SECURITIES AND EXCHANGE COMMISSION

WASHINGTON, D.C. 20549

FORM 10-Q

[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the quarterly period ended June 30, 2001

OR

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

For the transition period from ___________ to __________

Commission File Number 0-27266

WESTELL TECHNOLOGIES, INC.
(Exact name of registrant as specified in its charter)

DELAWARE	36-3154957
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification Number)
750 N. COMMONS DRIVE, AURORA, IL	60504
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code (630) 898-2500

NOT APPLICABLE
(Former name, former address and former fiscal year, if changed since last report)

Indicate by check or mark whether the registrant (1) has filed all reports required to be filed by Sections 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 past 90 days. Yes X No .

The number of shares outstanding of each of the issuer's classes of common stock are:

Class A Common Stock, $0.01 Par Value - 45,819,063 shares at August 6, 2001
Class B Common Stock, $0.01 Par Value - 19,014,869 shares at August 6, 2001

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
FORM 10-Q
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SAFE HARBOR STATEMENT

Certain statements contained in this Quarterly Report of Form 10-Q regarding matters that are not historical facts (as such term is defined in the rules promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act")) or that contain the words "believe", "expect", "intend", "anticipate" or derivatives thereof, are forward looking statements. Because such forward-looking statements include risks and uncertainties, actual results may differ materially from those expressed in or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those discussed herein under "Risk Factors". Westell Technologies, Inc. ("Westell" or the "Company") undertakes no obligation to publicly update these forward-looking statements to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS

<S>	March 31, 2001 <C>	June 30, 2001 (unaudited) <C>
	(in thousands)	
Current assets:		
Cash and cash equivalents..	$405	$461
Accounts receivable (net of allowance of $1,363,000 and $1,527,000, respectively)..	34,906	37,504
Inventories..	73,068	58,335
Prepaid expenses and other current assets..........................	2,124	2,465
Deferred income tax asset..	10,500	10,500
Land and building held for sale....................................	2,980.	2,087
Total current assets...	123,983	111,352
Property and equipment:		
Machinery and equipment..	42,077	43,508
Office, computer and research equipment............................	29,847	31,904
Leasehold improvements...	6,032	7,339

	77,956	82,751
Less accumulated depreciation and amortization......................	41,726	45,238
Property and equipment, net.......................................	36,230	37,513
Goodwill and intangibles, net..	139,373	131,420
Deferred income tax asset and other assets...........................	15,553	15,593
Total assets..	$ 315,139	$295,878

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable..	$57,577	$50,639
Accrued expenses..	22,838	23,307
Notes payable..	-	26,105
Accrued compensation...	4,687	4,053
Current portion of long-term debt..................................	103	326
Total current liabilities...	85,205	104,430
Long-term debt..	28,451	706
Other long-term liabilities..	3,658	3,740
Stockholders' equity:		
Class A common stock, par $0.01......................................	425	458
Authorized - 85,000,000 shares		
Issued and outstanding - 42,472,781 shares at March 31, 2001 and 45,819,063 shares at June 30, 2001		
Class B common stock, par $0.01......................................	190	190
Authorized - 25,000,000 shares		
Issued and outstanding - 19,014,869 shares at March 31, 2000 and June 30, 2001		
Preferred stock, par $0.01...	--	--
Authorized - 1,000,000 shares		
Issued and outstanding - none		
Deferred compensation	854	877
Additional paid-in capital...	357,684	363,598
Accumulated other comprehensive (loss) income........................	(34)	9
Accumulated deficit...	(161,294)	(178,130)
Total stockholders' equity.....................................	197,825	187,002
Total liabilities and stockholders' equity....................	$ 315,139	$ 295,878

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements.

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<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS

<CAPTION>

Three Months Ended June 30,	
2000	2001

(unaudited)
(in thousands, except per share data)

