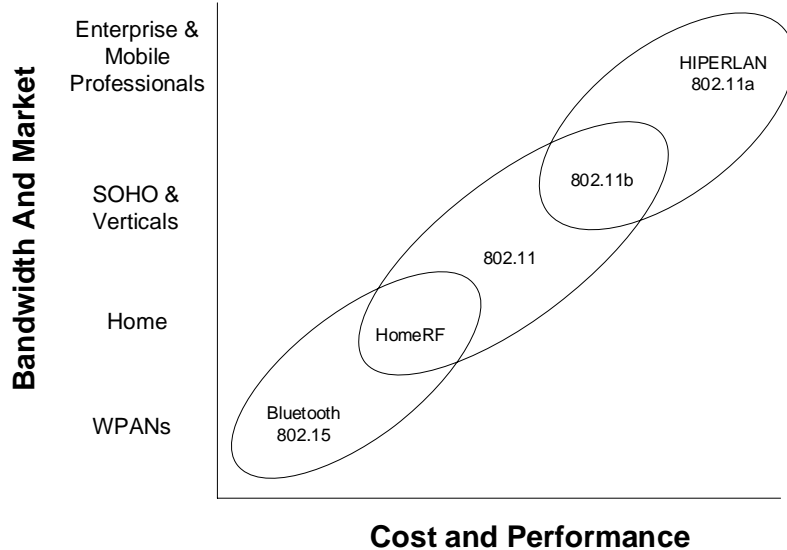
At the low end, a low-speed, low-cost, limited-distance standard that is based on Bluetooth and IEEE 802.15 should emerge for WPANs. In the middle market, the need for a single LAN standard that supports mobile professionals at home, on the road, and in the office should drive the HomeRF and 802.11 standards to merge. At the high end, content-rich enterprise applications should be supported by a single high-speed wireless LAN standard that results from the Hiperlan/IEEE collaboration.

Exhibit 5 ♦ Status And Specifications Of Wireless LAN Standards

Sponsoring Organization	Standard	Transmission Technique	Maximum Speed	Frequency	Status	First Product Ships?	Typical Output Power	Typical Range (feet)
IEEE	802.11	FHSS	2 Mbps	2.4 Ghz	complete	available	400 mW	180
IEEE	802.11	DSSS	2 Mbps	2.4 Ghz	complete	available	100 mW	220
IEEE	802.11a	OFDM	54 Mbps	5 Ghz	Nov-99	unknown	NA	NA
IEEE	802.11b	DSSS	11 Mbps	2.4 Ghz	Nov-99	available	100 mW	140
HomeRF Working Group	SWAP	FHSS	1.6 Mbps	2.4 Ghz	complete	late 1999	100 mW	150
ETSI/BRAN	Hiperlan	OFDM	23.5 Mbps	5 GHz	complete	3Q 2000	max 1000 mW	110-150
Bluetooth Consortium	Bluetooth	FHSS	721 kbps	2.4 Ghz	complete	late 1999	100 mW	<35
WLI Forum	OpenAir	FHSS	1.6 Mbps	2.4 Ghz	complete	available	500 mW	500

Source: Dain Rauscher Wessels and Industry Sources

Exhibit 6 ♦ Positioning Of Standards By Target Market



Source: Dain Rauscher Wessels

♦ Technology

As Exhibit 7 illustrates, wireless LANs are essentially extensions to wired data networks that use RF technology for the last hop instead of copper or fiber cable. While they can be used in lieu of a wired network, they are a much more compelling solution when combined with wired networks to speed deployment, support worker mobility, or increase network flexibility. These are the advantages that wireless LAN have over wireline LANs and have been the drivers of growth in the market.

Historically, wireless LAN products have been sold with applications as solutions for vertical markets such as healthcare or retail inventory control. Two trends in the marketplace have widened the addressable market for wireless LAN products—First, access to corporate

networks and the Internet has become an essential tool for many workers, and second, the workers themselves have become more mobile. As a result, wireless LAN technology now has wide horizontal applications. Exhibit 8 shows how wireless LANs supplement wireline networks to speed deployment, increase network flexibility, and support worker mobility.

There are three essential technologies required to implement a wireless LAN system—spread spectrum radio technology to provide the physical last hop connection, media access control (MAC) technology to control how the air interface is accessed and shared, and system software to allow users to seamlessly change locations without losing their network connections. Aironet's sophisticated spread spectrum radios, proprietary MAC integrated circuit, and Microcellular Architecture are the differentiating technological strengths of the company.

Spread Spectrum Radios: Spread spectrum radio systems were originally conceived by the actress Hedy Lamarr and the composer George Antheil in 1942 for military use (see sidebar). Spread spectrum transmissions are more difficult to jam or detect because the signal is spread over a wider frequency range than necessary, and both sender and receiver have to be tuned in to the spreading parameters to make sense of the transmission.

The same characteristics that make spread spectrum transmissions difficult to detect also make them ideal for transmitting information over frequencies that are shared or have a high level of interference. The techniques essentially trade bandwidth for improved signal to noise ratios by spreading the transmitted power over a much wider frequency range (Exhibit 9). The lower overall average power reduces interference among the transmissions sharing the spectrum.

There are two general categories of spread spectrum transmission techniques in use in wireless LANs today—frequency hopping spread spectrum (FHSS) and direct sequence spread spectrum (DSSS). FHSS transmission spreads the transmission by rapidly hopping over a preassigned set of narrowband frequencies. DSSS techniques transmit at a constant low power level over a wider frequency range. Exhibit 10 is a simplified illustration of how frequency hopping and direct sequence spread spectrum would compare if they were used in the FM radio spectrum.

An important characteristic of these transmission techniques is that they are not compatible, for example, an FHSS WLAN cannot communicate with a DSSS WLAN system even if they both comply with standards. It is also important to note that FHSS wireless LANs transmit at a higher power than DSSS wireless LANs but spend limited time at any single frequency.

Aironet's wireless LAN products use spread spectrum modulation in the unlicensed industrial, scientific, medical (ISM) bands. The company has been designing high-performance 2.4 GHz spread spectrum radios since 1993 and offers both FHSS and DSSS products. Aironet is currently the only vendor on the market with an FCC approved 11 Mbps wireless LAN system.

Hedy Lamarr-Technology Visionary

It could easily be argued that the actress Hedy Lamarr had more vision as a technologist and engineer than as an artist - she certainly had more impact. During the World War II era, she envisioned, designed, and patented the first frequency hopping spread spectrum radio. During this period, she also chose to star in memorable films such as *White Cargo* and *Experiment Perilous* while declining leading roles in *Casablanca* and *Gaslight*. While many of her films during this period have faded from memory—most are not even available on video—her invention is the basis for all spread spectrum wireless LAN and mobile telephony technology today.

After vaulting into celebrity because of her role in the sexy film *Ecstasy*, Lamarr became the trophy wife of an Austrian armament manufacturer, Fritz Mandl. Not content with just sitting and looking pretty while Mandl discussed problems with the targeting of his torpedoes, she listened and began to develop an understanding of weapons technology.

After the Nazis occupied Austria in 1938 and Mandl began to supply weapons to their war machine, Lamarr escaped and eventually made her way to Hollywood where she met the composer George

Antheil. Antheil was known for his mechanistic symphonies that used up to fourteen player pianos simultaneously. She was following Antheil on the piano one day when serendipity struck. What if they could develop a system where a torpedo could be programmed to follow a radio transmission that hopped from frequency to frequency, much like player pianos are programmed for a specific sequence with paper tape? The result would be a guidance system that would be almost impossible to intercept or jam without prior knowledge of the exact “song”, i.e., frequency sequence, that was used.

They jointly developed the “Secret Communication System” and were granted a patent on August 11, 1942. The idea was years ahead of the available technology—it was impractical to install a player piano tape and mechanism inside a torpedo. In fact, the technology did not find practical application until the invention of the transistor. Its first notable use was during the Cuban missile crisis when the U.S. Navy used frequency hopping transmissions to communicate and coordinate the blockade of Cuba. Unfortunately, Lamarr’s patent expired three years earlier, so she never received any compensation for her ingenious invention.

Source: U.S. Patent Office and Various Historical Sources

MAC Integrated Circuit: Media access control (MAC) technologies, as the name implies, control access to the wireless medium. Since all stations within a given WLAN cell share the medium, this is not a trivial task. Under the IEEE 802.11 standard, MAC implementations must detect when the wireless channel is available, reserve the channel for transmission, confirm the integrity of received transmissions, and encrypt transmissions when necessary.

Aironet has a proprietary MAC integrated circuit that performs all of these functions and currently offers the only 11 Mbps MAC implementation on the market. The chip is a reduced instruction set computer (RISC) processor and offers better performance and power efficiency than a traditional microprocessor. Since this technology cannot currently be outsourced, the proprietary MAC chip differentiates Aironet from its competitors.

Microcellular Architecture: Spread spectrum radios and MAC integrated circuits provide a wireless connection to a LAN. System software is required to provide roaming support, power management, load balancing, and wireless bridging. Aironet's patented Microcellular Architecture provides this support to deliver a complete wireless LAN solution.

Roaming software is required to support worker mobility. The mobility illustrated in Exhibit 1 is compromised if users have to remain constantly aware of their cell location. Aironet's roaming support transfers users among access points as they move through building without dropping the network connection.

Power management maintains network connectivity when mobile devices go to "sleep" to conserve battery power. Aironet's DSSS technology buffers data transmissions to allow mobile radios to rest instead of constantly monitoring the air interface for transmissions.

Load balancing client algorithms improve network performance. The algorithms are included in the PC client card adapters to allow a mobile station entering the network to choose the least loaded access point among those available from that location. This results in an evenly loaded network and thus improves overall network performance.

Wireless bridging allows the LAN to extend over several buildings. This allows a mobile user to roam throughout a campus without losing network connectivity.

