

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

(Mark One)

Annual Report pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 for the fiscal year ended March 31, 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 (I.R.S. Employer
incorporation or organization) Identification No.)

750 N. Commons Drive 60504
Aurora, Illinois (Address of principal executive offices) (Zip Code)

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

Securities registered pursuant to Section 12(b) of the Act: None

Securities registered pursuant to Section 12(g) of the Act:

Class A Common Stock, \$.01 par value

(Title of Class)

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 past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K (ss.229.405 of this chapter) is not contained herein, and will not be contained, to the best of registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The registrant estimates that the aggregate market value of the registrant's Class A Common Stock (including Class B Common Stock which automatically converts into Class A Common Stock upon a transfer of such stock except transfers to certain permitted transferees) held by non-affiliates (within the meaning of the term under the applicable regulations of the Securities and Exchange Commission) on June 15, 2001 (based upon an estimate that 70% of the shares are so owned by non-affiliates and upon the average of the closing bid and asked prices for the Class A Common Stock on the NASDAQ National Market on that date) was approximately \$91,227,678. Determination of stock ownership by non-affiliates was made solely for the purpose of responding to this requirement and registrant is not bound by this determination for any other purpose.

As of June 15, 2001, 45,787,705 shares of the registrant's Class A Common Stock were outstanding and 19,014,869 shares of registrant's Class B Common Stock (which automatically converts into Class A Common Stock upon a transfer of such stock except transfers to certain permitted transferees) were outstanding.

The following documents are incorporated into this Form 10-K by reference:
Proxy Statement for 2001 Annual Meeting of Stockholders (Part III).

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained in this Annual Report of Form 10-K (the "Form 10-K") 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" set forth herein. 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.

PART I

ITEM 1. BUSINESS

The Company designs, manufactures, markets and services a broad range of digital and analog products used by telephone companies and local exchange carriers to deliver services primarily over existing copper telephone wires that connect end users to a telephone company's central office. The copper wires that connect users to these central offices are part of the telephone companies' networks and are commonly referred to as the local loop or the local access network. Westell products and solutions are deployed worldwide.

Westell is a provider of broadband and digital subscriber line (DSL) technology solutions that allow the transport of high-speed data over the local loop and enable telecommunications companies to provide cost-effective and high-speed services over existing copper infrastructure. In addition, Westell also provides DSL products and solutions for businesses and enterprises such as Internet Providers. The Company also designs, develops and sells Telco Access Products (TAP) that monitor and maintain special service circuits in telephone companies' local loops. These special service circuits, such as ISDN or T-1 are higher speed lines that provide voice and/or data services.

On March 17, 2000, Westell completed the acquisition of Teltrend Inc. Teltrend manufactured and marketed products to provide data and voice services over the existing telephone network, primarily in the local loop. Teltrend also manufactured a wide range of products that convert, change and amplify transmission protocols and are used worldwide in public and private communications networks.

Westell's 88.3% owned service subsidiary, Conference Plus, Inc. provides audio, video, and data conferencing services. Businesses and individuals use these services to hold voice, video or data conferences with many people at the same time. Conference Plus sells its services directly to large customers, including Fortune 100 companies and serves customers indirectly through its private reseller program.

Telecommunications Industry Overview

Since the early 1980s, the telecommunications industry has experienced an increased demand for the number of services provided to end-users. Traditional telephone voice traffic has grown, and the demand for data services that are carried over the Internet and private communications networks continues to increase.

The growth in the Internet is being fueled by the expanding range of uses of the Internet such as e-mail, video broadcasts, e-commerce, commercial services, transaction processing, independent bulletin boards and voice transmissions.

-1-

Both business and residential users are increasing their use of the Internet and data networks. Businesses are using the Internet for electronic commerce, Web hosting, supply chain management, customer support and relationship management, inventory control and for creating secure data networks known as virtual private networks. Residential based demand for telecommunications, data and voice services is growing as service providers increase their offerings of new interactive multimedia services, including data and video applications such as high speed Internet access, local area network extension, telecommuting and video conferencing.

The size and rate of the content being transmitted demands more bandwidth, or greater speed and capacity, on the telephone wires that connect a telephone company's central office to the end user. To handle the growing volume of data communications traffic and to provide faster and higher quality transmission, telephone companies and service providers must continually upgrade the capacity and speed of their networks by increasing their bandwidth capabilities.

To meet the growing demand for high-speed services, providers have invested and installed high-speed switches and routers and fiber optic equipment into the core or central parts of their communication networks. Although these investments promote high-speed capabilities, there are still bottlenecks at the ends of the network or the local loop. Deployment of fiber in the local access network to connect end users to a telephone company's central office has proven labor intensive, complicated, time consuming and expensive. Consequently, these connections to end users still predominantly consist of low speed analog transmission over copper wire.

Given the challenges of widespread replacement of copper wire in the

local access network, telephone companies have turned to equipment suppliers for cost-effective technology that can expand the ability of the existing copper wire infrastructure to accommodate high-speed digital transmission. Digital conversion of the analog network has been built on the aggregating or multiplexing format known as T-1 in the U.S. and E-1 in most countries outside of the U.S. T-1/E-1 transmission utilizes a data rate of 1.544 and 2.048 million bits (megabits) per second, respectively, and the transmission can be aggregated or subdivided into channels to deliver data communication services tailored to specific end user requirements. For example, a T-1 line can transmit data at a minimum of 24 times faster than a traditional phone line. Products enabling T-1 and E-1 transmission, however, have typically required extensive engineering and installation, which make them cost prohibitive for residential and small business use.

Until recently, the incumbent local exchange carriers (ILECs) such as SBC, Bell Atlantic, Bell South and US West were the sole providers of communications services and the exclusive operators of the local loop. The Federal Communications Commission (FCC) Act of 1996 opened an era of deregulation, creating competition in this space. Deregulation allows telephone carriers, information service providers and cable operators to deploy competitive services in the local access network leading to a new class of service providers known as a competitive local exchange carriers. Deregulation also increased competition across industries. Cable operators are competing with telephone companies in the delivery of high-speed digital transmission and seek to compete in the delivery of traditional local telephone service as well. Currently available high-speed cable modems enable cable operators to provide data transmission services to customers in addition to standard television services. Alternative telephone access providers have deployed fiber and wireless systems for high volume data transmission to business centers and other high-density metropolitan areas. The FCC is also requiring traditional carriers to invest heavily in the deployment of broadband services as one of the conditions for merging.

In response to this competitive environment, in an effort to satisfy regulatory conditions for mergers and in an attempt to retain customers and increase revenues, the ILECs are investing resources to develop and deploy high-speed data services over their existing asset base, the copper wires that connect users to central offices. One of the primary technologies to provide these services is DSL or digital subscriber line.

Digital subscriber line technology uses complex modulation methods to enable high-speed services over copper phone lines. DSL allows the simultaneous transmission of data at speeds up to 8.0 Megabits per second in one direction, or 140 times faster than standard 56k modem service, and up to 1 Megabits per second in the reverse direction, or 17 times faster than standard 56k modem service, while also providing standard analog telephone

-2-

service over a single pair of copper wires at distances of up to 18,000 feet. With DSL technology, a user can talk and have high-speed data transmissions at the same time over a regular phone line. DSL products enable telephone companies to provide interactive multimedia services over copper wire while simultaneously carrying traditional telephone services, thus mitigating the need for the telephone companies to install second lines to support these services. DSL technology is also known as Asymmetric Digital Subscriber Line (ADSL) when it refers to products that provide bi-directional transmission capacity at varying speeds.

The DSL connection or link is comprised of a DSL Access Multiplexer (DSLAM) and equipment at the users location referred to as customer premise equipment (CPE). The DSLAM is a piece of equipment that typically resides in the telephone companies' central offices. It aggregates, or multiplexes, multiple DSL access lines into a telephone company's high-speed line back to its core or central network. As network service providers begin deploying DSL based services the need for DSL line concentration at the central offices increases. The CPE is typically a small device that sits on a desktop next to a personal computer.

Westell Strategy

Westell Technologies is comprised of a products subsidiary, Westell, Inc. and a service subsidiary, Conference Plus, Inc. Westell, Inc. consists of three primary business units: Transport Systems Group (TSG), Customer Premise Equipment (CPE), and Telco Access Products (TAP). The CPE business unit and TSG business unit provide broadband DSL solutions.

The TSG business unit provides products and solutions for the service providers' network, primarily on an indirect basis with a limited set of partners. The TSG business unit is centered on developing superior networking equipment with robust architecture and network interoperability for the service providers' network. Its expertise is derived from its understanding of copper variance characteristics of the local loop, which is factored into product development. A very important part of the Transport System business unit strategy is to partner rather than directly compete with very large, global equipment providers. The Transport System business unit currently focuses on supplying equipment indirectly, through partners such as Fujitsu Telecom Europe, Limited (FTEL) or by directly providing products that address very specific

markets or niches. FTEL is currently supplying approximately 50% of the equipment associated with British Telecom's DSL deployment in the United Kingdom.

Westell and FTEL are involved in a strategic alliance in which Westell provides DSL engineering support and DSL products as part of FTEL's DSL developments and offering. This multi-year arrangement includes manufacturing agreements, royalty payments and funding by FTEL, for portions of Westell's research and development. The alliance was expanded in March 2000 to include next-generation DSL equipment.

The Transport Systems business unit also develops niche network products for the DSL marketplace. Its LinkReach(TM) product is designed to deliver DSL service to the installed base of Digital Loop Carrier (DLC) systems already in service providers' networks. The DLC systems are remote mini-switches extending central office functionality that acts as a hubbing point for copper lines in the local access network and are deployed throughout telephone companies' networks. The mDSLAM is another niche product that provides a full ADSL network access platform in a very compact package.

The CPE business unit provides broadband solutions including DSL products and software solutions designed for end-users. The CPE business unit draws from the local loop expertise of the TSG business unit for data design to develop and manufacture CPE products and applications that maximize performance from the loop.

Westell's Telco Access Products business unit supplies products that enable transmission, monitoring and maintenance of high-speed digital services between a service provider's central office, controlled environment vaults (CEV), or fiber-hut locations and their end-user customers. Products such as the Network Interface Unit (NIU) products allow customers to monitor transmission conditions and to detect performance problems in T1 circuits from remote locations. All of the Regional Bell Operating Companies have purchased the Company's NIUs

-3-

in the past two years. The recently developed MegaJack DS-3 system provides similar monitoring capability for DS-3 circuits, that are over 28 times faster than T1 lines.

On March 17, 2000, the Company completed the acquisition of Teltrend Inc. The acquisition added new products to the TAP business unit's offering such as the Advanced Span Termination System (ASTS(TM)) and new HDSL2 transmission products and systems. These HDSL2 systems enable high-speed services (such as T1 access lines) to be deployed with a single copper cable pair (whereas at least two pairs were necessary before).

The Company's Products

Through its three products business units, 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 end-user customers. These products can be categorized into two groups:

- o DSL Products: Products based on DSL technologies offered by the CPE and Transport Systems Group business units;
- o Telco Access Products (TAP): Products used by telephone companies to optimize high speed transmissions, for example T-1 transmission at approximately 1.5 megabits per second.

The prices for the products within each of the product groups of the Company vary based upon volume, customer specifications and other criteria and are subject to change due to competition among telecommunications manufacturers. Increasing competition, in terms of the number of entrants and their size, and increasing size of the Company's customers because of mergers, continues to exert downward pressure on prices for the Company's products. The following table sets forth the revenues from Westell's two product groups for the periods indicated (for more information also see "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in this Annual Report on Form 10-K):

	1999	2000	2001
	----	----	----
	(In thousands)		
DSL Products.....	\$ 12,156	\$37,960	\$198,660
TAP Products.....	57,207	52,225	120,8340
DSL Products % of total revenues.....	13.3%	31.4%	55.0%
TAP Products % of total revenues.....	62.2	43.1	33.4

-4-

DSL Products. Westell's DSL products allow the transport of high-speed data over the local loop and enable telecommunications companies to provide cost-effective and high-speed services over existing copper infrastructure. The

following table sets forth a representative list of the Company's DSL products and their applications:

<TABLE>

Product	Description	Applications
WireSpeed(TM)DSL Modems and Routers	Digital Subscriber Line (DSL) customer premise equipment that is connected to a corresponding DSL device in the service providers' central office. Users can achieve speeds of up to 8 megabits per second downstream and up to 1 megabit per second upstream. Can enable multiple users to share a single Internet connection as well as dynamically select between multiple service providers or corporate networks.	(DSL) customer premise services to enable applications such as high-speed Internet access, remote local area network access, and work at home, while providing simultaneous standard telephone service over copper telephone wires. Also enables multiple users to access multiple Internet or corporate network locations simultaneously.
WebShare(TM)Software	WebShareTM is a networking software application that extends the product life of the WireSpeedTM modem in the market. WebShareTM works in conjunction with a Westell WireSpeed Ethernet DSL modem, and creates a residential gateway providing access to up to 64 users. It can be downloaded from the Westell Web site.	Enables multiple users to simultaneously share a single ADSL Internet connection, creating a cost-effective Broadband solution for small business and home users with multiple PCs.
WebShareTM Pro Software	WebShareTM Pro provides additional features including: an integrated firewall that protects all PCs on the local area network; Virtual Private Network (VPN) support via Point-To-Point Tunneling Protocol (PPTP); VPN support; Port Forwarding; and True Always On. WebShareTM Pro creates a residential gateway providing access to up to 253 users to access the Internet through a DSL connection. It also can be downloaded from the Westell Web site.	Enables same functionality as WebShareTM with additional features providing support of up to 253 users. VPN support is for telecommuters who need to access their corporate network from home or satellite offices; port forwarding allows gaming while maintaining security for the rest of the local network; and True Always On feature memorizes the systems security password so that users do not need to re-enter it in the event that the router powers down.

</TABLE>

-5-

<TABLE>

Product	Description	Applications
Access 4000TM Residential Gateway	Access 4000TM is a low-cost Broadband residential gateway and multi-use platform that maximizes high-speed data, shared networking and voice services in one product. Access 4000 TM provides multiple networking options including HPNA, Wireless LAN, USB and Ethernet, which can all be used simultaneously on a shared DSL connection via plug-in modules and PCMCIA cards. Supports four channels of VoATM for Centrex calling features available from telephone service providers.	Enables multiple application uses including networking, Internet access and communication services via the users agreement with the selected telephone provider. Designed for residential and small business use. Multi-networking options means end-users can draw upon the networking system they already have in place, simply by adding the appropriate modules and cards.
Access HRFTM	A simple, wireless networking solution for laptop and desktop computers based on Home RF technology. Access HRFTM connects computers together into a cordless 1.6 Mbps Ethernet local area network, enhancing the high-speed ADSL connection. It works by connecting the Access HRFTM Ethernet bridge to the DSL modem, one Access HRFTM USB adapter for each computer, one Access HRFTM PC card for each laptop computer, and performing a simple software configuration.	Enables wireless networking and combined wireless user Internet access in residence or small business applications. A solution that reduces the difficulty of installing a home network by eliminating the need for inside wiring.
SuperVision(R)DSLAM	Consolidates DSL lines into a single network interface at the central office. Users can achieve speeds of up to 8 megabits per second downstream and up to 1 megabit per second	Enables multiple services and applications such as high-speed Internet access, remote local area network access, and work at home,

..... upstream. Facilitates the connection between while providing simultaneous
 copper wire digital transmission used in the standard telephone service over
 local access network and the optical fiber copper telephone wires.
 transmission in the telephone network.

LinkReach(TM) Provides DSL services from a digital loop Enables multiple services and
 carrier (a remote mini-switch extending applications such as high-speed
 central office functionality) environment. Internet access, remote local area
 Users can achieve speeds of up to 8 megabits network access, and work at home
 per second downstream and up to 1 megabit per solutions to users who receive
 second upstream. service from a digital loop carrier
 rather than from a telephone
 company's central office.

</TABLE>

All of Westell's modems are equipped with additional memory that gives users the capability to upgrade their devices by downloading software and not purchasing additional hardware. These upgrades can convert a single user modem into a multi-user device, often called a gateway.

-6-

In the last five years, over 100 customers have purchased the Company's ADSL systems to conduct technical and marketing trials for interactive multimedia applications. Westell is currently involved in Bell Atlantic's initial deployment of DSL systems as well as several other carriers including Century Telephone and SaskTel. Through its partnership with Fujitsu Telecom Europe, Ltd. (FTEL), Westell is involved in the initial deployment of DSL products by British Telecom. Some of the products listed above, such as the Access 4000(TM), the Residential Gateway and the Access HRF, will be marketed to ISPs and enterprise customers and are not available on the webstore.

Customers using the Company's DSL systems for initial service deployments are not contractually bound for future deployments or product sales. The Company's growth is dependent upon whether DSL technology gains widespread commercial acceptance by telephone companies. The Company's ability to achieve profitability or revenue growth in the future will be associated with market acceptance of the Company's DSL systems and the development and market acceptance of other DSL products introduced by the Company. See "Risk Factors."

-7-

TAP Products. Westell's TAP products provide telephone companies with cost-effective solutions to transport, maintain and improve the reliability of high speed services over copper and fiber lines in the local access network. The following table sets forth a representative list of the Company's TAP products and their applications:

<TABLE>

Product	Description	Applications
HDSL2 transmission products	HDSL2 plug-in units provide single-cable-pair T1 circuits between and their T1 customer	Providing T1 circuits between Telco locations (CO, CEV, fiber-hut) and their customers' premise. Utilizes one pair of "last-mile" copper cable to cost-effectively set up the T1 line.
NIU-PM (Network Interface Unit)	Network Interface Unit with Performance Monitoring that stores circuit performance and maintenance information for a single T1 circuit.	Facilitates the maintenance and performance monitoring of T-1 facilities. Provides a "demarcation point" between the Telco equipment and the customer's equipment.
MegaJack(TM)(Network Interface Unit)	DS3 Network Interface Unit. An electronic module located in the phone companies' central office or at a DS3 customer's premise that provides maintenance capabilities for telephone lines providing DS3 transmission.	Facilitates the maintenance and monitoring of DS3 transmission.
Advance Span Termination System (ASTS(TM))	Integrated mechanical shelves and electronic modules. Provides high-speed multiplexer interfaces such as DS3 and STS-1 (SONET). Also provides T1, HDSL and HDSL2 transmission - 28 circuits per shelf.	Delivers multiple high capacity services over local telephone lines in one chassis. Typically located in the CO, CEV, or fiber-hut, this system provides integrated test access, 1:N protection switching and direct connection to telco Operational Support (OS) Systems.
NCTE Mountings & Enclosures (NCTE = Network)	Indoor and outdoor mechanical shelves and enclosures used to house Westell's and other	Provides installation of end user electronics.

Channel Terminating companies' traditional and higher speed
Equipment) modules.

SmartLink(TM)	Automatic protection system for up to	Increases the reliability of T-1 and
.....	8-customer telephone lines providing T-1	other high-speed digital transmission.
.....	transmission.	Used for critical circuits such as those
.....		used to provide service to cellular
.....		telephone sites.

</TABLE>

-8-

Research and Development Capabilities and Engineering Base:

The Company believes that its future success depends, in part, on its ability to maintain its technological leadership through enhancements of its existing products and development of new products that meet customer needs. Westell works closely with its current and potential customers as part of the product development process.

In fiscal 2000, the Company received \$6.7 million from customers to fund on-going engineering projects, which was offset against research and development expenses. The Company did not receive any funding from customers for on-going engineering projects in fiscal 1999 or fiscal 2001.

The Company's engineering is conducted in accordance with ISO 9001, which is the international standard for quality management systems for design, manufacturing and service. The Company's research and development personnel are organized into product development teams. Each product development team is generally responsible for sustaining technical support of existing products, decreasing manufacturing costs, conceiving new products in cooperation with other groups within the Company and adapting standard products or technology to meet new customer needs. In particular, each product development team is charged with implementing the Company's engineering strategy of reducing product costs for each succeeding generation of the Company's products in an effort to be a highly-valued, superior quality provider, without compromising functionality or serviceability.

The Company believes that the key to this strategy is choosing an initial architecture for each product that enables engineering innovations to result in performance enhancements and future cost reductions. Westell's products are designed in conjunction with input from procurement and manufacturing disciplines to optimize the opportunity to achieve the lowest cost positions. The Company's outstanding quality record is grounded in a solid interface and transference of knowledge between design and manufacturing teams. Successful execution of this strategy also requires that the Company continue to attract and recruit highly qualified engineers.

The Company and products under development are subject to industry wide standardization organizations which include, the American National Standards Institute ("ANSI") in the United States and the European Telecommunications Standards Institute ("ETSI") which are responsible for specifying transmission standards for telecommunications technologies. The industry transmission standard for ADSL adopted by ANSI and ETSI is based upon DMT technology. Westell incorporates DMT technology into its DSL products. The Company has not developed a DMT transceiver technology for its product offerings and is dependent on transceiver technologies sourced from third parties. The Company has established multiple strategic relationships with transceiver technology vendors for DSL chipsets to be used in ADSL systems by the Company. Absent the proper relationships with key silicon chipset vendors, the Company's products may not comply with standards set forth by ANSI and ETSI. Should customers require standards based products containing transceiver technology not available to the Company under reasonable terms and conditions, the Company's business and results of operations would be materially and adversely affected.

Customers

The Company's principal customers historically have been U.S. Telcos. In addition, Westell sells products to several other entities, including public telephone administrations located outside the U.S., independent domestic local exchange carriers, competitive local exchange carriers, inter-exchange carriers, the U.S. federal government, Internet service providers, and business enterprises. Revenues from international customers represented approximately \$8.5 million, \$10.9 million and \$57.7 million of the Company's revenues in fiscal 1999, 2000 and 2001, respectively, accounting for 9.2%, 9.0% and 16.0% of the Company's revenues in such periods.

The Company depends, and will continue to depend, on the Regional Bell Operating Companies (RBOCs) and other independent local exchange carriers for substantially all of its revenues. Sales to the RBOCs accounted for 46.6%, 51.4% and 50.6% of the Company's revenues in fiscal 1999, 2000 and 2001, respectively. Sales to the Company's largest three customers, Verizon, SBC, and FUJITSU Telecommunications Europe Limited (FETL), accounted for 25.9%, 17.6% and 14.3% of the Company's revenues in fiscal 2001, respectively. Consequently, the

Company's future success will depend upon the timeliness and size of future purchase

-9-

orders from the RBOCs, the product requirements of the RBOCs, the financial and operating success of the RBOCs, and the success of the RBOCs' services that use the Company's products. Any attempt by an RBOC or other Telco access providers to seek out additional or alternative suppliers or to undertake, as permitted under applicable regulations, the internal production of products would have a material adverse effect on the Company's business and results of operations. In addition, the Company's sales to its largest customers have in the past fluctuated and in the future are expected to fluctuate significantly from quarter to quarter and year to year. The loss of such customers or the occurrence of such sales fluctuations would materially adversely affect the Company's business and results of operations.

The Company's other principal customer is FTEL. Currently, the Company is involved in the DSL deployment of British Telecom, selling its products to FTEL, who then acts as a system integrator for British Telecom.

The RBOCs and the Company's other customers are significantly larger than, and are able to exert a high degree of influence over, the Company. Prior to selling its products to telcos, the Company must undergo lengthy approval and purchase processes. See Marketing, Sales and Distribution

Marketing, Sales and Distribution

The Company sells its products in the U.S. through its domestic field sales organization and selected distributors. The Company has had an established sales force and channel to domestic service providers since its founding in 1980. As of March 31, 2001, the Company's equipment marketing, sales and distribution programs were conducted by 174 employees.

The Company markets its products internationally in over 40 countries under various distribution arrangements that include strategic partnerships, technology licenses and distributors. For large telephone companies, outside of North America, the Company sells its DSL products indirectly through its partners, principally FTEL. These large telephone companies purchase their DSL products in a portfolio with other telecommunications products. Westell provides DSL equipment and services for the central office and telephone company networks to its strategic partners who then sell those products along with other related products to the telephone companies.

In North America, TAP products are sold directly to the service providers or in some cases to distributors who service these carriers. Products from the CPE business unit are sold directly to telephone carriers, to Internet Service Providers who provide DSL services, and directly to end-users through the Company's website. The Company believes that the DSL sales channels are very dynamic and continually looks to adapt and configure its sales force and processes to meet these changes.

The CPE business unit sells its products through multiple channels. The majority of products are currently sold directly to major service providers who provide the modems to end-users as part of their service offering. The Company also sells to Internet Service Providers (ISPs) who also offer Westell products to their customers. Finally, through its on-line store, the Company also offers modems and software directly to users.

The Regional Bell Operating Companies and the Company's other customers are significantly larger than, and are able to exert a high degree of influence over, the Company. Prior to selling its products to telephone companies, the Company must undergo lengthy approval and purchase processes. Evaluation can take as little as a few months for products that vary slightly from existing products in the local access network and a year or more for products based on new technologies. Accordingly, the Company is continually submitting successive generations of its current products as well as new products to its customers for approval.

Although the telephone company approval processes may vary to some extent depending on the customer and the product being evaluated, they generally are conducted as follows:

-10-

Laboratory Evaluation. The product's function and performance are tested against all relevant industry standards.

Technical Trial. A number of telephone lines are equipped with the product for simulated operation in a field trial. The field trial is used to evaluate performance, assess ease of installation and establish troubleshooting procedures.

Marketing Trial. Emerging products such as DSL are tested for market acceptance of new services. Marketing trials usually involve a greater number of systems than technical trials because systems are deployed at several locations in the telephone company's network. This stage gives

telephone companies an opportunity to establish procedures, train employees to install and maintain the new product and to obtain more feedback on the product from a wider range of operations personnel.

Commercial Deployment. Commercial deployment usually involves substantially greater numbers of systems and locations than the marketing trial stage. In the first phase of commercial deployment, a telephone company initially installs the equipment in select locations for select applications. This phase is followed by general deployment involving greater numbers of systems and locations. Commercial deployment does not usually mean that one supplier's product is purchased for all of the telephone companies' needs throughout the system as telephone companies often rely upon multiple suppliers to ensure that their needs can be met. Subsequent orders, if any, are generally placed under single or multi-year supply agreements that are generally not subject to minimum volume commitments.

The relationships that the Company establishes in this extensive process are critical in almost every case. The Company has a history of working closely with the service providers in this fashion and the Company has won numerous quality awards from suppliers such as SBC and GTE.

Technical Support

Westell maintains 24-hour, 7-day-a-week telephone support and provides on-site support. The Company also provides technical consulting, research assistance and training to its customers with respect to the installation, operation and maintenance of its products.

The Company has general purchase agreements with most of its major customers. These agreements may require the Company to accept returns of products or indemnify such customers against certain liabilities arising out of the use of the Company's products. Although, to date, the Company has not experienced any significant product returns or indemnification claims under these contracts, any such claims or returns could have a material adverse effect on the Company's business and results of operations.

The Company's products are required to meet rigorous standards imposed by its customers. Most of the Company's products carry a limited warranty ranging from one to seven years, which generally covers defects in materials or workmanship and failure to meet published specifications, but excludes damages caused by improper use and all other warranties. In the event there are material deficiencies or defects in the design or manufacture of the Company's products, the affected products could be subject to recall. For the past five fiscal years, the Company's warranty expenses have been insignificant. The Company's standard limited warranty for its DSL products ranges from one to five years. Since the Company is continually introducing new products, it can not predict the level of future warranty claims on its products. See "Risk Factors".