<S> <C> <C>

Equipment revenue	$ 93,954	$ 50,207
Service revenue	9,389	13,091
Total revenues	103,343	63,298
Cost of equipment sales	75,611	43,105
Cost of services	5,739	7,875
Cost of goods sold	81,350	50,980
Gross margin	21,993	12,318
Operating expenses:		
Sales and marketing	8,199	5,915
Research and development	7,438	7,990
General and administrative	5,664	5,680
Goodwill amortization	7,958	7,953
Total operating expenses	29,259	27,538
Operating loss	(7,266)	(15,220)
Other (income) expense, net	(169)	257
Interest expense	119	1,359
Loss before tax benefit	(7,216)	(16,836)
Benefit for income taxes	-	-
Loss before cumulative effect of change in accounting principle	(7,216)	(16,836)
Cumulative effect of change in accounting principle	400	-
Net loss	$(7,616)	$(16,836)
Net loss per basic and diluted common share	$ (0.13)	$ (0.27)
Weighted average number of basic and diluted common shares outstanding	60,206	62,641

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

</TABLE>

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

	Three Months Ended June 30,	
	2000	2001
	(unaudited) (in thousands)	

<S> <C> <C>

Cash flows from operating activities:		
Net loss	$ (7,616)	$ (16,836)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation and amortization	10,530	11,516
Interest expenses related to conversion of debentures	135	-
Other	-	121
Changes in assets and liabilities:		
Increase in accounts receivable	(30,427)	(2,570)
(Increase) decrease in inventory	(17,834)	14,757
Increase in prepaid expenses and deposits	(397)	(340)
Decrease (increase) in other assets	546	(40)
Increase (decrease) in accounts payable and accrued expenses	22,918	(6,387)
Decrease in accrued compensation	(663)	(633)
Net cash used in operating activities	(22,808)	(412)
Cash flows from investing activities:		
Purchases of property and equipment	(6,682)	(4,943)
Proceeds from the sale of land and building	-	893
Decrease in short term investments	1,951	-
Net cash used in investing activities	(4,731)	(4,050)
Cash flows from financing activities:		
Borrowing of long-term debt and leases payable	3,692	878
Net borrowing (repayment) under revolving promissory notes	8,000	(2,296)
Proceeds from the issuance of common stock	1,574	5,945
Net cash provided in financing activities	13,266	4,527
Effect of exchange rate changes on cash	(26)	(9)
Net (decrease) increase in cash	(14,299)	56
Cash and cash equivalents, beginning of period	27,258	405
Cash and cash equivalents, end of period	$ 12,959	$ 461

The accompanying notes are an integral part of these Condensed Consolidated Financial Statements

</TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONDENSED CONSOLIDATED FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended March 31, 2001.

In the opinion of management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's consolidated financial position and the results of operations and cash flows at June 30, 2001, and for all periods presented. The results of operations for the three month period ended June 30, 2001 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2002 ("fiscal year 2002").

NOTE 2. COMPUTATION OF NET LOSS PER SHARE

The computation of basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. The effect of this computation on the number of outstanding shares is antidilutive for the periods ended June 30, 2000, and 2001, and therefore the net loss per basic and diluted earnings per share are the same.

NOTE 3. RESTRUCTURING CHARGE

The Company recognized a restructuring charge of $1.7 million in the three months ended March 31, 2001. This charge was for personnel, legal, and other related costs. The restructuring was to achieve cost reductions and was focused primarily on the sales and marketing functions. Included in the accrued restructuring balance as of March 31, 2001, is $1.3 million of restructuring charges related to the Teltrend acquisition. As of June 30, 2001, the Company has paid approximately $887,000 of these accrued costs.

The Company's restructuring balances and their utilization are presented in the following table:

(in thousands)	Balance March 31, 2001	Utilized thru June 30, 2001	Balance June 30, 2001
Employee Costs...........	$ 2,602	$814	$ 1,788
Legal & Other Costs......	395	73	322
Total....................	$ 2,997	$887	$ 2,110

NOTE 4. INTERIM SEGMENT INFORMATION

Westell's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and market strategy. They consist of:

1) A telecommunications equipment manufacturer of local loop access products, and
2) A multi-point telecommunications service bureau specializing in audio teleconferencing, multi-point video conferencing, broadcast fax and multimedia teleconference services.