Exhibit 7 ♦ Wireless LANs As Extensions To Data Networks

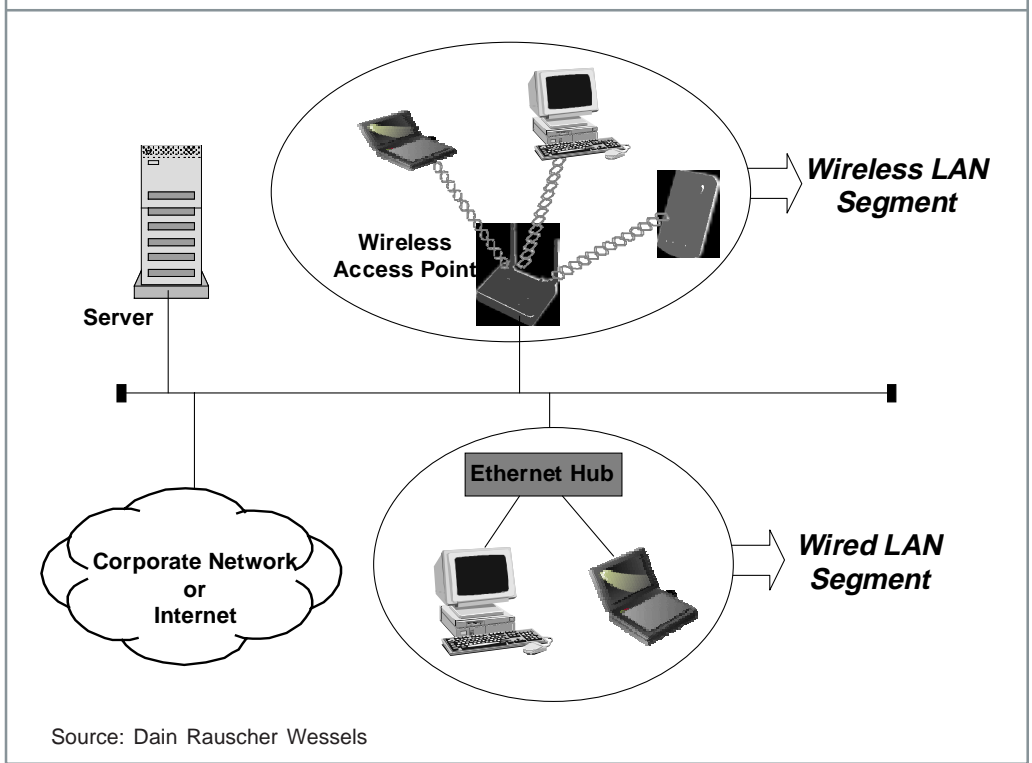


Exhibit 8 ♦ Wireless LAN Support For Mobility And Temporary Facilities

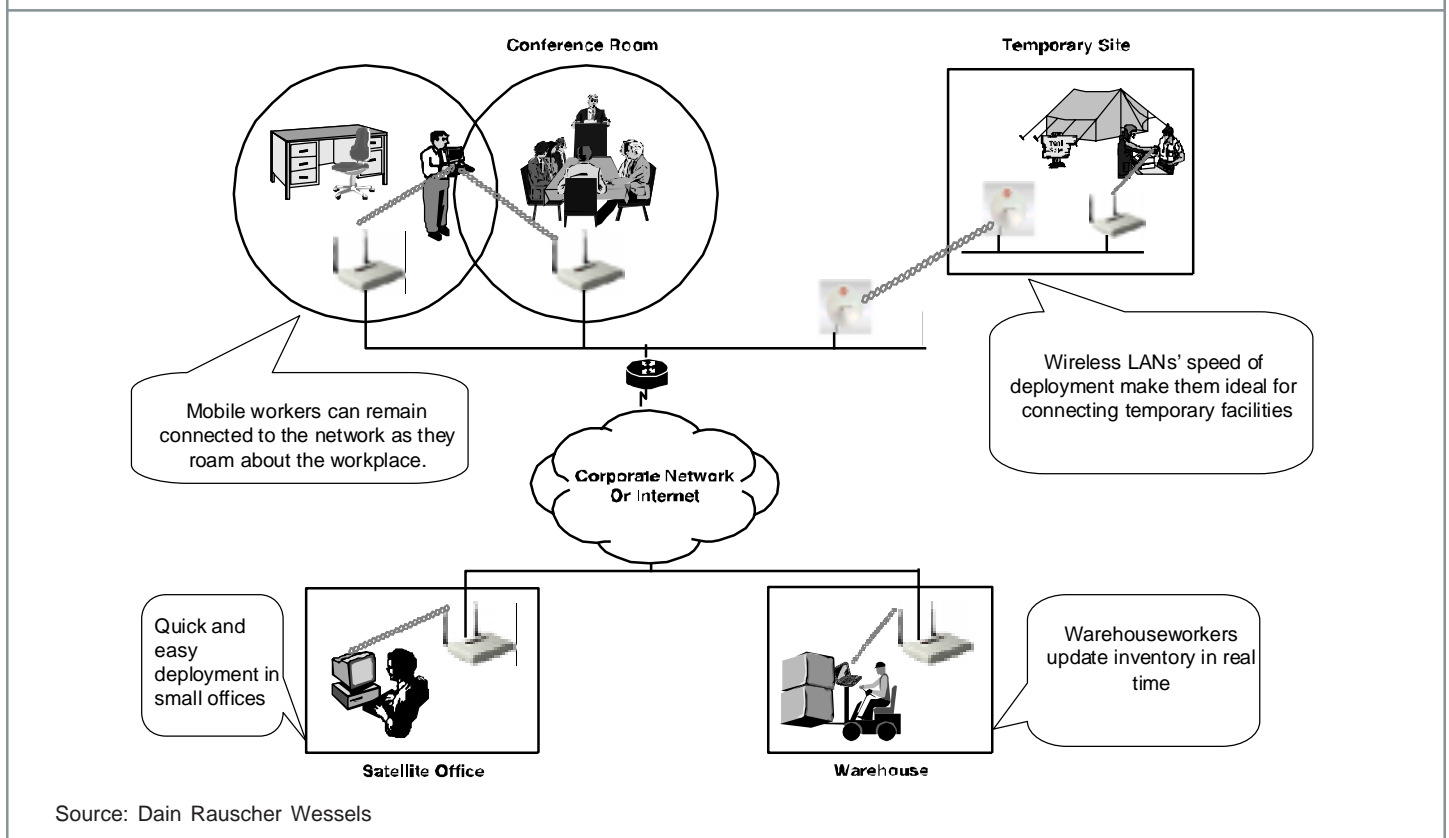


Exhibit 9 ♦ Spread Spectrum Vs. Narrowband Transmission

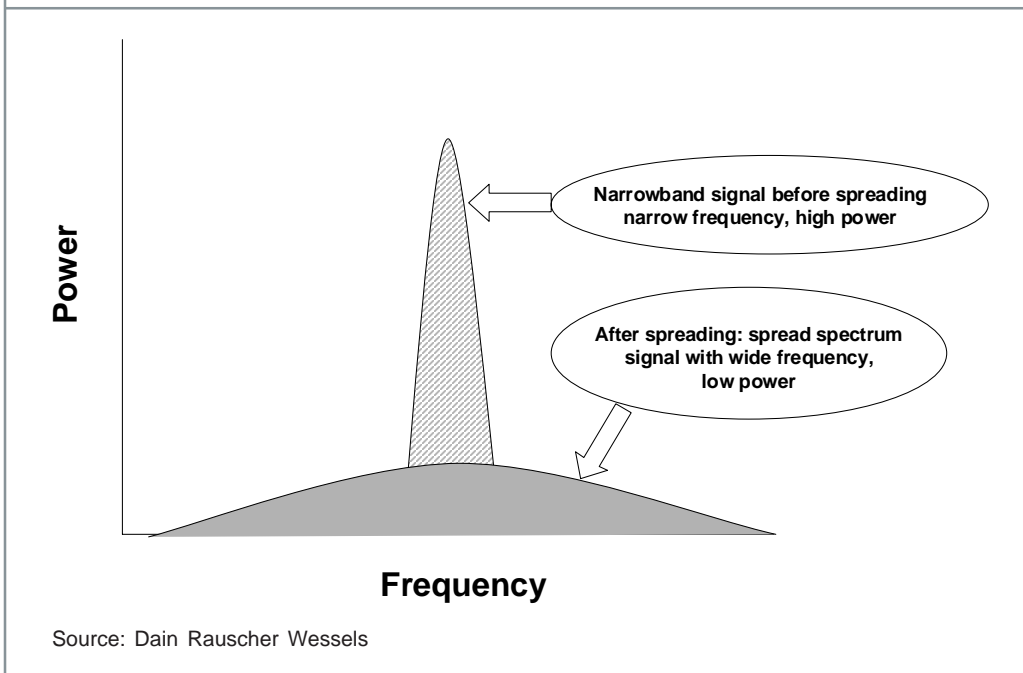


Exhibit 10 ♦ Illustration Of Spread Spectrum Transmissions

Narrowband Antenna

90 FM

97 FM

104 FM

Individual radio listeners are tuned into their respective frequencies, i.e., stations.

Frequency Hopping

Narrowband Antenna

90 FM

97 FM

104 FM

The frequency hopping system hops from station to station to transmit the message. The data transmission is perceived as short bursts of noise by the radio listeners if they hear it at all.

Direct Sequence

Narrowband Antenna

90 FM

97 FM

104 FM

The direct sequence system transmits across all frequencies simultaneously but with very low power. The data transmission is perceived as low constant background noise by the radio listeners, if they hear it at all.

Source: Dain Rauscher Wessels

◆ Products

Aironet offers a complete wireless LAN product portfolio that includes LAN products and wireless bridge products. All current wireless LAN product families are 802.11 compliant and include access points, LAN adapter cards, and multi-client LAN adapters. Wireless bridge product families all use direct sequence spread spectrum transmission and are FCC or ETSI compliant.

Wireless LAN Products: Aironet offers five families of wireless LAN products—three current families and two legacy product families. The LAN products are summarized in Exhibit 11.

The three current product families are the *4800 Turbo DS Series*, the *4500 Series*, and the *3500 Series*. Network administration and installation can be performed using standard interfaces such as Web browsers or SNMP. Aironet's patented Microcellular Architecture is incorporated in all current products and supports roaming, power management, and load balancing. Aironet's roaming technology is one of the few on the market that support roaming across IP subnets, freeing network administrators from the need to predict where roaming might occur.

The *4800 Turbo DS Series* uses direct sequence spread spectrum transmission and is the first 11 Mbps wireless LAN on the market. It also supports data rates of 1, 2, and 5.5 Mbps and is backward compatible with the *4500 series*. Client adapter cards support all network operating systems including *Windows 95, 98, NT, and NetWare*. As shown in Exhibit 12, the *4800 Series* includes access points, adapter cards, and multi-client adapters.

The *4500 Series* also employs direct sequence spread spectrum transmission and supports data rates of 1 or 2 Mbps. It consists of the same components as the *4800 series* and offers the same hardware and software support. The access point and the client cards have performed well in interoperability tests with other vendors' 802.11 compliant direct sequence products.

The *3500 Series* uses frequency hopping spread spectrum transmission and supports data rates of 1 or 2 Mbps. It is appropriate for use in environments with high multipath interference and other harsh environments. The AP3500 access point can also be configured as a point-to-point repeater to extend the range of the wireless LAN.

The two legacy product families, the *2200* and *1200*, are manufactured and sold by Telxon Corporation through a royalty arrangement. They both employ proprietary direct sequence spread spectrum transmission schemes and, as such, are used primarily in vertical deployments. The *2200* and the *1200* operate in the 2.4 GHz and 900 MHz unlicensed bands, respectively.

Wireless Bridge Products: Aironet currently offers six families of wireless bridge products. All products use direct sequence spread spectrum transmission to provide broadband connectivity between buildings over line-of-sight distances—up to 15 miles at 11 Mbps and 25 miles at 2 Mbps. The product families' specifications are summarized in Exhibit 13.

Exhibit 11 ♦ Aironet Product Line Specifications

	<i>4800 Turbo DS Series</i>	<i>4500 Series</i>	<i>3500 Series</i>	<i>2200 Series</i>	<i>1200 Series</i>
Standard	802.11b	802.11	802.11	Proprietary	Proprietary
Transmission Type	Direct Sequence	Direct Sequence	Frequency Hopping	Direct Sequence	Direct Sequence
Frequency Range	2.4 – 2.4835 MHz 2.471 – 2.497 MHz	2.4 – 2.4835 MHz 2.471 – 2.497 MHz	2.4 – 2.4835 MHz 2.471 – 2.497 MHz	2.4 – 2.5 GHz	902 – 928 MHz
Data Rates	1, 2, 5.5, & 11 Mbps	1 & 2 Mbps	1 & 2 Mbps	2 Mbps	860 kbps
Indoor Range	125 – 350 feet	250 – 350 feet	150 – 250 feet	500 feet	1000 feet
Wired LAN support	Ethernet & Token Ring	Ethernet & Token Ring	Ethernet & Token Ring	Ethernet & Token Ring	Ethernet & Token Ring
Client Adapter Card	PCMCIA, PCI, ISA, & Universal Client	PCMCIA, PCI, ISA, & Universal Client	PCMCIA, PCI, ISA, & Universal Client	PCMCIA, ISA, & Universal Client	PCMCIA, ISA, & Universal Client
Multiclient Adapter	YES	YES	YES	NO	NO
Output Power	100 mW (US & Canada) 50 mW (ETSI) 10 mW/Mhz (Japan)	100 mW (US & Canada) 50 mW (ETSI) 10 mW/Mhz (Japan)	200 mW (US & Canada) 50 mW (ETSI) 10 mW/Mhz (Japan)	100 mW	450 mW
Adapter Card Power Consumption	490 mA Transmit 280 mA Receive 5 mA Sleep	490 mA Transmit 260 mA Receive 5 mA Sleep	450 mA Transmit 190 mA Receive 5 mA Sleep	300 mA PCMCIA 900 mA ISA	300 mA
Introduction Date	Dec-98	Jun-98	Oct-97	Jul-94	May-91

Source: Aironet Wireless Communications, Inc.

Exhibit 12 ♦ Aironet's 4800 Turbo DS Product Line



Source: Aironet Wireless Communications, Inc.

Exhibit 13 ♦ Aironet’s Wireless Bridge Product Family

	<i>BR500</i>	<i>BR100</i>	<i>BRE500</i>	<i>BRE100</i>	<i>BR2000</i>
Range	Up to 15 miles @ 11 Mbps	Up to 25 miles @ 2 Mbps	Up to 5 kilometers	Up to 10 kilometers	Up to 25 miles @ 1 Mbps
Speed	1, 2, 5.5 & 11 Mbps	Up to 2 Mbps	11 Mbps	Up to 2 Mbps	1, 2, & 4 Mbps
Certification	FCC	FCC	ETSI	ETSI	FCC & 60 other countries
Wireline LAN Support	Ethernet	Ethernet	Ethernet	Ethernet & Token Ring	Ethernet & Token Ring
Frequency Range	2.4 – 2.4835 GHz	2.4 – 2.4835 GHz	2.4 – 2.4835 GHz	2.4 – 2.4835 GHz	2.4 – 2.4835 GHz
Transmit Power	100 mW	100 mW	1 mW – 50 mW	1 mW – 50 mW	100 mW
Configuration Support	point-to-point and point-to-multipoint	point-to-point and point-to-multipoint	point-to-point and point-to-multipoint	point-to-point and point-to-multipoint	point-to-point and point-to-multipoint

Source: Dain Aironet Wireless Communications, Inc.

♦ Revenue Mix

The revenue mix for Aironet consists of two components—sales to the company’s former parent Telxon, and sales to other customers that we have termed independent customers. This mix is graphed in Exhibit 14 on a quarterly basis. The data points for the June quarter of 1997 through the June quarter of 1999 reflect the actual results for Aironet. The trend lines starting with the September quarter of 1999 and going forward reflect our expectations as detailed in our financial model for the company.

Aironet’s independent product sales are currently driving the growth of the company. We estimate that Aironet’s independent revenue should grow at a compound annual rate of approximately 41% from fiscal 1998 through fiscal 2001. In the June quarter of 1997, Aironet anticipated that its future growth would be in the sales of standards-based 2.4GHz wireless LAN products to these independent customers as opposed to the sales of the proprietary 900MHz systems into Telxon. As a result, Aironet initiated a licensing agreement with Telxon in the September quarter of 1997 that transferred all responsibility for these legacy 900MHz systems to Telxon in exchange for a fixed technology licensing royalty payment. This agreement has allowed Aironet to pursue its high-growth opportunities without the burden of supporting the legacy products. As shown in Exhibit 14, this revenue recognition transition took place throughout fiscal 1998 (from the September quarter of 1997 through the March quarter of 1998) and accounts for the Telxon product revenue decline as well as the royalty revenue increase starting in the September quarter of 1997. This revenue recognition transition was completed by the end of fiscal 1998. As a result, fiscal 1999 (June quarter 1998 through March quarter 1999) was not influenced by this changing revenue mix. In fiscal 2000 and fiscal 2001, this royalty revenue is being recognized at a fixed quarterly rate of \$1.45 million. After fiscal 2001 the Telxon royalty agreement can either be renewed or modified to a per unit royalty.

In fiscal 1999 Exhibit 14 shows that the independent product sales were not linear. This was due principally to the major product transition that Aironet initiated with the introduction of its 11Mbps wireless LAN system in the fall of 1998. As is customary with many product transitions, some customers chose to hold back purchases in the September quarter of 1998 while waiting for the new 11Mbps system to start shipping in the December quarter. Independent product revenue thus ticked down in September and then spiked up in December

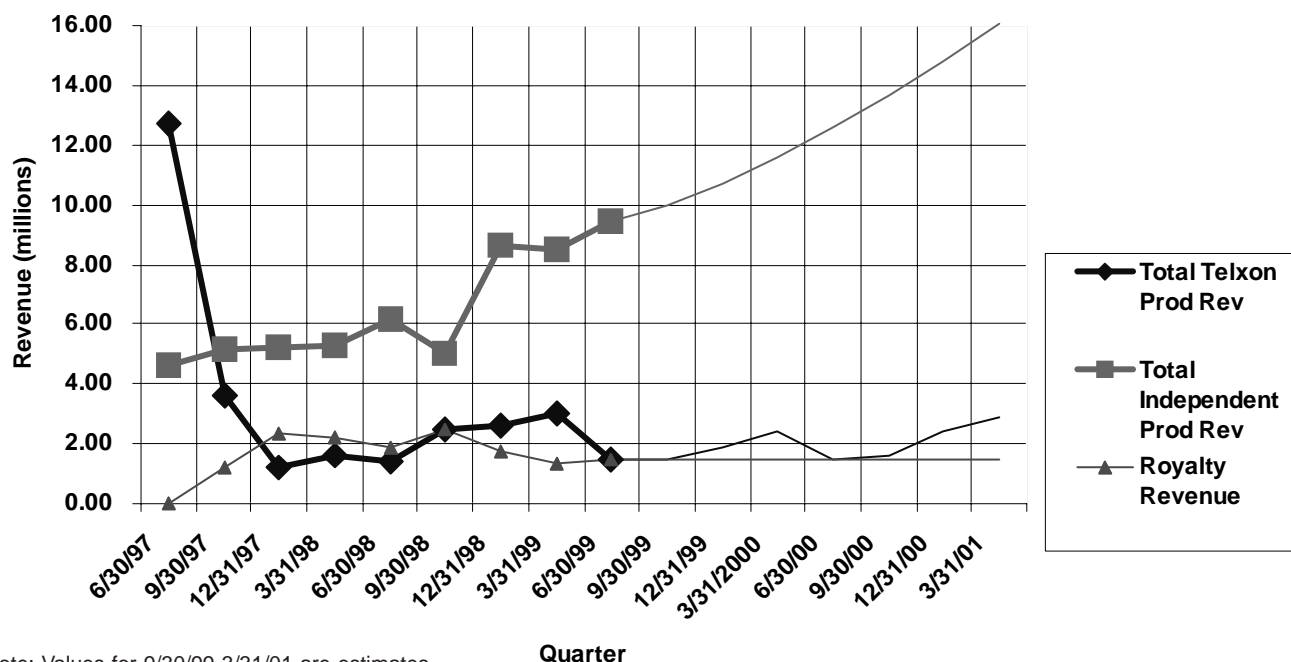
as customers continued purchases. The December quarter of 1998 was also influenced by a single large independent OEM contract that Aironet fulfilled. Going forward we expect a growing percentage of Aironet’s sales to come from its distributors and resellers and thus calm some of this large OEM contract volatility. However, it is possible for the company to experience some revenue fluctuations from these customers.