Manufacturing

The Company utilizes a combination of internal manufacturing capability and a set of turnkey contract manufacturers to satisfy its customers' requirements. To meet demand, primarily for its DSL systems, the Company has outsourced some its manufacturing requirements when customer demand exceeds production capacity. Reliance on third-party subcontractors involves several risks, including the potential absence of adequate

-11-

capacity and reduced control over product quality, delivery schedules, manufacturing yields and costs. The use of subcontractors could result in material delays or interruption of supply as a consequence of required re-tooling, retraining and other activities related to establishing a new subcontractor relationship.

A substantial portion of the Company's shipments in any fiscal period can relate to orders for products received in that period. Further, a significant percentage of orders, such as Network Interface Units, or NIUs, require delivery within 48 hours. To meet this demand, the Company maintains raw materials inventory and finished goods inventory at its manufacturing facilities. In addition, the Company maintains some finished goods inventory at the customers' sites pursuant to an agreement that the customer will eventually purchase such inventory. Because of the rapid technological changes to our products, the Company faces a reoccurring risk that the inventory it holds may become obsolete. The Company's domestic facilities are certified pursuant to ISO 9001.

Competition

The markets for the Company's products are intensely competitive and the Company expects competition to increase in the future, especially in the evolving broadband and DSL markets. Westell's primary competitors vary by business unit. The Company's principal competitors with respect to its TAP business unit are Adtran, Inc., ADC Telecommunications and HyperEdge. The Company's current competitors in the CPE business unit are primarily Alcatel Network Systems, Efficient Networks, Cisco Systems, Intel and 3Com. Although the

Transport Systems business unit provides equipment in partnership with FTEL, direct competitors in these markets include Alcatel, Nortel, Lucent, Cisco, and Siemens.

Most of the Company's competitors and potential competitors have greater financial, technological, manufacturing, marketing and human resources than the Company. Some of competitors include full network level system suppliers who are much larger than the Company and can offer all elements of a network solution. The Company has addressed this competition by entering into strategic alliances, such as with FTEL, in which the network level system supplier offers complete systems to telephone companies of which our DSL product offering is a part. The Company's ability to compete with these larger system suppliers will depend on the success of the alliances we form and the system solutions created to meet customers needs. The inability to form successful alliances and develop systems that meet customers' requirements will materially adversely affect the Company's business and results of operations. Westell's CPE business unit engages in business development opportunities and special project development activities with a number of its CPE competitors.

Products that increase the efficiency of digital transmission over copper wire face competition from fiber, wireless, cable modems and other products delivering broadband digital transmission. Telephone companies face competition from cable operators, new local access providers and wireless service providers that are capable of providing high speed digital transmission to end users. To the extent telephone companies decide not to aggressively respond to this competition and fail to offer high speed digital transmission, the overall demand for DSL products could decline. In addition, the deployment of products and technologies for copper wire may also reduce the demand for the types of products currently manufactured by the Company. The deployment of HDSL2 systems in the U.S., while increasing the Westell sales of HDSL2 equipment, also reduces telephone companies' need for T-1 repeaters, which may result in a decrease in demand for Westell's more traditional T-1 products such as its Network Interface Units. The Company believes that the domestic market for many of its older, low speed TAP transmission products is decreasing, and will likely continue to decrease, as high capacity digital transmission becomes less expensive and more widely deployed. See Risk Factors.

Teleconference Services

Conference Plus, Inc (CPI), founded in 1988, is an application service provider (ASP) or company that manages and hosts specific software and applications, in this case relating to conferencing and meeting services. Conference Plus is an 88.3% owned subsidiary of Westell and manages its teleconferencing and meeting services through its operations center in Schaumburg, Illinois and facilities in Lombard, Illinois and Dublin, Ireland.

-12-

Conference Plus services generated \$19.8 million, \$30.8 million and \$42.0 million in revenues in fiscal 1999, 2000 and 2001, respectively.

Conference Plus allows multiple individuals and/or businesses to conduct conference calls using a combination of voice, video or data such as graphs or spreadsheets. Unlike a conference call of several years ago, where participants dialed in on phones, today's meeting can include a blend of audio, graphics, spreadsheets or other documents that can be carried over and archived on the Internet to enhance the traditional voice conference call. By enabling its customers to share this blend of information, Conference Plus can increase productivity and save money by reducing travel time, bringing down travel costs, and making it easier for people in remote locations to work together. Teleconferencing and meeting services technologies also allow organizations and individuals to collect and disseminate information faster, more accurately and without the associated costs of face-to-face meetings.

CPI is distinguished by three strategies:

- o Re-seller Approach
- o Carrier Neutral/Network Independent Strategy; and
- o International Expansion

Re-seller Approach

Conference Plus acts primarily as a re-seller of conferencing and meeting services, managing and hosting applications for major carrier and Fortune 100 companies. A majority of Conference Plus' revenues come from private label commercial teleconferencing services to customers who market or use Conference Plus services under their own brand name. Such companies choose to outsource and private label audio and video teleconferencing services to maintain continuity and save costs. Audio and video teleconferencing is a people intensive service, requiring high levels of concentration on the execution of each and every call.

As a reseller, Conference Plus has developed back-office capabilities, providing reservation, confirmation, billing, accounting and quality functions for its customers that use their own brand name and sales and distribution channels and rely on Conference Plus to manage operations. The reseller approach also demands very high quality

standards and Conference Plus has received the first ISO 9002 certification in the audio and video conferencing services industry.

Carrier Neutral/Network Independent Strategy

A critical part of Conference Plus' approach is its carrier neutral/network independent strategy. CPI is not aligned with any major carrier and can therefore serve as an application service provider, reselling its services to each of the major carriers as well as Fortune 100 companies. Each customer can be assured that the voice and data traffic that is generated by their conferencing and meeting services stays on its own respective network and does not overflow to a competitor's network. CPI's unique architecture ensures that customers have access to all of CPI's capacity during any of their conference calls or meetings.

International Expansion

Conference Plus currently serves its teleconferencing needs of customers headquartered in the United States from its Schaumburg, Illinois and Lombard, Illinois facilities. As these customers globalize their telecommunications services, Conference Plus will be required to expand its operational presence internationally to meet these needs. The CPI's facility in Dublin, Ireland was established to help meet this growing demand. In addition, the international market for teleconferencing is expected to grow substantially as a result of deregulation and improved networks with associated reductions in end user costs.

-13-

Conference Plus' private label customers and many of its other customers are significantly larger than, and are able to exert a high degree of influence over, Conference Plus. Prior to selling its services, the Company must undergo lengthy approval and purchase processes. Evaluation can take as little as a few months for services that vary slightly from existing services used by the prospective customer to a year or more for services based on technologies such as video or data teleconferencing or which represent a new strategic direction for the customer, as in the case with private labeling teleconference services for a Regional Bell Operating Company.

Conference Plus maintains 24 hour, 7 day a week telephone support and provides on-site support for larger, more complex teleconferences. Conference Plus also provides technical consulting, call planning assistance and usage analysis to its customers with respect to the introduction, enhancement and expanded utilization of its services.

Competition in the teleconferencing business is intense and the Company expects that competition will increase due to low barriers to entry and recent entrants into the audio teleconferencing service market. Many of Conference Plus' competitors, including AT&T, MCI Communications and Sprint Communications, have much greater name recognition, more extensive customer service and marketing capabilities and substantially greater financial, technological and personnel resources than the Company. There can be no assurance that the Company will be able to successfully compete in this market in the future or that competitive pressures will not result in price reductions that would materially adversely affect its business and results of operations.

Government Regulation

The telecommunications industry, including most of the Company's customers, is subject to regulation from federal and state agencies, including the FCC and various state public utility and service commissions. While such regulation does not affect the Company directly, the effects of such regulations on the Company's customers may, in turn, adversely impact the Company's business and results of operations. For example, FCC regulatory policies affecting the availability of telephone and communications services and other terms on which service providers conduct their business may impede the Company's penetration of certain markets. The Telecommunications Act lifted certain restrictions on the carriers' ability to provide interactive multimedia services including video on demand. Under the Telecommunications Act, new regulations have been established whereby carriers may provide various types of services beyond traditional voice offerings.

In addition, the Telecommunications Act permits the carriers to engage in manufacturing activities after the FCC authorizes a carrier to provide long distance services within its service territory. A carrier must first meet specific statutory and regulatory tests demonstrating that its monopoly market for local exchange services is open to competition before it will be permitted to enter the long distance market. When these tests are met, a carrier will be permitted to engage in manufacturing activities, and the carriers, which are the Company's largest customers, may become the Company's competitors as well. See Risk Factors

Proprietary Rights and Intellectual Property

The Company's success and future revenue growth will depend, in part, on its ability to protect trade secrets, obtain or license patents and operate

without infringing on the rights of others. The Company relies on a combination of technical leadership, copyright, patent, trademark, trade secret and other intellectual property laws, nondisclosure agreements and other protective measures to protect our unpatented proprietary know-how. Although the Company regards some of its technology as proprietary, to date the Company has been granted 21 patents and have an additional 30 U.S. patents pending relating to its TAP and DSL products. The Company expects to seek additional patents from time to time related to its research and development activities. See Risk Factors

Many of the Company's products incorporate technology developed and owned by third parties. Consequently, the Company must rely upon third parties to develop and to introduce technologies which enhance the Company's current products and enable the Company, in turn, to develop its own products on a timely and

-14-

cost-effective basis to meet changing customer needs and technological trends in the telecommunications industry. Without third party transceiver technologies, such as DMT technology, the Company would not be able to produce any of its DSL systems. Consequently, if the Company's third party transceiver suppliers fail to deliver implementable or standards compliant transceiver solutions to the Company and other alternative sources of DSL transceiver technology are not available to the Company at commercially acceptable terms, then the Company's business and results of operations would be materially and adversely affected.

Rapid technological evolution has resulted in the need to implement strategic alliances with customers and technology suppliers in order to accelerate the time to market for new products. Without such relationships and due to the lengthy carrier product approval and purchase cycles, the technology may be obsolete by the time the Company completes the product approval and purchase cycles.

Employees

As of March 31, 2001, the Company had 1,327 full-time employees. Westell's equipment manufacturing business had a total of 970 full-time employees, consisting of 174 in sales, marketing, distribution and service, 218 in research and development, 529 in manufacturing and 49 in administration. Conference Plus had a total of 357 full-time employees. None of the Company's employees are represented by a collective bargaining agreement nor has the Company ever experienced any work stoppage. The Company believes its relationship with its employees is good.

RISK FACTORS

You should carefully consider the risks described below in addition to the other information contained and incorporated by reference in this prospectus before purchasing our securities. If any of the following risks occurs, our business, operating results or financial condition would likely suffer, and the market price for our securities could decline and you could lose your investment.

We have incurred and continue to expect losses.

Due to our significant ongoing investment in DSL technology, which can be used by telephone companies and other service providers to increase the transmission speed and capacity of copper telephone wires, we have incurred and anticipate that our losses may extend at least through fiscal 2002. To date, we have incurred operating losses, net losses and negative cash flow on both an annual and quarterly basis. For the year ended March 31, 2001, we had net losses of \$93.9 million.

We believe that our future revenue growth and profitability will depend on:

- o creating sustainable DSL sales opportunities;
- o lowering our DSL product costs through design and manufacturing enhancements and volume reductions,
- o developing new and enhanced T-1 products;
- o developing other niche products for both DSL and T-1 markets; and
- o growing our teleconference service revenues.

In addition, we expect to continue to evaluate new product opportunities. As a result, we will continue to invest heavily in research and development and sales and marketing, which will adversely affect our short-term operating results. We can offer no assurances that we will achieve profitability in the future.

Our stock price is volatile and could drop unexpectedly.

-15-

Like many technology stocks, our stock has demonstrated and likely will continue to demonstrate extreme volatility as valuations, trading volume and prices move significantly. This volatility may result in a material decline in the market price of our securities, and may have little relationship to our financial results or prospects.

Our class A common stock price has experienced substantial volatility in the past and is likely to remain volatile in the future due to factors such as:

- o Our actual and anticipated quarterly and annual operating results;
- o Variations between our actual results and analyst and investor expectations;
- o Announcements by us or others and developments affecting our business;
- o Investor and analyst perceptions of our company and comparable public companies;
- o Future sales of debt or equity securities;
- o The activities of short sellers and risk arbitrageurs regardless of our performance; and
- o Conditions and trends in the data communications and Internet-related industries.

Many of the factors listed above are not within our control. In the past, companies that have experienced volatility in the market price of their stock have been the subject of securities class litigation. If we were involved in securities class litigation, we could incur substantial costs and our management's attention could be diverted.

We could incur charges for excess and obsolete inventory and for adjusting inventory to net realizable value.

Due to rapidly changing technology and volatile customer demands, product cycles tend to be short. Therefore, from time to time, we may need to write off inventory as excess or obsolete. In the past, we have experienced such write-offs. For example, the Company recognized an inventory adjustment to net realizable value and charges for excess and obsolete inventory of \$37.1 million during fiscal year 2001. If we incur substantial inventory expenses that we are not able to recover because of changing market conditions, it could have a material adverse effect on our business, financial condition and results of operations.

If DSL products fail to gain widespread commercial acceptance, we may not be successful and our stock price would likely decline.

We expect to continue to invest significant resources in the development of DSL products. The DSL market is still in the early stages of development. If the DSL market fails to grow or grows more slowly than anticipated, then our business and operating results would be materially adversely affected.

Commercial acceptance of DSL products depends on many factors, including the following:

- o Commercial viability and success of high speed transmission services enabled by DSL technology;
- o The continued growth and use of the Internet;
- o Significant improvements in the interoperability among vendors' equipment used in the delivery of high speed data transmission;
- o The ability to continually improve DSL products to satisfy demands for increasing bandwidth over telephone wires; and

Even if DSL technology gains commercial acceptance, our business will suffer if our DSL sales do not increase. Our DSL revenues have been difficult to forecast as our customers have only recently begun to consider implementing DSL products in their networks. We have shipped most of our DSL products for trials and early deployment. Even if our customers elect to commercially deploy DSL products, our customers are not contractually bound to purchase our DSL systems for commercial deployment. Our non-DSL products and services, such as our Network Interface Units and our teleconferencing services, are not expected to generate sufficient revenues or profits to offset any losses that we may experience due to a lack of DSL product sales. If we fail to generate

-16-

significant revenues from DSL product sales, we will not be able to implement our business goals and our business and operating results would suffer significantly.

Pricing pressures on our products may affect our ability to become profitable.

Due to competition in the DSL market, many bids for recent trials and deployments of DSL products reflect:

- o the forward pricing of DSL products below production costs to take into account the expectation of large future volumes and corresponding reductions in manufacturing costs; and/or
- o suppliers that provide DSL products at a lower price as part of a sale of a package of products and/or services.

We have and may in the future offer DSL products based upon forward pricing. Forward pricing will cause us to incur losses on DSL products sales unless we can reduce manufacturing costs. We believe that manufacturing costs may decrease if:

- o more cost-effective transceiver technologies become available,
- o product design efficiencies and component integration are obtained,
- and
- o we achieve economies of scale related to increased volume.

There is no guaranty that we will be able to secure significant additional DSL orders and reduce per unit manufacturing costs that we have factored into our forward pricing of DSL products. As a result, we could continue to incur losses in connection with sales of DSL products even if our DSL unit volume increases. Losses from our sales of DSL products could result in fluctuations in our quarterly operating results and would materially and adversely affect our ability to achieve profitability and implement our business goals.

Our products face competition from other existing products, products under development and changing technology, and if we do not remain competitive, our business will suffer and we will not become profitable.

The markets for our products are characterized by:

- o intense competition within the DSL market and from other industries such as cable and wireless industries;
- o rapid technological advances;
- o evolving industry standards;
- o changes in end-user requirements;
- o frequent new product introductions and enhancements; and
- o evolving customer requirements and service offerings.

New products introductions or changes in services offered by telephone companies or over the Internet could render our existing products and products under development obsolete and unmarketable. For example High Bit-Rate DSL, a product that enhances the signal quality of the transmission over copper telephone wire, may reduce the demand for our Network Interface Units which provide performance monitoring of copper telephone wires. Our Network Interface Units accounted for approximately 50%, 35% and 16% of our revenues in fiscal 1999, 2000 and 2001, respectively. Further, we believe that the domestic market for many of our traditional analog products is decreasing, and will likely continue to decrease, as high capacity digital transmission becomes less expensive and more widely deployed. Our future success will largely depend upon our ability to continue to enhance and upgrade our existing products and to successfully develop and market new products on a cost-effective and timely basis.

In addition, our current product offerings primarily enable telephone companies to deliver digital communications over copper telephone wires in the local access network. Telephone companies also face competition in the delivery of digital communications from cable operators, new telephone companies, and wireless service providers.

-17-

If end users obtain their high speed data transmission services from these alternative providers, then the overall demand for DSL products will decline.

To remain competitive we must develop new products to meet the demands of these emerging transmission media and new local access network providers. Our business would be severely harmed if our products become obsolete or fail to gain widespread commercial acceptance due to competing products and technologies.

Evolving industry standards may adversely affect our ability to sell our products and consequently harm our business.

Industry wide standardization organizations such as the American National Standards Institute and the European Telecommunications Standards Institute are responsible for setting transceiver technology standards for DSL products. We are dependent on transceiver technologies from third parties to manufacture our products. If transceiver technologies needed for standards-based products are not available to us in a timely manner and under reasonable terms, then our DSL revenues would significantly decrease and our business and operating results would suffer significantly.

In addition, the introduction of competing standards or implementation specifications could result in confusion in the market and delay any decisions regarding deployment of DSL systems. Delay in the announcement of standards would materially and adversely impact our DSL sales and would severely harm our business.

Due to the rapid technological changes in our industry, our products may become obsolete before we can realize significant revenues for our products, which would harm our business.

The telecommunications industry is subject to rapid technological change, which results in a short product commercial life before a product becomes obsolete. As

a result, we have in the past and may in the future devote disproportionate resources to a product that has an unexpected short commercial life and/or have to write off excess and obsolete inventory, each of which would harm our operating results and financial condition and harm our business.

Any unexpected increase in demand for DSL products could adversely impact our ability to manufacture sufficient quantities of DSL products, which would affect our ability to attract and retain customers.

Any unexpected increase in demand for DSL products could adversely impact our ability to supply DSL products in a timely manner, which would harm our business. Without proper lead times, we may not have the ability to, or may have to pay a premium to, acquire and develop the necessary capabilities to satisfy an unexpected increase in demand for our products. We depend upon subcontractors to manufacture a portion of our DSL products and expect that our reliance on these subcontractors will increase if demand for our DSL products increases. Reliance on subcontractors involves several risks, including the potential lack of adequate capacity and reduced control over product quality, delivery schedules, manufacturing yields and costs. The use of subcontractors could result in material delays or interruption of supply as a consequence of required re-tooling, retraining and other activities related to establishing and developing subcontractor relationships. Any manufacturing disruption would impair our ability to fulfill orders, and if this occurs, our revenues and customer relationships would be materially adversely affected. Any material delays or difficulties in connection with increased manufacturing production or the use of subcontractors could severely harm our business. Our failure to effectively manage any increase in demand for our products would harm our business.

The failure to maintain and further develop partners and alliances would adversely affect our business.

Instead of directly competing with large telecommunications equipment suppliers, we have begun to develop and maintain partnerships and alliances with other companies in order to secure complementary technologies, to lower costs, and to better market and sell our products. These partnerships and alliances provide important resources and channels for us to compete successfully. Some of our partnerships provide us with third party technology that we

-18-

rely on to manufacture our products. In addition, instead of directly competing with large suppliers such as Fujitsu in the DSL market, we have entered into alliances with these companies to offer our products within a package of products sold by these companies to telephone companies. We cannot provide any assurances that these partnerships will continue in the future. As competition increases in the DSL market, these alliances will become even more important to us. A loss of one or more partnerships and alliances could affect our ability to sell our products and therefore could materially adversely affect our business and operating results.

We are dependent on third party technology, the loss of which would harm our business.

We rely on third parties to gain access to technologies that are used in our current products and in products under development. For example, our ability to produce DSL products is dependent upon third party transceiver technologies. Our licenses for DSL transceiver technology are nonexclusive and the transceiver technologies have been licensed to numerous other manufacturers. If our DSL transceiver licensors fail to deliver commercially ready or standards compliant transceiver solutions to us and other alternative sources of DSL transceiver technologies are not available to us at commercially acceptable terms, then our business and operating results would be materially and adversely affected.

Any impairment in our relationships with the licensors of technologies used in our products would force us to find other developers on a timely basis or develop our own technology. There is no guaranty that we will be able to obtain the third-party technology necessary to continue to develop and introduce new and enhanced products, that we will obtain third-party technology on commercially reasonable terms or that we will be able to replace third-party technology in the event such technology becomes unavailable, obsolete or incompatible with future versions of our products. We would have severe difficulty competing if we cannot obtain or replace much of the third-party technology used in our products. Any absence or delay would materially adversely affect our business and operating results.

We are dependent on sole or limited source suppliers, the loss of which would harm our business.

Integrated circuits and other electronic components used in our products are currently available from only one source or a limited number of suppliers. For example, we currently depend on Alcatel, Microelectronics and Virata to provide critical integrated transceiver circuits used in our DSL products. Our inability to obtain sufficient key components or to develop alternative sources for key components as required, could result in delays or reductions in product deliveries, and consequently severely harm our customer relationships and our business and operating results. Furthermore, additional sole-source components

may be incorporated into our future products, thereby increasing our supplier risks. If any of our sole-source manufacturers delay or halt production of any of their components, or fail to supply their components on commercially reasonable terms, then our business and operating results would be harmed.

Some of the electronic components used in our products are currently in short supply and are provided on an allocation basis to us and other users based upon past usage. For example, integrated transceiver circuits and electronic components are key components in all of our products and are fundamental to our business strategy of developing new and succeeding generations of products at reduced unit costs without compromising functionality or serviceability.

In the past we have experienced delays in the receipt of key components which have resulted in delays in related product deliveries. We anticipate that integrated circuit production capacity and availability of some electronic components may be insufficient to meet the demand for such components in the future. There is no guaranty that we will be able to continue to obtain sufficient quantities of key components as required, or that such components, if obtained, will be available to us on commercially reasonable terms.

-19-

We have no long term contracts or arrangement with suppliers which could adversely affect our ability to purchase components and technologies used in our products.

We have no long-term contracts or arrangements with any of our suppliers. We may not be able to obtain components at competitive prices, in sufficient quantities or under other commercially reasonable terms. If we enter into a high-volume or long-term supply arrangement and subsequently decide that we cannot use the products or services provided for in the supply arrangement, then our business would also be harmed.

We will not be able to successfully compete, develop and sell new products if we fail to retain key personnel and hire additional key personnel.

Because of our need to continually evolve our business with new product developments and strategies, our success is dependent on our ability to attract and retain qualified technical, marketing, sales and management personnel. To remain competitive we must maintain top management talent, employees who are involved in product development and testing and employees who have developed strong customer relationships. Because of the high demand to these types of employees, it is difficult to retain existing key employees and attract new key employees. While most of our executive officers, have severance agreements in which the officers agreed not to compete with us and not to solicit any of our employees for a period of one year after termination of the officer's employment in most circumstances, we do not have similar noncompetition and nonsolicitation agreements for other employees who are important in our product development and sales. Our inability to attract and retain additional key employees could harm our ability to successfully sell existing products and develop new products and implement our business goals.

Our quarterly operating results are likely to fluctuate significantly and should not be relied upon as indications of future performance.

We expect to continue to experience significant fluctuations in quarterly operating results. Due to the risks identified below and elsewhere in "Risk Factors," sales to our largest customers have fluctuated and are expected to fluctuate significantly between quarters. Sales to our customers typically involve large purchase commitments, and customers purchasing our products may generally reschedule or cancel orders without penalty. As a result, our quarterly operating results have fluctuated significantly in the past. Other factors that have had and may continue to influence our quarterly operating results include:

- o the impact of changes in the DSL customer mix or product mix sold;
- o timing of product introductions or enhancements by us or our competitors;
- o changes in operating expenses which can occur because of product development costs, timing of customer reimbursements for research and development, pricing pressures; availability and pricing of key components;
- o write-offs for obsolete inventory; and
- o the other risks that are contained in this "Risk Factors" section.

Due to our fluctuations in quarterly results, we believe that period-to-period comparisons of our quarterly operating results are not necessarily meaningful. Our quarterly fluctuations make it more difficult to forecast our revenues. It is likely that in some future quarters our operating results will be below the expectations of securities analysts and investors, which may adversely affect our stock price. As long as we continue to depend on DSL products and new products, there is substantial risk of widely varying quarterly results, including the so-called "missed quarter" relative to investor expectations.

We may experience delays in the deployment of new products.

Our past sales have resulted from our ability to anticipate changes in

technology, industry standards and telephone company service offerings, and to develop and introduce new and enhanced products and services. Our continued ability to adapt to such changes will be a significant factor in maintaining or improving our competitive position and our prospects for growth. Factors resulting in delays in product development include:

-20-

- o rapid technological changes in the telecommunications industry;
- o our customers' lengthy product approval and purchase processes; and
- o our reliance on third-party technology for the development of new products.

There can be no assurance that we will successfully introduce new products on a timely basis or achieve sales of new products in the future. In addition, there can be no assurance that we will have the financial and manufacturing resources necessary to continue to successfully develop new products or to otherwise successfully respond to changing technology standards and telephone company service offerings. If we fail to deploy new products on a timely basis, then our product sales will decrease, our quarterly operating results could fluctuate, and our competitive position and financial condition would be materially and adversely affected.

The telecommunications industry is a highly competitive market and this competition may result in operating losses, a decrease in our market share and fluctuations in our revenue.

We expect competition to increase in the future especially as the DSL market develops. Because we are significantly smaller than most of our competitors, we may lack the financial resources needed to increase our market share. Many of our competitors are much larger than us and can offer a wide array of different products and services that are required for all of a telephone company's business. Conversely, our products are used to enhance transmission from the telephone company's central office to the end user, which is just one element of a telephone company's network. Our inability to form successful alliances through which we can market our products, and develop systems that meet customer requirements, will affect our ability to successfully compete in the DSL market which would materially adversely affect our business and operating results.

We expect continued aggressive tactics from many of our competitors such as:

- o Forward pricing of products;
- o Early announcements of competing products;
- o Bids that bundle DSL products with other product offerings;
- o Customer financing assistance; and
- o Intellectual property disputes.

Our lack of backlog may affect our ability to adjust to an unexpected shortfall in orders.

Because we generally ship products within a short period after receipt of an order, we typically do not have a material backlog (or known quantity) of unfilled orders, and our revenues in any quarter are substantially dependent on orders booked in that quarter. Our expense levels are based on anticipated future revenues and are relatively fixed in the short-term. Therefore, we may be unable to adjust spending in a timely manner to compensate for any unexpected shortfall of orders. Accordingly, any significant shortfall of demand in relation to our expectations or any material delay of customer orders would have an immediate adverse impact on our business and operating results.

Industry consolidation could make competing more difficult.

Consolidation of companies offering high-speed telecommunications products is occurring through acquisitions, joint ventures and licensing arrangements involving our competitors, our customers and our customers' competitors. We cannot provide any assurances that we will be able to compete successfully in an increasingly consolidated telecommunications industry. Any heightened competitive pressures that we may face may have a material adverse effect on our business, prospects, financial condition and result of operations.

-21-

We depend on a limited number of customers who are able to exert a high degree of influence over us.