Performance of these segments is evaluated utilizing, revenue, operating income and total asset measurements. The accounting policies of the segments are the same as those for Westell Technologies, Inc. Segment information for the three-month periods ended June 30, 2000 and 2001, are as follows:

(in thousands)	Telecom Equipment	Telecom Services	Consolidated Total
Three months ended June 30, 2000			

Revenues	$ 93,954	$ 9,389	$ 103,343
Operating income (loss)	(8,810)	1,544	(7,266)
Depreciation and amortization	9,757	773	10,530
Total assets	350,701	20,418	371,119
Three months ended June 30, 2001			
Revenues	50,207	13,091	63,298
Operating income (loss)	(17,871)	2,651	(15,220)
Depreciation and amortization	10,551	965	11,516
Total assets	272,312	23,566	295,878

Reconciliation of Operating loss from continuing operations for the reportable segments to Loss from continuing operations before income taxes or cumulative effect of accouting change:

	Three Months Ended June 30,	
(in thousands)	2000	2001
Operating loss	$(7,266)	$(15,220)
Other (income) expense , net	(169)	257
Interest expense	119	1,359
Loss	$(7,216)	$(16,836)

NOTE 5. NEW ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board issued Statements of Financial Accounting Standards No. 141, Business Combinations, and No. 142, Goodwill and Other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill will no longer be amortized but will be subject to annual impairment tests in accordance with the Statements. Other intangible assets will continue to be amortized over their useful lives.

The Company will adopt the new rules on accounting for goodwill and other intangible assets beginning in the first quarter of fiscal 2003 (April 1, 2002). Application of the nonamortization provisions of the Statement is expected to result in an increase in net income of $31.8 million ($.51 per share) per year. During fiscal 2003, the Company will perform the first of the required impairment test of goodwill and indefinite lived intangible assets as of April 1, 2002 and has not yet determined what the effect of these tests will be on the earnings and financial position of the Company.

NOTE 6. COMPREHENSIVE INCOME

The disclosure of comprehensive loss, which encompasses net loss and foreign currency translation adjustments, is as follows:

	Three Months Ended June 30,	
(in thousands)	2000	2001
Net Loss	$(7,616)	$(16,836)
Other comprehensive income		
Foreign currency translation adjustment	202	43
Comprehensive loss	$(7,414)	$(16,793)

NOTE 7. INVENTORIES

The components of inventories are as follows:

(in thousands)	March 31, 2001	June 30, 2001
Raw material	$ 47,989	$ 46,445
Work in process..............................	26	272
Finished goods...............................	51,153	35,537
Reserve for excess and obsolete inventory and net realizable value.............................	(26,100)	(23,919)
	$ 73,068	$ 58,335

NOTE 8. CAPITAL STOCK

In May 2001, the Company sold 3,314,918 shares of Class A common shares in a private placement. Net proceeds to the Company from the sale of the Class A Common Stock was approximately $5.9 million and was used to fund working capital.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATION

OVERVIEW

Westell Technologies, Inc. ("Westell" or the "Company") derives most of its equipment revenue from the sale of telecommunications equipment that enables telecommunications services over copper telephone wires. The Company offers a broad range of products that facilitate the transmission of high-speed digital and analog data between a telephone company's central office and its end-user customers. These products can be categorized into two business units presented below. In previous quarters, the Company divided Broadband product revenue by business unit for quarterly reporting purposes. Transport Systems and Customer Premise Equipment business units have been combined to simplify the reporting of revenue related to DSL products.

- TELCO ACCESS PRODUCTS ("TAP"): Products that maintain, repair and monitor special service circuits used over copper telephone wires in the portion of the telephone companies' network connecting the central office with the customers' locations (the "Local Loop"). Products include all of Westell's analog products and products that support digital T-1 transmission such as its Network Interface Units ("NIU") products.
- BROADBAND: Products that facilitate high speed voice and data access originating through copper lines and terminating to copper or fiber. Products include equipment located in the telco's central offices and equipment on the customer premises. Broadband products include ADSL, HDSL and DS3.

The Company's service revenues are derived from audio, multi port video and multi media teleconferencing services from the Company's Conference Plus, Inc. subsidiary.

Below is a table that compares equipment and service revenues for the quarter ended June 30, 2000 with the quarter ended June 30, 2001 by business unit.

(in thousands)	June 30, 2000	June 30, 2001
TAP.........................	$30,431	$ 26,903
Broadband...................	63,523	23,304
Total equipment.............	93,954	50,207

Services....................	9,389	13,091
Total revenues..............	$ 103,343	$ 63,298
	============	============

Westell's net revenues decreased 38.7% in the three months ended June 30, 2001 when compared to the same period last year due to a 46.6% decrease in equipment revenue combined with a 39.4% increase in service revenue. The decrease in equipment revenue is due primarily to the decreased sales of the Company's broadband products and, to a lessor extent, a decrease in TAP sales. The increase in service revenue is a result of increased teleconference call minutes.