Exhibit 15 shows Aironet’s revenue mix by product type for the June quarter of 1999 and gives an indication of the leading position that the 11Mbps wireless products have taken within the company. Overall, 11Mbps systems accounted for approximately 52% or \$5.7 million of the product revenue. This is up from approximately \$3 million in the March quarter of 1999 and less than \$1 million in the December quarter of 1998. Aironet’s 11Mbps product sales are nearly equally distributed between in-building systems and bridge systems. The company’s next largest product group is its in-building frequency-hopping systems, which accounted for 17% of revenue for the June quarter. The remaining product types of in-building 2Mbps DS systems, in-building legacy systems, and bridge 2Mbps DS system each account for 7%-8% of revenue.

Exhibit 16 shows Aironet’s revenue mix by geographic sales and indicates that the majority (64%) of the company’s sales are to U.S.- based companies. Aironet also has strong revenue contributions from sales in Europe (25%) and Asia (principally Japan with 10%) through its international distributors of Artem, Jepico, PC LAN, and Westcon.

Finally, Exhibit 17 shows Aironet’s revenue mix by sales channel and indicates that for the June quarter the company derived 24% of its revenue from sales to OEMs and 76% from distributors and resellers. Historically Aironet’s sales have been weighted much more toward the OEM sales channel. However, the shift of the company’s customer base from a vertical market focus to more of a horizontal market focus has driven more sales through the distribution and reseller channels.

Exhibit 14 ♦ Aironet’s Product Revenue Mix Chart–Telxon, Independent, Royalty



Note: Values for 9/30/99-3/31/01 are estimates
 Source: Dain Rauscher Wessels and Aironet Wireless Communications, Inc. reports

Exhibit 15 ♦ Aironet's Product Revenue Percent By Product Type, 1Q2000

Product Revenue % by Product Type	
<i>In-building 11 Mbps Systems</i>	27%
<i>In-building 2Mbps DS Systems</i>	7%
<i>In-building 2Mbps FH Systems</i>	17%
<i>In-building Legacy Systems</i>	8%
<i>Bridge 11Mbps Systems</i>	26%
<i>Bridge 2Mbps DS Systems</i>	8%
<i>Bridge 2Mbps FH Systems</i>	0%
<i>Bridge Legacy Systems</i>	<1%

Source: Dain Rauscher Wessels and Aironet Wireless Communications, Inc. reports

Exhibit 16 ♦ Aironet's Product Revenue Percent By Geography, 1Q2000

Product Revenue % by Geography	
United States	66%
International	34%

Source: Dain Rauscher Wessels and Aironet Wireless Communications, Inc. reports

Exhibit 17 ♦ Aironet's Product Revenue Percent By Sales Channel, 1Q2000

Product Revenue % by Sales Channel	
OEMs	24%
Distributors / Resellers	76%

Source: Dain Rauscher Wessels and Aironet Wireless Communications, Inc. reports

♦ Marketing And Distribution

Aironet's marketing and distribution strategy is to sell its wireless LAN and bridge products in domestic and international markets through an indirect channel of distributors, value-added resellers (VARs), and OEMs. Major U.S. distributors include Ingram Micro, Incorporated, Tech Data Corporation, and Business Partner Solutions, Inc. Major VARs include IBM Global Services, GE Capital IT Solutions, Anistar, and Healthpoint. Aironet generally ships products within four weeks of receiving an order and thus does not maintain a significant backlog.

Aironet also sells its products to OEM customers for integration into its wireless computing devices including handheld, pen-based, and other portable computers as well as point-of-sale and other computing platforms. Major OEMs include PSION, GE Marquette Medical Systems, and Telxon. Field sales persons and support engineers sell Aironet's wireless LAN products to OEMs. The company has sales offices in Chicago, Illinois; San Francisco, California; Tampa, Florida; Atlanta, Georgia; Phoenix Arizona; the Boston, Massachusetts area; and Brussels, Belgium.

◆ Customers

Consistent with the development of the horizontal opportunity and Aironet's marketing strategy, the company's customer base and contact are expected to change from primarily vertical industry and direct sell through OEMs to a mix that includes a large portion of revenue from horizontal enterprise applications and indirect channel sell through VARs and distributors.

Notable customers deploying Aironet products as a vertical solution include Wal-Mart, Avis, Sears, and Ford. Aironet has also recorded several significant customer wins for horizontal application of its products including IBM and Bloomberg Financial. Exhibits 18 and 19 summarize Aironet's customers by market and by sales channel.

Exhibit 18 ◆ Aironet Customer Summary By Market

Selected Customers By Market Segment:

Industrial / Retail Customers:

Ameritech, Anheuser Busch, Avis, Federated Stores, Ford, Home Depot, Ito Yokado, Krogers, Lufthansa, Nike, Sears, Telxon, Walgreens, Wal-Mart, Walt Disney

Medical:

Arlington Memorial Hospital, Baptist Health Systems, Duke University Medical Center, Good Samaritan Hospitals, Partners Healthcare, V.A. Hospitals.

K-12 Education

Dade County Schools, City of Neodesha Schools, Union Endicott School District

Post Secondary Education

Duke University, Princeton University, Florida State University

Office / Enterprise

Bloomberg Financial, IBM

SOHO / Consumer

No Current Customers

Unlicensed WAN Bridges

NAS Wireless Corporation, City of San Antonio, Monroe County (FL), New York City Department of Corrections

Source: Dain Rauscher Wessels and Aironet Wireless Communications, Inc. reports

Exhibit 19 ♦ Aironet Customer Summary By Sales Channel**OEMs, Distributors, And Resellers:****OEMs:**

Catalina Marketing, Handheld products, Hypercom, G.E.
 Marquette Medical Systems, Monarch Marking, NEC, NCR,
 PSION, Teklogix, Telxon, Ticketmaster, Walkabout Computers.

Distributors

U.S.: BPS/Savior, Ingram Micro, Tech Data.

International: Artem, Jepico, PC LAN, Westcon

Resellers

Anixter, Comptek, Compucom, Edutek, GE Capital IT Solutions,
 Healthpoint, IBM Global Services, Inacom, Network Access
 Solutions, Skylynx, Spectrum Wireless, Toyo Comm., Reynolds
 and Reynolds

Source: Dain Rauscher Wessels and company reports

♦ Manufacturing

Aironet outsources manufacturing of PC Card adapters and assembled printed circuit boards to Soletron's Asian facilities and the SMT Center's Toronto, Canada-based facility. Aironet's proprietary MAC integrated circuit is manufactured by Atmel. Final assembly, configuration, test, quality assurance, packaging, and shipping are performed at Aironet's assembly facility in Akron, Ohio.

Other components, such as integrated circuits, are purchased from third-party suppliers such as Harris Semiconductor.

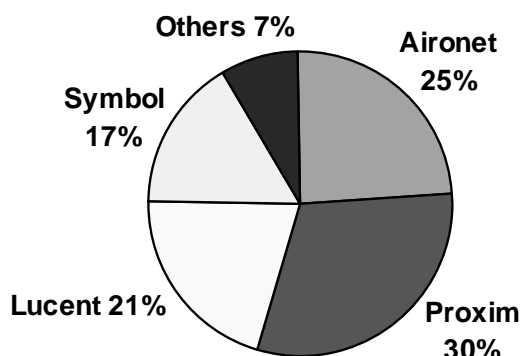
♦ Competition

Although wireless LANs have been around for some time in vertical markets, the large horizontal market opportunity in homes and enterprises is still in its infancy and should be highly competitive. As shown in Exhibit 20, Aironet's major competitors are Lucent, Proxim, Symbol, BreezeCOM, and RadioLAN. Aironet and its top three competitors account for more than 90% of the overall WLAN NIC market.

Key success factors in this market should be broad product lines that comply with industry standards, ease of installation and configuration, and high speed and performance. By these metrics, Aironet compares favorably with the competition as shown in Exhibit 21. It is the only company with an 11 Mbps product on the market; it is the only company with a broad product line that includes both DSSS and FHSS technology, and it is one of two companies (along with Proxim) that supports management and administration via Web browser.

In the wireless LAN building-to-building bridge market, Aironet's major competitor is BreezeCOM. As Exhibit 22 shows, Proxim also competes in the market, albeit with a smaller presence.

Exhibit 20 ♦ Worldwide WLAN NIC Market Share



Source: Dain Rauscher Wessels and industry sources

Exhibit 21 ♦ Competitive Comparison Of Wireless LAN Product Lines

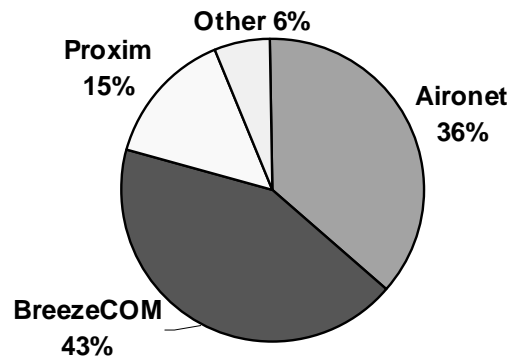
Company	Market Segment Focus	Major Product Lines	Standard Compliance	Transmission Type	Frequency	Maximum Speed	Roaming between IP subnets?*	Management Interfaces
Aironet	Enterprise Vertical	4800 Series 4500 Series 3500 Series	802.11 802.11b	DSSS & FHSS	2.4 GHz	11 Mbps	Yes	Web Browser SNMP FTP Telnet
BreezeCOM	Enterprise Vertical	<i>BreezeNET PRO.11</i>	802.11	FHSS	2.4 GHz	3 Mbps	No	SNMP TFTP
Lucent	Home Enterprise Vertical	<i>WaveLAN</i>	802.11	DSSS	2.4 GHz	2 Mbps	No	SNMP
Proxim	Home Enterprise Vertical	<i>RangeLAN2</i> <i>RangeLAN802</i>	802.11 HomeRF OpenAIR**	FHSS	2.4 GHz	2 Mbps	No	Web Browser SNMP Telnet
RadioLAN	Enterprise Vertical	<i>RadioLAN/10</i>	Proprietary	Narrowband	5.8 GHz	10 Mbps	No	SNMP
Symbol	Enterprise Vertical	<i>Spectrum24</i>	802.11	FHSS & DSSS	2.4 GHz	2 Mbps	Yes	SNMP

* All companies support roaming between access points on the same IP subnet.

** OpenAIR is a proprietary standard based on Proxim technology.

Source: Dain Rauscher Wessels and company websites

Exhibit 22 ♦ Worldwide Bridge Market Share



Source: International Data Corporation

♦ Risks

Aironet is the technological leader in the wireless LAN market and thus is poised to expand its market share. However, the company does face the following significant challenges:

- ♦ Sales are concentrated in a few customers.
- ♦ Competition is intense, requiring Aironet to continually release new products to remain competitive.
- ♦ Some key parts and components are only available from a single or a limited number of suppliers.
- ♦ The company's products are subject to government regulation.
- ♦ The company's products may face Year 2000 issues.

Telxon (24%) and four large distributors (37%) combined to account for almost two-thirds of Aironet's total revenues. If any of these customers were to cancel orders, fail to pay for products shipped to them, or select competitors' products as their preferred solution, revenues and net profitability could be adversely affected.

Widespread adoption of wireless LAN products is dependent on the development and release of faster and lower-cost products. Competition to develop and sell such products is intense. While Aironet is well positioned to remain a technological and product leader, if it were to fall behind its competitors, market share, pricing, and thus profitability would be adversely affected.

Many of the components in Aironet's products are available from a single supplier or a limited number of suppliers. Aironet does not keep significant inventories of these products and could experience disruptions in manufacturing and sales if their vendors were to encounter problems producing and delivering components.

Aironet's products are subject to FCC regulations regarding the license-free operation of radio devices in the 902-928 MHz and 2.4-2.4835 GHz radio frequency bands. New products in these frequencies and in the unlicensed 5.15-5.825 GHz band will also be subject to FCC regulations. While current products have already been certified and are not at risk, future products will require certification testing. If key significant products were unable to meet the certification requirement, revenues and profitability would be adversely affected. In addition, Aironet has little experience in gaining regulatory approval outside of the United States. Failure to gain approval could prevent Aironet from selling its products in those markets.

Aironet's Year 2000 compliance program cannot guarantee that the company's products will not suffer Year 2000 problems or that users of Aironet's products will not seek damages should problems occur. In addition, Aironet's end customers may delay purchases in order to prepare themselves for the Year 2000.

◆ Management

Roger J. Murphy, Jr. joined Aironet in March 1994 as chief operating officer. In February 1995, he was appointed president and chief operating officer and in September 1995 was appointed president and chief executive officer. From January 1990 to February 1994, he served in various executive capacities at Telxon Corporation, most recently as vice president of Corporate Development. Murphy holds a B.S. in business management from Babson College.

Ronald B. Willis joined Aironet in September 1998 as senior vice president, Sales and Marketing. From July 1984 to August 1998, Willis worked at Digital Equipment Corporation, where he held several sales and marketing management positions, most recently as vice president, Marketing, North America for the North American Personal Systems Group. Willis holds a B.A. in marketing from Brigham Young University.