We have and will continue to depend on the large Regional Bell Operating Companies, those companies emerging from the break-up of AT&T, as well as and other telephone carriers including smaller local telephone carriers and new alternative telephone carriers such as Qwest, for substantially all of our revenues. Sales to the Regional Bell Operating Companies accounted for approximately 46.6%, 51.4% and 50.6% of our revenues in fiscal 1999, 2000 and 2001, respectively. Consequently, our future success will depend upon:

- o the timeliness and size of future purchase orders from the Regional Bell Operating Companies;

- o the product requirements of the Regional Bell Operating Companies;
- o the financial and operating success of the Regional Bell Operating Companies; and
- o the success of the Regional Bell Operating Companies' services that use our products.

The Regional Bell Operating Companies and our other customers are significantly larger than we are and are able to exert a high degree of influence over us. Customers purchasing our products may generally reschedule orders without penalty to the customer. Even if demand for our products is high, the Regional Bell Operating Companies have sufficient bargaining power to demand low prices and other terms and conditions that may materially adversely affect our business and operating results.

Any attempt by a Regional Bell Operating Company or our other customers to seek out additional or alternative suppliers or to undertake the internal production of products would have a material adverse effect on our business and operating results. The loss of any of our customer could result in an immediate decrease in product sales and materially and adversely affect our business.

Conference Plus's customer base is very concentrated as its top ten customers represent a large portion of revenue. Customers of Conference Plus have expanded their requirements for our services, but there can be no assurance that such expansion will increase in the future. Additionally, Conference Plus's customers continually undergo review and evaluation of their conferencing and meeting services to evaluate the merits of bringing those services in-house rather than outsourcing those services. There can be no assurance in the future that Conference Plus's customers will bring some portion or all of their conferencing and meeting services in-house. Conference Plus must continually provide higher quality, lower cost services to provide maintain and grow its customer base. Any loss of a major account, would have a material adverse effect on Conference Plus. In addition, any merger or acquisition of a major customer could have a material adverse effect on Conference Plus.

Our customers have lengthy purchase cycles that affect our ability to sell our products.

Prior to selling products to telephone companies, we must undergo lengthy approval and purchase processes. Evaluation can take as little as a few months for products that vary slightly from existing products or up to a year or more for products based on new technologies such as DSL products. Accordingly, we are continually submitting successive generations of our current products as well as new products to our customers for approval. The length of the approval process can vary and is affected by a number of factors, including:

- o the complexity of the product involved;
- o priorities of telephone companies;
- o telephone companies' budgets; and
- o regulatory issues affecting telephone companies.

The requirement that telephone companies obtain FCC approval for most new telephone company services prior to their implementation has in the past delayed the approval process. Such delays in the future could have a material adverse affect on our business and operating results. While we have been successful in the past in obtaining product approvals from our customers, there is no guaranty that such approvals or that ensuing sales of such products will continue to occur.

-22-

Our international operations expose us to the risks of conducting business outside the United States.

International revenues represented 9.2%, 9.0% and 16.0% of our revenues in fiscal 1999, 2000 and 2001, respectively. The Company also has a relationship with Fujitsu Telecom Europe, Ltd. for the supply of DSL equipment to British Telecom. Because Conference Plus has expanded its conference call business in Europe by opening offices in Dublin, Ireland, we believe that our exposure to international risks may increase in the future. These risks include:

- o foreign currency fluctuations;
- o tariffs, taxes and trade barriers;
- o difficulty in accounts receivable collection;
- o political unrest; and
- o burdens of complying with a variety of foreign laws and telecommunications standards.

The occurrence of any of these risks would impact our ability to increase our revenue and become profitable, or could require us to modify significantly our current business practices.

Our services are affected by uncertain government regulation and changes in current or future laws or regulations could restrict the way we operate our business.

Many of our customers are subject to regulation from federal and state agencies,

including the FCC and various state public utility and service commissions. While these regulations do not affect us directly, the effects of regulations on our customers may adversely impact our business and operating results. For example, FCC regulatory policies affecting the availability of telephone company services and other terms on which telephone companies conduct their business may impede our penetration of local access markets.

In addition, our business and operating results may also be adversely affected by the imposition of tariffs, duties and other import restrictions on components that we obtain from non-domestic suppliers or by the imposition of export restrictions on products that we sell internationally. Internationally, governments of the United Kingdom, Canada, Australia and numerous other countries actively promote and create competition in the telecommunications industry. Changes in current or future laws or regulations, in the U.S. or elsewhere, could materially and adversely affect our business and operating results.

Potential product recalls and warranty expenses could adversely affect our ability to become profitable.

Our products are required to meet rigorous standards imposed by our customers. Most of our products carry a limited warranty ranging from one to seven years. In addition, our supply contracts with our major customers typically require us to accept returns of products or indemnify such customers against certain liabilities arising out of the use of our products. Complex products such as those offered by us may contain undetected errors or failures when first introduced or as new versions are released. Because we rely on new product development to remain competitive, we cannot predict the level of these types of claims that we will experience in the future. Despite our testing of products and our comprehensive quality control program, there is no guaranty that our products will not suffer from defects or other deficiencies or that we will not experience material product recalls, product returns, warranty claims or indemnification claims in the future. Such recalls, returns or claims and the associated negative publicity could result in the loss of or delay in market acceptance of our products, affect our product sales, our customer relationships, and our ability to generate a profit.

-23-

Investors could be adversely affected by future issuances and sales of our securities.

Sales of substantial amounts of our common stock in the public market could adversely affect the market price of our securities. Westell has 64,802,574 shares of common stock outstanding as of June 15, 2001, and has the following obligations to issue additional class A common stock as of June 15, 2001:

- o options to purchase 8,297,600 shares of class A common stock, 3,981,033 of which are currently exercisable;
- o 3,005,268 shares reserved for issuance under its employee stock purchase plan;
- o warrants to purchase 909,000 shares of class A common stock for \$5.92 per shares; and

These obligations could result in substantial future dilution with respect to our common stock.

We rely on our intellectual property that we may be unable to protect, or we may be found to infringe the rights of others.

Our success will depend, in part, on our ability to protect trade secrets, obtain or license patents and operate without infringing on the rights of others. We rely on a combination of technical leadership, trade secrets, copyright and trademark law and nondisclosure agreements to protect our non-patented proprietary expertise. These measures, however, may not provide meaningful protection for our trade secrets or other proprietary information. Moreover, our business and operating results may be materially adversely affected by competitors who independently develop substantially equivalent technology.

In addition, the laws of some foreign countries do not protect our proprietary rights to the same extent as U.S. law. The telecommunications industry is also characterized by the existence of an increasing number of patents and frequent litigation based on allegations of patent and other intellectual property infringement. From time to time we receive communications from third parties alleging infringement of exclusive patent, copyright and other intellectual property rights to technologies that are important to us.

There is no guaranty that third parties will not:

- o assert infringement claims against us in the future, and that such assertions will not result in costly litigation; or
- o that we would prevail in any such litigation or be able to license any valid and infringing patents from third parties on commercially reasonable terms.

Further, such litigation, regardless of its outcome, could result in substantial costs to and diversion of our efforts. Any infringement claim or other litigation against or by us could have a material adverse effect on our business

and operating results.

We face securities class litigation which could significantly harm our business.

In fiscal 2000, Westell Technologies, Inc. and certain of its officers and directors were named in a consolidated class action filed in the United States District Court for the Northern District of Illinois. The case 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. Two derivative actions have been filed against certain of our officers and directors in the Court of Chancery for the State of Delaware, New Castle County. The derivative cases allege generally that the defendants issued material false and misleading statements and/or allegedly omitted material facts necessary to make the statements made not misleading thereby and allegedly inflating the price of Westell stock for certain time periods, engaged in insider trading, misappropriated corporate information, and breached their fiduciary duties to our stockholders. The cases seek 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. Certain

-24-

of the officers and directors of Westell were also named in another derivative action filed in the United States District Court for the Northern District of Illinois, alleging that the defendants made false and misleading statements and omissions, misappropriated corporate information, and breached their fiduciary duties to Westell's shareholders. In the Illinois derivative action the plaintiff seeks the damages allegedly sustained by Westell by reason of the acts and transactions alleged in the complaint, including pre-judgment interest, as well as reasonable attorneys' fees and costs. In addition, certain of the officers and directors of Westell were named in a derivative action filed in the Circuit Court of Kane County, Illinois. This action is similar to the previously filed derivative actions except for the addition of additional directors of Westell as defendants.

We cannot predict what the outcome of these lawsuits will be. It is possible that we may be required to pay substantial damages or settlement costs in excess of our insurance coverage, which could have a material adverse effect on our financial condition and results of operation. Any verdict against us could harm our business. Even if we are meritorious in such litigation, we could also incur substantial legal costs, and management's attention and resources could be diverted from our business which could cause our business to suffer.

We face litigation from our suppliers which, if resolved against us, could significantly harm our business and operating results.

Three of our subcontract suppliers sued us for breach of contract. Celsian Technologies, Inc. sued us for approximately \$13.4 million for nonpayment of product delivered. Virata Corporation sued us for \$6.4 million and unspecified additional amounts for nonacceptance of products. Alcatel sued us for \$13.0 million for nonpayment for delivered goods. We believe that the Celsian product is defective and therefore that we have meritorious defenses to this lawsuit. We are currently reviewing the Alcatel 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 lawsuit could materially adversely affect our business and operating results.

We will need additional financing if we do not meet our business plan or we will not be able to fund our operations.

We must continue to enhance and expand our product and service offerings in order to maintain our competitive position and to increase our market share. As a result and due to our net losses, the continuing operations of our business may require substantial capital infusions. Whether or when we can achieve cash flow levels sufficient to support our operations cannot be accurately predicted. Unless such cash flow levels are achieved, we may require additional borrowings or the sale of debt or equity securities, or some combination thereof, to provide funding for our operations. If we cannot generate sufficient cash flow from our operations, or are unable to borrow or otherwise obtain additional funds to finance our operations when needed, our financial condition and operating results would be materially adversely affected and we would not be able to operate our business.

We may engage in future acquisitions that could dilute our current stockholders

We expect to continue to review potential acquisitions and we may acquire businesses, products or technologies in the future. In order to fund such acquisitions, we could:

- o issue equity securities that could dilute our current stockholders' percentage ownership;
- o incur substantial debt; or
- o assume contingent liabilities.

These events could harm our business and/or the price of our common stock. Acquisitions also entail numerous integration risks that could adversely affect our business, such as those listed as risks associated with the acquisition of Teltrend.

-25-

Conference Plus's large competitors could adversely affect Conference Plus's ability to maintain or increase its market share.

Conference Plus participates in the highly competitive industry of voice, video, and multimedia conferencing and meeting services. Competitors include stand-alone conferencing companies and major telecommunications providers. Conference Plus's ability to sustain growth and performance is dependent on its:

- o maintenance of high quality standards and low cost position;
- o international expansion; and
- o evolving technological capability.

Any increase in competition could reduce our gross margin, require increased spending on research and development and sales and marketing, and otherwise materially adversely affect our business and operating results.

Our principal stockholders can exercise significant influence that could discourage transactions involving a change of control and may affect your ability to receive a premium for class A common stock that you purchase.

As of March 31, 2001, as trustees of a voting trust containing common stock held for the benefit of the Penny family and the Simon family, Robert C. Penny III and Melvin J. Simon have the exclusive power to vote over 60% of the votes entitled to be cast by the holders of our common stock. In addition, all members of the Penny family who are beneficiaries under this voting trust are parties to a stock transfer restriction agreement which prohibits the beneficiaries from transferring any class B common stock or their beneficial interests in the voting trust without first offering such class B common stock to the other Penny family members. Consequently, we are effectively under the control of Messrs. Penny and Simon, as trustees, who have sufficient voting power to elect all of the directors and to determine the outcome of most corporate transactions or other matters submitted to the stockholders for approval. Such control may have the effect of discouraging transactions involving an actual or potential change of control, including transactions in which the holders of class B common stock might otherwise receive a premium for their shares over the then-current market price.

ITEM 2. PROPERTIES

The Company leases approximately 185,000 square feet of office, development and manufacturing space in Aurora, Illinois, a suburb of Chicago. As of March 31, 2001, the Company also leased facilities in Schaumburg, Illinois and Lombard, Illinois for Conference Plus, and Dublin Ireland for Conference Plus' international operations. The Aurora facility lease expires in 2017.

As of March 31, 2001, the Company also owned facilities in St. Charles, Illinois which were obtained as part of the Teltrend acquisition. The Company expects to sell the owned properties in St. Charles during fiscal year 2002. The Company also leases a facility in Basingstoke, England for Westell Limited (formerly Teltrend Limited).

The Company's manufacturing facility is currently operating below maximum capacity. The Company utilizes third-party subcontractors to help fulfill fluctuations in customer demands that are, at times, beyond the manufacturing capacity of the Aurora facility. The Company currently does not plan to expand the manufacturing capacity of its Aurora facility.

ITEM 3. LEGAL PROCEEDINGS

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);

-26-

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. Zions, et al., No. 18647 (filed January 26, 2001); and
2. Dollens v. Zions, 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 breached 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.

Certain of the officers and directors of Westell were also named in a derivative action filed in the United States District Court for the Northern District of Illinois, entitled *The Ceyda Foundation Trust v. Zions, et al.*, No. 01C2826 (filed April 20, 2001). The plaintiff alleges that the defendants made false and misleading statements and omissions, misappropriated corporate information, and breached their fiduciary duties to Westell's shareholders. Plaintiff seeks the damages allegedly sustained by Westell by reason of the acts and transactions alleged in the complaint, including pre-judgment interest, as well as reasonable attorneys' fees and costs.

In addition, certain of the officers and directors of Westell were named in a derivative action filed in the Circuit Court of Kane County, Illinois, entitled *Rothchild v. Zions, et al.*, Case No. 01LK259 (filed May 31, 2001). This action is similar to the previously filed derivative actions except for the addition of the following newly-named defendants: Paul A. Dwyer, John W. Seazholtz and Bernard F. Sergesketter.

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, Central Justice Center, 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

-27-

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. As of June 18, 2001, Celsian has not yet responded to the counterclaim, but Celsian's response is due on or before July 23, 2001. 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 goods delivered to Celsian and claims 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.

In the opinion of the Company, although the outcome of any legal proceedings set forth above 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.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS
None.

-28-

PART II

ITEM 5. MARKET FOR REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS.

The Company's Class A Common Stock is quoted on the NASDAQ National Market under the symbol "WSTL." The following table sets forth for the periods indicated the high and low closing sale prices for the Class A Common Stock as reported on the NASDAQ National Market.

	High	Low
	-----	-----
Fiscal Year 2000		
First Quarter ended June 30, 1999.....	\$ 11 3/16	\$ 3 7/8
Second Quarter ended September 30, 1999.....	9 1/2	6 7/8
Third Quarter ended December 31, 1999.....	13	6 7/16
Fourth Quarter ended March 31, 2000.....	40 3/4	9
Fiscal Year 2001		
First Quarter ended June 30, 2000.....	31 3/4	12 3/4
Second Quarter ended September 30, 2000.....	30 3/16	12 1/4
Third Quarter ended December 31, 2000.....	13 1/4	2 29/32
Fourth Quarter ended March 31, 2001.....	5 7/8	2 3/8
Fiscal Year 2002		
First Quarter through June 25, 2001.....	3 19/64	1 21/64

As of 06/25/01, there were approximately 729 holders of record of the outstanding shares of Class A Common Stock.

Dividends

The Company has never declared or paid any cash dividends on its common stock and does not anticipate paying any cash dividends in the foreseeable future. The Company currently intends to retain any future earnings to finance the growth and development of its business.

-29-

ITEM 6. SELECTED FINANCIAL DATA.

The following selected consolidated financial data as of March 31, 1997, 1998, 1999, 2000 and 2001 and for each of the five fiscal years in the period ended fiscal year 2001 have been derived from the Company's consolidated financial statements, which have been audited by Arthur Andersen LLP for fiscal years 1997 through 2000 and by Ernst & Young LLP in fiscal year 2001. The data set forth below is qualified by reference to, and should be read in conjunction

with, "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Consolidated Financial Statements and the related Notes thereto and other financial information appearing elsewhere in this Form 10-K.

<TABLE>

Fiscal Year Ended March 31,					
	1997 (2)	1998 (2)	1999 (2)	2000 (2)	2001
(in thousands, except per share data)					
Statement of Operations Data:					
<S>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$79,710	\$86,595	\$92,004	\$120,993	\$361,477
Cost of goods sold.....	57,832	58,764	66,816	89,969	331,319
Gross margin.....	21,878	27,831	25,188	31,024	30,158
Operating expenses:					
Sales and marketing.....	16,539	19,635	19,766	15,338	30,323
Research and development.....	21,994	26,558	26,605	10,789	33,308
General and administrative.....	9,757	13,151	13,117	14,003	24,254
Goodwill amortization	--	--	--	1,326	31,832
Restructuring charge	--	1,383	800	550	1,700
Total operating expenses.....	48,290	60,727	60,288	42,006	121,417
Operating loss from continuing operations.....	(26,412)	(32,896)	(35,100)	(10,982)	(91,259)
Other income, net.....	2,221	14,290	404	1,056	--
Interest expense.....	330	502	296	1,856	2,197
Loss from continuing operations before income taxes.....	(24,521)	(19,108)	(34,992)	(11,782)	(93,456)
Benefit for income taxes.....	(9,820)	(5,137)	--	(3,600)	--
Loss from continuing operations.....	(14,701)	(13,971)	(34,992)	(8,182)	(93,456)
Discontinued operations (loss).....	(5)	--	--	--	--
Loss before cumulative effect of change in accounting principle.....	(14,706)	(13,971)	(34,992)	(8,182)	(93,456)
Cumulative effect of change in accounting principle..	--	--	--	--	(400)
Net loss.....	\$ (14,706)	\$ (13,971)	\$ (34,992)	\$ (8,182)	\$ (93,856)
Net loss per basic and diluted share: (1)					
Loss before cumulative effect of change in accounting principle.....	\$ (0.41)	\$ (0.38)	\$ (0.96)	\$ (0.22)	\$ (1.53)
Cumulative effect of change in accounting principle..	--	--	--	--	(0.01)
Net loss per basic and diluted share.....	\$ (0.41)	\$ (0.38)	\$ (0.96)	\$ (0.22)	\$ (1.54)
Dividends declared per share.....	\$ --	\$ --	\$ --	\$ --	\$ --
Average number of basic and diluted common shares outstanding (1).....	35,940	36,348	36,427	37,658	61,072

As of March 31,

	1997	1998	1999	2000	2001
Balance Sheet Data:					
Working capital.....	\$ 65,105	\$ 47,481	\$ 12,213	\$ 64,335	\$ 38,778
Total assets.....	108,049	98,405	64,407	342,570	315,139
Short term debt.....	--	--	500	--	--
Long-term debt, including current portion.....	6,487	4,420	4,814	2,750	28,554
Total stockholders' equity.....	86,188	73,141	39,124	279,663	197,825

- (1) Adjusted to reflect the two for one stock split of the Company's Class A Common Stock effected June 7, 1996.
(2) Revenues and sales and marketing costs have been restated for the impacts of the adoption of EITF Issue 00-10.

</TABLE>

-30-

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS.

Overview

The following discussion should be read together with the Consolidated Financial Statements and the related Notes thereto and other financial information appearing elsewhere in this Form 10-K.

The Company commenced operations in 1980 as a provider of telecommunications network transmission products that enable advanced telecommunications services over copper telephone wires. Until fiscal 1994, the Company derived substantially all of its revenues from its Telco Access Products

(TAP) product lines, particularly the sale of Network Interface Units and related products. NIU products accounted for approximately 50%, 35% and 16% of revenues in fiscal years 1999, 2000 and 2001, respectively. The Company introduced its first DSL products in fiscal 1993 and these products represented approximately 13.0%, 26.9% and 55.0% of revenues in fiscal 1999, 2000 and 2001, respectively. The Company has also provided audio teleconferencing services since fiscal 1989 which constituted 22.9%, 26.6% and 11.6% of the Company's revenues in fiscal 1999, 2000 and 2001, respectively.

On March 17, 2000, the Company acquired 100% of the outstanding shares of Teltrend Inc., a designer, manufacturer and marketer of transmission products used by telephone companies to provide voice and data service over the telephone network.

The Company's reportable segments are strategic business units that offer different products and services. They are managed separately because each business requires different technologies and market strategies. They consist of:

- 1) A telecommunications equipment manufacturer of local loop access products, which includes the Telco Access Products, Transport Systems products and CPE products, and
- 2) A multi-point telecommunications service bureau, Conference Plus, Inc, specializing in audio teleconferencing, multi-point video conferencing, broadcast fax and multimedia teleconference services.

The Company's customer base is comprised primarily of the Regional Bell Operating Companies, independent domestic local exchange carriers and public telephone administrations located outside the U.S. Due to the stringent quality specifications of its customers and the regulated environment in which its customers operate, the Company must undergo lengthy approval and procurement processes prior to selling its products. Accordingly, the Company must make significant up front investments in product and market development prior to actual commencement of sales of new products. In addition, to remain competitive, the Company must continue to invest in new product development and expand its sales and marketing efforts to cover new product lines. As a result of the significant increases in research and development and sales and marketing expenses related to new product and market development, the Company's results of operations were adversely impacted in fiscal 1999, 2000 and 2001.

The Company expects to continue to evaluate new product opportunities and engage in extensive research and development activities and expects to receive funding from certain partners to offset a portion of these development costs. This will require the Company to continue to invest in research and development and sales and marketing, which is expected to 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 NIU's 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

-31-

The following table sets forth the percentage of revenues represented by certain items in the Company's statements of operations for the periods indicated:

<TABLE>

	Fiscal Year Ended March 31,		
	1999	2000	2001
<S>	<C>	<C>	<C>
Equipment	78.5%	74.5%	88.4%
Services.....	21.5	25.5	11.6
Total revenues.....	100.0	100.0	100.0
Cost of equipment.....	60.2	58.7	84.7
Cost of services.....	12.4	15.7	7.0
Total cost of goods sold.....	72.6	74.4	91.7
Gross margin.....	27.4	25.6	8.3

Operating expenses:			
Sales and marketing.....	21.5	12.6	8.4
Research and development.....	28.9	8.9	9.2
General and administrative.....	14.3	11.6	6.7
Goodwill amortization.....	--	1.1	8.8
Restructuring charge.....	0.8	0.5	0.5
	-----	-----	-----
Total operating expenses.....	65.5	34.7	33.6
	----	----	----
Operating loss	(38.2)	(9.1)	(25.3)
Other income, net.....	0.5	0.9	0.0
Interest expense.....	0.3	1.5	0.6
	----	----	----
Loss before income tax benefit.....	(38.0)	(9.7)	(25.9)
Benefit for income taxes.....	(0.0)	(3.0)	(0.0)
Cumulative effect of change in accounting principle.....		0.0	(0.1)
	-----	-----	-----
Net loss.....	<u>(38.0)%</u>	<u>(6.7)%</u>	<u>(26.0)%</u>

</TABLE>

Fiscal Years Ended March 31, 1999, 2000 and 2001

Revenues. Revenues were \$92.0 million, \$121.0 million and \$361.5 million in fiscal 1999, 2000 and 2001 respectively. Revenues increased 31.5% and 198.8% in fiscal 2000 and 2001, respectively, from the preceding years. The fiscal 2000 increase of \$29.0 million was primarily due to an increase of \$25.9 million resulting from increased shipments of DSL products. These increases were offset in part by a decrease of \$5.1 million in sales of the TAP products due primarily to competitive pressures and product mix. The fiscal 2001 increase of \$240.5 million was primarily due to a \$160.6 million increase in DSL revenue from increased unit volume and an \$68.7 million increase in TAP revenue from increased volume as a result of the acquisition of Teltrend Inc. Service revenue increased \$11.0 million, or 55.5% in fiscal 2000 and \$11.2 million, or 36.3% in fiscal 2001 due to increased audio conference calling volume at Conference Plus, Inc.

-32-

Gross Margin. Gross margin was \$25.2 million, \$31.0 million and \$30.2 million and gross margin as a percentage of revenues was 27.4%, 25.6% and 8.3% in fiscal 1999, 2000 and 2001, respectively. The fiscal 2000 decrease in gross margin as a percent of revenue from the previous year was primarily the result of aggressive pricing of DSL products in the CPE and Transport Systems business units and continued competitive pricing pressures and product mix changes in the TAP business unit. The fiscal 2001 decrease in gross margin as a percent of revenue from the previous year was primarily the result of an adjustment to record inventory at net realizable value and charges for excess and obsolete inventory of \$37.1 million. Of this charge, \$26.7 million relates to inventory held during the year and \$10.4 million relates to inventory purchase commitments in excess of anticipated requirements. Before the impact of these charges, gross margin as a percentage of sales for fiscal year 2001 was 18.6%. The decrease in gross margin as a percent of revenue before inventory charges from the previous year was primarily the result of aggressive pricing of DSL products in the CPE and Transport Systems business units and production inefficiencies caused by efforts to integrate the manufacturing facility of Teltrend Inc.

Sales and Marketing. Sales and marketing expenses were \$19.8 million, \$15.3 million and \$30.3 million in fiscal 1999, 2000 and 2001, respectively, constituting 21.5%, 12.7% and 8.4% of revenues, respectively. In fiscal 2000, sales and marketing decreased \$4.4 million. This decrease was primarily due to cost reductions resulting from management initiatives undertaken late fiscal 1999 to streamline DSL sales efforts. In fiscal 2001, sales and marketing expenses increased by \$15.0 million due primarily to the acquisition of Teltrend Inc. 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 were \$26.6 million, \$10.8 million and \$33.3 million in fiscal 1999, 2000 and 2001, respectively, constituting 28.9%, 8.9% and 9.2% of revenues, respectively. In fiscal 2000, research and development expenses decreased \$15.8 million or 59.4% from the previous year. This decrease was due primarily to receiving \$6.7 million in fiscal 2000 from customers to fund on-going engineering projects, which was offset against research and development expenses. Additionally, cost savings had resulted from the absence of costs related to the Company's European operation, Westell Europe Limited, which was eliminated early in fiscal 2000. In fiscal 2001, research and development increased by \$22.5 million or 208.3% from the prior year. This increase was primarily due to the acquisition of Teltrend Inc. and to a lesser extent, due to the absence of funding from customers for

engineering projects. The Company believes that a continued investment in research and development will be required for the Company to remain competitive.

General and Administrative. General and administrative expenses were \$13.1 million, \$14.0 million and \$24.3 million in fiscal 1999, 2000 and 2001, respectively, constituting 14.3%, 11.6% and 6.7% of revenues, respectively. General and administrative expenses increased \$900,000 in fiscal 2000 from the previous year due primarily to increases related to information systems enhancements and non-employee stock option grants which were offset in part by cost reductions resulting from management initiatives undertaken late fiscal 1999 to streamline DSL efforts. General and administrative expenses increased by \$10.3 million or 73.6% in fiscal 2001 due primarily to the acquisition of Teltrend Inc.

Restructuring charge. The Company recognized restructuring charges of \$800,000, \$550,000 and \$1.7 million in fiscal 1999, 2000 and 2001, respectively. The fiscal 1999 and fiscal 2001 charges included personnel, facility, and certain development contract costs related to restructuring global operations. As of March 31, 2001, the Company has paid \$631,000 and \$0 of the restructuring costs charged in fiscal 1999 and 2001, respectively. During the three months ending December 31, 1999, management determined that essentially all restructuring payments had been completed for fiscal year 1999 therefore the remaining restructuring accrual balances of approximately \$169,000 was reversed into income.