The Company expects to continue to evaluate new product opportunities and engage in extensive research and development activities. This will require the Company to continue to invest heavily in research and development and sales and marketing, which could adversely affect short-term results of operations. The Company believes that its future revenue growth and profitability will principally depend on its success in increasing sales of DSL products and developing new and enhanced TAP and other DSL products. In view of the Company's reliance on the emerging DSL market for growth and the unpredictability of orders and subsequent revenues, the Company believes that period to period comparisons of its financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. Revenues from TAP products such as NIUs have declined in recent years as telcos continue to move to networks that deliver higher speed digital transmission services. Failure to increase revenues from new products, whether due to lack of market acceptance, competition, technological change or otherwise, would have a material adverse effect on the Company's business and results of operations.

RESULTS OF OPERATIONS - Period ended June 30, 2001 compared to period ended June 30, 2000.

Revenues. The Company's revenues decreased 38.7% from $103.3 million in the three months ended June 30, 2000 to $63.3 million in the three months ended June 30, 2001. This revenue decrease was due to decreased equipment revenue of $43.7 million offset by an increase in teleconference service revenue of $3.7 million. The decreased equipment revenue was due primarily to decreased sales of the Company's broadband products. Revenue from our broadband products declined 63.3%, to $23.3 million for the three months ended June 30, 2001 compared to $63.5 million for the quarter ending June 30, 2000 due to lower unit volumes and lower unit selling prices. Revenues from the Company's TAP business unit, in the quarter ended June 30, 2001, decreased to $26.9 million compared to $30.4 million in the same quarter one year ago. The decrease in revenues from the TAP business unit is due primarily to lower unit volume. The Company's teleconference service revenue of $13.1 million for the quarter ended June 30, 2001 increased $3.7 million from $9.4 million in the same quarter one year ago. This increase in revenue is attributable to continued growth in call minutes at the Company's subsidiary Conference Plus, Inc.

Gross Margin. Gross margin as a percentage of revenue decreased from 21.3% in the three months ended June 30, 2000 to 19.5% in the three months ended June 30, 2001. This decrease in gross margin was primarily due to high material costs of our broadband products. This decrease in gross margin was somewhat offset by increased margins from service revenues in the three months ended June 30, 2001.

Sales and Marketing. Sales and marketing expenses decreased 27.9%, from $8.2 million in the three months ended June 30, 2000 to $5.9 million in the three months ended June 30, 2001. Sales and marketing expenses increased as a percentage of revenues from 7.9% in the three months ended June 30, 2000 to 9.3% in the three months ended June 30, 2001. The decrease in sales and marketing expenses was primarily due to cost reductions initiated in the March 2001 reorganization. The Company believes that continued investment in sales and marketing will be required to expand its product lines, bring new products to market and service customers.

Research and Development. Research and development expenses increased 7.4%, from

$7.4 million in the three months ended June 30, 2000 to $8.0 million in the three months ended June 30, 2001. Research and development expenses increased as a percentage of revenues from 7.2% in the three months ended June 30, 2000 to 12.6% in the three months ended June 30, 2001. The increase in research and development expense is a result of additional engineers. The Company believes that a continued commitment to research and development will be required for the Company to remain competitive.

General and Administrative. General and administrative expenses were constant at $5.7 million in the three months ended June 30, 2000 and June 30, 2001. General and administrative expenses increased as a percentage of revenues from 5.5% in the three months ended June 30, 2000 to 9.0% in the three months ended June 30, 2001.

Goodwill Amortization. Intangible assets include goodwill, synergistic goodwill and product technology related to the Teltrend acquisition. The purchase price of approximately $238.2 million exceeded the fair market value of net assets acquired, resulting in goodwill of $59.9 million, synergistic goodwill of $57.0 million, and product technology of $55.6 million which will be amortized on a straight-line basis over an average of approximately ten years.

Other (income) expense, net. Other (income) expense, net decreased from income of $169,000 in the three months ended June 30, 2000 to expense of $257,000 in the three months ended June 30, 2001. The expense for the period was primarily due to the recognition of foreign currency gains/loss on intercompany balances.

Interest expense. Interest expense increased from $119,000 in the three months ended June 30, 2000 to $1,359,000 in the three months ended June 30, 2001. The interest expense during the current period is a result of interest incurred on net obligations outstanding during the period under promissory notes, capital leases, and vendor debt. The increase is due to larger outstanding debt obligations.