Donald I. Sloan joined Aironet in April 1994 as vice president, Engineering and in January 1995 was appointed senior vice president, Engineering. From September 1988 to March 1994, Sloan worked for Telxon Corporation, where he held several engineering management positions, most recently as vice president of RF Systems. He has an M.S. in electrical engineering from Illinois Institute of Technology and a B.S. in Electrical Engineering from Youngstown State University.

Richard G. Holmes joined Aironet in January 1999 as senior vice president and chief financial officer. From November 1997 to August 1998, Holmes worked for Community Corrections Corporation as its chief financial officer and vice president. From July 1995 to September 1997, he worked for Submicron Systems Corporation as its chief financial officer, treasurer, and corporate secretary. From July 1987 to July 1994, Holmes worked for Celgene Corporation as vice president Finance/chief financial officer, corporate secretary, and treasurer. He has an M.B.A. from Harvard University Graduate School of Business and a B.S.I.E. from Lehigh University.

Harvey A. Ikeman joined Aironet in January 1997 as vice president, Manufacturing. From August 1993 to December 1996, Ikeman served as vice president, Manufacturing of Aironet Canada Limited (then known as Telesystems SLW Inc.), a wholly owned indirect subsidiary of Aironet. From February 1988 to July 1994, he served as director of operations at Telesystems SLW Inc. Ikeman holds a B.S. in Electrical Engineering from McGill University.

Eric S. Erickson joined Aironet in January 1999 as vice president, Marketing. From February 1991 to December 1998, Erickson worked at Pinacor, Inc., a wholly owned subsidiary of MicroAge, Inc., where he held several marketing management positions, most recently as vice president, Product Marketing for its Enterprise Technologies Group. Erickson attended Kansas State University.

Philip H. Belanger joined Aironet in January 1996 as vice president, Wireless Systems and in January 1999 was appointed vice president, Technical Marketing. From March 1992 to December 1995, Belanger worked at Xircom, Inc., most recently as vice president of Wireless Development. Mr. Belanger attended the University of California, Berkeley.

William J. Brodnick joined Aironet in June 1996 as vice president, Finance and Treasurer. From June 1987 to May 1996, Brodnick worked at Pioneer-Standard Electronics, Inc. as Assistant Controller and Controller of Accounting and Finance. He holds a B.A. in Accounting from Cleveland State University and is a licensed C.P.A.

◆ **Recent Corporate Developments**

July 1999

Aironet completes the initial public offering of 6,000,000 shares of its common stock at a price of \$11 per share. Of the 6,000,000 shares being offered, Aironet is selling 4,000,000 shares, and Telxon Corporation, Aironet's parent company, is selling 2,000,000 shares.

June 1999

Aironet announced a distribution agreement with Tech Data Corporation, a leading worldwide distributor and value-added reseller of technology products.

Aironet announced a distribution agreement with Ingram, the world's largest wholesale distributor of technology products and services. Under the agreement, Ingram Micro plans to distribute Aironet's complete line of IEEE 802.11 compliant wireless LAN products.

May 1999

Aironet's *4800 Series* wins Network Computing's 1999 Well-Connected Award in the category of wireless LAN solutions. Aironet was chosen for its innovative development of standards-based high-speed 11 Mbps wireless LAN products—the first 11 Mbps solution on the market.

Aironet announces a strategic alliance with Spectralink Corporation to provide voice-over-IP (VoIP) over Aironet's *3500*, *4500*, and *4800 Turbo DS* product series. This combined solution allows mobile workers to make telephone calls over a shared 802.11 standards based wireless LAN infrastructure.

April 1999

Aironet announced the availability of the Aironet *BR100 Series* of 2 Mbps Wireless Bridge products. The *BR100 Series* is designed to wirelessly connect two or more LANs at distances of up to 25 miles apart. It uses direct sequence spread spectrum (DSSS) technology in the unlicensed 2.4 GHz band and is IEEE 802.11 compliant.

Aironet announced a series of wireless LAN adapters that connect computers with industry standard architecture (ISA) or peripheral component interconnect (PCI) slots to wireless networks. Designed to comply with the IEEE 802.11 wireless LAN standard at 1 and 2 Mbps, the PCI and ISA adapters communicate with the *Aironet 4800* and *Aironet 4500 Series* of direct sequence spread spectrum (DSSS) wireless LAN products and the *Aironet 3500 series* of frequency hopping spread spectrum (FHSS) products.

Aironet announced that its *Aironet 4800 Turbo DS* series of wireless LAN products now conforms with the proposed IEEE 802.11 high-speed standard that is expected to be approved by the end of 1999. The product has received FCC approval and is backward compatible with existing 1 and 2 Mbps products.

October 1998

Aironet announced the *Aironet 4800 Turbo DS*TM Series of 11 megabit-per-second (Mbps) wireless LAN (WLAN) products. The products deliver high-speed connections up to five times faster than existing WLAN solutions in the unlicensed 2.4 GHz band and began shipping December 1, 1998.

September 1998

Aironet announced that Monarch Marking Systems (Dayton, Ohio), the worldwide leader in identification, pricing, and tracking solutions, selected Aironet as their wireless Local Area Network (LAN) vendor of choice. Under the terms of the agreement, Aironet's wireless LAN technology is expected to be the primary choice for integration into Monarch's line of portable, hand-held data collection devices and printers.

◆ Recent Financial Results

Aironet reported exceptional fiscal first-quarter 2000 results (June 1999) that included strong sales of its 11 Mbps product lines that totaled 52% of revenue. Pro forma earnings were \$0.07 (\$0.04 net EPS, which include the non-operating goodwill amortization charge) up sequentially from a pro forma loss of \$0.05 in the March quarter. However, these earnings were down from the \$0.09 pro forma earnings in the June quarter of 1998, when Aironet was a private division of Telxon without the sales and marketing expense structure required to compete as a public company. The exceptionally strong June 1999 results were due in particular to greater than expected sales of 11 Mbps wireless bridge products (26% of total revenue), which resulted in higher than normal overall gross margins.

Independent revenue in the June 1999 quarter was up sequentially 12% to \$9.5 million from \$8.5 million in March 1999 and up 53% year over year from \$6.2 million in June 1998. Increased independent sales were due to high demand for Aironet's standards-based wireless LAN systems overall and in particular to exceptional demand for the company's 11 Mbps wireless LAN products. Total revenue in the June 1999 quarter grew 31% year over year, factoring in Telxon product and royalty revenue.

Total gross profit margins for the June quarter were exceptionally strong at 48%, up sequentially from 42% and up year over year from 46%. Strong gross margins were principally driven by uncharacteristically high independent gross margins of 44%, as compared to 39% in the previous quarter and 37% in the year-ago quarter. Telxon gross margins were also up sequentially to 61% principally due to the mix of product revenue and royalty revenue. Operating margins were up substantially to 7% compared to a (13%) in the previous quarter and (1%) in the year-ago quarter.

From a balance sheet perspective, consolidated DSO increased substantially in the quarter to 90 days from 50 days in the previous quarter. This increase was principally due to payment extensions from Telxon whose DSO increased sequentially to 203 days from 54 days. Aironet's independent DSO ticked up slightly to 54 days from 48 days in the previous quarter, and are well within the historical range of approximately 45-80 days.

For the June quarter, inventory turns were down slightly at 5.4x from 6.4x in the March quarter and were within the historical range of approximately 4.5x-8.0x.

Cash on hand at quarter end was approximately \$4.7 million up from \$2.7 million in the previous quarter. Aironet's proceeds, before expenses, from the recently completed IPO should be approximately \$40.9 million and thus should increase cash on hand substantially. With the IPO proceeds, we believe the company is well financed to pursue its near-term growth opportunities.

Exhibit 23 ♦ Aironet Wireless Communications, Inc. Balance Sheet

(in millions, except per share information)

Balance Sheet	Q1:99 6/30/98	Q2:99E 9/30/98	Q3:99E 12/31/98	Q4:99E 3/31/99	Q1:00E 6/30/99
Balance Sheet data:					
Cash	\$4.01	\$3.43	\$5.76	\$2.71	\$4.70
Accounts receivable, net	\$5.93	\$3.80	\$4.32	\$4.50	\$5.71
Notes and other Accts. Rec.	\$0.04	\$2.36	\$1.18	\$2.36	\$0.94
Trad Receivable from affiliate	\$17.08	\$3.03	\$3.22	\$2.62	\$6.63
Inventories	\$4.27	\$4.56	\$4.59	\$4.70	\$4.79
Other current	\$1.52	\$1.62	\$1.19	\$1.50	\$1.46
Total current	\$32.84	\$18.80	\$20.25	\$18.38	\$24.24
Property, plant & equip.	\$2.74	\$2.56	\$2.49	\$2.49	\$2.67
Other	\$4.63	\$4.16	\$3.89	\$3.59	\$5.16
Total Assets	\$40.22	\$25.53	\$26.63	\$24.46	\$32.07
Accounts payable	\$25.45	\$6.76	\$7.37	\$5.37	\$5.22
Payable to affiliate	-----	-----	-----	-----	\$5.25
Capital Lease	\$0.03	\$0.01	\$0.00	\$0.03	\$0.00
Incomes Taxes Payable	\$0.19	\$0.65	\$0.38	(\$0.10)	\$0.42
Deferred Income Taxes	\$0.03	\$0.03	\$0.03	\$0.03	\$0.02
Accrued liab.	\$1.94	\$2.41	\$3.03	\$2.60	\$3.51
Total current liabilities	\$27.66	\$9.87	\$10.81	\$7.96	\$14.42
Long-term debt	\$0.00	\$2.52	\$2.52	\$2.52	\$2.50
Capital Lease	(\$0.00)	(\$0.00)	(\$0.00)	\$0.00	\$0.00
Stockholders' equity	\$12.59	\$13.14	\$13.31	\$14.01	\$15.14
Total Liab. & Equity	\$40.22	\$25.53	\$26.63	\$24.46	\$32.07

Note: Figures may not sum exactly due to rounding.

Source: Aironet Wireless Communications, Inc., and Dain Rauscher Wessels estimates

◆ Financial Outlook And Recommendation

Aironet's near-term growth should be driven by the overall increasing demand for the company's full line of 802.11 wireless LAN products and in particular by the high-speed 11 Mbps products. These high-speed products are opening applications in markets such as education, healthcare, enterprise, and WAN bridges, which are leveraging the high-speed, Ethernet-compatible data rates available with Aironet's 11 Mbps products.

The company's long-term growth is dependent on its ability to continually reduce costs and prices on its current products and thus continue to drive volume through lowering the price barrier. In addition, we believe that Aironet needs to remain on the forefront of the technology by continuing to improve the performance and functions of its products. Combined, these initiatives are likely to expand the total application universe for wireless LAN products into new and untapped markets.

In fiscal 2000, we expect total revenues to grow approximately 20% to \$54.8 million from \$45.3 million in fiscal 1999. Independent revenue is expected to grow approximately 48% to \$41.8 million from \$28.3 million. Independent revenue growth is driven by sales of the company's 11 Mbps products into applications outside of Telxon's classical retail and industrial markets.

Overall, Aironet's margins are highly dependent on product mix, which can change quarter to quarter. June-quarter earnings were exceptionally strong due to unexpectedly high gross margins of 48% resulting from very strong 11 Mbps wireless bridge product sales. Going forward, however, we are modeling gross margins closer to what we believe the longer-term competitive environment will support. As a result, we believe independent gross margins should be in the range of 35%-40%, and we are thus projecting an approximate 38% gross margin going forward. Total gross margins should thus trend toward the 40%-43% range when the product and royalty profits are factored in from Telxon.

We expect the company to report pro forma fiscal 2000 earnings of \$0.22 per share on total revenue of \$54.8 million. This compares to fiscal 1999 pro forma earnings of \$0.05 on revenue of \$45.3 million. Our fiscal 2001 pro forma earnings estimate is \$0.33 per share on \$71.3 million in revenue.

Overall, we believe Aironet is well positioned for continued growth. The company's initial lead in the high-speed 11 Mbps wireless LAN market should give it a solid foothold and significant share in this new market. In addition, we believe the company has the expertise and the industry perspective to remain the technological leader and to compete effectively when rival products arrive on the market. We believe that Aironet can trade at a market cap-to-sales multiple of approximately 5x, which is comparable to other leading wireless technology companies. As a result, we believe Aironet shares have the potential to trade at \$24 based off our fiscal 2001 revenue estimate of \$71.3 million, and we recommend Aironet shares with a Strong Buy-Aggressive rating.