The fiscal 1999 restructuring plan was to decrease costs, primarily by reducing the workforce by approximately 11%, and focusing DSL sales efforts on indirect sales to the major phone companies through licensing and OEM arrangements with strategic partners. The fiscal 2001 restructuring plan was to further decrease

-33-

costs by workforce reduction. The 2001 restructuring was focused primarily on the sales and marketing functions and is expected to generate a payroll cost savings of approximately \$2.5 million annually.

The fiscal 2000 charge was for personnel, legal, and other related costs to eliminate redundant employees due to the acquisition of Teltrend Inc. The restructuring plan was to combine and streamline the operations of the two companies and to achieve synergies related to the manufacture and distribution of common product lines. The Company estimates the costs of these activities will be \$2.9 million. Approximately \$2.4 million of the total cost has been capitalized as part of the purchase price of Teltrend Inc primarily related to Teltrend Inc. employees involuntarily terminated. The remaining cost of \$550,000 has been charged to operations and relates to Westell employees involuntarily terminated and other costs. As of March 31, 2001, \$1.6 million of these costs have been paid.

A table which summarizes the restructuring charges and their utilization can be found in Note 10 to the Consolidated Financial Statements of the Company.

Other income, net. Other income, net was \$404,000, \$1.1 million and \$0.0 million for fiscal years 1999, 2000 and 2001, respectively. In fiscal 2000, the Company recognized other income of \$650,000 for a foreign currency gain from the liquidation of Westell Europe Ltd. Excluding the effects of these one-time benefits, Other income, net would have been \$406,000 for fiscal year ended March 31, 2000. Excluding these one time items, Other income, net for the years ended March 31, 1999 and 2000 was primarily comprised of interest income earned on temporary cash investments, the elimination of minority interest and unrealized gains of losses on intercompany balances denominated in foreign currency.

Interest Expense. Interest expense was \$296,000, \$1,856,000 and \$2,197,000 for fiscal 1999, 2000 and 2001, respectively. The fiscal 2000 increase in interest expense was a result of interest from the Company's subordinated secured convertible debentures, warrants to purchase Class A common stock and net obligations outstanding during the year under promissory notes and equipment borrowings. The fiscal 2001 increase in interest expense was a result of increased usage of bank debt.

Benefit for Income Taxes. Benefit for income taxes was \$3.6 million in fiscal 2000. No tax benefit was recorded in fiscal year 1999 or 2001. In each of these fiscal years, in addition to the tax benefit generated by the loss before income taxes, the Company was able to generate \$750,000, \$662,000 and \$500,000, respectively, in tax credits primarily generated by increasing research and development activities. The Company recorded valuation allowances of \$12.3 million in fiscal 1999, \$900,000 in fiscal 2000 and \$27.7 million in fiscal 2001 which represents the amount that the deferred tax benefit exceeded the value of the tax planning strategy available to the Company. The Company has approximately \$4.8 million in income tax credit carry forwards and a tax benefit of \$46.8 million related to a net operating loss carryforward that is available to offset future taxable income. The tax credit carryforwards begin to expire in 2008 and the net operating loss carryforward begins to expire in 2012.

Quarterly Results of Operations

The following tables present the Company's results of operations for each of the last eight fiscal quarters and the percentage relationship of certain items to revenues for the respective periods. All periods have been revised to reflect the adoption of EITF 00-10 "Accounting for Shipping and Handling Fees and Costs" to record such costs billed to customers as revenue. In addition, the quarters ended June 30, 2000, September 30, 2000 and December 31, 2000 have been restated to reflect the effects of adopting SAB 101, Revenue Recognition in Financial Statements. These adjustments are not considered material. The Company believes that the information regarding each of these quarters is prepared on the same basis as the audited Consolidated Financial Statements of the Company appearing elsewhere in this Form 10-K. In the opinion of management, all necessary adjustments (consisting only of normal recurring adjustments) have been included to present fairly the unaudited quarterly results when read in conjunction with the audited Consolidated Financial Statements of the Company and the Notes thereto appearing elsewhere in this Form 10-K. These quarterly results of operations are not necessarily indicative of the results for any future period.

<TABLE>

	Quarter Ended							
	Fiscal 2000				Fiscal 2001			
	June 30, 1999	Sept. 30, 1999	Dec. 31, 1999	Mar. 31, 2000	June 30, 2000	Sept. 30, 2000	Dec. 31, 2000	Mar. 31, 2001
	(in thousands)							
Equipment	\$17,243	\$17,421	\$22,044	\$33,477	\$93,954	\$96,041	\$69,465	\$ 60,034
Services.....	6,612	7,241	7,673	9,282	9,389	9,961	10,406	12,227
Total revenues.....	23,855	24,662	29,717	42,759	103,343	106,002	79,871	72,261
Cost of equipment.....	11,890	14,358	16,755	27,961	75,611	79,221	61,237	90,104
Cost of services.....	4,405	4,584	4,618	5,398	5,739	6,011	6,321	7,075
Total cost of goods sold	16,295	18,942	21,373	33,359	81,350	85,232	67,558	97,179
Gross margin.....	7,560	5,720	8,344	9,400	21,993	20,770	12,313	(24,918)
Operating expenses:								
Sales and marketing.....	3,752	3,509	3,934	4,143	8,199	6,362	8,381	7,381
Research and development.....	3,597	1,619	2,967	2,606	7,438	7,509	8,655	9,706
General and administrative.....	3,240	3,377	2,902	4,484	5,664	6,539	5,928	6,123
Goodwill amortization.....	--	--	--	1,326	7,958	7,958	7,958	7,958
Restructuring charge.....	--	--	--	550	--	--	1,700	--
Total operating expenses.....	10,589	8,505	9,803	13,108	29,259	28,368	30,922	32,868
Operating loss	(3,029)	(2,785)	(1,459)	(3,709)	(7,266)	(7,598)	(18,609)	(57,786)
Other income (expense), net	(24)	74	854	151	169	(105)	104	(168)
Interest expense.....	379	348	690	438	119	331	1,073	674
Loss before income taxes.....	(3,432)	(3,059)	(1,295)	(3,996)	(7,216)	(8,034)	(19,578)	(58,628)
Benefit for income taxes.....	--	--	--	(3,600)	--	--	--	--
Cumulative effect of change in accounting principle.....	--	--	--	(400)	--	--	--	--
Net loss.....	\$ (3,432)	\$ (3,059)	\$ (1,295)	\$ (396)	\$ (7,616)	\$ (8,034)	\$ (19,578)	\$ (58,628)

</TABLE>

<TABLE>

	Quarter Ended							
	Fiscal 2000				Fiscal 2001			
	June 30, 1999	Sept. 30, 1999	Dec. 31, 1999	Mar. 31, 2000	June 30, 2000	Sept. 30, 2000	Dec. 31, 2000	Mar. 31, 2001
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Equipment.....	72.3%	70.6%	74.2%	78.3%	90.9%	90.6%	87.0%	83.1%
Service.....	27.7	29.4	25.8	21.7	9.1	9.4	13.0	16.9
Total revenues.....	100.0	100.0	100.0	100.0	100.0	100.0	100.0	100.0
Cost of equipment sales....	49.8	58.2	56.4	65.4	73.2	74.7	76.7	124.7
Cost of services.....	18.5	18.6	15.5	12.6	5.5	5.7	7.9	9.8
Total cost of goods sold...	68.3	76.8	71.9	78.0	78.7	80.4	84.6	134.5
Gross margin.....	31.7	23.2	28.1	22.0	21.3	19.6	15.4	(34.5)
Operating expenses:								
Sales and marketing.....	15.7	14.2	13.2	9.7	7.9	6.0	10.5	10.2
Research and development.....	15.1	6.6	10.0	6.1	7.2	7.1	10.8	13.4
General and administrative.....	13.6	13.7	9.8	10.5	5.5	6.2	7.4	8.5
Goodwill amortization....	(0.0)	(0.0)	(0.0)	3.1	7.7	7.5	10.0	11.0
Restructuring charge.....	0.0	0.0	0.0	1.3	0.0	0.0	0.0	2.4
Total operating expenses.....	44.4	34.5	33.0	30.7	28.3	26.8	38.7	45.5
Operating loss.....	(12.7)	(11.3)	(4.9)	(8.7)	(7.0)	(7.2)	(23.3)	(80.0)
Other income (expense), net	(0.1)	0.3	2.8	0.4	0.2	(0.1)	0.1	(0.2)
Interest expense.....	1.6	1.4	2.3	1.0	0.0	0.3	1.3	0.9
Loss before income taxes.....	(14.4)	(12.4)	(4.4)	(9.3)	(7.0)	(7.6)	(24.5)	(81.1)
Benefit for income taxes.....	(0.0)	(0.0)	(0.0)	(8.4)	(0.0)	(0.0)	(0.0)	(0.0)
Cumulative effect of change in accounting principle..	--	--	--	--	--	--	(0.6)	
Net loss.....	(14.4)%	(12.4)%	(4.4)%	(0.9)%	(7.0)%	(7.6)%	(24.5)%	(81.7)%

</TABLE>

-37-

The Company's quarterly equipment revenues have varied from quarter to quarter due primarily to quarterly fluctuations in DSL revenues. A majority of DSL shipments were for initial service deployments and therefore have not yet created steady or predictable demand for these products on a quarter to quarter basis. CPE and Transport Systems product revenues have increased fairly steadily in fiscal 2000 and 2001 due to increased demand for DSL products. Revenues from Telco Access Products increased in fiscal 2001 due to the acquisition of Teltrend Inc. TAP revenues in the second and third quarters of fiscal 2001 were negatively affected by lost production capacity during the integration of the Teltrend Inc. manufacturing facility with the Westell facility in Aurora, Illinois. Conference Plus service revenues have seen steady growth throughout the eight quarters presented due primarily to increased audio conference calling traffic volume.

Gross margin as a percentage of revenue has also varied from quarter to quarter. The low margins in the fiscal 2000 and fiscal 2001 quarters are primarily a result of the increased volume in DSL products that have relatively low margins. Due to changes in anticipated demand in the fourth quarter of fiscal 2001, the Company recognized an inventory adjustment to market value and excess inventory charge of \$30.8 million of which \$20.4 million relates to inventory on hand and \$10.4 million relates to inventory purchase commitments in excess of anticipated requirements. Margins were also negatively affected by production inefficiencies related to the integration of Teltrend Inc, which was acquired by the Company during March 2000. The Teltrend Inc. manufacturing facility was combined with the Westell facility in Aurora, Illinois during the second quarter of fiscal 2001 and caused production inefficiencies during the

second and third quarters of fiscal 2001. Additionally, the Company's Conference Plus, Inc. subsidiary made additional infrastructure enhancements to handle increased call minutes which also impacted margins in fiscal 2000 and 2001. The Company believes that its gross margin in future periods will depend on a number of factors, including market demand for the Company's DSL products, pricing pressures, competitive technologies and manufacturing expenses. There can be no assurance that the Company will be able to increase gross margins in future periods due to these factors, even if its DSL products achieve market acceptance.

Operating expenses increased in the fiscal 2001 quarters compared to fiscal 2000 primarily due the acquisition of Teltrend Inc. Operating expenses were also higher due to the absence of payments from customers to fund on-going engineering projects in fiscal 2001, which were offset against research and development expenses. As a percentage of revenue, operating expenses decreased in the first two quarters of fiscal 2001 due to the increased revenue from DSL equipment sales and then increased in the second two quarters as a percent of sales due to the decrease in DSL equipment sales.

The Company expects to continue to experience significant fluctuations in quarterly results of operations. The Company believes that fluctuations in quarterly results may cause the market price of the Class A Common Stock to fluctuate, perhaps substantially. Factors which have had an influence on and may continue to influence the Company's results of operations in a particular quarter include the size and timing of customer orders and subsequent shipments, customer order deferrals in anticipation of new products, timing of product introductions or enhancements by the Company or its competitors, market acceptance of new products, technological changes in the telecommunications industry, competitive pricing pressures, accuracy of customer forecasts of end-user demand, write-offs for obsolete inventory, changes in the Company's operating expenses, personnel changes, foreign currency fluctuations, changes in the mix of products sold, quality control of products sold, disruption in sources of supply, regulatory changes, capital spending, delays of payments by customers and general economic conditions. Sales to the Company's customers typically involve long approval and procurement cycles and can involve large purchase commitments. Accordingly, cancellation or deferral of one or a small number of orders could cause significant fluctuations in the Company's quarterly results of operations. As a result, the Company believes that period-to-period comparisons of its results of operations are not necessarily meaningful and should not be relied upon as indications of future performance.

Because the Company generally ships products within a short period after receipt of an order, the Company typically does not have a material backlog of unfilled orders, and revenues in any quarter are substantially dependent on orders booked in that quarter. The Company's expense levels are based in large part on anticipated future revenues and are relatively fixed in the short-term. Therefore, the Company may be unable to adjust

-38-

spending in a timely manner to compensate for any unexpected shortfall of orders. Accordingly, any significant shortfall of demand in relation to the Company's expectations or any material delay of customer orders would have an almost immediate adverse impact on the Company's business and results of operations and on its ability to achieve profitability.

Liquidity and Capital Resources

At March 31, 2001, the Company had \$405,000 in cash and cash equivalents consisting primarily of federal government agency instruments and the highest rated grade corporate commercial paper. As of March 31, 2001, the Company had \$28.4 million outstanding balance under its secured revolving promissory note facility. As of March 31, 2001, the Company had approximately \$6.6 million available under the secured revolving promissory note facility.

The secured revolving credit facility requires, 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. The amendment and waiver amends covenants regarding EBITDA, interest coverage ratio and minimum net worth, and eliminates the LIBOR interest rate option. In addition, the amendment and waiver require the Company to raise \$25 million in equity financing by June 30, 2001, of which \$5 million must be raised by May 15, 2001 and pay such amounts to the lenders. In addition, the amendment required the Company to deliver to the lenders by May 15, 2001, a favorable opinion from a consultant approved by the lenders as to the reasonableness and achievability of the Company's projections. The Company raised \$6 million in equity financing in May 2001 and delivered the favorable consultants opinion. The remaining financing obligations under the amendment were subsequently amended as set forth in the next paragraph.

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 \$6.6 million as of March 31, 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 512,820 warrants to purchase shares of Company 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 new amendment provides for covenants regarding EBITDA and tangible net worth. Management expects to be in compliance with the covenants for the term of the debt.

The Company's operating activities used cash of \$31.3 million, \$22.3 million and \$38.6 million in fiscal 1999, 2000 and 2001, respectively. Cash used by operations in fiscal 1999 resulted primarily from a loss from continuing operations of \$28.0 million (net of depreciation) and working capital required by increases in prepaid expenses and receivables, and a decrease in accrued compensation offset by an increase in accounts payable. Cash used by operations in fiscal 2000 resulted primarily from a pre-tax loss from continuing operations of \$3.3 million (net of depreciation and amortization) and working capital requirements. Cash used by operations in fiscal 2001 resulted primarily from a loss from continuing operations of \$49.9 million (excluding depreciation and amortization) and working capital requirements. Working capital was affected primarily by increases in inventory and offset by an increase in accounts payable and accrued compensation.

-39-

Capital expenditures in fiscal 1999, 2000 and 2001 were \$6.0 million, \$11.4 million and \$22.2 million, respectively. These expenditures were principally for machinery, computer and research equipment purchases. The Company expects to spend approximately \$15.5 million in fiscal 2002 for capital equipment.

At March 31, 2001, the Company's principal sources of liquidity were \$405,000 of cash and cash equivalents and \$6.6 million under its secured revolving promissory notes facility. To meet the Company's cash needs for fiscal year 2002 the Company is exploring various alternatives including; an increased line of credit from its current bank group, 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. Cash in excess of operating requirements will be invested on a short term basis in federal government agency instruments and the highest rated grade commercial paper.

The Company had a deferred tax asset of approximately \$72.0 million at March 31, 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 \$46.8 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.

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, 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. At March 31, 1999 and March 31, 2001, management determined that the strategy was no longer sufficient to realize the amount deferred tax assets recorded and as such the Company recorded a valuation allowance of \$12.3 million and \$27.7 million respectively. At March 31, 2000, management re-assessed the valuation of the Company's deferred tax asset and determined that the tax planning strategy was sufficient to record additional tax assets of \$3.6 million. 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 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURE ABOUT MARKET RISK

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 fiscal 2001.

As of March 31, 2001, the balance in the cumulative foreign currency translation adjustment account, which is a component of stockholders' equity, was an unrealized loss of \$34,000.

-40-

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 2 to the Consolidated Financial Statements included herein at Part II, Item 8 of this Annual Report, 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 9.0% to approximately 19.0%) average interest rate on the Company's debt. If such an increase occurred, the Company would incur approximately \$2.4 million per annum in additional interest expense based on the average debt borrowed during the twelve months ended March 31, 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.

ITEM 8 FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

The Company's Consolidated Financial Statements required by Item 8, together with the reports thereon of the independent auditors set forth on pages 46-68 of this report. The Consolidated Financial Statement schedules listed under Item 14(a)2, together with the reports thereon of the independent auditors are set forth on pages 69 and 71 of this report and should be read in conjunction with the financial statements.

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE.

On February 23, 2001, the Company filed a Form 8-K relating to the change in the Company's certifying accountants to Ernst & Young LLP. There have been no disagreements with accountants on accounting and financial disclosure.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

(a) Directors of the Company

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2001 under the caption "Election of Directors," which information is herein by reference.

(b) Executive officers of the Company

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2001 under the caption "Executive Officers," which information is herein by reference.

ITEM 11. EXECUTIVE COMPENSATION

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2001 under the caption "Compensation of Directors and Executive Officers," and "Report of the Compensation of the Board of Directors," which information is herein by reference.

-41-

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2001 under the caption "Ownership of the Capital Stock of the Company," which information is herein by reference.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED PARTY TRANSACTIONS

The information required by this Item is set forth in registrant's Proxy Statement for the Annual Meeting of Stockholders to be held in September 2001 under the caption "Certain Relationships and Related Transactions," which information is herein by reference.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES AND REPORTS ON FORM 8-K

(a) (1) Financial Statements

The consolidated financial statements of Westell Technologies, Inc. for the fiscal year ended March 31, 2001, together with the Report of Independent Public Accountants, are set forth on pages 46 through 68 of this Report.

The supplemental financial information listed and appearing hereafter should be read in conjunction with the consolidated financial statements included in the report.

(2) Financial Statement Schedules

The following are included in Part IV of this Report for each of the years ended March 31, 1999, 2000 and 2001 as applicable:

Report of Independent Auditors - page 69 and 70

Schedule II - Valuation and Qualifying Accounts - page 71

Financial statement schedules not included in this report have been omitted either because they are not applicable or because the required information is shown in the consolidated financial statements or notes thereto, included in this report.

(3) Exhibits

-
- 2.1 Agreement and Plan of Merger, dated December 13, 1999, among Teltrend Inc., Westell Technologies Inc. and Theta Acquisition Corp. (incorporated herein by reference to Exhibit 99.2 to Westell Technologies, Inc.'s Report on Form 8-K filed December 17, 1999).
 - 3.1 Amended and Restated Certificate of Incorporation, as amended (incorporated herein by reference to Exhibit 3.1 to Westell Technologies, Inc.'s Report on Form 10-K for the year ended March 31, 2000).
 - 3.2 Amended and Restated By-laws.
 - 4.1 Form of Stock Purchase Warrant dated April 15, 1999 by and among Westell Technologies, Inc., Castle Creek Technology Partners LLC (409,091 shares), Marshall Capital Management, Inc. (272,727 shares), and Capital Ventures

-42-

International (227,273 shares) (incorporated herein by reference to Westell Technologies, Inc.'s Report on Form 8-K dated April 20, 1999).

- 4.2 Amended and Restated Certificate of Incorporation, as amended (See exhibit 3.1).
- 4.3 Amended and Restated By-laws (see Exhibit 3.2).
- 9.1 Voting Trust Agreement dated February 23, 1994, as amended (incorporated herein by reference to Exhibit 9.1 to Westell Technologies, Inc.'s Registration Statement

- on Form S-1, as amended, Registration No. 33-98024).
- 10.1 Share Purchase Agreement dated May 7, 2001 by and between Westell Technologies, Inc. and the State of Wisconsin Investment Board.
 - 10.2 Stock Transfer Restriction Agreement entered into by members of the Penny family, as amended, (incorporated herein by reference to Exhibits 10.4 and 10.16 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
 - 10.3 Form of Registration Rights Agreement among the Company and Robert C. Penny III and Melvin J. Simon, as trustees of the Voting Trust dated February 23, 1994 (incorporated herein by reference to Exhibit 10.5 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
 - *10.4 1995 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.6 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
 - *10.5 Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.7 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
 - *10.6 Teltrend Inc. 1995 Stock Option Plan.(2) (Incorporated by reference to the Teltrend, Inc.'s Registration Statement on Form S-1, as amended (Registration No. 33-91104), originally filed with the Securities and Exchange Commission April 11, 1995)
 - *10.7 Teltrend Inc. 1996 Stock Option Plan (Incorporated by reference to the Teltrend Inc.'s Quarterly Report on Form 10-Q for the quarterly period ended April 26, 1997).
 - *10.8 Teltrend Inc. 1997 Non-Employee Director Stock Option Plan (Incorporated by reference to the Teltrend Inc.'s Definitive Proxy Statement for the Annual Meeting of Stockholders held on December 11, 1997).
 - 10.9 Lease Agreement dated July 15, 1986 between Kendall Point Associates, Ltd. and Westell, Inc., as amended on August 26, 1991 (incorporated herein by reference to Exhibit 10.9 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
 - 10.10 Limited Liability Company Operating Agreement dated as of September 23, 1995 by Westell, Inc. and Kingsland Properties, Ltd. (incorporated herein by reference to Exhibit 10.10 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
 - 10.11 Lease dated September 25, 1995 between Westell-Meridian LLC and Westell, Inc. (incorporated herein by reference to Exhibit 10.11 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
 - 10.12 Amended and Restated Loan and Security Agreement dated August 31, 2000 among LaSalle National Bank, Harris Bank National Association, Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc. and Teltrend, Inc.
 - *10.14 Agreement dated September 13, 1988 between Richard Riviere and Westell Technologies, Inc., as amended (incorporated herein by reference to Exhibit

-43-

- 10.14 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
- 10.15 Revolving Note dated as of June 29, 2001 payable to LaSalle National Bank and made by Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc. and Teltrend, Inc.
- 10.16 Amended and Restated Loan and Security Agreement dated June 29, 2001 among

LaSalle National Bank, Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc. and Teltrend, Inc.

- 10.17 Lease for Three National Plaza at Woodfield dated December 24, 1991 by and between the First National Bank of Boston, as Trustee pursuant to that certain Pooling and Security Agreement dated April 1, 1988, and Conference Plus, Inc., as amended and modified. (incorporated herein by reference to Exhibit 10.17 to the Company's Form 10-K for fiscal year ended March 21, 1996).
- 10.18 Lease dated December 10, 1993 between LaSalle National Trust, N.A., as Trustee under Trust Agreement dated August 1, 1979, known as Trust No. 101293, and Westell Incorporated, as amended and modified (incorporated herein by reference to Exhibit 10.18 to the Company's Form 10-K for fiscal year ended March 21, 1996).
- 10.19 Amendment to Amended and Restated Loan and Security Agreement dated February 15, 2001 among LaSalle National Bank, Harris Trust and Savings Bank, Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc., and Teltrend, Inc. (incorporated by reference to Exhibit 10.1 to the Company's Form 10-Q for the period ended December 31, 2000).
- 10.20 Amendment to Amended and Restated Loan and Security Agreement dated April 13, 2001 among LaSalle National Bank, Harris Trust and Savings Bank, Westell Technologies, Inc., Westell, Inc., Westell International, Inc., Conference Plus, Inc., and Teltrend, Inc. (incorporated by reference to Exhibit 10.18 to the Company's Report on Form 8-K filed on April 17, 2001).
- 10.21 Loan Accommodation dated June 29, 2001 among the Company and certain Penny family trusts (with the Form of Warrant attached).
- 21.1 Subsidiaries of the Registrant.
23.1 Consent of Ernst & Young LLP.
23.2 Consent of Arthur Andersen LLP.

*Management contract or compensatory plan or arrangement.

(b) Reports on Form 8-K

The following reports were filed on Form 8-K for the three months ended March 31, 2001:

1. Form 8-K filed on February 23, 2001 relating to the change in the Company's certifying accountants.
2. Form 8-K filed on March 6, 2001 announcing that Marc Zions, Westell's former Chief Executive Officer, was leaving the Company.

(c) Exhibits

The exhibits filed as part of this Annual Report on Form 10-K are as specified in Item 14(a)(3) herein.

-44-

(d) Financial Statement Schedules

The financial statement schedules filed as part of this Annual Report on Form 10-K are as specified in Item 14(a)(2) herein.

-45-

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized on June 29, 2001.

WESTELL TECHNOLOGIES, INC.

By /s/ J. W. Nelson

J. W. Nelson, Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this report has been signed below by the following persons on behalf of the registrant and in the capacities and on June 29, 2001.

Signature	Title
----- /s/ J. W. Nelson ----- J. W. Nelson	Chief Executive Officer and Director
----- /s/ John W. Seazholtz ----- John W. Seazholtz	Chairman of the Board of Directors
----- /s/ Melvin J. Simon ----- Melvin J. Simon	Assistant Secretary and Treasurer and Director
----- /s/ Nicholas C. Hindman ----- Nicholas C. Hindman	Chief Financial Officer and Vice President (Principal Financial Officer and Principal Accounting Officer)
----- /s/ Robert C. Penny III ----- Robert C. Penny III	Director
----- /s/ Paul A. Dwyer ----- Paul A. Dwyer	Director
----- /s/ Thomas A. Reynolds III ----- Thomas A. Reynolds, III	Director
----- /s/ Howard L. Kirby, Jr. ----- Howard L. Kirby, Jr.	Director
----- /s/ Bernard F. Sergesketter ----- Bernard F. Sergesketter	Director

-46-

<TABLE>

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY DATA

<CAPTION>

Item	Page
-----	-----
<S>	<C>
Consolidated Financial Statements:	
Public Accountants and Auditors.....	46
Consolidated Balance Sheets -- March 31, 2000 and 2001.....	48
Consolidated Statements of Operations for the years ended March 31, 1999, 2000 and 2001.....	50
Consolidated Statements of Stockholders' Equity for the years ended March 31, 1999, 2000 and 2001.....	51
Consolidated Statements of Cash Flows for the years ended March 31, 1999, 2000 and 2001.....	52
Notes to Consolidated Financial Statements.....	53

Financial Statement Schedules:

Report of Independent Public Accountants and Auditors.....	69
Schedule II -- Valuation and Qualifying Accounts.....	71

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of
Westell Technologies, Inc.:

We have audited the accompanying consolidated balance sheet of WESTELL TECHNOLOGIES, INC. (a Delaware corporation) and Subsidiaries as of March 31, 2000, and the related consolidated statements of operations, stockholders' equity and cash flows for the years ended March 31, 2000 and 1999. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westell Technologies, Inc. and Subsidiaries as of March 31, 2000, and the results of their operations and their cash flows for the years ended March 31, 2000 and 1999 in conformity with accounting principles generally accepted in the United States.

/s/ Arthur Andersen LLP

Chicago, Illinois
May 10, 2000

Report of Independent Auditors

To the Board of Directors and the Stockholders
Westell Technologies, Inc.