Income taxes. There was no benefit for income taxes recorded for both three-month periods ended June 30, 2000 and 2001. The Company provided valuation reserves for the entire benefit generated during the current quarter of $3.5 million. The Company will evaluate on a quarterly basis it's ability to record a benefit for income taxes in relation to the value of tax planning strategies available in relation to the resulting gross deferred asset.

LIQUIDITY AND CAPITAL RESOURCES

At June 30, 2001, the Company had $461,000 in cash. As of June 30, 2001, the Company had $26.1 million outstanding under its secured revolving promissory note facility and approximately $9.1 million available under its secured revolving promissory note facility.

The secured revolving credit facility required, among other things, the maintenance of a minimum interest coverage ratio, a minimum net worth, a maximum capital expenditures and target EBITDA. The Company's failure to meet these quarterly financial covenants would allow the lenders to demand repayment of all amounts outstanding under the credit facility. The Company was not in compliance with target EBITDA and the interest coverage ratio at March 31, 2001. The Company and its lenders have entered into an amendment and waiver under which the covenant violations discussed above were waived.

On June 29, 2001, the Company amended the revolving credit facility, resulting in an asset-based, revolving lending facility providing for total borrowing based upon 85% of eligible accounts receivable and 30% of eligible inventory not to exceed $9.0 million and 70% of the guarantee described below. The $9.0 million inventory limitation is reduced by $.1 million on August 1, 2001, and shall be reduced by an additional $.1 million on the first day of each month thereafter. The Company was eligible to borrow an additional $9.1 million under this facility as of June 30, 2001. Up to $10,000,000 of the facility is collateralized by substantially all assets of the Company and will remain available until June 30, 2002. The facility provides for maximum borrowings of up to $35.0 million. The facility is guaranteed by trusts for the benefit of Robert C. Penny III and other Penny family members and is supported by their brokerage account totaling approximately $10.0 million. In consideration of the guarantee, the Company has granted these stockholders warrants to purchase 512,820 shares of Class A Common Stock for a period of five years at an exercise price of $1.95 per share. Any future equity financing will also reduce dollar for dollar the amount of the guaranty. Borrowings under this facility provide for the interest to be paid by the Company at prime plus 1%. This amendment provides for covenants regarding EBITDA and tangible net worth.

The Company's operating activities used cash of $412,000 in the three months ended June 30, 2001. This resulted primarily from a loss from continuing operations of $5.3 million (excluding depreciation and amortization) and working capital requirements. Working capital was affected primarily by decreases in inventory and offset by a decrease in accounts payable and accrued expenses.

Capital expenditures for the three month period ended June 30, 2001 were approximately $4.9 million, of which $.9 million was funded by a capital lease. The Company expects to spend approximately $10.6 million for the remainder of fiscal year 2002 related primarily for machinery, computer and research equipment purchases.

At June 30, 2001, the Company's principle sources of liquidity were $461,000 of cash and the secured revolving promissory note facility under which the Company was eligible to borrow up to an additional $9.1 million based upon receivables and inventory levels. To meet the Company's cash needs for fiscal year 2002 the Company is exploring various alternatives including a larger line of credit from new asset based lenders replacing the current bank credit line and some type of equity or subordinated debt offering.

The Company had a deferred tax asset of approximately $75.5 million at June 30, 2001. This deferred tax asset relates to (i) tax credit carryforwards of approximately $4.8 million, (ii) a net operating loss carryforward tax benefit of approximately $50.3 million and (iii) temporary differences between the amount of assets and liabilities for financial reporting purposes and such amounts measured by tax laws. Of such tax credit carryforwards, the first $243,000 of credits expire in 2008 and $722,000 of credits may be carried forward indefinitely. The net operating loss carryforward begins to expire in 2012.