Exhibit 24 ♦ Aironet Wireless Communications, Inc. Income Statement

Income Statement:	Fiscal 1998				Fiscal 1999				Fiscal 2000E				Fiscal 2001E				Fiscal Year Ending March				
	Q1:98 (1) 6/30/97	Q2:98 (1) 9/30/97	Q3:98 (1) 12/31/97	Q4:98 (1) 3/31/98	Q1:99 6/30/98	Q2:99 9/30/98	Q3:99 12/31/98	Q4:99 3/31/99	Q1:2000 6/30/99	Q2:2000E 9/30/99	Q3:2000E 12/31/99	Q4:2000E 3/31/2000	Q1:2000E 6/30/00	Q2:2000E 9/30/00	Q3:2000E 12/31/00	Q4:2000E 3/31/01	1997 (1)	1998 (1)	1999	2000E	2001E
Revenue Breakdown																					
11Mbps 802.11 Products					\$0.00	\$0.00	\$0.67	\$3.90	\$6.13	\$6.44	\$7.08	\$7.79	\$8.57	\$9.43	\$10.37	\$11.41		0.00	4.58	27.45	39.78
2Mbps 802.11 DS Products					\$0.53	\$1.28	\$1.69	\$1.84	\$1.20	\$1.23	\$1.28	\$1.37	\$1.39	\$1.42	\$1.48	\$1.58		0.00	5.33	5.08	5.88
2Mbps 802.11 FH Products					\$3.27	\$3.01	\$6.40	\$2.87	\$2.08	\$2.12	\$2.21	\$2.36	\$2.41	\$2.46	\$2.56	\$2.73		0.00	15.55	8.77	10.16
Legacy (non-802.11)					\$3.80	\$3.23	\$2.47	\$2.87	\$1.53	\$1.38	\$1.24	\$1.12	\$1.01	\$0.91	\$0.81	\$0.73		0.00	12.37	5.27	3.46
other					\$0.00	\$0.00	\$0.00	\$0.00	\$0.00	\$0.27	\$0.80	\$1.39	\$0.66	\$1.05	\$2.00	\$2.50		0.00	0.00	2.46	6.21
Total Telxon Prod Rev	12.72	3.58	1.18	1.63	1.43	2.47	2.62	3.00	1.49	1.49	1.87	2.43	1.46	1.60	2.40	2.88	46.82	19.10	9.53	7.28	8.35
Telxon Royalty Rev	0.00	1.18	2.36	2.24	1.88	2.46	1.72	1.36	1.45	1.45	1.45	1.45	1.45	1.45	1.45	1.45	0.00	5.78	7.42	5.80	5.80
Total Telxon Rev.	12.72	4.76	3.54	3.87	3.32	4.93	4.34	4.36	2.94	2.94	3.32	3.88	2.91	3.05	3.85	4.33	46.82	24.89	16.95	13.08	14.15
Total Independent Prod Rev	4.63	5.17	5.20	5.26	6.16	5.05	8.61	8.48	9.46	9.95	10.74	11.60	12.59	13.66	14.82	16.08	14.52	20.25	28.30	41.76	57.15
Total Revenue	\$17.35	\$9.93	\$8.74	\$9.13	\$9.48	\$9.98	\$12.96	\$12.84	\$12.40	\$12.89	\$14.06	\$15.48	\$15.50	\$16.71	\$18.67	\$20.41	\$61.34	\$45.13	\$45.25	\$54.84	\$71.29
Telxon COG Sold	9.18	3.03	0.96	1.42	1.21	2.07	2.14	2.36	1.15	1.16	1.44	1.84	1.11	1.22	1.83	2.19	37.08	14.59	7.78	5.60	6.34
Independent COG Sold	2.36	3.07	3.20	3.09	3.91	3.54	6.00	5.15	5.30	6.12	6.67	7.19	7.79	8.44	9.14	9.90	8.39	11.71	18.59	25.28	35.26
Total COG Sold	\$11.53	\$6.11	\$4.16	\$4.51	\$5.12	\$5.61	\$8.14	\$7.50	\$6.45	\$7.29	\$8.11	\$9.03	\$8.89	\$9.65	\$10.96	\$12.09	\$45.47	\$26.30	\$26.38	\$30.87	\$41.60
Gross profit	\$5.81	\$3.82	\$4.58	\$4.62	\$4.36	\$4.37	\$4.82	\$5.34	\$5.96	\$5.60	\$5.96	\$6.45	\$6.60	\$7.06	\$7.71	\$8.32	\$15.87	\$18.83	\$18.88	\$23.96	\$29.69
Research and Develop.	1.23	1.27	1.35	1.83	1.62	1.53	1.58	1.85	1.76	1.83	1.85	1.88	1.92	1.98	2.12	2.22	5.30	5.68	6.58	7.32	8.25
General & Admin.	0.84	0.78	0.56	1.12	0.76	0.57	0.43	0.71	0.68	0.74	0.73	0.77	0.81	0.87	0.97	1.06	3.50	3.30	2.48	2.92	3.71
Sales & Marketing	1.02	1.17	1.35	0.94	1.48	1.27	1.66	2.24	2.36	2.39	2.48	2.59	2.62	2.74	2.97	3.15	3.10	4.47	6.65	9.81	11.48
FAS 123	0.00	0.00	0.00	0.00	0.07	0.05	0.05	1.75	0.11	0.11	0.11	0.11	0.04	0.04	0.04	0.04	0.00	0.00	1.93	0.42	0.17
Loan Compensation Charge	0.00	0.00	0.00	0.00	0.27	0.27	0.27	0.27	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.08	0.00	0.00
Goodwill Amortization (2)	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.22	0.87	0.87	0.87	0.87	0.87
Operating expenses	\$3.31	\$3.43	\$3.48	\$4.11	\$4.42	\$3.91	\$4.22	\$7.03	\$5.12	\$5.27	\$5.38	\$5.57	\$5.60	\$5.86	\$6.33	\$6.69	\$12.77	\$14.32	\$19.58	\$21.35	\$24.47
Operating income	\$2.51	\$0.39	\$1.10	\$0.51	(\$0.06)	\$0.45	\$0.60	(\$1.70)	\$0.84	\$0.33	\$0.57	\$0.88	\$1.00	\$1.20	\$1.38	\$1.64	\$3.10	\$4.51	(\$0.71)	\$2.62	\$5.22
Interest Income (Expense)	(0.01)	(0.03)	(0.02)	0.01	0.01	0.00	(0.01)	0.03	0.02	0.32	0.50	0.50	0.50	0.50	0.50	0.50	(0.20)	(0.05)	0.03	1.34	2.00
Pretax income	2.50	0.36	1.09	0.52	(0.05)	0.45	0.58	(1.67)	0.85	0.65	1.07	1.38	1.50	1.70	1.88	2.14	2.90	4.46	(0.68)	3.95	7.22
Income taxes-reported	1.03	0.15	0.45	0.34	(0.78)	0.62	0.80	(0.95)	0.41	0.31	0.52	0.66	0.66	0.75	0.83	0.95	1.97	1.96	(0.31)	1.91	3.20
Net income	\$1.48	\$0.21	\$0.64	\$0.17	\$0.73	(\$0.17)	(\$0.22)	(\$0.71)	\$0.44	\$0.34	\$0.56	\$0.71	\$0.83	\$0.95	\$1.05	\$1.19	\$0.93	\$2.50	(\$0.37)	\$2.04	\$4.02
EPS, net	\$0.18	\$0.03	\$0.08	\$0.02	\$0.07	(\$0.02)	(\$0.02)	(\$0.08)	\$0.04	\$0.02	\$0.04	\$0.05	\$0.06	\$0.06	\$0.07	\$0.08	\$0.11	\$0.30	(\$0.04)	\$0.15	\$0.27
EPS, proforma (w/o Goodwill)	\$0.20	\$0.05	\$0.10	\$0.05	\$0.09	\$0.00	(\$0.00)	(\$0.05)	\$0.07	\$0.04	\$0.05	\$0.06	\$0.07	\$0.08	\$0.08	\$0.09	\$0.22	\$0.40	\$0.05	\$0.22	\$0.33
Average shares	8.40	8.40	8.40	8.40	10.20	10.70	10.91	9.37	10.10	14.40	14.69	14.73	14.79	14.85	14.91	14.97	8.10	8.40	10.29	13.48	14.88
Revenue as % of Total																					
Telxon Revenue	73.3	47.9	40.5	42.4	35.0	49.4	33.5	34.0	23.7	22.8	23.6	25.1	18.8	18.3	20.6	21.2	76.3	55.1	37.5	23.8	19.8
Independent Revenue	26.7	52.1	59.5	57.6	65.0	50.6	66.5	66.0	76.3	77.2	76.4	74.9	81.2	81.7	79.4	78.8	23.7	44.9	62.5	76.2	80.2
Costs as % revenue:																					
Telxon Prod. Gross Margin	27.8	15.3	18.7	12.7	15.3	16.1	18.2	21.6	22.7	22.0	23.0	24.0	24.0	24.0	24.0	24.0	20.8	23.6	18.3	23.1	24.0
Telxon Total Gross Margin	27.8	36.2	73.0	63.3	63.4	58.0	50.7	46.0	60.9	60.4	56.7	52.4	61.9	60.1	52.6	49.5	20.8	41.4	54.1	57.2	55.2
Independent Gross Margin	49.1	40.6	38.4	41.3	36.6	29.9	30.4	39.3	44.0	38.4	37.9	38.0	38.1	38.2	38.3	38.4	42.2	42.2	34.3	39.5	38.3
Total Gross Margin	33.5	38.5	52.4	50.6	46.0	43.8	37.2	41.6	48.0	43.5	42.4	41.6	42.6	42.2	41.3	40.8	25.9	41.7	41.7	43.7	41.6
Research and develop.	7.1	12.8	15.5	20.1	17.1	15.3	12.2	14.4	14.2	14.2	13.2	12.2	12.4	11.9	11.4	10.9	8.6	12.6	14.5	13.4	11.6
General & Admin.	4.8	7.9	6.4	12.3	8.0	5.8	3.3	5.5	5.5	5.7	5.2	5.0	5.2	5.2	5.2	5.2	5.7	7.3	5.5	5.3	5.2
Sales & Marketing	5.9	11.8	15.4	10.3	15.6	12.8	12.8	17.4	19.0	18.5	17.6	16.7	16.9	16.4	15.9	15.4	5.1	9.9	14.7	17.9	16.1
Goodwill Amortization	1.2	2.2	2.5	2.4	2.3	2.2	1.7	1.7	1.7	1.7	1.5	1.4	1.4	1.3	1.2	1.1	1.4	1.9	1.9	1.6	1.2
Operating Income	14.5	3.9	12.6	5.6	(0.7)	4.5	4.6	(13.2)	6.7	2.6	4.1	5.7	6.4	7.2	7.4	8.0	5.1	10.0	(1.6)	4.8	7.3
Tax Rate	41.0	40.8	41.1	66.5	1,471.7	136.7	137.5	57.2	48.5	48.2	48.2	48.2	44.3	44.3	44.3	44.3	67.9	44.0	45.6	48.3	44.3
Net income	8.5	2.1	7.3	1.9	7.7	(1.7)	(1.7)	(5.6)	3.5	2.6	3.9	4.6	5.4	5.7	5.6	5.8	1.5	5.5	(0.8)	3.7	5.6
Year/Year change:																					
Sales	-	-	-	-	-45%	1%	48%	41%	31%	29%	9%	21%	25%	30%	33%	32%	-	-26%	0%	21%	30%
Operating income	-	-	-	-	-103%	16%	-46%	-433%	-1429%	-27%	-4%	-152%	19%	264%	142%	87%	-	45%	-116%	-469%	99%
Net income	-	-	-	-	-51%	-178%	-134%	-512%	-39%	-303%	-353%	-200%	89%	181%	89%	67%	-	169%	-115%	-651%	97%
EPS, net	-	-	-	-	-59%	-161%	-126%	-470%	-44%	-251%	-299%	-166%	50%	157%	75%	60%	-	162%	-112%	-521%	78%
Other:																					
Consolidated DSO	68	121	166	63	218	62	52	50	90												
Independent DSO	81	80	65	83	87	68	45	48	54												
Telxon DSO	64	164	314	35	464	55	67	54	203												
Inventory turnover	13.2	8.6	5.3	4.5	4.8	4.9	7.1	6.4	5.4												
Inventory days on hand	28	42	68	81	76	74	51	57	68												
Receivables/Revenue	0.5	0.9	1.4	0.2	1.8	0.3	0.2	0.2	0.5												
Inventory/Cost of sales	0.3	0.5	0.8	0.9	0.8	0.8	0.6	0.6	0.7												

(1) These quarters reflect the phasing in of a new Telxon - Aironet agreement regarding the licensing of technology and the recognition of product revenue.

(2) The Goodwill Amortization charge is a non-operating, non-deductible charge related to the acquisition of Telesystems SLW, Inc. in 1992. Proforma EPS are calculated by adding this charge back to net earnings.

Source: Aironet Wireless Communications, Inc., and Dain Rauscher Wessels estimates

		World Wide Wireless LAN Market Model						1999E-2003E CAGR
		Access Points & PC Cards						
		(in thousands and millions where noted)						
		Calendar Year Ending December						
		1998	1999E	2000E	2001E	2002E	2003E	
World Wide Totals								
Segment Potential	Total Segment Potential (thousands of Client Card units)	16,537.50	17,538.02	18,779.57	20,292.88	21,709.55	23,217.16	
	Overall Growth	5.0%	6.1%	7.1%	8.1%	7.0%	6.9%	
	Overall Market Penetration	10%	12%	14%	16%	18%	20%	
	Low Speed Potential	16,537.50	17,364.38	18,232.59	19,144.22	20,101.43	21,106.51	
	Low Speed Growth	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
	Low Speed Market Penetration	10%	12%	14%	17%	19%	21%	
	High Speed Market Potential	0.00	173.64	546.98	1,148.65	1,608.11	2,110.65	
	High Speed Growth	0.0%	0.0%	215.0%	110.0%	40.0%	31.3%	
	High Speed Market Penetration	0%	1%	2%	3%	4%	6%	
	Total Deployed Units	Total Low Speed Access Points Deployed (in thousands of Units)	476.77	587.67	710.04	845.86	989.63	1,138.16
Growth		25.1%	23.3%	20.8%	19.1%	17.0%	15.0%	
Total Low Speed Client Cards Deployed (in thousands of units)		1,663.63	2,096.14	2,597.84	3,168.28	3,800.90	4,484.12	
Growth		28.0%	26.0%	23.9%	22.0%	20.0%	18.0%	
Deployed Low Speed Client Card to Access Point Ratio		3.5	3.6	3.7	3.7	3.8	3.9	
Total High Speed Access Points Deployed (in thousands of Units)		0.00	0.80	3.14	8.50	18.37	33.00	
Growth		0.0%	0.0%	293.0%	170.4%	116.1%	79.7%	
Total High Speed Client Cards Deployed (in thousands of units)		0.00	2.50	10.00	28.75	66.25	126.25	
Growth		0.0%	0.0%	300.0%	187.5%	130.4%	90.6%	
Deployed High Speed Client Card to Access Point Ratio		0.0	3.1	3.2	3.4	3.6	3.8	
Annual New Units	New Low Speed Access Points (in thousands of Units)	95.72	110.90	122.37	135.82	143.78	148.53	
	Growth	18.1%	15.9%	10.3%	11.0%	5.9%	3.3%	
	New Low Speed Client Cards (in thousands of units)	363.75	432.50	501.70	570.44	632.62	683.23	
	Growth	21.3%	18.9%	16.0%	13.7%	10.9%	8.0%	
	New Low Speed Client Card to Access Point Ratio	3.8	3.9	4.1	4.2	4.4	4.6	
	New High Speed Access Points (in thousands of Units)	0.00	0.83	2.34	5.36	9.87	14.63	
	Growth	0.0%	0.0%	181.3%	128.6%	84.2%	48.3%	
	New High Speed Client Cards (in thousands of units)	0.00	2.50	7.50	18.75	37.50	60.00	
	Growth	0.0%	0.0%	200.0%	150.0%	100.0%	60.0%	
	New High Speed Client Card to Access Point Ratio	0.0	3.0	3.2	3.5	3.8	4.1	
Unit Pricing	Low Speed Access Point Price (in dollars)	\$ 1,346.02	\$ 1,211.42	\$ 1,090.27	\$ 981.25	\$ 883.12	\$ 794.81	
	Growth	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	
	Low Speed Client Card Price (in dollars)	\$ 414.72	\$ 373.25	\$ 335.92	\$ 302.33	\$ 272.10	\$ 244.89	
	Growth	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	
	High Speed Access Point Price (in dollars)	\$ -	\$ 1,817.12	\$ 1,635.41	\$ 1,471.87	\$ 1,324.68	\$ 1,192.21	
	Growth	0.0%	0.0%	-10.0%	-10.0%	-10.0%	-10.0%	
Annual Product Revenue	Low Speed Access Point Revenue (in millions)	\$ 128.85	\$ 134.34	\$ 133.41	\$ 133.27	\$ 126.97	\$ 118.05	
	Growth	6.3%	4.3%	-0.7%	-0.1%	-4.7%	-7.0%	
	Low Speed Client Card Revenue (in millions)	\$ 150.86	\$ 161.43	\$ 168.53	\$ 172.46	\$ 172.13	\$ 167.31	
	Growth	9.2%	7.0%	4.4%	2.3%	-0.2%	-2.8%	
	High Speed Access Point Revenue (in millions)	\$ -	\$ 1.51	\$ 3.83	\$ 7.89	\$ 13.07	\$ 17.45	
	Growth	0.0%	0.0%	153.1%	105.7%	65.8%	33.5%	
High Speed Client Card Revenue (in millions)	\$ -	\$ 1.40	\$ 3.78	\$ 8.50	\$ 15.31	\$ 22.04		
Growth	0.0%	0.0%	170.0%	125.0%	80.0%	44.0%		
Total Revenue	Total Low Speed Market Segment Revenue (in millions)	\$279.70	\$295.78	\$301.95	\$305.73	\$299.11	\$285.36	-0.9%
	Growth	7.8%	5.7%	2.1%	1.3%	-2.2%	-4.6%	
	Total High Speed Market Segment Revenue (in millions)	\$0.00	\$2.91	\$7.61	\$16.39	\$28.38	\$39.49	91.9%
	Growth	0.0%	0.0%	161.2%	115.3%	73.2%	39.1%	
Total Market Segment Revenue (in millions)	\$279.70	\$298.69	\$309.56	\$322.12	\$327.48	\$324.85	2.1%	
Growth	7.8%	6.8%	3.6%	4.1%	1.7%	-0.8%		