We have audited the accompanying consolidated balance sheet of Westell Technologies, Inc. and subsidiaries as of March 31, 2001 and the related consolidated statements of operations, stockholders' equity and cash flows for the year then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the consolidated financial position of Westell Technologies, Inc. and subsidiaries at March 31, 2001 and the consolidated results of their operations and their cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States.

As discussed in Note 1 to the financial statements, in fiscal year 2001 the

Company changed its method of revenue recognition.

Chicago, Illinois
June 18, 2001, Except for Note 2, as to which the date is
June 29, 2001

-49-

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

ASSETS

<CAPTION>

	March 31,	
	2000	2001
	----	----
	(in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents.....	\$ 27,258	\$ 405
Short-term investments.....	1,951	--
Accounts receivable (net of allowance of \$855,000 and \$1,363,000, respectively).....	42,025	34,906
Inventories.....	30,741	73,068
Prepaid expenses and other current assets.....	2,200	2,124
Refundable income taxes.....	6,222	--
Deferred income tax asset.....	3,319	10,500
Land and building held for sale.....	3,309	2,980
	-----	-----
Total current assets.....	117,025	123,983
	-----	-----
Property and equipment:		
Machinery and equipment.....	34,686	42,077
Office, computer and research equipment.....	18,682	29,847
Leasehold improvements.....	3,436	6,032
	-----	-----
	56,804	77,956
Less accumulated depreciation and amortization.....	30,435	41,726
	-----	-----
Property and equipment, net.....	26,369	36,230
	-----	-----
Goodwill and intangibles, net.....	175,482	139,373
	-----	-----
Deferred income tax asset and other assets.....	23,694	15,553
	-----	-----
Total assets.....	<u>\$ 342,570</u>	<u>\$ 315,139</u>

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

</TABLE>

-50-

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

LIABILITIES AND STOCKHOLDERS' EQUITY

<CAPTION>

	March 31,	
	2000	2001
	----	----

	(in thousands)	
<S>	<C>	<C>
Current liabilities:		
Accounts payable.....	\$ 21,528	\$57,577
Accrued expenses.....	22,591	22,838
Accrued compensation.....	6,938	4,687
Current portion of long-term debt.....	1,633	103
	-----	-----
Total current liabilities.....	52,690	85,205
	-----	-----
Long-term debt.....	1,117	28,451
	-----	-----
Convertible debt, net of debt discount of \$669,000 at March 31, 2000.....	6,611	--
	-----	-----
Other long-term liabilities.....	2,489	3,658
	-----	-----
Stockholders' equity:		
Class A common stock, par \$0.01.....	402	425
Authorized -- 85,000,000 shares		
Issued and outstanding - 40,179,110 at March 31, 2000 and 42,472,787 at March 31, 2001		
Class B common stock, par \$0.01.....	190	190
Authorized -- 25,000,000 shares		
Issued and outstanding -- 19,051,369 at March 31, 2000 and 19,014,869 at March 31, 2001		
Preferred stock, par \$0.01.....	--	--
Authorized -- 1,000,000 shares		
Issued and outstanding -- none		
Deferred compensation.....	840	854
Additional paid-in capital.....	345,485	357,684
Cumulative translation adjustment.....	184	(34)
Accumulated deficit.....	(67,438)	(161,294)
	-----	-----
Total stockholders' equity.....	279,663	197,825
	-----	-----
Total liabilities and stockholders' equity.....	\$ 342,570	\$ 315,139
	=====	=====

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

</TABLE>

-51-

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS

<CAPTION>

	Fiscal Year Ended March 31,		
	1999	2000	2001
	-----	-----	-----
	(in thousands, except per share data)		
<S>	<C>	<C>	<C>
Equipment revenue.....	\$72,187	\$90,185	\$319,494
Service revenue.....	19,817	30,808	41,983
	-----	-----	-----
Total revenues.....	92,004	120,993	361,477
	-----	-----	-----
Cost of equipment sales.....	55,439	70,965	306,143
Cost of services.....	11,377	19,004	25,176
	-----	-----	-----
Total cost of goods sold.....	66,816	89,969	331,319
	-----	-----	-----
Gross margin.....	25,188	31,024	30,158
	-----	-----	-----
Operating expenses:			
Sales and marketing.....	19,766	15,338	30,323
Research and development.....	26,605	10,789	33,308
General and administrative.....	13,117	14,003	24,254

Debt discount of \$1,169.....	2,014	--	20	--	11,002	--	--	--	11,022
Shares sold under Employee Stock Purchase Plan	13	--	--	--	135	--	--	--	135
Deferred Compensation	--	--	--	--	--	--	840	--	840
Balance, March 31, 2000	40,179	19,051	402	190	345,485	184	840	(67,438)	279,663
Net loss.....	\$ (93,856)	--	--	--	--	--	--	(93,856)	(93,856)
Translation adjustment	(218)	--	--	--	--	(218)	--	--	(218)
Total Comprehensive Loss	\$ (94,074)								
Class B Stock Converted to Class A Stock...	36	(36)	0	(0)	--	--	--	--	--
Conversion of subordinated debentures	1,164	--	13	--	6,202	--	--	--	6,215
Options Exercised....	1,044	--	10	--	5,757	--	--	--	5,767
Shares sold under Employee Stock Purchase Plan	50	--	0	--	240	--	--	--	240
Deferred Compensation	--	--	--	--	--	--	14	--	14
Balance, March 31, 2001	42,473	19,015	\$ 425	\$ 190	\$357,684	\$ (34)	\$ 854	\$ (161,294)	\$ 197,825

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

</TABLE>

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

<CAPTION>

	Fiscal Year Ended March 31,		
	1999	2000	2001
	-----	-----	-----
	(in thousands)		
	<C>	<C>	<C>
Cash flows from operating activities:			
Net loss.....	\$ (34,992)	\$ (8,182)	\$ (93,856)
Reconciliation of net loss to net cash used in operating activities:			
Depreciation and amortization.....	7,022	8,439	43,941
Deferred taxes.....	-	(7,222)	-
Gain on liquidation of Westell Europe Ltd.....	-	(426)	-
Accrued interest expense on debentures converted.....	-	110	-
Deferred compensation.....	-	840	14
Other.....	-	-	147
Change in assets and liabilities:			
Decrease (increase) in accounts receivable.....	(1,441)	(16,811)	7,045
Increase in inventories.....	(552)	(7,271)	(42,451)
Decrease (increase) in prepaid expenses and other current assets.....	(1,008)	113	75
Decrease (increase) in refundable income taxes.....	50	(15)	9,323
Decrease in other assets.....	-	-	429
Increase in accounts payable and accrued expenses.....	984	7,890	38,969
Increase (decrease) in accrued compensation.....	(1,359)	277	(2,251)
Net cash used in operating activities.....	(31,296)	(22,258)	(38,615)
Cash flows from investing activities:			
Purchases of property and equipment.....	(5,985)	(11,434)	(22,172)
Proceeds from sale of equipment.....	-	432	190
Decrease (increase) in other assets.....	16	(8)	-
Decrease in short-term investments.....	684	-	1,951
Cash acquired in acquisition.....	-	29,805	-
Net cash provided by (used in) investing activities.....	(5,285)	18,795	(20,031)
Cash flows from financing activities:			
Net borrowing under revolving promissory notes.....	-	-	28,400
Repayment of long-term debt and leases payable.....	(506)	(2,064)	(2,596)
Proceeds from issuance of convertible debt.....	-	18,542	-
Proceeds from issuance of Common Stock including tax benefit on options.....	307	7,526	6,008
Net cash (used in) provided by financing activities.....	(199)	24,004	31,812
Effect of exchange rate changes on cash.....	(20)	2	(19)
Net increase (decrease) in cash and cash equivalents.....	(36,800)	20,543	(26,853)

Cash and cash equivalents, beginning of period.....	43,515	6,715	27,258
	-----	-----	
Cash and cash equivalents, end of period.....	\$ 6,175	\$ 27,258	\$ 405
	=====	=====	=====

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

</TABLE>

-54-

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies:

Description of Business

Westell Technologies, Inc. (the "Company") is a holding company. Its wholly owned subsidiaries, Westell, Inc. and Teltrend Inc., design, manufacture and distribute telecommunications equipment which is sold primarily to major telephone companies. Teltrend Inc. was acquired on March 17, 2000. Conference Plus, Inc., an 88.3%-owned subsidiary, provides teleconferencing, multipoint video conferencing, broadcast fax and multimedia teleconferencing services to various customers.

Business Acquisition

On March 17, 2000, the Company acquired 100% of the outstanding shares of Teltrend Inc., a designer, manufacturer and marketer of transmission products used by telephone companies to provide voice and data service over the telephone network. Each outstanding share of Teltrend Inc. was converted into 3.3 shares of the Company's class A common stock. Total consideration included the issuance of 20,196,427 shares of class A common shares valued at \$213,575,312 and \$10,475,940 in transaction costs. The Company also assumed 605,000 options to purchase Teltrend common stock and converted such options to Company options to purchase approximately 2.0 million shares of class A common stock, which are included in the stock option activity table illustrated in Note 8. The exercise prices of the options assumed range from \$3.7121 to \$15.5303 and have an average exercise price of \$5.6989. The fair value of the options assumed was \$14,190,621 and is included in the purchase price and as a component of stockholders' equity in the consolidated financial statements. The fair value of the options assumed was estimated using the Black-Scholes option pricing model.

The acquisition was accounted for as a purchase and, accordingly, the acquired assets and assumed liabilities have been recorded at their estimated fair market values at the date of the acquisition. The results of operations have been included in the consolidated financial statements since the date of acquisition. The estimated fair market values of certain assets were based upon preliminary appraisal reports. The purchase price of approximately \$238,241,873 exceeded the final fair market value of net assets acquired, resulting in goodwill of \$59,931,000 and synergistic goodwill of \$57,000,000 which is being amortized on a straight-line basis over an average of approximately ten years.

In connection with the acquisition of Teltrend, the Company involuntarily terminated certain employees of Teltrend and recorded approximately \$2.4 million in severance benefits which is included in the \$10,475,940 transaction costs described above. See Note 10 for further discussion.

The following unaudited pro forma consolidated results of operations data (in thousands, except per share data) assumes the business acquisition described above occurred on April 1, 1998. The pro forma results below are based on historical results of operations including adjustments for interest, depreciation and amortization and do not necessarily reflect actual results that would have occurred.

	March 31, 1999	March 31, 2000
	-----	-----
Revenue.....	\$ 201,214	\$ 215,367
Net loss.....	(56,230)	(30,676)
Loss per share.....	(0.99)	(0.50)

-55-

Principals of Consolidation

The accompanying Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and

transactions have been eliminated in consolidation.

Cash and Cash Equivalents

Cash and cash equivalents generally consist of cash, certificates of deposit, time deposits, commercial paper, short-term government obligations and other money market instruments. The Company invests its excess cash in deposits with major financial institutions, in government securities and the highest grade commercial paper of companies from a variety of industries. These securities have original maturity dates not exceeding three months. Such investments are stated at cost, which approximates fair value, and are considered cash equivalents for purposes of reporting cash flows.

Short-Term Investments

Short-term investments generally consist of certificates of deposit, time deposits, commercial paper and short-term government obligations. These securities have original maturity dates exceeding three months and less than one year. Such investments are stated at cost, which approximates fair value.

Inventories

Inventories are stated at the lower of first-in, first-out (FIFO) cost or market. The components of inventories are as follows:

	March 31,	
	-----	-----
	2000	2001
	---	---
	(in thousands)	
Raw materials.....	\$ 19,248	\$ 47,989
Work in process.....	1,934	26
Finished goods.....	13,707	51,153
Reserve for excess and obsolete inventory and net realizable value.....	(4,148)	(26,100)
	-----	-----
	\$30,741	\$73,068
	=====	=====

During the fiscal year ended March 31, 2001, the Company recorded a charge of \$26.7 million to reduce the carrying value of certain inventory to net realizable value. This adjustment was required due to a significant reduction in the selling prices of certain products and a reduction in orders for certain products resulting in increased excess and obsolete inventory reserves. The Company also recorded a charge of \$10.4 million related to inventory purchase commitments in excess of anticipated requirements. Such commitments totaled \$37.7 at March 31, 2001.

The finished goods value as of March 31, 2000 included a \$970,000 step-up for inventory revaluation due to the Teltrend Inc. acquisition all of which was expensed as cost of sales in fiscal year 2001.

Property and Equipment

Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets which range from 2 to 10 years using the straight-line method for financial reporting purposes and accelerated methods for tax purposes. Leasehold improvements are amortized over the lives of the respective leases, or the useful life of the asset, whichever is shorter.

-56-

Goodwill and Intangibles

Intangible assets include goodwill, synergistic goodwill and product technology related to the Teltrend acquisition. Intangible assets are being amortized on a straight-line basis over their estimated useful lives. At March 31, 2001, the cost basis and useful lives of intangible assets consist of the following:

	Cost Basis	Life
	-----	----
	(in thousands)	
Goodwill.....	\$ 59,931	15 years
Synergistic goodwill.....	57,000	5 years
Product technology.....	55,600	2 - 7 years

Total.....	172,531	
Less: accumulated amortization.....		(33,158)

Net.....	\$ 139,373	
	=====	

On an ongoing basis, the Company reviews intangible assets and other long-lived

assets for impairment whenever events and circumstances indicate that carrying amounts may not be recoverable. If such events or changes in circumstances occur, the Company will recognize an impairment loss if the undiscounted future cash flows expected to be generated by the asset (or acquired business) are less than the carrying value of the related asset. The impairment loss would adjust the asset to its fair value. No such adjustments have been required to date.

Revenue Recognition

Revenue is recognized when title has passed to the customer. On certain sales contracts, revenue is not recognized until specific customer product acceptance terms have been met.

The Company's product return policy allows customers to return unused equipment for partial credit if the equipment is currently being manufactured. Credit is not offered on returned products that are no longer manufactured. The Company has recorded a reserve for returns.

Effective April 1, 1999, in an effort to associate the transfer of title of forward priced DSL products to the customer with the recognition of the loss, the Company began recording losses due to forward pricing upon shipment to the customer. As of April 1, 1999, the Company did not record any cumulative effect of this change in accounting method, as the effects prior to March 31, 1999 were immaterial. As of March 31, 2001 the Company has not committed to any binding purchases from customers priced below production costs.

The Company's subsidiary Conference Plus, Inc., recognizes revenue for conference calls and other services upon completion of the conference call or services.

Product Warranties

Most of the Company's products carry a limited warranty ranging from one to seven years. The Company accrues for estimated warranty costs as products are shipped.

Deferred Revenue

Deferred revenue represents customer prepayments for goods or services.

Research and Development Costs

Engineering and product development costs are charged to expense as incurred.

-57-

Supplemental Cash Flow Disclosures

The following represents supplemental disclosures to the consolidated statements of cash flows:

<TABLE>

	March 31,		
	1999	2000	2001
	(in thousands)		
<S>	<C>	<C>	<C>
Schedule of noncash investing and financing activities:			
Property purchased under equipment notes.....	\$900	\$ --	\$ --
Warrants issued with subordinated debentures.....	--	1,838	--
Conversion of subordinated debentures and accrued interest, net of related debt issuance costs of \$639 and \$531 and debt discount of \$1,169 and \$669 for the years ended March 31, 2000 and 2001, respectively.....	--	11,022	6,215
Acquisition of Teltrend Inc.			
Fair value of assets acquired	\$ --	\$252,132	\$ --
Liabilities assumed.....	--	(24,366)	--
Common stock issued and options assumed.....	--	(277,766)	--
Cash paid for:			
Interest.....	\$ 236	\$1,207	\$ 1,964
Income taxes.....	5	29	37

</TABLE>

Disclosures about Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of financial instrument held by the Company:

Cash and cash equivalents, short-term investments, trade receivables and trade payables: the carrying amounts approximate fair

value because of the short maturity of these items.

Revolving promissory notes and installment notes payable to a bank: due to the floating interest rate on these obligations, the carrying amounts approximate fair value.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and revenue and expenses during the period reported. Actual results could differ from those estimates. Estimates are used when accounting for allowance for uncollectible accounts receivable, net realizable value of inventory, product warranty accrued, depreciation, employee benefit plans cost, income taxes, and contingencies, among other things.

Foreign Currency Translation

The financial position and the results of operations of the Company's foreign subsidiaries are measured using local currency as the functional currency. Assets and liabilities of these subsidiaries are translated at the exchange rate in effect at the end of each period. Income statement accounts are translated at the average rate of

-58-

exchange prevailing during the period. Translation adjustments arising from differences in exchange rates from period to period are included in the foreign currency translation adjustments account in stockholders' equity.

The Company records transaction gains or losses within Other income (expense) for fluctuations on foreign currency rates on accounts receivable and cash and for fluctuations on foreign currency rates on intercompany accounts anticipated by management to be settled in the foreseeable future.

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 March 31, 1999, 2000 and 2001, and therefore the net loss per basic and diluted earnings per share are the same.

New Accounting Pronouncements

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities", which addresses the accounting for derivative instruments. SFAS No. 133 is effective for financial statements for the Company's fiscal year ended March 31, 2001. SFAS No. 133 did not have a significant effect on its current financial reporting.

In the March 31, 2001 quarter, the Company adopted the Emerging Issues Task Forces (EITF) Issue 00-10, Accounting for Shipping and Handling Fees and Costs. Issue 00-10 requires companies to classify as revenue amounts billed to customers for shipping and handling charges. Prior to the adoption of Issue 00-10, the Company netted these billings against shipping and handling costs in the Sales and marketing line item. Prior year amounts have been reclassified to reflect the adoption of Issue 00-10. Total revenues for the years ended March 31, 1999, 2000 and 2001 include shipping and handling revenue of \$324,000, \$530,000, and \$1,380,000, respectively. Shipping and handling costs included in Sales and marketing expense for the years ended March 31, 1999, 2000 and 2001 were \$655,000, \$878,000, and \$2,814,000, respectively.

Change in Accounting Principle

Effective April 1, 2000, the Company changed its method of accounting for recognizing revenues for product sales. Effective with this change, the Company recognizes revenue based upon the respective terms of delivery for each sale agreement. This change was required by Staff Accounting Bulletin (SAB) No. 101 issued by the Securities and Exchange Commission.

For the restated three-month period ended June 30, 2000 and the year ended March 31, 2001, the Company recognized sales of \$2,500,000 and the related operating income of \$400,000 resulting from the change in accounting method; these amounts were previously recognized in sales and income in fiscal 2000 under the Company's previous accounting method. These sales and the related income also account for the cumulative effect of the change in accounting method in prior years, which resulted in a charge to net income of \$400,000, or \$.01 per share. This charge reflects the adoption of SAB No. 101 and is included in the restated three-month period ended June 30, 2001 and the year ended March 31, 2001.

Reclassification of Accounts

Certain prior year amounts have been reclassified in order to conform to the current-year presentation.

Note 2. Revolving Credit Agreements:

-59-

As of March 31, 2000, the Company had a revolving promissory note that enabled the Company to borrow up to \$16.0 million and was due on demand and an equipment borrowing facility. The revolver bore interest at the bank's prime rate (9.0% at March 31, 2000) or Libor rate plus 2.5%. The equipment borrowing facility allowed the Company to borrow up to \$4.1 million. Borrowings under the equipment borrowing facility totaled \$2.8 million at March 31, 2000 and are included as installment notes payable described in Note 3.

During the fiscal year 2001, the Company replaced the above agreements with a \$45 million revolving credit facility that was due August 31, 2003. The revolver bore interest at the bank's prime rate (8% at March 31, 2001) plus 1% and was secured by substantially all of the assets of the Company. The Company had \$28.4 million of borrowings under the revolving credit facility as of March 31, 2001.

The facility in place as of March 31, 2001 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 was not in compliance with the target EBITDA and the interest coverage ratio covenants at March 31, 2001. On April 13, 2001, the Company and its lender entered into an amendment and waiver under which these covenant violations were waived. The amendment and waiver amended certain covenants and required the Company to raise equity funding of \$5.0 million on or before May 15, 2001 and an additional \$20.0 million on or before June 30, 2001. The Company raised \$6.0 million in May and the requirement for additional equity funding was waived as a part of the amended credit facility described below.

On June 29, 2001, the Company amended the revolving credit facility, replacing the \$45 million revolver with an asset based 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 outstanding balance 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 \$6.6 million as of March 31, 2001. This 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 up to a maximum of \$10.0 million by several stockholders and is supported by such stockholders' brokerage account totaling approximately \$10.0 million. In consideration of the guarantee, the Company has granted these stockholders 512,820 warrants to purchase shares of Company Class A Common Stock for a period of five years at an exercise price of \$1.95 per share. Any future equity financing obtained by the Company will be applied to the outstanding bank indebtedness and will reduce, dollar for dollar, the maximum amount of the facility to \$25 million. Future equity financing will also reduce, dollar for dollar, the maximum amount of the guarantees. Borrowings under this facility provide for the interest to be paid by the Company at prime plus 1%. This new amendment provides for covenants regarding EBITDA and tangible net worth. Management expects to be in compliance with the covenants for the term of the debt.

-60-

Note 3. Long-Term Debt:

<TABLE>

Long-term debt consists of the following:

<CAPTION>

	March 31, 2000	2001		
	----	----		
	(in thousands)			
	<C>	<C>		
Capitalized lease obligations secured by related equipment.....			\$--	\$154
Revolving Promissory note payable, interest at prime plus 1%, secured by substantially all assets of the Company, due through August 2003.....				28,400
Installment notes payable to a bank, interest LIBOR +2.5% on March 31, 2000, secured by substantially all assets of the Company, repaid in 2001.....			2,750	--
	-----	-----		
	2,750	28,554		
Less current portion.....	(1,633)	(103)		
	-----	-----		
	\$1,117	\$ 28,541		

Future maturities of long-term debt at March 31, 2001 are as follows (in thousands):

2002.....	\$ 103
2003.....	28,451
	\$28,554

</TABLE>

Note 4. Convertible Debentures and Warrants:

In April 1999, the Company completed a subordinated secured convertible debenture private placement totaling \$20 million. In connection with the financing, the Company issued five-year warrants for approximately 909,000 shares of Class A Common stock at an exercise price equal to \$8.921 per share, which was approximately 140% of the initial conversion price of the debentures. These warrants were determined to have a fair market value of \$1 million. Subsequently, in December 1999, the Company repriced the warrants from \$8.921 to \$5.92 per share and, due to this debt modification, increased the value of the warrants by approximately \$838,000. The total value of the warrants, approximately \$1.8 million, was recorded as a debt discount in the accompanying March 31, 2000 consolidated balance sheet and was being amortized over the life of the convertible debentures of five years. This unamortized amount was recorded to equity on a pro rata basis as debentures converted.

As of March 31, 2000, holders of these debentures converted an aggregate principal amount of \$12,720,000 and the accrued interest thereon of approximately \$110,000 into 2,013,548 Class A common shares at a conversion price of \$6.372 per share. The amount converted to equity is net of a pro rata portion of the total debt discount and debt issuance costs in the amounts of \$1,168,788 and \$639,279, respectively.

During fiscal year 2001 the remaining debentures, with a principal amount of \$7,280,000 and accrued interest of approximately \$135,000 were converted into 1,163,620 Class A common shares at a conversion price of \$6.372 per share. The amount converted to equity is net of a pro rata portion of the total debt discount and debt issuance costs in the amounts of \$668,929 and \$530,708 respectively.

-61-

Note 5. Income Taxes:

The Company utilizes the liability method of accounting for income taxes and deferred taxes are determined based on the differences between the financial statements and tax basis of assets and liabilities given the provisions of the enacted tax laws. The income tax benefits charged to net income are summarized as follows:

	Fiscal Year Ended March 31,		
	1999	2000	2001
	----	----	----
	(in thousands)		
Federal:			
Current.....	\$ --	\$ (284)	\$ --
Deferred.....	--	(2,866)	--
	-----	-----	-----
	--	(3,150)	--
	-----	-----	-----
State:			
Current.....	--	(40)	--
Deferred.....	--	(410)	--
	-----	-----	-----
	--	(450)	--
	-----	-----	-----
Total.....	\$ --	\$ (3,600)	\$ --
	=====	=====	=====

The Company utilizes the flow-through method to account for tax credits. In fiscal 1999, 2000 and 2001, the Company generated approximately \$750,000, \$662,000 and \$500,000, respectively, of tax credits.

The statutory federal income tax rate is reconciled to the Company's effective income tax rates below:

<TABLE>

	Fiscal Year Ended March 31,		
	1999	2000	2001
	----	----	----

<S>	<C>	<C>	<C>
Statutory federal income tax rate.....	(34.0)%	(34.0)%	(34.0)%
Meals and entertainment.....	0.7	0.6	0.1
State income tax, net of federal tax effect.....	(4.9)	(4.9)	(4.9)
Income tax credits recognized.....	(2.1)	(4.2)	(0.5)
Valuation allowance.....	40.5	7.6	26.0
Goodwill amortization.....	-	4.2	13.2
Other.....	(0.2)	0.1	0.1
	-----	-----	-----
	0.0%	(30.6%)	0.0%
	=====	=====	=====

</TABLE>

-62-

Components of the net deferred income tax asset are as follows:

<TABLE>

	March 31,	
	2000	2001
	----	----
	(in thousands)	
<S>	<C>	<C>
Deferred income tax assets:		
Allowance for doubtful accounts.....	\$ 226	\$ 517
Alternative minimum tax credit.....	605	605
Research and development credit carryforward.....	4,580	4,157
Capital loss carryforward.....	2,345	2,328
Compensation accruals.....	562	1,554
Inventory reserves.....	2,092	14,430
Warranty reserve.....	1,077	1,198
Net operating loss carryforward.....	30,544	46,819
Property and equipment.....	322	--
Group Insurance.....	462	121
Non-employee stock options.....	326	326
Other.....	1,154	215
	-----	-----
	44,295	72,270
Deferred income tax liabilities:		
Property and equipment.....	--	254
Other.....	--	16
	-----	-----
	--	270
Valuation allowance.....	(18,500)	(46,205)
	-----	-----
Net deferred income tax asset.....	\$ 25,795	\$ 25,795
	=====	=====

</TABLE>

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 net deferred tax asset is not assured and 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 associated with future temporary differences, NOL carryforwards and tax credit carryforwards prior to their expiration through a tax planning strategy available to the Company. At March 31, 1998, management determined that the strategy was not sufficient to realize all of the net deferred tax asset and as such the Company recorded a valuation allowance. During fiscal years 1999, 2000 and 2001 the Company increased the valuation allowances by \$12.3 million, \$900,000 and \$27.7 million, respectively. At March 31, 2001 management re-assessed the valuation of the net deferred tax asset and determined that the tax planning strategy was sufficient to support the realization of the recorded net deferred income tax asset. On a quarterly basis, management will assess whether it remains more likely than not that the net 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, a reduction in the valuation allowance will be recorded.

The Company has approximately \$4.8 million in income tax credit carryforwards and a tax benefit of \$46.8 million related to a net operating loss carryforward that is available to offset taxable income in the future. The tax credit carryforwards begin to expire in 2008 and the net operating loss

carryforward begins to expire in 2012.

-63-

Note 6. Commitments:

The Company leases a 185,000 square foot corporate facility in Aurora, Illinois to house manufacturing, engineering, sales, marketing and administration that runs through 2017.

The Company also has lease commitments to lease other office and warehouse facilities at various locations. All of the leases require the Company to pay utilities, insurance and real estate taxes on the facilities. Total rent expense was \$2.3 million, \$2.5 million and \$3.5 million for 1999, 2000, and 2001, respectively.