Realization of deferred tax assets associated with the Company's future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration. Although realization of the deferred tax asset is not assured as the Company has incurred operating losses for the 1999, 2000 and 2001 fiscal years, management believes that it is more likely than not that it will generate taxable income sufficient to realize a portion of the tax benefit. A portion of these deferred tax assets are expected to be utilized, prior to their expiration, through a tax planning strategy available to the Company. Management will continue to periodically assess whether it remains more likely than not that the deferred tax asset will be realized. If the tax planning strategy is not sufficient to generate taxable income to recover the deferred tax benefit recorded, an increase in the valuation allowance will be required through a charge to the income tax provision. However, if the Company achieves sufficient profitability or has available additional tax planning strategies to utilize a greater portion of the deferred tax asset, an income tax benefit would be recorded to decrease the valuation allowance.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Westell is subject to certain market risks, including foreign currency and interest rates. The Company has foreign subsidiaries in the United Kingdom and Ireland that develop and sell products and services in those respective countries. The Company is exposed to potential gains and losses from foreign currency fluctuations affecting net investments and earnings denominated in foreign currencies. The Company's future primary exposure is to changes in exchange rates for the U.S. dollar versus the British pound and the Irish pound. The Company also has accounts receivable denominated in British pounds. The Company at times uses foreign currency derivatives to manage the exposure to changes in the exchange rate on accounts receivable. No derivatives were used in the first quarter of fiscal 2002.

As of June 30, 2001, the net balance in the cumulative foreign currency translation adjustment account, which is a component of stockholders' equity, was an unrealized gain of $9,000.

The Company does not have significant exposure to interest rate risk related to its debt obligations, which are primarily U.S. Dollar denominated. The Company's market risk is the potential loss arising from adverse changes in interest rates. As further described in Note 1 of the Company's 10-K for the period ended March 31, 2001, the Company's debt consists primarily of a floating-rate bank line-of credit. Market risk is estimated as the potential decrease in pretax earnings resulting from a hypothetical increase in interest rates of 10% (i.e. from approximately 7.75% to approximately 8.5%) average interest rate on the Company's debt. If such an increase occurred, the Company would incur approximately $225,000 per annum in additional interest expense based on the average debt borrowed during the twelve months ended June 30, 2001. The Company does not feel such additional expense is significant.

The Company does not currently use any derivative financial instruments relating to the risk associated with changes in interest rates.

PART II. OTHER INFORMATION

ITEM 1. LITIGATION

Westell Technologies, Inc. and certain of its officers and directors have been named in the following class actions:

1. Schumaster v. Westell Technologies, Inc., et al., No. 00C7991 (filed December 26, 2000);
2. Barton v. Westell Technologies, Inc., et al., No. 00C7765 (filed December 12, 2000);
3. Hoffman v. Westell Technologies, Inc., et al., No. 00C7624 (filed December 4, 2000);
4. PAS Mgmt. & Consulting Serv., Inc.v. Westell Technologies, Inc., et al., No. 00C7605 (filed December 4, 2000);
5. Abdelnour v. Westell Technologies, Inc., et al., No. 00C7308 (filed November 20, 2000);
6. Feinstein v. Westell Technologies, Inc., et al., No. 00C7247 (filed November 16, 2000);
7. Lefkowitz v. Westell Technologies, Inc., et al., No. 00 C 6881 (filed November 2, 2000);
8. Greif v. Westell Technologies, Inc., et al., No. 00 C 7046 (filed November 8, 2000);
9. Seplow v. Westell Technologies, Inc., et al., No. 00 C 7019 (filed November 7, 2000);
10. Llanes v. Westell Technologies, Inc., et al., No. 00 C 6780 (filed October 30, 2000); and
11. Bergh v. Westell Technologies, Inc., et al., No. 00 C 6735 (filed October 27, 2000).

Each of these cases was filed in the United States District Court for the Northern District of Illinois and alleges generally that the defendants violated the antifraud provisions of the federal securities laws by allegedly issuing material false and misleading statements and/or allegedly omitting material facts necessary to make the statements made not misleading thereby allegedly inflating the price of Westell stock for certain time periods. Each of these cases allegedly arises from the same set of operative facts and seeks the same relief -- damages allegedly sustained by plaintiffs and the class by reason of the acts and transactions alleged in the complaints as well as interest on any damage award, reasonable attorneys' fees, expert fees, and other costs.

On January 11, 2001 Judge George W. Lindbergh of the federal district court for the Northern District of Illinois consolidated these cases into one lawsuit, captioned In re Westell Technologies, Inc., No 00 C 6735 (filed February 1, 2001).

Certain of its Westell Technologies, Inc.'s officers and directors have been named in the following derivative actions:

1. Vukovich v. Zionts, et al., No. 18647 (filed January 26, 2001); and
2. Dollens v. Zionts, et al., No. 18533 NC (filed December 4, 2000).