Source: Dain Rauscher Wessels and industry sources

World Wide Wireless LAN Market Model							1999E-2003E CAGR	
Access Points & PC Cards								
(in thousands and millions where noted)								
Calendar Year Ending December								
World Wide Totals								
	1998	1999E	2000E	2001E	2002E	2003E		
Segment Potential	Total Segment Potential (thousands of Client Card units)	8,820.00	9,724.05	10,696.46	12,456.51	14,473.03	16,885.21	
	Overall Growth	5.0%	10.3%	10.0%	16.5%	16.2%	16.7%	
	Overall Market Penetration	7%	2%	3%	5%	7%	10%	
	Low Speed Potential	8,820.00	9,261.00	9,724.05	10,210.25	10,720.77	11,256.80	
	Low Speed Growth	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%	
	Low Speed Market Penetration	7%	2%	3%	5%	8%	12%	
High Speed Market Potential	High Speed Market Potential	0.00	463.05	972.41	2,246.26	3,752.27	5,628.40	
	High Speed Growth	0.0%	0.0%	100.0%	131.0%	67.0%	50.0%	
	High Speed Market Penetration	0%	1%	2%	2%	3%	4%	
Total Deployed Units	Total Low Speed Access Points Deployed (in thousands of Units)	22.85	45.16	81.47	137.68	216.89	322.95	
	Growth	112.7%	97.6%	80.4%	69.0%	57.5%	48.9%	
	Total Low Speed Client Cards Deployed (in thousands of units)	83.61	170.62	319.49	555.60	904.10	1,391.99	
	Growth	122.4%	104.1%	87.3%	73.9%	62.7%	54.0%	
	Deployed Low Speed Client Card to Access Point Ratio	3.7	3.8	3.9	4.0	4.2	4.3	
	Total High Speed Access Points Deployed (in thousands of Units)	0.00	0.80	5.49	16.20	35.94	65.21	
	Growth	0.0%	0.0%	585.9%	195.2%	1218%	814%	
	Total High Speed Client Cards Deployed (in thousands of units)	0.00	2.50	17.50	55.00	130.00	250.00	
	Growth	0.0%	0.0%	600.0%	214.3%	136.4%	92.3%	
	Deployed High Speed Client Card to Access Point Ratio	0.0	3.1	3.2	3.4	3.6	3.8	
Annual New Units	New Low Speed Access Points (in thousands of Units)	12.11	22.31	36.31	56.22	79.20	106.06	
	Growth	89.2%	84.3%	62.8%	54.8%	40.9%	33.9%	
	New Low Speed Client Cards (in thousands of units)	46.01	87.01	148.87	236.11	348.50	487.90	
	Growth	105.4%	89.1%	71.1%	58.6%	47.6%	40.0%	
	New Low Speed Client Card to Access Point Ratio	3.8	3.9	4.1	4.2	4.4	4.6	
	New High Speed Access Points (in thousands of Units)	0.00	1.67	4.69	10.71	19.74	29.27	
Growth	0.0%	0.0%	181.3%	128.6%	84.2%	48.3%		
New High Speed Client Cards (in thousands of units)	0.00	5.00	15.00	37.50	75.00	120.00		
Growth	0.0%	0.0%	200.0%	150.0%	100.0%	60.0%		
New High Speed Client Card to Access Point Ratio	0.0	3.0	3.2	3.5	3.8	4.1		
Unit Pricing	Low Speed Access Point Price (in dollars)	\$ 1,346.02	\$ 1,211.42	\$ 1,090.27	\$ 981.25	\$ 883.12	\$ 794.81	
	Growth	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	
	Low Speed Client Card Price (in dollars)	\$ 414.72	\$ 373.25	\$ 335.92	\$ 302.33	\$ 272.10	\$ 244.89	
	Growth	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	
	High Speed Access Point Price (in dollars)	\$ -	\$ 1,817.12	\$ 1,635.41	\$ 1,471.87	\$ 1,324.68	\$ 1,192.21	
	Growth	0.0%	0.0%	-10.0%	-10.0%	-10.0%	-10.0%	
High Speed Client Card Price (in dollars)	\$ -	\$ 559.87	\$ 503.88	\$ 453.50	\$ 408.15	\$ 367.33		
Growth	0.0%	0.0%	-10.0%	-10.0%	-10.0%	-10.0%		
Annual Product Revenue	Annual Low Speed Access Point Revenue (in millions)	\$ 16.30	\$ 27.03	\$ 39.59	\$ 55.16	\$ 69.95	\$ 84.30	
	Growth	70.3%	65.8%	46.5%	39.3%	26.8%	20.5%	
	Annual Low Speed Client Card Revenue (in millions)	\$ 19.08	\$ 32.48	\$ 50.01	\$ 71.38	\$ 94.83	\$ 119.48	
	Growth	84.9%	70.2%	54.0%	42.7%	32.8%	26.0%	
	Annual High Speed Access Point Revenue (in millions)	\$ -	\$ 3.03	\$ 7.67	\$ 15.77	\$ 26.15	\$ 34.89	
	Growth	0.0%	0.0%	153.1%	105.7%	65.8%	33.5%	
Annual High Speed Client Card Revenue (in millions)	\$ -	\$ 2.80	\$ 7.56	\$ 17.01	\$ 30.61	\$ 44.08		
Growth	0.0%	0.0%	170.0%	125.0%	80.0%	44.0%		
Total Revenue	Total Low Speed Market Segment Revenue (in millions)	\$35.38	\$59.50	\$89.60	\$126.55	\$164.77	\$203.78	36.0%
	Growth	77.8%	68.2%	50.6%	41.2%	30.2%	23.7%	
	Total High Speed Market Segment Revenue (in millions)	\$0.00	\$5.83	\$15.22	\$32.78	\$56.76	\$78.97	91.9%
Growth	0.0%	0.0%	161.2%	115.3%	73.2%	39.1%		
Total Market Segment Revenue (in millions)	\$35.38	\$65.33	\$104.82	\$159.32	\$221.53	\$282.75	44.2%	
Growth	77.8%	84.7%	60.4%	52.0%	39.0%	27.6%		

Source: Dain Rauscher Wessels and industry sources

World Wide Wireless LAN Market Model							1999E-2003E CAGR			
Access Points & PC Cards										
(in thousands and millions where noted)										
Calendar Year Ending December										
World Wide Totals										
1998										
1999E										
2000E										
2001E										
2002E										
2003E										
K-12 Education	Segment Potential	Total Segment Potential (thousands of Client Card units)	3,598.56	4,445.28	5,445.47	6,534.56	7,718.95	8,104.90		
		Overall Growth	7.1%	23.5%	22.5%	20.0%	18.1%	5.0%		
		Overall Market Penetration	0%	7%	2%	4%	6%	10%		
		Low Speed Potential	3,528.00	3,704.40	3,889.62	4,084.10	4,288.31	4,502.72		
		Low Speed Growth	5.0%	5.0%	5.0%	5.0%	5.0%	5.0%		
		Low Speed Market Penetration	0%	7%	2%	4%	6%	9%		
		High Speed Market Potential	70.56	740.88	1,555.85	2,450.46	3,430.64	3,602.18		
		High Speed Growth	0.0%	950.0%	100.0%	57.5%	40.0%	5.0%		
		High Speed Market Penetration	0%	0%	3%	5%	7%	12%		
		K-12 Education	Total Deployed Units	Total Low Speed Access Points Deployed (in thousands of Units)	3.20	10.52	21.43	37.08	58.53	85.83
Growth	460.5%			228.4%	103.7%	73.0%	57.8%	46.6%		
Total Low Speed Client Cards Deployed (in thousands of units)	12.00			42.00	90.00	162.00	262.80	393.84		
Growth	500.0%			250.0%	114.3%	80.0%	62.2%	49.9%		
Deployed Low Speed Client Card to Access Point Ratio	3.7			4.0	4.2	4.4	4.5	4.6		
Total High Speed Access Points Deployed (in thousands of Units)	0.00			0.67	9.36	24.68	50.18	92.65		
Growth	0.0%			0.0%	1304.3%	163.6%	103.3%	84.6%		
Total High Speed Client Cards Deployed (in thousands of units)	0.00			3.00	43.00	115.00	237.40	445.48		
Growth	0.0%			0.0%	1333.3%	167.4%	106.4%	87.6%		
Deployed High Speed Client Card to Access Point Ratio	0.0			4.5	4.6	4.7	4.7	4.8		
K-12 Education	Annual New Units	New Low Speed Access Points (in thousands of Units)	2.63	7.32	10.91	15.65	21.45	27.30		
		Growth	360.5%	178.0%	49.1%	43.5%	37.0%	27.3%		
		New Low Speed Client Cards (in thousands of units)	10.00	30.00	48.00	72.00	100.80	131.04		
		Growth	400.0%	200.0%	60.0%	50.0%	40.0%	30.0%		
		New Low Speed Client Card to Access Point Ratio	3.8	4.1	4.4	4.6	4.7	4.8		
		New High Speed Access Points (in thousands of Units)	0.00	0.67	8.70	15.32	25.50	42.47		
		Growth	0.0%	0.0%	1204.3%	76.2%	66.5%	66.5%		
		New High Speed Client Cards (in thousands of units)	0.00	3.00	40.00	72.00	122.40	208.08		
		Growth	0.0%	0.0%	1233.3%	80.0%	70.0%	70.0%		
		New High Speed Client Card to Access Point Ratio	4.0	4.5	4.6	4.7	4.8	4.9		
K-12 Education	Unit Pricing	Low Speed Access Point Price (in dollars)	\$ 1,000.00	\$ 900.00	\$ 810.00	\$ 729.00	\$ 656.10	\$ 590.49		
		Growth	-23.1%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%		
		Low Speed Client Card Price (in dollars)	\$ 300.00	\$ 270.00	\$ 243.00	\$ 218.70	\$ 196.83	\$ 177.15		
		Growth	-25.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%		
		High Speed Access Point Price (in dollars)	\$ 1,250.00	\$ 1,125.00	\$ 1,012.50	\$ 911.25	\$ 820.13	\$ 738.11		
		Growth	0.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%		
		High Speed Client Card Price (in dollars)	\$ 375.00	\$ 337.50	\$ 303.75	\$ 273.38	\$ 246.04	\$ 221.43		
		Growth	0.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%		
		K-12 Education	Annual Product Revenue	Annual Low Speed Access Point Revenue (in millions)	\$ 2.63	\$ 6.59	\$ 8.84	\$ 11.41	\$ 14.07	\$ 16.12
				Growth	254.3%	150.2%	34.2%	29.1%	23.3%	14.6%
Annual Low Speed Client Card Revenue (in millions)	\$ 3.00			\$ 8.10	\$ 11.66	\$ 15.75	\$ 19.84	\$ 23.21		
Growth	275.0%			170.0%	44.0%	35.0%	26.0%	17.0%		
Annual High Speed Access Point Revenue (in millions)	\$ -			\$ 0.75	\$ 8.80	\$ 13.96	\$ 20.91	\$ 31.34		
Growth	0.0%			0.0%	1073.9%	58.6%	49.8%	49.9%		
Annual High Speed Client Card Revenue (in millions)	\$ -			\$ 1.01	\$ 12.15	\$ 19.68	\$ 30.11	\$ 46.08		
Growth	0.0%			0.0%	1100.0%	62.0%	53.0%	53.0%		
K-12 Education	Total Revenue			Total Low Speed Market Segment Revenue (in millions)	\$ 5.63	\$ 14.69	\$ 20.50	\$ 27.16	\$ 33.91	\$ 39.33
				Growth	265.0%	160.8%	39.6%	32.5%	24.9%	16.0%
		Total High Speed Market Segment Revenue (in millions)	\$ 0.00	\$ 1.76	\$ 20.95	\$ 33.64	\$ 51.03	\$ 77.42		
		Growth	0.0%	0.0%	1088.9%	60.6%	51.7%	51.7%		
		Total Market Segment Revenue (in millions)	\$ 5.63	\$ 16.45	\$ 41.45	\$ 60.80	\$ 84.94	\$ 116.75		
		Growth	265.0%	192.1%	152.0%	46.7%	39.7%	37.5%		
								27.9%		
								157.4%		
								63.2%		