Total minimum future rental payments at March 31, 2001 are as follows (in thousands):

2002.....	\$4,587
2002.....	3,801
2004.....	3,413
2005.....	3,428
2006.....	3,151
Thereafter.....	29,659

	\$48,039
	=====

Note 7. Capital Stock and Stock Restriction Agreements:

Capital Stock Activity:

On March 16, 2000 at a special meeting of stockholders, the stockholders approved an amendment to the Company's Amended and Restated Certificate of Incorporation to increase the number of class A Common Stock authorized for issuance from 65,500,000 to 85,000,000.

The Board of Directors has the authority to issue up to 1,000,000 shares of preferred stock in one or more series and to fix the rights, preferences, privileges and restrictions thereof, including dividend rights, conversion rights, voting rights, terms of redemption, liquidation preferences, sinking fund terms and the number of shares constituting any series or the designation of such series, without any further vote or action by stockholders.

Stock Restriction Agreements:

The members of the Penny family (major stockholders) have a Stock Transfer Restriction Agreement which prohibits, with limited exceptions, such members from transferring their Common Stock acquired prior to November 30, 1995, without first offering such stock to the other members of the Penny family. A total of 18,824,908 shares of Common Stock are subject to this Stock Transfer Restriction Agreement.

Note 8. Employee Benefit Plans:

401(k) Benefit Plan:

The Company sponsors a 401(k) benefit plan (the "Plan") which covers substantially all of its employees. The Plan is a salary reduction plan which allows employees to defer up to 15% of wages subject to Internal Revenue Service allowed limits. The Plan also allows for Company discretionary contributions. The Company provided for

-64-

discretionary and matching contributions to the Plan totaling approximately \$395,000, \$501,000 and \$1.3 million for fiscal 1999, 2000 and 2001, respectively.

Employee Stock Purchase Plan:

The Company maintains a stock purchase plan that allows participating employees to purchase, through payroll deductions, shares of the Company's Class A Common Stock for 85% of the average of the high and low reported sales prices at specified dates. Under the stock purchase plan, 217,950 shares are authorized. As of March 31, 1999, 2000 and 2001 there were 139,936, 126,512 and 76,781 shares, respectively, available for future issuance.

Employee Stock Incentive Plan:

In October 1995, the Company adopted a stock incentive plan (SIP plan) that permits the issuance of Class A Common Stock, restricted shares of Class A Common Stock, nonqualified stock options and incentive stock options to purchase Class A Common Stock, performance awards and stock appreciation rights to selected employees, officers, non-employee directors of the Company. During fiscal 2000, the SIP plan was amended to allow the issuance of stock options to advisory board members and consultants. No stock awards were issued in fiscal 1999, 2000 or 2001.

During March 2000, as part of the Teltrend merger (see Note 1), the Company adopted the following three stock options plans (collectively the "three adopted option plans"): Teltrend Inc. 1995 Stock Option Plan (the "1995 Stock Option Plan"), Teltrend Inc. 1996 Stock Option Plan (the "1996 Stock Option Plan"), and Teltrend Inc. 1997 Non-Employee Director Stock Option Plan (the "1997 Director Option Plan"). Under both the 1995 and 1996 Stock Option Plans nonqualified stock options were granted to key employees. Nonqualified stock options were granted to Non-Employee Directors under the 1997 Director Option Plan.

-65-

Under the Company's Stock Incentive Plan, the 1995 Stock Option Plan, the 1996 Stock Option Plan, and the 1997 Director Option Plan ("all stock plans"), 13,000,000 shares were authorized and there were 3,943,540 shares available for further issuance at March 31, 2001. The stock option activity under all stock plans is as follows:

<TABLE>

	Outstanding Options -----	Weighted Average Exercise Price -----	
<S>	<C>	<C>	
Outstanding at March 31, 1998.....	2,665,420		\$ 12.92
Granted.....	3,068,876	7.12	
Exercised.....	(11,330)	9.53	
Expired.....	--	--	
Canceled.....	(3,079,520)	12.43	
Outstanding at March 31, 1999.....	2,643,446		6.69
Granted.....	4,287,827	7.11	
Exercised.....	(551,041)	6.07	
Expired.....	--	--	
Canceled.....	(543,020)	5.49	
Outstanding at March 31, 2000.....	5,837,212		7.17
Granted.....	3,859,650	11.79	
Exercised.....	(1,043,826)	5.53	
Expired.....	--	--	
Canceled.....	(1,293,708)	9.75	
Outstanding at March 31, 2001.....	7,359,328		\$ 9.37

</TABLE>

The exercise price of the stock options granted is generally established at the market price on the date of the grant. On August 6, 1998, nonqualified stock options issued to non-board members prior to August 6, 1998 were cancelled and reissued at the then current market price of \$6.219. The Company has reserved Class A Common Stock for issuance upon exercise of these options granted.

As part of the Teltrend merger on March 17, 2000, the vested options under the three adopted option plans were exchanged at a ratio of 3.3 shares of Westell common stock for each share of Teltrend common stock and the option strike price was adjusted by that same ratio. These options are included in the granted totals above for the year ended March 31, 2000.

During fiscal 2000 and 2001, respectively, the Company granted 30,000 and 3,000 stock options to non-employee advisory board members or consultants. Compensation expense of \$840,000 and \$13,545 was recognized for the issuance of these non-employee stock options under Statement of Financial Accounting Standards No. 123 "Accounting for Stock-Based Compensation" FAS 123 for fiscal 2000 and 2001 respectively.

The Company accounts for employee stock options under APB Opinion 25, as permitted under generally accepted accounting principles. Accordingly, no compensation cost has been recognized in the accompanying financial statements related to options granted to "employees" as defined in APB Opinion 25. Had compensation cost for these options been determined consistent with ("SFAS 123"), which is an accounting alternative that is permitted but not required, the Company's net loss and net loss per share would have been \$(44,349,000),

\$(13,530,000) and \$(108,585,384) and \$(1.22), \$(.36) and \$(1.78) for fiscal 1999, 2000 and 2001, respectively.

-66-

The following table summarizes information about all stock options outstanding as of March 31, 2001:

<TABLE>

Options Outstanding				Options Exercisable	
Range of Exercise Prices	Number Outstanding at 3/31/01	Remaining Life	Weighted-Average Exercise Price	Number Exercisable at 3/31/01	Weighted Average Exercise Price
<S>	<C>	<C>	<C>	<C>	<C>
\$2.67 - \$4.85	1,414,552	7.17 yrs	\$ 4.18	891,646	\$ 4.27
4.86 - 5.03	1,826,500	9.57 yrs	5.03	25,150	4.91
5.04 - 6.22	1,588,496	6.57 yrs	6.04	1,125,166	5.99
6.36 - 21.00	905,360	7.97 yrs	9.31	602,090	7.89
21.44 - 36.18	1,624,420	8.94 yrs	22.07	16,990	33.02
\$2.67 - 36.18	7,359,328	8.12 yrs	\$ 9.37	2,661,042	\$ 6.01

</TABLE>

The fair value of each option is estimated on the date of grant based on the Black-Scholes option pricing model, with the exception of the options assumed in the acquisition which are described in Note 1. The estimate assumes, among other things, a risk-free interest rate of 6.5% and no dividend yield; expected volatility of 73% and an expected life of 7 years. A majority of the options granted to employees in fiscal 1999 and 2001 vest ratably over five years. Options granted in fiscal 2000 related to the Teltrend merger were fully vested due to the change in control provision in the three adopted plans. A majority of the remaining options granted to employees in fiscal 2000 vest ratably over two - five years. Certain options vest upon the earlier of the achievement of individual goals established or 8 years. The weighted average fair value of the options granted during the years ended March 31, 2000, 2000 and 2001 were \$4.72, \$5.52 and \$8.43, respectively.

Note 9. Segment and Related Information:

Operating Segments:

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.

-67-

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 described in the summary of significant accounting policies. Segment information for the fiscal years ended March 31, are as follows:

<TABLE>

	Telecom Equipment	Telecom Services	Consolidated Total
<S>	<C>	<C>	<C>
1999			
Revenues.....	\$ 72,187	\$ 19,817	\$ 92,004
Operating income (loss).....	(38,554)	3,454	(35,100)
Depreciation and amortization.....	5,327	1,695	7,022
Total assets.....	52,774	11,633	64,407
2000			
Revenues.....	90,185	30,808	120,993
Operating income (loss).....	(16,264)	5,282	(10,982)
Depreciation and amortization.....	6,085	2,354	8,439
Total assets.....	321,921	20,649	342,570
2001			

2001

Revenues.....	319,494	41,983	361,477
Operating income (loss).....	(99,387)	8,128	(91,259)
Depreciation and amortization.....	40,553	3,388	43,941
Total assets.....	295,960	19,179	315,139

</TABLE>

Reconciliation of Operating loss from continuing operations for the reportable segments to Loss from continuing operations before income taxes:

<TABLE>

	Fiscal Year Ended March 31,			
	1999	2000	2001	
<S>	<C>	<C>	<C>	
Operating loss from continuing operations.....		\$ (35,100)	\$ (10,982)	\$ (91,259)
Other income, net.....	404	1,056	--	
Interest expense.....	296	1,856	2,197	
Loss from continuing operations before income taxes.....		\$ (34,992)	\$ (11,782)	\$ (93,456)

</TABLE>

Enterprise-wide Information:

The Company's revenues are primarily generated in the United States. More than 90% of all revenues were generated in the United States for in fiscal years 1999 and 2000 and approximately 84% in fiscal year 2001.

-68-

Significant Customers and Concentration of Credit:

The Company is dependent on certain major telephone companies that represent more than 10% of the total revenue. Sales to major customers and successor companies that exceed 10% of total revenue are as follows:

	Fiscal Year Ended		
	1999	2000	2001
Customer A.....	16.2%	19.2%	17.6%
Customer B.....	10.7	9.5	5.5
Customer C.....	7.7	14.7	25.9
Customer D.....	0.1	7.9	14.3

Major telephone companies comprise a significant portion of the Company's trade receivables. Receivables from major customers that exceed 10% of total accounts receivable balance are as follows:

	Fiscal Year Ended	
	2000	2001
Customer I.....	20.6%	5.4%
Customer II.....	18.7	41.2
Customer III.....	9.1	25.1

Geographic Information

The Company's financial information by geographic area was as follows for the years ended March 31:

<TABLE>

	Domestic	International	Total
	(in thousands)		
<S>	<C>	<C>	<C>
1999			
Revenue.....	\$ 83,533	\$ 8,471	\$ 92,004
Operating loss from continuing operations.....	(26,208)	(8,892)	(35,100)
Identifiable assets.....	60,691	3,716	64,407
2000			
Revenue.....	\$ 110,124	\$ 10,869	\$ 120,993
Operating loss from continuing operations.....	(10,243)	(739)	(10,982)
Identifiable assets.....	334,907	7,663	342,570
2001			

2001

Revenue.....	\$ 303,758	\$ 57,719	\$ 361,477
Operating loss from continuing operations.....	(88,394)	(2,865)	(91,259)
Identifiable assets.....	313,067	2,072	315,139

</TABLE>

International identifiable assets for fiscal year 1999 are related to Westell Europe, Ltd. which was sold during fiscal year 2000 and was located in the United Kingdom. International identifiable assets for fiscal year 2000 and 2001 are related to Westell Ltd. (formerly Teltrend Ltd.) which was acquired as part of the acquisition of Teltrend Inc. and is located in the United Kingdom and Conference Plus Global Services, Ltd., which is located in Dublin Ireland.

Note 10. Restructuring charge:

The Company recognized restructuring charges of \$800,000 in fiscal year 1999 and \$1.7 million in fiscal year 2001. These charges included personnel, facility, and certain development contract costs related to restructuring global operations. During the three months ending December 31, 1999, management determined that essentially all restructuring payments had been completed for fiscal year 1999 therefore the remaining restructuring

-69-

accrual balances of approximately \$169,000 was reversed into income. The fiscal 1999 restructuring plan was to decrease costs, primarily by reducing the workforce by approximately 11%, and focusing DSL sales efforts on indirect sales to the major phone companies through licensing and OEM arrangements with strategic partners. The fiscal 2001 restructuring plan was to further decrease costs by workforce reduction. The 2001 restructuring was focused primarily on the sales and marketing functions and is expected to generate a payroll cost savings of approximately \$2.5 million annually. As of March 31, 2001, none of this restructuring cost has been paid.

The Company recognized a restructuring charge of \$550,000 in the three months ended March 31, 2000. This charge was for personnel, legal, and other related costs to eliminate redundant employees due to the acquisition of Teltrend Inc. The restructuring plan was to combine and streamline the operations of the two companies and to achieve synergies related to the manufacture and distribution of common product lines. The Company estimates the costs of these activities will be \$2.9 million. Approximately \$2.4 million of the total cost has been capitalized as part of the purchase price of Teltrend Inc primarily related to Teltrend Inc. employees involuntarily terminated. The remaining cost of \$550,000 has been charged to operations and relates to Westell employees involuntarily terminated and other costs. As of March 31, 2001, \$1.6 million of these costs have been paid.

The restructuring charges and their utilization are summarized as follows:

<TABLE>

(Dollars in thousands)	Accrued at March 31 1998	1999 Charged	1999 Utilized	Accrued at March 31 1999	Termination	Teltrend Inc. Charged Involuntarily	2000 Utilized	2000	Accrued at March 31 2000	2001 Charged	2001 Utilized	Accrued at March 2001
<\$>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Employee Costs.....	\$274	\$690	\$363	\$601	\$2,356	\$250	\$547	\$2,604	\$1,550	\$1,552	\$2,602	
Contract Costs.....	89	--	--	89	--	--	--	--	--	--	--	
Legal and Other Costs.....	63	110	19	154	300	130	300	150	55	395		
Charge reversal.....	--	--	--	--	--	169	--	--	--	--		
Total.....	\$426	\$800	\$382	\$844	\$2,356	\$550	\$846	\$2,904	\$1,700	\$1,607	\$2,997	

</TABLE>

Note 11. Other income, net:

In fiscal 2000, the Company recognized other income of \$650,000 resulting from foreign currency gain from the liquidation of Westell Europe Ltd. Excluding the effect of this one time benefit, Other income, net would have been \$426,000 for fiscal year ended March 31, 2000. Excluding this one time item, Other income, net for the years ended March 31, 1999 and 2000 was primarily due to interest income earned on temporary cash investments made as a result of investing available funds.

Note 12. Litigation:

Company is a party to various legal actions arising in the normal course of business and to class action shareholder suits against the Company and current and former officers thereof. These suits are at various stages of legal proceeding. Management, after taking into consideration legal counsel's evaluation, is unable to determine the likely outcome of these actions, but believes the outcome of one or more of the actions could have a material adverse

effect on the Company's financial position.

-70-

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors and Stockholders of
Westell Technologies, Inc.:

We have audited, in accordance with auditing standards generally accepted in the United States, the financial statements as of March 31, 2000 and for the years ended March 31, 2000 and 1999, included in WESTELL TECHNOLOGIES, INC.'S Annual Report in this Form 10-K and have issued our report thereon dated May 10, 2000. Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule II, Valuation and Qualifying Accounts, included herein is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

/s/ Arthur Andersen LLP

Chicago, Illinois
May 10, 2000

-71-

REPORT OF INDEPENDENT AUDITORS

To the Board of Directors and Stockholders of Westell Technologies, Inc.

We have audited the consolidated financial statements of Westell Technologies, Inc. as of March 31, 2001, and for the year then ended, and have issued our report thereon dated June 18, 2001, except for Note 2, as to which the date is June 29, 2001 (included elsewhere in this Registration Statement). Our audit also included the 2001 information on the financial statement schedule listed in Item 16(b) of this Registration Statement. This schedule is the responsibility of the Company's management. Our responsibility is to express an opinion based on our audit.

In our opinion, the 2001 information on the financial statement schedule referred to above, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

ERNST & YOUNG LLP

Chicago, Illinois
June 18, 2001

-72-

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS

<TABLE>

ACCOUNTS RECEIVABLE ALLOWANCES

(In thousands)

<CAPTION>

	1999	2000	2001
	----	----	----
<S>	<C>	<C>	<C>
Balance at beginning of year.....	\$730	\$703	\$855
Transfer from acquired company.....	--	273	--
Provision for doubtful accounts.....	168	223	627
Provision for discounts, allowances and rebates.....	--	--	--
Write-offs of doubtful accounts, net of recoveries.....	(195)	(344)	(119)
Discounts, allowances and rebates taken.....	--	--	--
Balance at end of year.....	<u>\$703</u>	<u>\$855</u>	<u>\$1,363</u>

</TABLE>

<TABLE>

RESTRUCTURING RESERVES

(In thousands)

<CAPTION>

	1999	2000	2001
	----	----	----
<S>	<C>	<C>	<C>
Balance at beginning of year.....	\$ 426	\$844	\$2,904
Purchase price adjustment.....	--	2,356	--
Charges to Operating expenses.....	800	550	1,700
Restructuring costs paid.....	(382)	(677)	(1,607)
Charge reversal.....	--	(169)	--
Balance at end of year.....	<u>\$844</u>	<u>\$2,904</u>	<u>\$2,997</u>

</TABLE>

Exhibit 3.2

Reflecting All Amendments Adopted
Through June 2001

AMENDED AND RESTATED
BY-LAWS
OF
WESTELL TECHNOLOGIES, INC.

AMENDED AND RESTATED
BY-LAWS OF
WESTELL TECHNOLOGIES, INC.

ARTICLE I
OFFICES

Section 1. Registered Office. The registered office shall be in the City of Wilmington, County of New Castle, State of Delaware.

Section 2. Other Offices. The corporation may also have offices at such other places both within and without the State of Delaware as the board of directors may from time to time determine or the business of the corporation may require.

ARTICLE II
MEETINGS OF STOCKHOLDERS

Section 1. Place of Meeting. All meetings of the stockholders for the election of directors shall be held at such place either within or without the State of Delaware as shall be designated from time to time by the board of directors and stated in the notice of the meeting. Meetings of stockholders for any other purpose may be held at such time and place, within or without the State of Delaware, as shall be stated in the notice of the meeting or in a duly executed waiver of notice thereof.

Section 2. Time of Annual Meeting. Annual meetings of stockholders shall be held on the second Wednesday in August if not a legal holiday, and if a legal holiday, then on the next business day following, at 10:00 a.m., or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which the stockholders shall elect directors to succeed those whose terms then expire and transact such other business as may properly be brought before the meeting.

No stockholder shall have cumulative voting rights.

Section 3. Notice of Annual Meetings. Written or printed notice of the annual meeting stating the place, date and hour of the meeting shall be given to each stockholder entitled to vote at such meeting not less than ten or more than sixty days before the date of the meeting.

Section 4. Voting Lists. The officer who has charge of the stock ledger of the corporation shall prepare and make, at least ten days before every meeting of stockholders, a complete list of the stockholders entitled to vote at the meeting, arranged in alphabetical order, and showing the address of each stockholder and the number of shares registered in the name of

-1-

each stockholder. Such list shall be open to the examination of any stockholder, for any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

Section 5. Special Meetings. Special meetings of the stockholders, for any purpose or purposes, unless otherwise prescribed by statute or by the certificate of incorporation, may be called by the chairman of the board or the president and shall be called by the president or secretary at the request in writing of a majority of the board of directors then in office, or at the request in writing of stockholders owning shares having at least a majority of the voting power represented by all of the issued and outstanding capital stock of the corporation. Such request shall state the purpose or purposes of the proposed meeting.

Section 6. Notice of Special Meetings. Written or printed notice of a special meeting stating the place, date and hour of the meeting and the purpose or purposes for which the meeting is called, shall be given not less than ten nor more than sixty days before the date of the meeting, to each stockholder entitled to vote at such meeting.

Section 7. Business to be Transacted. Business transacted at any meeting of stockholders shall be limited to the purposes stated in the notice. Any stockholder desiring to nominate an individual to serve as a director of the corporation or desiring to take up any matter at a meeting shall make such nomination or state such business in writing and file such notice with the secretary at least sixty days prior to the meeting date. This provision shall be in addition to any requirement under Rule 14a-8 of Regulation 14A under the Securities Exchange Act of 1934.

Section 8. Quorum and Adjournments. The holders of a majority of the voting power represented by the issued and outstanding Class A Common Stock and the Class B Common Stock, taken together as a single class, and entitled to vote thereat, present in person and represented by proxy, shall constitute a quorum at all meetings of the stockholders for the transaction of business except as otherwise provided by statute or by the certificate of incorporation; provided, however, that with respect to any matter on which any class of stock is entitled to vote separately as a class, the holders of a majority of the voting power represented by the issued and outstanding shares of such class, present in person and represented by proxy, shall constitute a quorum for purposes of such matter. If, however, such quorum shall not be present or represented at any meeting of the stockholders, the stockholders entitled to vote thereat, present in person or represented by proxy, shall have the power to adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present or represented. At such adjourned meeting at which a quorum shall be present or represented, any business may be transacted which might have been transacted at the meeting as originally noticed. If the adjournment is for more than thirty days, or if after the adjournment a new record

date is fixed for the adjourned meeting, a notice of the adjourned meeting shall be given to each stockholder of record entitled to vote at the meeting.

Section 9. Vote Required. When a quorum is present at any meeting, the vote of the holders of a majority of the voting power present in person or represented by proxy shall decide any question brought before such meeting, unless the question is one upon which, by express provision of a statute or of the certificate of incorporation, a different vote is required in which case such express provision shall govern and control the decision of such question. Every reference in these bylaws to a majority or other proportion of stock shall refer to such majority or other proportion of the votes of such stock.

Section 10. Voting Rights. Except to the extent required by statute or the certificate of incorporation, holders of Class A Common Stock and Class B Common Stock shall vote together as a single class, each holder of Class A Common Stock shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of Class A Common Stock held by such stockholder, and each holder of Class B Common Stock shall at every meeting of the stockholders be entitled to four votes in person or by proxy for each share of Class B Common Stock held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

Section 11. Action by Stockholders. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the stockholders may be taken without a meeting, without prior notice, and without a vote if a consent thereto in writing or by electronic transmission, setting forth the action so taken, shall be signed by the holders of outstanding stock having not less than the minimum number of votes that would be necessary to authorize or take such action at a meeting at which all shares entitled to vote thereon were present and voted, and such writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the stockholders. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form.

ARTICLE III

DIRECTORS

Section 1. Number and Term of Office. The number of directors which shall constitute the whole board shall be not less than six nor more than ten and shall be established from time to time by resolution of the board. No reduction in number of directors shall affect the term of any directors then in office. Except as provided in Section 2 of this Article, each director elected shall hold office until his successor is elected and qualified. Directors need not be stockholders.

Section 2. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors

then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

Section 3. General Powers. The business of the corporation shall be managed by its board of directors which may exercise all such powers of the corporation and do all such lawful acts and things as are not by statute or by the certificate of incorporation or these by-laws directed or required to be exercised or done by the stockholders.

MEETINGS OF THE BOARD OF DIRECTORS

Section 4. Place of Meetings. The board of directors of the corporation may hold meetings, both regular and special, either within or without the State of Delaware.

Section 5. Regular Meetings. A regular meeting of the board of directors shall be held without other notice than this by-law, immediately after, and at the same place as, the annual meeting of stockholders. The board of directors may provide, by resolution, the time and place, either within or without the State of Delaware, for the holding of additional regular meetings without other notice than such resolution.

Section 6. Special Meetings. Special meetings of the board may be called by the chairman of the board or the president on one day's notice to each director, either personally or by mail or by telegram; special meetings shall be called by the president or secretary in like manner and on like notice on the written request of any two or more directors.

Section 7. Quorum and Action. At all meetings of the board of directors, a minimum of a majority of the full number of directors in office shall constitute a quorum for the transaction of business and the act of at least 70% of the directors present at any meeting duly held at which a quorum is present shall be the act of the board of directors. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

Section 8. Resignations. Any director of the corporation may resign at any time by giving written notice to the board of directors, the chairman of the board, the president, or the secretary of the corporation. Such resignation shall take effect at the time specified therein; and, unless tendered to become effective only upon acceptance thereof, the acceptance of such resignation shall not be necessary to make it effective.

Section 9. Removal. At any meeting of the stockholders any director or directors may be removed from office, without assignment of any reason therefor, by a majority of the voting power entitled to vote in elections of directors.

-4-

Section 10. Informal Action. Unless otherwise restricted by the Certificate of Incorporation or these Bylaws, any action required or permitted to be taken at any meeting of the Board of Directors or of any committee thereof may be taken without a meeting, if all members of the Board of Directors or committee, as the case may be, consent thereto in writing or by electronic transmission, and such writing or writings or electronic transmission or transmissions are filed with the minutes of proceedings of the Board of Directors or committee. Such filing shall be in paper form if the minutes are maintained in paper form and shall be in electronic form if the minutes are maintained in electronic form. The Board of Directors or any committee designated by the Board may take any action required or permitted to be taken by them without a meeting unless otherwise prohibited by law or the Certificate of Incorporation.

Section 11. Presumption of Assent. A director of the corporation who is present at a meeting of the board of directors at which action on any corporate matter is taken shall be conclusively presumed to have assented to the action taken unless his dissent shall be entered in the minutes of the meeting or unless he shall file his written dissent to such action with the person acting as the secretary of the meeting before the adjournment thereof or shall forward such dissent by registered mail to the secretary of the corporation immediately after the adjournment of the meeting. Such right to dissent shall not apply to a director who voted in favor of such action.

-5-

COMMITTEES OF DIRECTORS

Section 12. Appointment and Powers. The board of directors may, by resolution passed by a majority of the whole board, designate one or more committees, each committee to consist of one or more of the directors of the corporation, including an Executive Committee, a Compensation Committee and an Audit Committee. The Board may designate one or more directors as alternate members of any committee, who may replace any absent or disqualified member at any meeting of a committee, to act at the meeting in the place of any such absent or disqualified member. Three (3) members of a committee must be present to constitute a quorum for any committee meeting and the unanimous vote of all committee members present shall be required to approve any matter presented to a committee. Any such committee, to the extent provided in the resolution of the board of directors, shall have and may exercise all the powers and authority of the board of directors in the management of the business and affairs of the corporation, and may authorize the seal of the corporation to be affixed to all papers which may require it; but no such committee shall have power or authority in reference to amending the certificate of incorporation, adopting an agreement of merger or consolidation, recommending to the stockholders the sale, lease or exchange of all or substantially all of the corporation's property and assets, recommending to the stockholders a dissolution of the corporation or a revocation of a dissolution, or amending the by-laws of the corporation; and, unless the resolution so provided, no such committee shall have the power or authority to declare a dividend or to authorize the issuance of stock. Such committee or committees shall have such name or names as may be determined from time to time by resolution adopted by the board of directors.

COMPENSATION OF DIRECTORS

Section 13. Compensation. The board of directors shall have the authority to fix the compensation of directors. The directors may be paid their expenses, if any, of attendance at each meeting of the board of directors and may be paid a fixed sum for attendance at each meeting of the board of directors or a stated salary as a director. No such payment shall preclude any director from serving the corporation in any other capacity and receiving compensation therefor. Members of special or standing committees may be allowed like compensation for attending committee meetings.

ARTICLE IV

NOTICES

Section 1. Manner of Notice. Whenever, under the provisions of a statute or of the certificate of incorporation or of these by-laws, notice is required to be given to any director or stockholder, it shall not be construed to mean personal notice, but such notice may be given in writing, by mail, addressed to such director or stockholder, at his address as it appears on the

-6-

records of the corporation, with postage thereon prepaid, and such notice shall be deemed to be given at the time when the same shall be deposited in the United States mail. Notice to directors may also be given by telegram.