Each of these cases was filed in the Court of Chancery for the State of Delaware, New Castle County. Each case alleges generally that the defendants issued material false and misleading statements and/or allegedly omitting material facts necessary to make the statements made not misleading thereby allegedly inflating the price of Westell stock for certain time periods, engaged in insider trading, misappropriated corporate information, and beached their fiduciary duties to Westell Technology, Inc.'s shareholders. Each case allegedly arises from the same set of operative facts and seeks the same relief -- damages allegedly sustained by Westell by reason of the acts and transactions alleged in the complaints, a constructive trust for the amount of profits the individual defendants made on insider sales, reasonable attorneys' fees, expert fees, and other costs.

In the opinion of the Company, although the outcome of any legal proceedings cannot be predicted with certainty, the liability of the Company in connection with its legal proceedings could have a material effect on the Company's financial position.

The Company has been named as a defendant in Celsian Technologies, Inc. v. Westell, Inc., Case No. 01 CC 03977, Superior Court of the State of California, County of Orange, which was filed March 23, 2001. The complaint alleges nonpayment for delivered goods and seeks $13,400,000 in damages. The Company removed this case to federal court on April 30, 2001, where it is now pending in the United States District Court for the Central District of California as Case No. 01-3878 FMC. On May 29, 2001, Westell answered Celsian's complaint and filed a counterclaim against Celsian for breach of contract and breach of express and implied warranties. Westell's counterclaim seeks damages in an amount to be proven at trial but presently believed to be in excess of $13,000,000. Celsian has not yet responded to the counterclaim. Discovery has not yet

commenced.

The Company has been named as a defendant in Virata Corporation v. Westell Technologies, Inc., Case No. CV 797182, Superior Court of California, County of Santa Clara, which was filed April 2, 2001. The complaint alleges nonpayment for delivered goods and non-acceptance of goods and seeks in excess of $6,400,000 in damages. The Company answered Virata's complaint on May 22, 2001. Discovery has commenced.

The Company has been named as a defendant in PacTec, a division of La France Corporation v. Celsian Technology, Inc. and Westell Technologies, Inc. which was filed in May 1, 2001 in the Court of Common Pleas of Delaware County, Pennsylvania. The complaint alleges nonpayment for good delivered to Celsian and claiming liability of Westell in connection therewith and seeking $660,124.86 in damages. The Company removed this case to federal court on June 11, 2001, where it is now pending in the United States District Court for the Eastern District of Pennsylvania as Civil Action No. 01 CV 2836. The Company has not yet responded to this complaint.

The Company has been named as a defendant in Alcatel Microelectronics, N.V. v. Westell, Inc., Case No. 01 C 3265, United States District Court, Northern District of Illinois, which was filed in May 4, 2001. The complaint alleges nonpayment for delivered goods and seeks in excess of $13,000,000 in damages. On June 11, 2001, Westell filed a Motion to Dismiss Count III (unjust enrichment) of the complaint. Westell did not answer Count I (breach of contract) or Count II (account stated) of the complaint at that time. On June 19, 2001, Alcatel filed a Motion For Judgment By Default Against Westell on Counts I and II of the complaint. By agreement of the parties, Westell will answer Counts I and II of the complaint by July 9, 2001, Alcatel will voluntarily dismiss Count III of the complaint, and both pending motions will be withdrawn. There is a status conference scheduled for July 13, 2001.

We are currently reviewing the Alcatel, Celsian, PacTec and Virata complaints. However, we cannot guarantee that we will be meritorious in any of the lawsuits described above and a verdict against us in any of the lawsuits could materially adversely affect our business and operating results.

ITEM 5. OTHER EVENTS
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None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K
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a) The following documents are furnished as an exhibit and numbered pursuant to Item 601 of regulation S-K:

b) The following Form 8-K was filed by the Company.

1.) On April 17, 2001 the Company filed an 8-K announcing an amendment to its Amended and Restated Loan and Security Agreement.

SIGNATURES

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

WESTELL TECHNOLOGIES, INC.

(Registrant)

DATE: August 14, 2001 By: VAN CULLENS

VAN CULLENS
Chief Executive Officer

By: NICHOLAS C. HINDMAN

NICHOLAS C. HINDMAN
Chief Financial Officer