Source: Dain Rauscher Wessels and industry sources

World Wide Wireless LAN Market Model							1999E-2003E CAGR
Access Points & PC Cards (in thousands and millions where noted)							
Calendar Year Ending December							
World Wide Totals		1998	1999E	2000E	2001E	2002E	2003E
Segment Potential	Total Segment Potential (thousands of Client Card units)	1,000.00	1,540.00	4,320.00	5,684.00	7,127.12	8,423.69
	Overall Growth	9900.0%	54.0%	80.5%	31.6%	25.4%	18.2%
	Overall Market Penetration	1%	2%	2%	4%	7%	11%
	Low Speed Potential	1,000.00	1,400.00	1,820.00	2,184.00	2,577.12	2,963.69
	Low Speed Growth	9900.0%	40.0%	30.0%	20.0%	18.0%	15.0%
	Low Speed Market Penetration	1%	1%	3%	5%	8%	12%
	High Speed Market Potential	0.00	140.00	2,500.00	3,500.00	4,550.00	5,460.00
	High Speed Growth	0.0%	0.0%	1685.7%	40.0%	30.0%	20.0%
	High Speed Market Penetration	0%	4%	2%	4%	6%	10%
	Total Deployed Units	Total Low Speed Access Points Deployed (in thousands of Units)	1.50	4.54	11.35	23.69	44.34
Growth		500.0%	202.4%	150.3%	108.6%	87.2%	72.3%
Total Low Speed Client Cards Deployed (in thousands of units)		6.00	18.45	48.45	105.18	202.24	356.19
Growth		500.0%	207.4%	162.6%	117.1%	92.3%	76.1%
Deployed Low Speed Client Card to Access Point Ratio		4.0	4.1	4.3	4.4	4.6	4.7
Total High Speed Access Points Deployed (in thousands of Units)		0.00	1.11	9.81	26.83	60.16	116.03
Growth		0.0%	0.0%	782.6%	173.6%	124.2%	92.9%
Total High Speed Client Cards Deployed (in thousands of units)		0.00	5.00	45.00	125.00	285.00	558.76
Growth		0.0%	0.0%	800.0%	177.8%	128.0%	96.1%
Deployed High Speed Client Card to Access Point Ratio		0.0	4.5	4.6	4.7	4.7	4.8
Annual New Units	New Low Speed Access Points (in thousands of Units)	1.25	3.04	6.82	12.33	20.65	32.07
	Growth	400.0%	142.8%	124.6%	80.9%	67.5%	55.3%
	New Low Speed Client Cards (in thousands of units)	5.00	12.45	30.00	56.73	97.07	153.95
	Growth	400.0%	148.9%	111.1%	89.1%	71.1%	58.6%
	New Low Speed Client Card to Access Point Ratio	4.0	4.1	4.4	4.6	4.7	4.8
	New High Speed Access Points (in thousands of Units)	0.00	1.11	8.70	17.02	33.33	55.87
	Growth	0.0%	0.0%	682.6%	95.7%	95.8%	67.6%
	New High Speed Client Cards (in thousands of units)	0.00	5.00	40.00	80.00	160.00	273.76
	Growth	0.0%	0.0%	700.0%	100.0%	100.0%	71.1%
	New High Speed Client Card to Access Point Ratio	0.0	4.5	4.6	4.7	4.8	4.9
Unit Pricing	Low Speed Access Point Price (in dollars)	\$ 1,346.02	\$ 1,211.42	\$ 1,090.27	\$ 981.25	\$ 883.12	\$ 794.81
	Growth	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
	Low Speed Client Card Price (in dollars)	\$ 364.50	\$ 328.05	\$ 295.25	\$ 265.72	\$ 239.15	\$ 215.23
	Growth	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%
	High Speed Access Point Price (in dollars)	\$ -	\$ 1,453.70	\$ 1,308.33	\$ 1,177.50	\$ 1,059.75	\$ 953.77
	Growth	0.0%	0.0%	-10.0%	-10.0%	-10.0%	-10.0%
Annual Product Revenue	Annual Low Speed Access Point Revenue (in millions)	\$ 1.68	\$ 3.68	\$ 7.43	\$ 12.10	\$ 18.24	\$ 25.49
	Growth	350.0%	118.5%	102.2%	62.8%	50.7%	39.8%
	Annual Low Speed Client Card Revenue (in millions)	\$ 1.82	\$ 4.08	\$ 8.86	\$ 15.07	\$ 23.21	\$ 33.13
	Growth	350.0%	124.0%	117.0%	70.2%	54.0%	42.7%
	Annual High Speed Access Point Revenue (in millions)	\$ -	\$ 1.62	\$ 11.38	\$ 20.04	\$ 35.32	\$ 53.29
	Growth	0.0%	0.0%	604.3%	76.2%	76.3%	50.8%
Total Revenue	Annual High Speed Client Card Revenue (in millions)	\$ -	\$ 1.97	\$ 14.17	\$ 25.51	\$ 45.92	\$ 70.71
	Growth	0.0%	0.0%	620.0%	80.0%	80.0%	54.0%
	Total Low Speed Market Segment Revenue (in millions)	\$3.51	\$7.76	\$16.29	\$27.18	\$41.45	\$58.63
	Growth	350.0%	121.4%	109.9%	66.8%	52.5%	41.4%
	Total High Speed Market Segment Revenue (in millions)	\$0.00	\$3.58	\$25.55	\$45.55	\$81.24	\$123.99
	Growth	0.0%	0.0%	612.9%	78.3%	78.4%	52.6%
Total Market Segment Revenue (in millions)	\$3.51	\$11.34	\$41.84	\$72.73	\$122.69	\$182.62	
Growth	350.0%	223.6%	268.9%	73.8%	68.7%	48.8%	

Source: Dain Rauscher Wessels and industry sources

		World Wide Wireless LAN Market Model						1999E-2003E CAGR
		Access Points & PC Cards						
		(in thousands and millions where noted)						
		Calendar Year Ending December						
		1998	1999E	2000E	2001E	2002E	2003E	
World Wide Totals								
Segment Potential	Total Segment Potential (thousands of Client Card units)	3,600.00	44,000.00	48,400.00	53,240.00	58,564.00	64,420.40	
	Overall Growth	0.0%	1122.2%	10.0%	10.0%	10.0%	10.0%	
	Overall Market Penetration	0%	0%	0%	1%	1%	2%	
	Low Speed Potential	3,600.00	4,000.00	4,400.00	4,840.00	5,324.00	5,856.40	
	Low Speed Growth	0.0%	11.1%	10.0%	10.0%	10.0%	10.0%	
	Low Speed Market Penetration	0%	1%	1%	2%	3%	4%	
	High Speed Market Potential	0.00	40,000.00	44,000.00	48,400.00	53,240.00	58,564.00	
	High Speed Growth	0.0%	0.0%	10.0%	10.0%	10.0%	10.0%	
	High Speed Market Penetration	0%	0%	0%	1%	1%	1%	
	Total Deployed Units	Total Low Speed Access Points Deployed (in thousands of Units)	1.25	4.91	10.70	19.57	32.59	50.44
Growth		0.0%	292.7%	18.1%	82.9%	66.5%	54.8%	
Total Low Speed Client Cards Deployed (in thousands of units)		5.00	20.00	45.50	86.30	147.50	233.18	
Growth		0.0%	300.0%	127.5%	89.7%	70.9%	58.1%	
Deployed Low Speed Client Card to Access Point Ratio		4.0	4.1	4.3	4.4	4.5	4.6	
Total High Speed Access Points Deployed (in thousands of Units)		0.00	22.22	33.04	54.80	95.08	162.59	
Growth		0.0%	0.0%	48.7%	65.8%	73.5%	71.0%	
Total High Speed Client Cards Deployed (in thousands of units)		0.00	100.00	149.78	252.03	445.38	776.20	
Growth		0.0%	0.0%	49.8%	68.3%	76.7%	74.3%	
Deployed High Speed Client Card to Access Point Ratio		0.0	4.5	4.5	4.6	4.7	4.8	
Annual New Units	New Low Speed Access Points (in thousands of Units)	1.25	3.66	5.80	8.87	13.02	17.85	
	Growth	0.0%	192.7%	58.4%	53.0%	46.8%	37.1%	
	New Low Speed Client Cards (in thousands of units)	5.00	15.00	25.50	40.80	61.20	85.68	
	Growth	0.0%	200.0%	70.0%	60.0%	50.0%	40.0%	
	New Low Speed Client Card to Access Point Ratio	4.0	4.1	4.4	4.6	4.7	4.8	
	New High Speed Access Points (in thousands of Units)	0.00	4.50	10.82	21.75	40.28	67.52	
	Growth	0.0%	0.0%	140.5%	101.0%	85.2%	67.6%	
	New High Speed Client Cards (in thousands of units)	0.00	20.00	49.78	102.25	193.35	330.82	
	Growth	0.0%	0.0%	148.9%	105.4%	89.1%	71.1%	
	New High Speed Client Card to Access Point Ratio	0.0	4.5	4.6	4.7	4.8	4.9	
Unit Pricing	Low Speed Access Point Price (in dollars)	\$ 1,346.02	\$ 1,211.42	\$ 1,090.27	\$ 981.25	\$ 883.12	\$ 794.81	
	Growth	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	
	Low Speed Client Card Price (in dollars)	\$ 414.72	\$ 373.25	\$ 335.92	\$ 302.33	\$ 272.10	\$ 244.89	
	Growth	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	
	High Speed Access Point Price (in dollars)	\$ -	\$ 1,453.70	\$ 1,308.33	\$ 1,177.50	\$ 1,059.75	\$ 953.77	
	Growth	0.0%	0.0%	-10.0%	-10.0%	-10.0%	-10.0%	
Annual Product Revenue	Low Speed Access Point Revenue (in millions)	\$ 1.68	\$ 4.43	\$ 6.32	\$ 8.70	\$ 11.50	\$ 14.19	
	Growth	0.0%	163.4%	42.6%	37.7%	32.1%	23.4%	
	Low Speed Client Card Revenue (in millions)	\$ 2.07	\$ 5.60	\$ 8.57	\$ 12.34	\$ 16.65	\$ 20.98	
	Growth	0.0%	170.0%	53.0%	44.0%	35.0%	26.0%	
	High Speed Access Point Revenue (in millions)	\$ -	\$ 6.54	\$ 14.16	\$ 25.62	\$ 42.69	\$ 64.39	
	Growth	0.0%	0.0%	116.4%	80.9%	66.6%	50.8%	
High Speed Client Card Revenue (in millions)	\$ -	\$ 8.96	\$ 20.07	\$ 37.10	\$ 63.13	\$ 97.22		
Growth	0.0%	0.0%	124.0%	84.9%	70.2%	54.0%		
Total Revenue	Total Low Speed Market Segment Revenue (in millions)	\$3.76	\$10.03	\$14.88	\$21.04	\$28.15	\$35.17	36.8%
	Growth	0.0%	167.1%	48.4%	41.3%	33.8%	24.9%	
	Total High Speed Market Segment Revenue (in millions)	\$0.00	\$15.50	\$34.23	\$62.71	\$105.82	\$161.61	79.7%
Growth	0.0%	0.0%	120.8%	83.2%	68.7%	52.7%		
Total Market Segment Revenue (in millions)	\$3.76	\$25.53	\$49.11	\$83.75	\$133.97	\$196.78	66.6%	
Growth	0.0%	579.7%	92.4%	70.5%	60.0%	46.9%		

Source: Dain Rauscher Wessels and industry sources

		World Wide Wireless LAN Market Model						1999E-2003E CAGR	
		Access Points & PC Cards (in thousands and millions where noted)							
		Calendar Year Ending December							
		1998	1999E	2000E	2001E	2002E	2003E		
World Wide Totals									
SOHO/Consumer	Segment Potential	Total Segment Potential (thousands of Client Card units)	60.00	600.00	11,000.00	26,000.00	35,100.00	44,785.00	
		Overall Growth	100.0%	900.0%	1733.3%	136.4%	35.0%	27.6%	
		Overall Market Penetration	8%	4%	2%	3%	5%	9%	
	Total Deployed Units	Low Speed Potential	60.00	500.00	10,000.00	13,000.00	16,900.00	21,125.00	
		Low Speed Growth	100.0%	733.3%	1900.0%	30.0%	30.0%	25.0%	
		Low Speed Market Penetration	8%	5%	2%	4%	7%	12%	
	Annual New Units	High Speed Potential	0.00	100.00	1,000.00	13,000.00	18,200.00	23,660.00	
		High Speed Growth	0.0%	0.0%	900.0%	1200.0%	40.0%	30.0%	
		High Speed Market Penetration	0%	3%	2%	1%	3%	6%	
	SOHO/Consumer	Total Deployed Units	Total Low Speed Access Points Deployed (in thousands of Units)	2.50	11.50	82.93	253.38	548.85	998.23
Growth			150.0%	360.0%	621.1%	205.5%	116.6%	81.9%	
Total Low Speed Client Cards Deployed (in thousands of units)			5.00	23.00	173.00	548.00	1,257.13	2,470.44	
Annual New Units		Growth	150.0%	360.0%	652.2%	216.8%	129.4%	96.5%	
		Deployed Low Speed Client Card to Access Point Ratio	2.0	2.0	2.1	2.2	2.3	2.5	
		Total High Speed Access Points Deployed (in thousands of Units)	0.00	1.50	8.64	59.78	226.45	530.74	
Annual New Units		Growth	0.0%	0.0%	476.2%	591.7%	278.8%	134.4%	
		Total High Speed Client Cards Deployed (in thousands of units)	0.00	3.00	18.00	130.50	530.50	1,352.10	
		Growth	0.0%	0.0%	500.0%	625.0%	306.5%	154.9%	
SOHO/Consumer		Annual New Units	Deployed High Speed Client Card to Access Point Ratio	0.0	2.0	2.1	2.2	2.3	2.5
	New Low Speed Access Points (in thousands of Units)		1.50	9.00	71.43	170.45	295.47	449.38	
	Growth		50.0%	500.0%	693.7%	138.6%	73.3%	52.1%	
	Annual New Units	New Low Speed Client Cards (in thousands of units)	3.00	18.00	150.00	375.00	709.13	1,213.31	
		Growth	50.0%	500.0%	733.3%	150.0%	89.1%	71.1%	
		New Low Speed Client Card to Access Point Ratio	2.0	2.0	2.1	2.2	2.4	2.7	
	Annual New Units	New High Speed Access Points (in thousands of Units)	0.00	1.50	7.14	51.14	166.67	304.30	
		Growth	0.0%	0.0%	376.2%	615.9%	225.9%	82.6%	
		New High Speed Client Cards (in thousands of units)	0.00	3.00	15.00	112.50	400.00	821.60	
	Annual New Units	Growth	0.0%	0.0%	400.0%	650.0%	255.6%	105.4%	
New High Speed Client Card to Access Point Ratio		2.0	2.0	2.1	2.2	2.4	2.7		
Unit Pricing		Low Speed Access Point Price (in dollars)	\$ 700.00	\$ 300.00	\$ 200.00	\$ 180.00	\$ 162.00	\$ 145.80	
	Growth	-44.4%	-57.1%	-33.3%	-10.0%	-10.0%	-10.0%		
	Low Speed Client Card Price (in dollars)	\$ 200.00	\$ 180.00	\$ 150.00	\$ 135.00	\$ 121.50	\$ 109.35		
	Growth	-36.5%	-10.0%	-16.7%	-10.0%	-10.0%	-10.0%		
	High Speed Access Point Price (in dollars)	\$ 1,050.00	\$ 945.00	\$ 240.00	\$ 216.00	\$ 194.40	\$ 174.96		
	Growth	0.0%	-10.0%	-74.6%	-10.0%	-10.0%	-10.0%		
Annual Product Revenue	High Speed Client Card Price (in dollars)	\$ 300.00	\$ 270.00	\$ 180.00	\$ 162.00	\$ 145.80	\$ 131.22		
	Growth	0.0%	-10.0%	-33.3%	-10.0%	-10.0%	-10.0%		
	Annual Low Speed Access Point Revenue (in millions)	\$ 1.05	\$ 2.70	\$ 14.29	\$ 30.68	\$ 47.87	\$ 65.52		
	Growth	-16.7%	157.1%	429.1%	114.8%	56.0%	36.9%		
	Annual Low Speed Client Card Revenue (in millions)	\$ 0.60	\$ 3.24	\$ 22.50	\$ 50.63	\$ 86.16	\$ 132.68		
	Growth	-4.8%	440.0%	594.4%	125.0%	70.2%	54.0%		
Annual Product Revenue	Annual High Speed Access Point Revenue (in millions)	\$ -	\$ 1.42	\$ 1.71	\$ 11.05	\$ 32.40	\$ 53.24		
	Growth	0.0%	0.0%	20.9%	544.3%	193.3%	64.3%		
	Annual High Speed Client Card Revenue (in millions)	\$ -	\$ 0.81	\$ 2.70	\$ 18.23	\$ 58.32	\$ 107.81		
	Growth	0.0%	0.0%	233.3%	575.0%	220.0%	84.9%		
	Total Revenue	Total Low Speed Market Segment Revenue (in millions)	\$1.65	\$5.94	\$36.79	\$81.31	\$134.02	\$198.19	140.3%
		Growth	-12.7%	260.0%	519.3%	121.0%	64.8%	47.9%	
Total High Speed Market Segment Revenue (in millions)		\$0.00	\$2.23	\$4.41	\$29.27	\$90.72	\$161.05	191.6%	
Total Revenue	Growth	0.0%	0.0%	98.2%	563.1%	209.9%	77.5%		
	Total Market Segment Revenue (in millions)	\$1.65	\$8.17	\$41.20	\$110.58	\$224.74	\$359.24	157.5%	
Total Revenue	Growth	-12.7%	395.0%	404.4%	168.4%	103.2%	59.8%		

