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**SECURITIES AND EXCHANGE COMMISSION**  
Washington, D.C. 20549

**FORM 10-Q/A**

Quarterly Report Under Section 13 or 15(d) of the Securities Exchange Act of 1934

(Mark One)

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

For the quarterly period ended

October 3, 1999

OR

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

For the transition period from

to

For the Quarter ended October 3, 1999

Commission File Number 1-9434

**PICTURETEL CORPORATION**

*(Exact name of Registrant as specified in its charter)*

**Delaware**

*(State or other jurisdiction of  
incorporation or organization)*

**04-2835972**

*(I.R.S. Employer  
Identification No.)*

**100 Minuteman Road, Andover, MA**

*(Address of Principal Executive Offices)*

**01810**

*(Zip Code)*

**Registrant's telephone number: 978-292-5000**

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the last 90 days.

Yes

No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of the latest practical date.

As of October 8, 1999, there were outstanding 40,526,112 shares of common stock of the registrant.

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### **Explanatory Note for the Correction**

PictureTel Corporation's Form 10-Q for third quarter of 1999, filed on November 16, 1999 contained a typographical error on the Consolidated Statements of Cash Flows for the nine months ended October 3, 1999. Restricted cash for the nine months ended October 3, 1999 was incorrectly stated as \$(1,500). The correct amount is \$(2,500). This error did not impact any of the subtotals or totals within the Consolidated Statements of Cash Flows or any other section of this Form 10-Q.

**PICTURETEL CORPORATION**

**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Dollars in thousands)**  
**(unaudited)**

	Nine Months Ended	
	October 3, 1999	September 27, 1998
Cash flows from operating activities:		
Net loss .....	\$ (68,369)	\$ (7,230)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization .....	26,246	20,749
Provision for doubtful accounts .....	2,333	1,200
Inventory provision .....	2,851	1,806
Write-down of capitalized software .....	—	1,586
Write-down of long-lived assets .....	—	4,210
Deferred taxes, net .....	—	3,402
Gain on sales of securities .....	(8,495)	—
Other non-cash items .....	64	915
Changes in operating assets and liabilities:		
Accounts receivable .....	7,151	14,504
Inventories .....	(7,744)	11,609
Other current assets .....	(4,803)	(2,551)
Accounts payable .....	(12,623)	(2,989)
Accrued compensation and benefits and accrued expenses .....	2,203	(9,321)
Deferred revenue .....	3,699	(734)
Net cash provided by (used in) operating activities .....	(57,487)	37,156
Cash flows from investing activities:		
Purchase of marketable securities .....	(107,849)	(94,703)
Proceeds from marketable securities .....	94,063	75,931
Purchases of property and equipment .....	(9,756)	(13,340)
Proceeds from sales of fixed assets .....	12	—
Capitalized software costs .....	—	(5,162)
Purchase of other assets .....	—	(3,484)
Proceeds from sale of securities .....	8,495	—
Net cash used in investing activities .....	(15,035)	(40,758)
Cash flows from financing activities:		
Restricted cash .....	(2,500)	—
Net payments from foreign lines of credit .....	—	2,437
Payments on short-term/long-term borrowings .....	(855)	—
Principal payments under capital lease obligations .....	(3,113)	(2,292)
Common stock repurchase .....	(556)	—
Proceeds from preferred stock issuance .....	30,500	—
Proceeds from exercise of stock options .....	1,821	793
Proceeds from stock purchase plan .....	790	1,660
Net cash provided by financing activities .....	26,087	2,598
Effect of exchange rate changes on cash .....	2,463	415
Net decrease in cash and cash equivalents .....	(43,972)	(589)
Cash and cash equivalents at beginning of period .....	62,642	49,859
Cash and cash equivalents at end of period .....	\$ 18,670	\$ 49,270

**SIGNATURE**

Pursuant to the Securities Exchange Act of 1934, the registrant has duly caused this report on Form 10-Q to be signed on its behalf by the undersigned thereunto duly authorized.

PICTURETEL CORPORATION

/s/ ARTHUR L. FATUM

Arthur L. Fatum  
Vice President and Chief Financial Officer,  
(Principal Financial and Accounting Officer)  
December 16, 1999