Section 2. Waiver. Whenever any notice is required to be given under the provisions of a statute or of the certificate of incorporation or of these by-laws, a waiver thereof in writing, signed by the person or persons entitled to said notice, whether before or after the time stated therein, shall be deemed equivalent thereto.

ARTICLE V

OFFICERS

Section 1. Number and Qualifications. The officers of the corporation shall be chosen by the board of directors and shall be a CEO, a chairman of the board, a vice-president, a secretary and a treasurer. The board of directors may also choose a vice-chairman of the board, a president, additional vice-presidents, and one or more assistant secretaries and assistant treasurers. Any number of offices may be held by the same person, unless the certificate of incorporation or these by-laws otherwise provide.

Section 2. Election. The board of directors, at its first meeting after each annual meeting of stockholders shall choose a chairman of the board, one or more vice-presidents, a secretary, and a treasurer.

Section 3. Other Officers and Agents. The board of directors may appoint such other officers and agents as it shall deem necessary who shall hold their offices for such terms and shall exercise such powers and perform such duties as shall be determined from time to time by the board.

Section 4. Salaries. The salaries of all officers and agents of the corporation shall be fixed by the board of directors or a duly authorized committee of the board.

Section 5. Term of Office. The officers of the corporation shall hold office until their successors are chosen and qualify. Any officer elected or appointed by the board of directors may be removed at any time by the affirmative vote of a majority of the directors then in office. Any vacancy occurring in any office of the corporation shall be filled by the board of directors.

Section 6. CEO. The CEO shall be the chief executive officer of the corporation. The CEO shall have executive authority to see that all orders and resolutions of the board of directors are carried into effect and, subject to the control vested in the board of directors by statute, by the certificate of incorporation or by these by-laws, shall administer and be responsible for the overall management of the business and affairs of the corporation. The CEO

-7-

shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation

Section 7. The Chairman. The chairman of the board shall preside at all meetings of the shareholders and of the board of directors, and in general shall perform all duties incident to the office of the chairman of the board and such other duties as from time to time may be assigned to the chairman of the board by the board of directors.

Section 8. The Vice-Chairman of the Board. The vice-chairman of the board, if one is elected, shall perform such duties and have such powers as the board of directors may from time to time prescribe.

Section 9. The President. The president, if one is elected, shall have such duties and have such powers as the board of directors may from time to time prescribe. In the absence of the CEO, or in the event of the absence or inability or refusal to act of the CEO, then the president shall perform the duties of the CEO, and when so acting, shall have all the powers of and be subject to all the restrictions upon the CEO.

Section 10. The Vice-Presidents. In the absence of the CEO and the President, or in the event of the absence or inability or refusal to act of the CEO and the President, then the vice-president (or in the event that there be more than one vice-president, then any executive vice-president and then the other vice-president or vice-presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the CEO, and when so acting, shall have all the powers of and be subject to all the restrictions upon the CEO. The vice-presidents shall perform such other duties and have such other powers as the chief executive officer or the board of directors may from time to time prescribe.

Section 11. The Secretary. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of

directors, and shall perform such other duties as may be prescribed by the board of directors or the chief executive officer, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the signature of an assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 12. The Assistant Secretary. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be

-8-

no such determination, then in the order of their election), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the chief executive officer or the board of directors may from time to time prescribe.

Section 13. The Treasurer. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the chairman of the board, the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in the sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in the case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 14. The Assistant Treasurer. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the chief executive officer or the board of directors may from time to time prescribe.

ARTICLE VI

CERTIFICATES OF STOCK, TRANSFERS, AND RECORD DATES

Section 1. Form of Certificates. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the board of directors, or the chairman of the board or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designation, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the Delaware General Corporation Law, in lieu of the foregoing requirements, there may be set forth in full or summarized on the face or back of the

certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

Section 2. Facsimile Signatures. Where a certificate is countersigned (1) by a transfer agent other than the corporation or its employee, or (2) by a registrar other than the corporation or its employee, any other signature on the certificate may be facsimile. In case any officer, transfer agent or registrar who has signed or whose facsimile signature has been placed upon a certificate shall have ceased to be such officer, transfer agent or registrar before such certificate is issued, it may be issued by the corporation with the same effect as if he were such officer, transfer agent or registrar at the date of issue.

Section 3. Lost Certificates. The board of directors may direct a new certificate or certificates to be issued in place of any certificate or certificates theretofore issued by the corporation alleged to have been lost, stolen or destroyed, upon the making of an affidavit of that fact by the person claiming the certificate of stock to be lost, stolen or destroyed. When authorizing such issue of a new certificate or certificates, the board of directors may, in its discretion and as a condition precedent to the issuance thereof, require the owner of such lost, stolen or destroyed certificate or certificates, or his legal representatives, to advertise the same in such manner as it shall require and/or to give the corporation a bond in such sums it may direct to indemnify against any claim that may be made against the corporation with respect to the certificate alleged to have been lost, stolen or destroyed.

Section 4. Transfers of Stock. Upon surrender to the corporation or the transfer agent of the corporation of a certificate for shares duly endorsed or accompanied by proper evidence of succession, assignment or authority to transfer, it shall be the duty of the corporation to issue a new certificate to the person entitled thereto, cancel the old certificate and record the transaction upon its books.

Section 5. Fixing Record Date. In order that the corporation may determine the stockholders entitled to notice of or to vote at any meeting of stockholders or any adjournment thereof, or to express consent to corporate action in writing without a meeting, or entitled to receive payment of any dividend or other distribution or allotment of any rights, or entitled to exercise any rights in respect or any change, conversion or exchange of stock or for the purpose of any other lawful action, the board of directors may fix, in advance, a record date, which shall not be more than sixty nor less than ten days before the date of such meeting, nor more than sixty days prior to any other action. A determination of stockholders of record entitled to notice of or to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

Section 6. Registered Stockholders. The corporation shall be entitled to recognize the exclusive right of a person registered on its books as the owner of shares to receive dividends, and to vote as such owner, and to hold liable for calls and assessments a person registered on its books as the owner of shares, and shall not be bound to recognize any equitable or other claim to or interest in such share or shares on the part of any other person, whether or not it shall have express or other notice thereof, except as otherwise provided by the Delaware General Corporation Law.

ARTICLE VII GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special

meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors, in their absolute discretion, think proper, and the directors may modify or abolish any such reserve in the manner in which it was created.

Section 2. Checks. All checks or demands for money and notes of the corporation shall be signed by such officer or officers or such other person or persons as the board of directors may from time to time designate.

Section 3. Fiscal Year. The fiscal year of the corporation, unless otherwise provided by resolution of the board of directors, shall begin on the first day of April in each year and end on the last day of March in each year.

Section 4. Seal. The corporate seal shall be inscribed thereon with the name of the corporation and the words "Corporate Seal, Delaware." The seal may be used by causing it or a facsimile thereof to be impressed or affixed or reproduced or otherwise.

Section 5. Stock in Other Corporations. Shares of any other corporation which may from time to time be held by this corporation may be represented and voted at any meeting of shareholders of such corporation by the chairman of the board, president or vice-president, or by any proxy appointed in writing by the chairman of the board, president or a vice-president of the corporation, or by any other person or persons thereunto authorized by the board of directors. Shares represented by certificates standing in the name of the corporation may be endorsed for sale or transfer in the name of the corporation by the chairman of the board, president or any vice-president or by any other officer or officers thereunto authorized by the board of directors. Shares belonging to the corporation need not stand in the name of the corporation, but may be

-11-

held for the benefit of the corporation in the individual name of the treasurer or of any other nominee designated for that purpose by the board of directors.

ARTICLE VIII

INDEMNIFICATION

Section 1. Indemnification. (a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee, agent or fiduciary of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in paragraph (B) of Article EIGHTH of the corporation's certificate of incorporation with respect to

proceedings to enforce rights to indemnification, the corporation shall indemnify any such person in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by a person in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that the director or officer is not entitled to be indemnified under this Section or otherwise. The corporation may, by action of its board of directors, grant rights to indemnification, and to the advancement of expenses, to employees and agents of the corporation to the fullest extent and with the same scope and effect as the foregoing indemnification of, and advancement of expenses to, directors and officers.

-12-

(b) The right to indemnification and the payment of expenses incurred in defending a proceeding in advance of its final disposition conferred in this Section shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, provision of the certificate of incorporation, by-laws, agreement, vote of stockholders or disinterested directors or otherwise.

(c) The corporation may maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the corporation or another corporation, partnership, joint venture, trust or other enterprise against any expense, liability or loss, whether or not the corporation would have the power to indemnify such person against such expense, liability or loss under Delaware law.

(d) Any amendment, repeal or modification of any provision of this Section by the stockholders or the directors of the corporation shall not adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment, repeal or modification.

ARTICLE IX

STOCKHOLDER PROTECTION PROVISIONS

Unless approved by the holders of a majority of the shares present and entitled to vote at a duly convened meeting of shareholders, the Company shall not:

(i) grant any stock options with an exercise price that is less than 100% of the fair market value of the underlying stock on the date of grant, or reduce the exercise price of any stock option granted under any existing or future stock option plan;

(ii) sell or issue any security of the Company convertible, exercisable or exchangeable into shares of Common Stock, having a conversion, exercise or exchange price per share which is subject to downward adjustment based on the market price of the Common Stock at the time of conversion, exercise or exchange of such security into Common Stock (except for appropriate adjustments made to give effect to any stock splits or stock dividends); or

(iii) enter into (a) any equity line or similar agreement or arrangement; or (b) any agreement to sell Common Stock (or any security convertible, exercisable or exchangeable into shares of Common Stock ("Common Stock Equivalent")) at a per share price (or, with respect to a Common Stock Equivalent, at a conversion, exercise or exchange price, as the case may be ("Equivalent Price")) that is fixed after the execution date of the agreement, whether or not based on any predetermined price-setting formula or calculation method. Notwithstanding the foregoing, however, a price protection clause shall be permitted in an agreement for sale of Common Stock or Common Stock Equivalent, if such clause provides for an adjustment to the price per share of Common Stock or, with respect to a Common Stock Equivalent, to the Equivalent Price (provided that such price or Equivalent Price is fixed on or before the

date of the agreement) (the "Fixed Price") in the event that the Company, during the period beginning on the date of the agreement and ending no later than 90 days after the closing date of the transaction, sells shares of Common Stock or Common Stock Equivalent to another investor at a price or Equivalent Price, as the case may be, below the Fixed Price.

This Article IX may not be further amended or repealed without the affirmative vote of the holders of a majority of the shares present and entitled to vote at a duly convened meeting of shareholders. Notwithstanding anything contained herein to the contrary, the provisions in this Article IX shall not apply to any rights offering and related overallotment subscription offering that is offered to all of the stockholders of the Company on a pro rata basis.

ARTICLE X

AMENDMENTS

These by-laws may be altered, amended or repealed or new by-laws may be adopted by the stockholders or, except with respect to Article IX, by the board of directors at any regular meeting of the board of directors or of the stockholders or at any special meeting of the board of directors or of the stockholders, if notice of such alteration, amendment, repeal or adoption of new by-laws be contained in the notice of such special meeting of the stockholders.

Exhibit 10.1

(reGISTERED DIRECT transactions)

WESTELL TECHNOLOGIES, INC. SHARE PURCHASE AGREEMENT

This SHARE PURCHASE AGREEMENT (this "Agreement"), is made and entered into as of May 7, 2001, by and among Westell Technologies, Inc., a Delaware corporation (the "Company"), and the State Of Wisconsin Investment Board (the "Purchaser").

1. AUTHORIZATION OF SALE OF THE SHARES

Subject to the terms and conditions of this Agreement, the Company has authorized the sale of up to 1,657,459 shares (the "Shares") of Class A common stock, par value \$0.01 per share (the "Common Stock"), of the Company.

2. AGREEMENT TO SELL AND PURCHASE THE SHARES

2.1 Purchase and Sale

Subject to the terms and conditions of this Agreement, each Purchaser severally agrees to purchase, and the Company agrees to sell and issue to each Purchaser, at the Closing (as defined below) that number of Shares set forth opposite such Purchaser's name on Schedule A attached hereto.

2.2 Purchase Price

The purchase price of each Share shall be \$1.81 (the "Per Share Price"). The Company shall not, during the period beginning on the date of this Agreement and ending ninety (90) days after the Closing Date (as defined below), without adjusting the price per Share hereunder accordingly, sell (i) Shares at a price per Share of the Per Share Price, or (ii) options, warrants or any other securities that can be converted into, or otherwise exchanged for, shares of the Company's common stock at a conversion, exchange or exercise price per Share of less than the Per Share Price; provided, however, the Company may issue (i) options to purchase Common Stock pursuant to the company's 1995 Stock Incentive Plan, (ii) Common Stock pursuant to its Employee Stock Purchase Plan, and (iii) Common Stock pursuant to the exercise of warrants outstanding on the date hereof. In the event the Company shall, during the period beginning on the date of this Agreement and ending ninety (90) days after the Closing Date, sell any shares of the Company's common stock at, or any instruments that can be converted into or otherwise exchanged for the Company's common stock, excluding any issuances described in clauses (i) through (iii) of the preceding sentence (the "Subsequent Sale") exercisable at, a price per Share (the "Subsequent Purchase Price") of less than the Per Share Price, the Company shall, within

ten (10) business days of the Subsequent Sale, pay to the Purchaser, in cash, an amount equal to the number of Shares times the difference between the Per Share Price and the Subsequent Purchase Price.

3. DELIVERY OF THE SHARES AT THE CLOSING

(a) The completion of the purchase and sale of the Shares (the "Closing") shall occur at the offices of , counsel to the Company, at 227, West Monroe Street, Chicago, Illinois 60606 at 9:00 a.m. local time on May 8, 2001, or such other time and date as may be agreed by the parties, (the "Closing Date").

(b) At the Closing, the Company shall authorize its transfer agent (the "Transfer Agent") to issue to each Purchaser one or more stock certificates registered in the name of such Purchaser, or in such nominee name(s) as

designated by such Purchaser in writing, representing the number of Shares set forth in Section 2 above. The Company will deliver one certificate representing 1,325,967 Shares and one certificate representing 331,492 Shares (the "Certificates") against delivery of payment for the Shares by the Purchasers. Prior to the Purchasers' delivery of payment for the Shares, the Company will deliver via facsimile a copy of the Certificates to be delivered upon Closing to the office of the Purchasers (at the fax number indicated on the signature pages attached hereto).

(c) The Company's obligation to complete the purchase and sale of the Shares shall be subject to the following conditions, any one or more of which may be waived by the Company:

(i) receipt by the Company of same-day funds in the full amount of the purchase price for the Shares being purchased under this Agreement; and

(ii) the accuracy in all material respects of the representations and warranties made by the Purchasers and the fulfillment in all material respects of those undertakings of the Purchasers to be fulfilled before the Closing.

(d) The Purchasers' obligations to accept delivery of such stock certificates and to pay for the Shares evidenced by the certificates shall be subject to the following conditions, any one or more of which may be waived by a Purchaser with respect to such Purchaser's obligation:

(i) the representations and warranties made by the Company in this Agreement shall be accurate in all material respects and the undertakings of the Company shall have been fulfilled in all material respects on or before the Closing;

(ii) the Company shall have delivered to the Purchasers a certificate executed by the chairman of the board or president and the chief financial or accounting officer of the Company, dated the Closing Date, in form and substance reasonably satisfactory to the Purchasers, to the effect that the representations and warranties of the Company set forth in Section 4 hereof are true and correct in all material respects as of the date of this Agreement and as of the Closing Date, and that the Company has complied with all the agreements and satisfied all the conditions in this Agreement on its part to be performed or satisfied on or before the Closing Date; and

(iii) the Company shall have delivered to Purchasers a legal opinion in substantially the form attached hereto as Exhibit A.

4. REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company hereby represents and warrants to the Purchasers as follows (which representations and warranties shall be deemed to apply, where appropriate, to each subsidiary of the Company):

4.1 Organization and Qualification

The Company has been duly incorporated and is validly existing as a corporation in good standing under the laws of the State of Delaware. The Company has the corporate power and authority to own, lease and operate its properties and to conduct its business as currently conducted and to enter into and perform its obligations under this Agreement. The Company is duly qualified as a foreign corporation to transact business and is in good standing in each jurisdiction in which such qualification is required, whether by reason of the ownership or leasing of property or the conduct of business, except where the failure to so qualify would not, singly or in the aggregate, have a material adverse effect on the condition, financial or otherwise, and the earnings, assets, business affairs or business prospects of the Company, taken as a whole ("Material Adverse Effect").

4.2 Capitalization

(a) The authorized capital stock of the Company consists of 85,000,000 shares of Common Stock, 25,000,000 shares of Class B Common Stock and 1,000,000 shares of Preferred Stock.

(b) As of the date hereof, 2001, the issued and outstanding capital stock of the Company consists of 42,472,787 shares of Common Stock and 19,124,869 shares of Class B Common Stock. The shares of issued and outstanding capital stock of the Company have been duly authorized and validly issued, are fully paid and nonassessable, have not been issued in violation of or are not otherwise subject to any preemptive or other similar rights, and will not constitute "restricted securities" within the meaning of Rule 144 (a)(3) promulgated under the Securities Act of 1933, as amended (the "Securities Act").

(c) The Company has reserved 8,103,723 shares of Common Stock for issuance upon the exercise of stock options granted or available for future grant under the Company's 1995 Stock Incentive Plan and Employee Stock Purchase Plan.

(d) The Company has reserved 909,000 shares of Common Stock for issuance upon the exercise of outstanding warrants to purchase Common Stock.

With the exception of the foregoing, there are no outstanding subscriptions, options, warrants, convertible or exchangeable securities or other rights granted to or by the Company to purchase shares of Common Stock or other securities of the Company and there are no commitments, plans or arrangements to issue any shares of Common Stock or any security convertible into or exchangeable for Common Stock.

4.3 Issuance, Sale and Delivery of the Shares

(a) The Shares have been duly authorized for issuance and sale to the Purchasers pursuant to this Agreement and, when issued and delivered by the Company pursuant to this Agreement against payment of the consideration set forth in this Agreement, will be validly issued and fully paid and nonassessable and free and clear of all pledges, liens and encumbrances. The certificates evidencing the Shares are in due and proper form under Delaware law.

(b) The issuance of the Shares is not subject to preemptive or other similar rights. No further approval or authority of the shareholders or the Board of Directors of the Company will be required for the issuance and sale of the Shares to be sold by the Company as contemplated in this Agreement.

4.4 Financial Statements

The financial statements included (as exhibits or otherwise) in the Disclosure Documents (as defined below) present fairly the financial position of the Company as of the dates indicated and the results of their operations for the periods specified, subject in the case of unaudited statements, to normal year-end audit adjustments not material to the Company's financial position as a whole. Except as otherwise stated in such Disclosure Documents, such financial statements have been prepared in conformity with generally accepted accounting principles applied on a consistent basis, and any supporting schedules included with the financial statements present fairly the information stated in the financial statements, except (i) as may be otherwise indicated in such financial statements or notes thereto or (ii) in the case of unaudited interim statements, to the extent they do not include footnotes or are condensed or summary statements..

4.5 No Material Change

Since December 31, 2000, and except as set forth in the Disclosure Documents,

(a) there has been no change that has a Material Adverse Effect or any development involving a prospective Material Adverse Effect, excluding political events and changes in economic conditions generally applicable to business enterprises in the same business as the Company;

(b) there have been no transactions entered into by the Company other than those in the ordinary course of business, which are material with respect to the Company; and

(c) there has been no dividend or distribution of any kind declared, paid or made by the Company on any class of its capital stock.

The Company has no material contingent obligations.

4.6 Environmental

Except as would not have a Material Adverse Effect,

(a) to the best of the Company's knowledge, the Company is in compliance with all applicable Environmental Laws (as defined below);

(b) to the best of the Company's knowledge, the Company has all permits, authorizations and approvals required under any applicable Environmental Laws and is in compliance with the requirements of such permits authorizations and approvals;

(c) there are no pending or, to the best of the knowledge of the Company, threatened Environmental Claims (as defined below) against the Company.

For purposes of this Agreement, the following terms shall have the following meanings: "Environmental Law" means any United States (or other applicable jurisdiction's) Federal, state, local or municipal statute, law, rule, regulation, ordinance, code or policy and any published judicial or administrative interpretation thereof, including any judicial or administrative order, consent decree or judgment, relating to the environment, health, safety or any chemical, material or substance, exposure to which is prohibited, limited or regulated by any governmental authority. "Environmental Claims" means any and all administrative, regulatory or judicial actions, suits, demands, demand letters, claims, liens, notices of noncompliance or violation, or proceedings relating in any way to any Environmental Law.

4.7 No Defaults

The Company is not in violation of its certificate of incorporation or bylaws or in material default in the performance or observance of any material contract that is an exhibit to the Disclosure Documents except as would not have a Material Adverse Effect or as set forth in the Disclosure Documents.

4.8 Labor Matters

No labor dispute with any group of employees of the Company exists or, to the best knowledge of the Company, is imminent that would result in a Material Adverse Effect.

4.9 No Actions

Except as set forth in the Disclosure Documents, there is no action, suit or proceeding before or by any court or governmental agency or body, domestic or foreign, now pending, or, to the knowledge of the Company, threatened, against or affecting the Company which, singly or in the aggregate, might result in a Material Adverse Effect or which might materially and adversely affect the consummation of this Agreement, nor, to the knowledge of the Company, is there any reasonable basis therefor. Except as set forth in the Disclosure Documents, the Company is not in default with respect to any judgment, order or decree of any court or governmental agency or instrumentality which, singly or in the aggregate, would have a Material Adverse Effect.

4.10 Intellectual Property

(a) To the best of the Company's knowledge, the Company has the patent and intellectual property rights necessary to conduct its business as it is now being conducted. No

claim has been made against the Company regarding its alleged infringement of the intellectual property or patent rights of others that would be expected to have a Material Adverse Effect.

(b) No action, suit, arbitration, or legal, administrative or other proceeding, or investigation is pending, or, to the knowledge of the Company,

threatened, which involves any Proprietary Rights, nor, to the knowledge of the Company, is there any reasonable basis therefor.

(c) The Company is not subject to any judgment, order, writ, injunction or decree of any court or any Federal, state, local, foreign or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or any arbitrator, and has not entered into or is not a party to any contract which restricts or impairs the use of any such Proprietary Rights in a manner which would have a material adverse effect on the use of any of the Proprietary Rights.

(d) The Company has not received written notice of any pending conflict with or infringement upon such third-party proprietary rights.

(e) The Company has not entered into any consent, indemnification, forbearance to sue or settlement agreement with respect to Proprietary Rights other than in the ordinary course of business and other that such that would have a Material Adverse Effect. No claims have been asserted by any person with respect to the validity of the Company's ownership or right to use the Proprietary Rights and, to the knowledge of the Company, there is no reasonable basis for any such claim to be successful.

(f) The Company has complied, in all material respects, with its obligations relating to the protection of the Proprietary Rights which are material to the business of the Company used pursuant to licenses.

(g) To the knowledge of the Company, no person is infringing on or violating the Proprietary Rights.

4.11 Permits

The Company possesses and is operating in compliance with all material licenses, certificates, consents, authorities, approvals and permits from all state, federal, foreign and other regulatory agencies or bodies necessary to conduct the businesses now operated by it, and the Company has not received any notice of proceedings relating to the revocation or modification of any such permit or any circumstance which would lead it to believe that such proceedings are reasonably likely which, singly or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

4.12 Due Execution, Delivery and Performance

(a) This Agreement has been duly executed and delivered by the Company and constitutes a valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except as enforceability may be limited by bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the enforcement of creditors' rights

generally and by general equitable principle (regardless of whether such enforceability is considered in a proceeding in equity or at law).

(b) The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated in this Agreement and the fulfillment of the terms of this Agreement, including the sale, issuance and delivery of the Shares, (i) have been duly authorized by all necessary corporate action on the part of the Company, its directors and stockholders; (ii) will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Company pursuant to, any contract, indenture, mortgage, loan agreement, deed, trust, note, lease, sublease, voting agreement, voting trust or other instrument or agreement to which the Company is a party or by which it may be bound, or to which any of the property or assets of the Company is subject; (iii) will not trigger anti-dilution rights or other rights to acquire additional equity securities of the Company; and (iv) will not result in any violation of the provisions of the articles of incorporation or bylaws of the Company or any applicable statute, law, rule, regulation, ordinance, decision, directive or order, except, with respect to clause (ii), to the extent that it would not have a Material Adverse Effect.

4.13 Properties

The Company has good title to its properties, free and clear of all security interests, mortgages, pledges, liens, charges, encumbrances and claims of record, except those that are described in the Disclosure Documents or would not have a Material Adverse Effect. The properties of the Company are, in the aggregate, in good repair (reasonable wear and tear excepted), and suitable for their respective uses, except as reflected in the Disclosure Documents or to the extent that it would not result in a Material Adverse Effect. Any real property held under lease by the Company is held under valid, subsisting and enforceable leases with such exceptions as are not material and do not interfere with the conduct of the business of the Company. The Company owns or leases all such properties as are necessary to its business or operations as now conducted, except to the extent that it would not have a Material Adverse Effect.

4.14 Compliance

The Company has conducted and is conducting its business in compliance with all applicable Federal, state, local and foreign statutes, laws, rules, regulations, ordinances, codes, decisions, decrees, directives and orders, except where the failure to do so would not, singly or in the aggregate Material Adverse Effect.

4.15 Contributions

To the Company's knowledge, neither the Company nor any employee or agent of the Company has made any payment of funds of the Company or received or retained any funds in violation of any law, rule or regulation.

4.16 Use of Proceeds; Investment Company

The Company intends to use the proceeds from the sale of the Shares for to repay bank debt, for working capital and other general corporate purposes. The Company is not now, and after the sale of the Shares under this Agreement and under all other agreements and the application of the net proceeds from the sale of the Shares described in the proceeding sentence will not be, an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

4.17 Prior Offerings

To the best of the Company's knowledge, all offers and sales of capital stock of the Company before the date of this Agreement were at all relevant times duly registered or exempt from the registration requirements of the Securities Act and were duly registered or subject to an available exemption from the registration requirements of the applicable state securities or Blue Sky laws.

4.18 Taxes

The Company has filed all material tax returns required to be filed, which returns are true and correct in all material respects, and the Company is not in material default in the payment of any taxes, including penalties and interest, assessments, fees and other charges, shown thereon due or otherwise assessed, other than those being contested in good faith and for which adequate reserves have been provided or those currently payable without interest which were payable pursuant to said returns or any assessments with respect thereto.

4.19 Other Governmental Proceedings

Except as set forth in the Disclosure Documents, to the Company's knowledge, there are no rulemaking or similar proceedings before any Federal, state, local or foreign government bodies that involve or affect the Company, which, if the subject of an action unfavorable to the Company, could involve a prospective Material Adverse Effect.

4.20 Transfer Taxes

On the Closing Date, all stock transfer or other taxes (other than income taxes) that are required to be paid in connection with the sale and transfer of the Shares to be sold to the Purchasers under this Agreement will be, or will have been, fully paid or provided for by the Company and all material laws imposing such taxes will be or will have been fully complied with in all material respects.

4.21 Insurance

The Company maintains insurance of the type and in the amount that the Company reasonably believes is adequate for its business, including, but not limited to, insurance covering all real and personal property owned or leased by the Company against theft, damage, destruction, acts of vandalism and all other risks customarily insured against by similarly situated companies, all of which insurance is in full force and effect.