Source: Dain Rauscher Wessels and industry sources

		World Wide Wireless LAN Market Model						1999E-2003E CAGR	
		Access Points & PC Cards							
		(in thousands and millions where noted)							
		Calendar Year Ending December							
		1998	1999E	2000E	2001E	2002E	2003E		
Unlicensed WAN Bridges	World Wide Totals								
	Segment Potential	Total Segment Potential (thousands of Client Card units)	832.50	2,664.13	2,984.05	3,335.89	3,732.64	4,119.81	
		Overall Growth	44.8%	220.0%	12.0%	11.8%	11.9%	10.4%	
		Overall Market Penetration	4%	3%	4%	7%	10%	12%	
		Low Speed Potential	632.50	664.13	684.05	690.89	690.89	621.80	
	Total Deployed Units	Low Speed Growth	10.0%	5.0%	3.0%	10%	0.0%	-10.0%	
		Low Speed Market Penetration	5%	8%	11%	13%	14%	16%	
		High Speed Potential	200.00	2,000.00	2,300.00	2,645.00	3,041.75	3,498.01	
		High Speed Growth	0.0%	900.0%	15.0%	15.0%	15.0%	15.0%	
	Annual New Units	High Speed Market Penetration	1%	1%	2%	6%	9%	12%	
		Total Low Speed Access Points Deployed (in thousands of Units)	31.88	52.26	74.69	90.38	96.66	97.92	
		Growth	96.8%	63.9%	42.9%	21.0%	6.9%	1.3%	
		Total Low Speed Client Cards Deployed (in thousands of units)	0.00	0.00	0.00	0.00	0.00	0.00	
	Unit Pricing	Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		Deployed Low Speed Client Card to Access Point Ratio	0.0	0.0	0.0	0.0	0.0	0.0	
		Total High Speed Access Points Deployed (in thousands of Units)	2.00	17.00	57.00	147.00	264.00	410.25	
		Growth	0.0%	750.0%	235.3%	157.9%	79.6%	55.4%	
	Annual Product Revenue	Total High Speed Client Cards Deployed (in thousands of units)	0.00	0.00	0.00	0.00	0.00	0.00	
		Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%	
		Deployed High Speed Client Card to Access Point Ratio	0.0	0.0	0.0	0.0	0.0	0.0	
New Low Speed Access Points (in thousands of Units)		15.68	20.38	22.42	15.70	6.28	1.26		
Total Revenue	Growth	40.0%	30.0%	10.0%	-30.0%	-60.0%	-80.0%		
	New Low Speed Client Cards (in thousands of units)	0.00	0.00	0.00	0.00	0.00	0.00		
	Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
	New Low Speed Client Card to Access Point Ratio	0.0	0.0	0.0	0.0	0.0	0.0		
Annual Product Revenue	New High Speed Access Points (in thousands of Units)	2.00	15.00	40.00	90.00	117.00	146.25		
	Growth	0.0%	650.0%	166.7%	125.0%	30.0%	25.0%		
	New High Speed Client Cards (in thousands of units)	0.00	0.00	0.00	0.00	0.00	0.00		
	Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
Annual Product Revenue	New High Speed Client Card to Access Point Ratio	0.0	0.0	0.0	0.0	0.0	0.0		
	Low Speed Access Point Price (in dollars)	\$ 2,025.00	\$ 1,822.50	\$ 1,640.25	\$ 1,476.23	\$ 1,328.60	\$ 1,195.74		
	Growth	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%		
	Low Speed Client Card Price (in dollars)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Annual Product Revenue	Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
	High Speed Access Point Price (in dollars)	\$ 2,500.00	\$ 2,250.00	\$ 2,025.00	\$ 1,822.50	\$ 1,640.25	\$ 1,476.23		
	Growth	0.0%	-10.0%	-10.0%	-10.0%	-10.0%	-10.0%		
	High Speed Client Card Price (in dollars)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Annual Product Revenue	Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
	Annual Low Speed Access Point Revenue (in millions)	\$ 31.75	\$ 37.15	\$ 36.78	\$ 23.17	\$ 8.34	\$ 1.50		
	Growth	26.0%	17.0%	-10%	-37.0%	-64.0%	-82.0%		
	Annual Low Speed Client Card Revenue (in millions)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Annual Product Revenue	Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
	Annual High Speed Access Point Revenue (in millions)	\$ 5.00	\$ 33.75	\$ 81.00	\$ 164.03	\$ 191.91	\$ 215.90		
	Growth	0.0%	575.0%	140.0%	102.5%	17.0%	12.5%		
	Annual High Speed Client Card Revenue (in millions)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -		
Annual Product Revenue	Growth	0.0%	0.0%	0.0%	0.0%	0.0%	0.0%		
	Total Low Speed Market Segment Revenue (in millions)	\$31.75	\$37.15	\$36.78	\$23.17	\$8.34	\$1.50	-55.2%	
	Growth	26.0%	17.0%	-10%	-37.0%	-64.0%	-82.0%		
	Total High Speed Market Segment Revenue (in millions)	\$5.00	\$33.75	\$81.00	\$164.03	\$191.91	\$215.90	59.0%	
Annual Product Revenue	Growth	0.0%	575.0%	140.0%	102.5%	17.0%	12.5%		
	Total Market Segment Revenue (in millions)	\$36.75	\$70.90	\$117.78	\$187.20	\$200.25	\$217.40	32.3%	
	Growth	45.8%	92.9%	66.1%	58.9%	7.0%	8.6%		

Source: Dain Rauscher Wessels and industry sources

World Wide Wireless LAN Market Model							1999E-2003E CAGR	
Access Points & PC Cards (in thousands and millions where noted)								
Calendar Year Ending December								
World Wide Totals		1998	1999E	2000E	2001E	2002E	2003E	
Segment Potential	Total Segment Potential (thousands of Client Card units)	34,448.56	80,511.47	101,625.54	127,543.84	148,425.29	169,956.16	
	Overall Growth	22.5%	133.7%	26.2%	25.5%	16.4%	14.5%	
	Overall Market Penetration	5%	3%	4%	4%	6%	8%	
	Low Speed Potential	34,178.00	36,893.90	48,750.31	54,153.47	60,602.52	67,432.92	
	Low Speed Growth	215%	7.9%	32.1%	11.1%	119%	113%	
	Low Speed Market Penetration	5%	6%	7%	9%	11%	14%	
	High Speed Market Potential	270.56	43,617.57	52,875.23	73,390.37	87,822.78	102,523.24	
	High Speed Growth	0.0%	160212%	212%	38.8%	19.7%	16.7%	
	High Speed Market Penetration	0%	0%	1%	1%	2%	3%	
	Total Deployed Units	Total Low Speed Access Points Deployed (in thousands of Units)	539.96	716.56	992.61	1,407.65	1,987.50	2,769.94
Growth		318%	32.7%	38.5%	418%	412%	39.4%	
Total Low Speed Client Cards Deployed (in thousands of units)		1,775.25	2,370.20	3,274.28	4,625.36	6,574.66	9,329.76	
Growth		32.2%	33.5%	38.1%	413%	42.1%	419%	
Deployed Low Speed Client Card to Access Point Ratio		3.3	3.3	3.3	3.3	3.3	3.4	
Total High Speed Access Points Deployed (in thousands of Units)		2.00	44.10	126.48	337.79	750.17	1,410.47	
Growth		0.0%	2104.9%	186.8%	167.1%	122.1%	88.0%	
Total High Speed Client Cards Deployed (in thousands of units)		0.00	116.00	283.28	706.28	1,694.53	3,508.79	
Growth		0.0%	0.0%	144.2%	149.3%	139.9%	107.1%	
Deployed High Speed Client Card to Access Point Ratio		0.0	2.6	2.2	2.1	2.3	2.5	
Annual New Units	New Low Speed Access Points (in thousands of Units)	130.14	176.60	276.05	415.04	579.85	782.44	
	Growth	29.5%	35.7%	56.3%	50.3%	39.7%	34.9%	
	New Low Speed Client Cards (in thousands of units)	432.77	594.96	904.08	1,351.08	1,949.30	2,755.10	
	Growth	32.2%	37.5%	52.0%	49.4%	44.3%	41.3%	
	New Low Speed Client Card to Access Point Ratio	3.3	3.4	3.3	3.3	3.4	3.5	
	New High Speed Access Points (in thousands of Units)	2.00	25.28	82.39	211.30	412.39	660.30	
	Growth	0.0%	1163.9%	225.9%	156.5%	95.2%	60.1%	
	New High Speed Client Cards (in thousands of units)	0.00	38.50	167.28	423.00	988.25	1,814.26	
	Growth	0.0%	0.0%	334.5%	152.9%	133.6%	83.6%	
	New High Speed Client Card to Access Point Ratio	0.0	1.5	2.0	2.0	2.4	2.7	
Unit Pricing	Average Low Speed Access Point Price (in dollars)	\$ 1,180.68	\$ 1,007.61	\$ 895.18	\$ 805.66	\$ 725.10	\$ 652.59	
	Growth	-17.1%	-14.7%	-11.2%	-10.0%	-10.0%	-10.0%	
	Average Low Speed Client Card Price (in dollars)	\$ 351.44	\$ 316.30	\$ 282.67	\$ 254.40	\$ 228.96	\$ 206.07	
	Growth	-15.7%	-10.0%	-10.6%	-10.0%	-10.0%	-10.0%	
	Average High Speed Access Point Price (in dollars)	\$ 383.33	\$ 1,435.27	\$ 1,190.00	\$ 1,071.00	\$ 963.90	\$ 867.51	
	Growth	0.0%	274.4%	-17.1%	-10.0%	-10.0%	-10.0%	
Average High Speed Client Card Price (in dollars)	\$ 112.50	\$ 428.13	\$ 374.82	\$ 337.34	\$ 303.60	\$ 273.24		
Growth	0.0%	280.6%	-12.5%	-10.0%	-10.0%	-10.0%		
Annual Product Revenue	Annual Low Speed Access Point Revenue (in millions)	183.94	215.91	246.65	274.50	296.93	325.17	10.8%
	Growth	16.2%	17.4%	14.2%	11.3%	8.2%	9.5%	
	Annual Low Speed Client Card Revenue (in millions)	177.43	214.93	270.13	337.62	412.82	496.80	23.3%
	Growth	18.0%	21.1%	25.7%	25.0%	22.3%	20.3%	
	Annual High Speed Access Point Revenue (in millions)	5.00	48.62	128.55	258.34	362.45	470.50	76.4%
	Growth	0.0%	872.3%	164.4%	1010%	40.3%	29.8%	
Annual High Speed Client Card Revenue (in millions)	0.00	16.95	60.43	126.02	243.40	387.93	118.7%	
Growth	0.0%	0.0%	256.5%	108.6%	93.1%	59.4%		
Total Revenue	Total Low Speed Market Segment Revenue (in millions)	\$361.38	\$430.84	\$516.78	\$612.13	\$709.76	\$821.97	17.5%
	Growth	17.1%	19.2%	19.9%	18.4%	15.9%	15.8%	
	Total High Speed Market Segment Revenue (in millions)	\$5.00	\$65.56	\$188.98	\$384.37	\$605.85	\$858.43	90.2%
Growth	0.0%	12113%	188.2%	103.4%	57.6%	41.7%		
Total Market Segment Revenue (in millions)	\$366.38	\$496.41	\$705.76	\$996.49	\$1,315.61	\$1,680.40	35.6%	
Growth	18.7%	35.5%	42.2%	41.2%	32.0%	27.7%		

Source: Dain Rauscher Wessels and industry sources



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ADDITIONAL INFORMATION ON THE SECURITIES MENTIONED IS AVAILABLE ON REQUEST.

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