4.22 Governmental/ Regulatory Consents

Except for the filing of the supplemental prospectus describing this transaction that is required to be filed with the SEC under Rule 424(b)(2) of the regulations of the Securities Act of 1933 (the "Supplemental Prospectus"), all registration authorization, approval, qualification or consent with or required by any court or governmental/regulatory authority or agency that is necessary in connection with the execution and delivery of this Agreement or the offering, issuance or sale of the Shares under this Agreement have been obtained.

4.23 Securities and Exchange Commission Filings

The Company has timely filed with the Securities and Exchange Commission (the "Commission") all documents required to be filed by the Company under the Securities Exchange Act of 1934, as amended (the "Exchange Act.")

4.24 Disclosure Documents

The Company represents and warrants that the information contained in the following documents (the "Disclosure Documents"), which have been provided to Purchaser, as of their respective final dates, do not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading in light of the circumstances in which they were made, as of their final dates:

(a) the Company's Registration Statement on Form S-3 (Registration No. 333-57810 attached hereto as Exhibit C) (including all exhibits thereto and all information and documents incorporated by reference therein, the "Registration Statement"), which includes the registration of the original issuance of the Shares of Common Stock purchased by the Purchasers pursuant to this Agreement, the Supplemental Prospectus and the Company's Prospectus included in the Registration Statement;

(b) the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 2000;

(c) the Company's Quarterly Reports on Form 10-Q for the fiscal quarters ended June 30, 2000, September 30, 2000 and December 31, 2000, as thereafter amended;

(d) the Company's Proxy Statement for its 2000 Annual Meeting of Shareholders; and

(e) all other documents, if any, filed by the Company with the Commission since December 31, 2000 pursuant to the reporting requirements of the Securities Exchange Act.

4.25 Registration Statement

The Registration Statement has become effective under the Securities Act, and no stop order proceedings with respect thereto have been instituted or are pending or threatened under the Securities Act and nothing has come to our attention to lead us to believe that such proceedings are contemplated.

4.26 Contracts

The contracts described in the Disclosure Documents or incorporated by

reference therein are in full force and effect on the date hereof, except for contracts the termination or expiration of which would not, singly or in the aggregate, have a Material Adverse Effect. Except as set forth in the Disclosure Documents, neither the Company nor, to the knowledge of the Company, any other party is in material breach of or default under any such contracts that will have a Material Adverse Effect.

4.27 Listing of Shares

The Company agrees to promptly secure the listing of the Shares upon each national securities exchange or automated quotation system upon which shares of Common Stock are then listed and, so long as any Purchaser owns any of the Shares, shall maintain such listing of all Shares. The Company has taken no action designed to delist, or which is likely to have the effect of delisting, the Common Stock from any of the national securities exchange or automated quotation system upon which the shares of Common Stock are then listed.

4.28 No Manipulation of Stock

The Company has not taken and will not, in violation of applicable law, take any action outside the ordinary course of business designed to or that might reasonably be expected to cause or result in unlawful manipulation of the price of the Common Stock to facilitate the sale or resale of the Shares.

5. REPRESENTATIONS AND WARRANTIES OF THE PURCHASERS

Each Purchaser represents, warrants and covenants to the Company as follows:

5.1 This Agreement has been duly executed and delivered by the Purchaser and constitutes a valid and binding obligation of the Purchaser, enforceable against the Purchaser in accordance with its terms.

5.2 The execution, delivery and performance of this Agreement and the consummation of the transactions contemplated in this Agreement and the fulfillment of the terms of this Agreement have been duly authorized by all necessary corporate action on the part of the Company, its directors and stockholders and will not conflict with or constitute a breach of, or default under, or result in the creation or imposition of any lien, charge or encumbrance upon any property or assets of the Purchaser pursuant to, any contract, indenture, mortgage, loan agreement, deed, trust, note, lease, sublease, voting agreement, voting trust or other instrument or agreement to which the Purchaser is a party or by which it or any of them may be bound, or to which any of the property or assets of the Purchaser is subject, nor will such execution, delivery and performance result in any violation of the provisions of the charter or bylaws of the Purchaser or any applicable statute, law, rule, regulation, ordinance, decision, directive or order.

6. SURVIVAL OF REPRESENTATIONS, WARRANTIES AND AGREEMENTS.

Notwithstanding any investigation made by any party to this Agreement, all covenants, agreements, representations and warranties made by the Company and the Purchasers in this Agreement and in the certificates for the Shares delivered pursuant to this Agreement shall

survive the execution of this Agreement, the delivery to the Purchasers of the Shares being purchased and the payment therefor.

7. INDEMNIFICATION

7.1 Indemnification

7.1.1 Indemnification by the Company

The Company agrees to indemnify and hold harmless each Purchaser, each person, if any, who controls such Purchaser within the meaning of Section 15 of the Securities Act and each officer, director, employee and agent of such Purchaser and of any such controlling person against any and all liabilities, claims, damages or expenses whatsoever, as incurred arising out of or resulting from any breach or alleged breach or other violation of any representation, warranty, covenant or undertaking by the Company contained in this Agreement,

and the Company will reimburse the Purchaser for its reasonable legal and other expenses (including the reasonable cost of any investigation and preparation, and including the reasonable fees and expenses of counsel) incurred in connection therewith.

7.1.2 Indemnification by the Purchaser

Each Purchaser agrees severally but not jointly to indemnify and hold harmless the Company, each person, if any, who controls the Company within the meaning of Section 15 of the Securities Act and each officer, director, employee and agent of the Company and of any such controlling person against any and all losses, liabilities, claims, damages or expenses whatsoever, as incurred arising out of or resulting from any breach or alleged breach or other violation or alleged violation of any representation, warranty, covenant or undertaking by the Purchaser contained in this Agreement, and the Purchaser will reimburse the Company for its reasonable legal and other expenses (including the reasonable cost of any investigation and preparation, and including the reasonable fees and expenses of counsel) incurred in connection therewith.

7.1.3 Indemnification Procedure

(a) Promptly after receipt by an indemnified party under this Section 7.1.3 of notice of the threat or commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section 7.1.3, promptly notify the indemnifying party in writing of the claim; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party for contribution or otherwise under the indemnity agreement contained in this Section 7.1.3 or to the extent it is not prejudiced as a result of such failure.

(b) In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with all other indemnifying parties similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified

party shall have reasonably concluded that there may be a conflict between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it or other indemnified parties that are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section 7.3 for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless:

(i) the indemnified party shall have employed such counsel in connection with the assumption of legal defenses in accordance with the proviso to the preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel, approved by such indemnifying party representing all of the indemnified parties who are parties to such action) or

(ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of action, in each of which cases the reasonable fees and expenses of counsel shall be at the expense of the indemnifying party. Notwithstanding the provisions of this Section 7.3, neither party shall be liable for any indemnification obligation under this Agreement until the aggregate amount in indemnifiable claims against such party exceeds 1% of the amount of gross proceeds received by the Purchaser for the sale of the shares.

7.2 Stock Option Matters and Prohibition on Toxics

The Company shall, within thirty (30) days of the Closing Date, adopt such amendments to, with respect to (i) and (ii) below, the Company's stock option plans and By-laws, and, with respect to (iii) and (iv) below, the Company's By-laws (together, the "Stock Option Plan and By-law Amendments") to provide that, unless approved by the holders of a majority of the shares present and entitled to vote at a duly convened meeting of shareholders, the company shall not:

(i) grant any stock options with an exercise price that is less than 100% of the fair market value of the underlying stock on the date of grant;

(ii) reduce the exercise price of any stock option granted under any existing or future stock option plan;

(iii) sell or issue any security of the Company convertible, exercisable or exchangeable into shares of Common Stock, having a conversion, exercise or exchange price per share which is subject to downward adjustment based on the market price of the Common Stock at the time of conversion, exercise or exchange of such security into Common Stock (except for appropriate adjustments made to give effect to any stock splits or stock dividends); or

(iv) enter into (a) any equity line or similar agreement or arrangement; or (b) any agreement to sell Common Stock (or any security convertible, exercisable or exchangeable

into shares of Common Stock ("Common Stock Equivalent")) at a per share price (or, with respect to a Common Stock Equivalent, at a conversion, exercise or exchange price, as the case may be ("Equivalent Price")) that is fixed after the execution date of the agreement, whether or not based on any predetermined price-setting formula or calculation method. Notwithstanding the foregoing, however, a price protection clause shall be permitted in an agreement for sale of Common Stock or Common Stock Equivalent, if such clause provides for an adjustment to the price per share of Common Stock or, with respect to a Common Stock Equivalent, to the Equivalent Price (provided that such price or Equivalent Price is fixed on or before the execution date of the agreement)(the "Fixed Price") in the event that the Company, during the period beginning on the date of the agreement and ending no later than 90 days after the closing date of the transaction, sells shares of Common Stock or Common Stock Equivalent to another investor at a price or Equivalent Price, as the case may be, below the Fixed Price.

The Stock Option Plan and By-law Amendments may not be further amended or repealed without the affirmative vote of the holders of a majority of the shares present and entitled to vote at a duly convened meeting of shareholders. Upon the adoption of the Stock Option Plan and By-law Amendments, the Company shall promptly furnish a copy of such amendments to the Purchasers. The Company agrees that, prior to the adoption of the Stock Option Plan and By-law Amendments by all necessary corporate action of the Company as described above, the Company shall not conduct any of the actions specified in (i), (ii), (iii) or (iv) above of this Section 7.2.

8. LEGAL FEES AND OTHER TRANSACTION EXPENSES

At the Closing, the Company agrees to pay a flat fee of \$5,000 to the State of Wisconsin Investment Board for their legal and other transaction expenses (whether internal or external) arising in connection with the transactions contemplated by this Agreement.

9. NOTICES

All notices, requests, consents and other communications under this Agreement shall be in writing, shall be mailed by first-class registered or certified airmail, confirmed facsimile or nationally recognized overnight express courier postage prepaid, and shall be delivered as addressed as follows:

(a) if to the Company, to:

Chief Executive Officer
Westell Technologies, Inc.
750 N. Commons Drive

Aurora, IL 60504

With a copy to:

Neal White
McDermott, Will & Emery
227 West Monroe Street
Chicago, Illinois 60606

or to such other person at such other place as the Company shall designate to the Purchaser in writing; and

(b) if to a Purchaser, at its address as set forth on the signature page to this Agreement, or at such other address or addresses as may have been furnished to the Company in writing.

Such notice shall be deemed effectively given upon confirmation of receipt by facsimile, one business day after deposit with such overnight courier or three days after deposit of such registered or certified airmail with the U.S. Postal Service, as applicable.

10. BROKER'S FEE

Each of the parties to this Agreement hereby represents that, on the basis of any actions and agreements by it, there are no brokers or finders entitled to compensation in connection with the sale of the Shares to the Purchaser. The Company shall indemnify and hold harmless the Purchaser from and against all fees, commissions or other payments owing by the company to any person or firm acting on behalf of the Company hereunder.

11. MODIFICATION; AMENDMENT

This Agreement may not be modified or amended except pursuant to an instrument in writing signed by the Company and the Purchaser.

12. TERMINATION

This Agreement may be terminated:

(a) By the Company if the conditions set forth in Sections 3(c) are not be satisfied or have not been waived on or before thirty (30) days from the date of this Agreement.

(b) By the Purchaser if the conditions set forth in Sections 3(d) are not be satisfied or have not been waived on or before thirty (30) days from the date of this Agreement.

13. HEADINGS

The headings of the various sections of this Agreement have been inserted for convenience of reference only and shall not be deemed to be part of this Agreement.

14. SEVERABILITY

If any provision contained in this Agreement should be held to be invalid, illegal or unenforceable in any respect, the validity, legality and enforceability of the remaining provisions contained in this Agreement shall not in any way be affected or impaired thereby.

15. GOVERNING LAW; JURISDICTION

This Agreement shall be governed by and construed in accordance with the laws of the state of Delaware and the federal law of the United States of America.

16. NO CONFLICTS OF INTEREST.

The Company represents, warrants, and covenants that, to its knowledge, no trustee or employee of the State of Wisconsin Investment Board identified on

the attached list, either directly or indirectly will, in connection with the investment made pursuant to this Agreement, receive (i) a personal interest in the Entity or the Entity's property or securities or (ii) anything of substantial economic value for his or her private benefit from the Entity or anyone acting on its behalf. As to ownership of an interest in the Entity's publicly traded securities, "knowledge" hereunder is based on the actual knowledge of the undersigned.

17. COUNTERPARTS

This Agreement may be executed in two or more counterparts, each of which shall constitute an original, but all of which, when taken together, shall constitute but one instrument, and shall become effective when one or more counterparts have been signed by each party to this Agreement and delivered to the other parties.

IN WITNESS WHEREOF, the parties to this Agreement have caused this Agreement to be executed by their duly authorized representatives as of the day and year first above written.

WESTELL TECHNOLOGIES, INC.

By: /s/ Nicholas C. Hindman, Sr.

Name: Nicholas C. Hindman, Sr.

Its: Vice President and Secretary

STATE OF WISCONSIN INVESTMENT BOARD

By: /s/ John F. Nelson

Name: John F. Nelson

Title: Investment Director

Address:

121 East Wilson Street
Madison, WI 53702
Facsimile: (608) 266-2436

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

Dated as of August 31, 2000

among

WESTELL TECHNOLOGIES, INC., WESTELL, INC.

WESTELL INTERNATIONAL, INC., CONFERENCE PLUS, INC.,

and TELTREND, INC.

and

LASALLE BANK NATIONAL ASSOCIATION,

HARRIS TRUST AND SAVINGS BANK

and

LASALLE BANK NATIONAL ASSOCIATION
AS AGENT

TABLE OF CONTENTS

Page

1.	DEFINITIONS.....	8
1.1	General Terms.....	8
1.2	Accounting Terms.....	22
1.3	Certain Matters of Construction.....	22
2.	LOANS; LETTERS OF CREDIT; FEES; TERMS OF PAYMENT.....	23
2.1	Revolving Credit Facility.....	23
2.2	Borrowing Procedures.....	23
2.3	Payments and Prepayments.....	24
2.4	Pro Rata Treatment.....	25
2.5	Funding Reliance.....	25

2.6	Sharing of Payments, Etc.....	25
2.7	Letters of Credit.....	26
2.8	All Loans One Obligation.....	29
2.9	Payment of Over Advances.....	29
2.10	Interest.....	29
2.11	Fees.....	31
2.12	Lockbox; Crediting Collections.....	32
2.13	Agent Rights to Collect Directly.....	33
2.14	Disputes and Allowances.....	33
2.15	Monthly Statements.....	33
2.16	Recordkeeping.....	33
2.17	Payment Dates.....	34
2.18	Regulations Affecting Loans.....	34
2.19	Renewals: Conversion and Continuation of Loans.....	34
2.20	Indemnity.....	35
2.21	Change in Legality.....	36
2.22	Unavailability of Deposits or Inability to Ascertain, or Inadequacy of Libor Rate.....	36
2.23	Increased Cost and Reduced Return.....	37
2.24	Discretion of Lenders as to Manner of Funding.....	38

-i-

TABLE OF CONTENTS
(continued)

Page

2.25	Right of Lenders to Fund through Other Offices.....	38
2.26	Mitigation of Circumstances; Replacement of Lenders.....	38
2.27	Adjustments to Applicable Margin.....	39
3.	TERMS OF THIS AGREEMENT; PREPAYMENTS.....	39
3.1	Initial Term and Renewal Terms.....	39
3.2	Agent Right to Terminate.....	39
3.3	Effects of Termination.....	39
3.4	Voluntary Prepayment.....	40
3.5	Mandatory Prepayments.....	40
3.6	Reductions of the Revolving Loan Commitment.....	40
3.7	Termination: Reduction of Maximum Credit Facility.....	40
4.	CREATION OF LIEN AND COLLATERAL.....	41
4.1	Security Interest.....	41

4.2	Preservation of Collateral and Perfection of Security Interests.....	41
4.3	Inspection; Appointment as Attorney-in-Fact.....	41
5.	CONDITIONS PRECEDENT.....	42
5.1	Closing, Conditions to Initial Loan and Closing.....	42
5.2	Condition to All Loans and Letters of Credit.....	45
6.	WARRANTIES, REPRESENTATIONS, AND COVENANTS - COLLATERAL.....	46
6.1	Collateral Warranties Generally.....	46
6.2	Equipment, Inventory Collateral Warranties and Covenants....	47
7.	GENERAL CONTINUING WARRANTIES AND REPRESENTATIONS.....	48
7.1	Office.....	48
7.2	Existence.....	48
7.3	Authority.....	48
7.4	Validity.....	49
7.5	Solvency.....	49
7.6	Compliance With Laws.....	49
7.7	Actions or Proceedings.....	49
7.8	Trademarks, Licenses, Etc.....	49

-ii-

TABLE OF CONTENTS
(continued)

	Page	
7.9	Financial Statements.....	50
7.10	Conduct of Business.....	50
7.11	Environmental Laws.....	50
7.12	Permits and Licenses.....	51
7.13	ERISA.....	51
7.14	Public Utility Holding Company Act.....	51
7.15	Real Property.....	52
7.16	Insurance.....	52
7.17	Information.....	52
7.18	No Default.....	52
7.19	Customer and Trade Relations.....	52
7.20	Other Names.....	52
7.21	Tax Obligations.....	53
7.22	Employee Controversies.....	53
7.23	Investment Company Act.....	53
7.24	Subsidiaries.....	53

7.25	Full Disclosure.....	53
7.26	Regulation U.....	53
7.27	Capital Stock.....	54
7.28	Occupational Safety and Health.....	54
8.	NEGATIVE COVENANTS.....	54
8.1	Sale, Transfer or Encumbrance of Assets.....	54
8.2	Name or Identity Change.....	55
8.3	Guaranties.....	55
8.4	Change in Business.....	55
8.5	Loans and Investments.....	55
8.6	Indebtedness.....	56
8.7	Prepayments.....	57
8.8	Affiliate Transactions.....	57
8.9	Consolidations, Mergers.....	57

-iii-

TABLE OF CONTENTS
(continued)

	Page	
8.10	Transactions Not in the Ordinary Course; Liquidations.....	57
8.11	Suspension of Business.....	57
8.12	Distributions.....	57
8.13	ERISA.....	57
8.14	Change of Control.....	57
8.15	Bank Accounts.....	57
8.16	Operating Lease Obligations.....	57
8.17	Capital Expenditures.....	57
8.18	Inconsistent Agreements.....	58
8.19	Business Activities.....	58
8.20	Fiscal Year.....	58
9.	AFFIRMATIVE COVENANTS - GENERAL.....	58
9.1	Payments.....	58
9.2	Taxes.....	58
9.3	Insurance.....	58
9.4	Litigation.....	59
9.5	Books and Records.....	59
9.6	Compliance with Laws.....	60

9.7	Expense Reimbursements.....	60
9.8	ERISA Reportable Events.....	60
9.9	Preservation of Corporate Existence.....	60
9.10	Instruments and Chattel Paper.....	60
9.11	Leases.....	61
9.12	Defense of Collateral.....	61
9.13	Environmental Matters - Indemnification.....	61
9.14	Ownership of CPI.....	61
9.15	SEC Filings.....	61
9.16	Employee Benefit Plans.....	61
9.17	Environmental Matters.....	62
9.18	Reports to the SEC and to Shareholders.....	62

-iv-

TABLE OF CONTENTS
(continued)

Page

10.	AFFIRMATIVE COVENANTS - REPORTING.....	62
10.1	Borrowing Base Certificate; Aging Reports.....	62
10.2	Compliance Certificate.....	62
10.3	Financial Statements.....	62
10.4	Accounting Information.....	64
10.5	Other Information and Changes.....	64
11.	AFFIRMATIVE COVENANTS - FINANCIAL.....	64
11.1	Interest Coverage Ratio.....	64
11.2	EBITDA.....	64
11.3	Net Worth.....	65
12.	EVENTS OF DEFAULT.....	65
12.1	Payment.....	65
12.2	Non-Compliance with Loan Documents.....	65
12.3	Breach of Representation.....	65
12.4	Other Material Obligations.....	66
12.5	Pension Plans.....	66
12.6	Judgments.....	66
12.7	Insolvency and Related Proceedings.....	66
12.8	Material Agreements.....	66
12.9	State Action.....	66

12.10	Tax Liens.....	67
12.11	Insurance.....	67
12.12	Change of Control.....	67
13.	RIGHTS AND REMEDIES.....	67
13.1	Rights and Remedies Generally.....	67
13.2	Rights Cumulative.....	69
14.	TAXES AND EXPENSES REGARDING THE COLLATERAL.....	69
15.	CERTAIN WAIVERS.....	69
15.1	Application of Payments.....	69
15.2	Demand, etc.....	70

-v-
TABLE OF CONTENTS
(continued)

	Page	
15.3	Risk of Loss Regarding Collateral.....	70
15.4	Confidentiality.....	70
16.	NOTICES.....	70
17.	AGENT.....	72
17.1	Appointment and Authorization.....	72
17.2	Delegation of Duties.....	72
17.3	Liability of Agent.....	72
17.4	Reliance by Agent.....	73
17.5	Notice of Default.....	73
17.6	Credit Decision.....	73
17.7	Indemnification.....	74
17.8	Agent in Individual Capacity.....	74
17.9	Successor Agent.....	74
17.10	Collateral Matters.....	75
18.	ASSIGNMENTS; PARTICIPATIONS.....	75
18.1	Assignments.....	75
18.2	Participations.....	76
19.	CHOICE OF LAW AND VENUE.....	77
20.	INDEMNITY.....	77
21.	GENERAL PROVISIONS.....	78
21.1	Acceptance.....	78
21.2	Binding Agreement.....	78

21.3	Waiver and Amendment.....	78
21.4	Section Headings.....	79
21.5	Construction.....	79
21.6	Severability.....	79
21.7	Entire Agreement.....	79
21.8	No Fiduciary Relationship or Joint Venture.....	79
21.9	Publicity.....	79
21.10	Counterparts.....	79

-vi-
TABLE OF CONTENTS
(continued)

Page

21.11	Conflict.....	79
22.	WAIVER OF JURY TRIAL.....	79
22.1	Forum Selection and Consent to Jurisdiction.....	79
22.2	Waiver of Jury Trial.....	80
ANNEX A	Applicable Margin.....	83

-vii-

AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT

THIS AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Agreement"), dated as of August 31, 2000, is entered into among "Agent", "Lenders" and "Borrowers" (hereinafter defined).

R E C I T A L S:

A. Borrowers and LaSalle are parties to a Loan and Security Agreement dated as of October 13, 1998, as amended and supplemented from time to time (collectively, the "Prior Agreements"), pursuant to which LaSalle has made revolving and term loans to Borrowers and Borrowers granted to LaSalle a lien on all of their personal property.

B. Borrowers have requested (i) a syndicated facility in the aggregate principal amount not to exceed \$45,000,000, (ii) LaSalle increase the amount of its revolving loans to Borrowers, (iii) LaSalle be appointed as agent for Lenders, and (iv) in connection with the foregoing, the parties amend and restate in their entirety the Prior Agreements.

C. LaSalle is willing to provide a portion of such facility in the aggregate principal amount not to exceed \$30,000,000 and to be appointed as agent for itself and for any additional Lenders.

D. Agent and Lenders are willing to make the accommodations requested by Borrowers and to amend and restate the Prior Agreements in their entirety, upon the terms and conditions set forth in this Agreement.

NOW, THEREFORE, in consideration of the parties' mutual agreements contained herein, the parties hereto agree as follows:

1. DEFINITIONS

1.1 General Terms. As used in this Agreement, the following terms shall have the following definitions:

"Account Debtor" shall mean the Person who is obligated to the Borrowers on or under an Account.

"Accounts" shall mean all of Borrowers' presently existing and hereafter arising accounts, accounts receivable, contract rights, instruments, documents, chattel paper, and all other forms of obligations owing to Borrowers arising out of the sale or lease of goods or the rendition of services by Borrowers, whether or not earned by performance, and any and all credit insurance, guarantees, letters of credit and other security therefor, as well as all merchandise returned to or reclaimed by Borrowers, and all products and proceeds of the foregoing.

"Acquisition" means any transaction or series of related transactions for the purpose of or resulting, directly or indirectly, in (i) the acquisition of all or substantially all of the assets of Person, (ii) the acquisition of in excess of 50% of the capital stock, partnership interest, membership interest or equity of any Person, or otherwise causing any Person to become a Subsidiary, or (iii) a merger or consolidation or any other combination with any other Person, provided that the applicable Borrower is the surviving entity.

"Affiliate" shall mean (i) any shareholder of any Borrower, (ii) any corporation or any other Person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with any Borrower or (iii) any officer, director, trustee, partner or shareholder of any corporation or any other Person that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with any Borrower. A Person shall be deemed to be "controlled by" any other Person if such Person possesses, directly or indirectly, power to vote 10% or more of the securities (on a fully diluted basis) having ordinary voting power for the election of directors or managers or power to direct or cause the direction of the management and policies of such Person whether by contract or otherwise.

"Agent" shall mean LaSalle Bank National Association in its separate capacity as agent for Lenders.

"Aging Reports" means those reports prepared by Borrowers listing Borrowers' Account balances (and the number of days each such Account balance is outstanding) as well as their accounts payable (and the number of days each such payable is outstanding), all as of the last day of each month, which balances Borrower shall represent and warrant as being calculated in accordance with Generally Accepted Accounting Principles (including a reasonable provision for uncollectibility) and which shall be presented in an aging format acceptable to the Agent and shall include the status of all disputes, lawsuits, and delinquent Accounts over \$100,000.

"Agreement" shall mean this Amended and Restated Loan and Security Agreement, any and all exhibits or schedules thereto, any and all concurrent or subsequent riders to this Amended and Restated Loan and Security Agreement and any extensions, supplements, amendments, modifications or restatements to or of this Amended and Restated Loan and Security Agreement and/or to or of any such rider.

"Applicable Lending Office" shall mean for Agent and each Lender and for each loan or extension of credit hereunder, the lending office of the Agent or Lender designated on the signature pages hereof or such other office of such Lender as such Lender may from time to time specify to the Agent and Borrowers in writing as the office by which its Loans are to be made and maintained.

"Applicable Margin" means an incremental amount in excess of the Libor Rate or the Reference Rate, as applicable, as set forth on Annex A attached hereto, which will fluctuate as a function of the Interest Coverage Ratio pursuant to Section 2.10(a) below and said Annex A.

"Asset Sale" means the sale, lease, assignment or other transfer for value (each a "Disposition") by the Borrowers or any Subsidiary to any Person (other than

the Borrowers or any Subsidiary) of any asset or right of the Borrowers or such Subsidiary other than (a) the Disposition of any asset which is to be replaced, and is-in fact replaced, within one hundred-eighty (180) days with another asset performing the same or a similar function, (b) the sale or lease of inventory in the ordinary course of business, and (c) other Dispositions in any Fiscal Year the Net Proceeds of which do not in the aggregate exceed \$250,000.

"Assignment Agreement" see Section 2.26(b).

"Authorized Representative" shall mean an officer, director, employee or other Person designated by Borrowers to execute this Agreement and/or any Loan Document.

-9-

"Benefit Plan" shall mean an employee pension benefit plan of any Borrower or an ERISA Affiliate, as defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA.

"Borrowers" shall mean Westell Technologies, Inc., a Delaware corporation, Westell, Inc., a Delaware corporation, Westell International, Inc., a Delaware corporation, Conference Plus, Inc., an Illinois corporation, and Teltrend, Inc., an Illinois corporation.

"Borrowers' Books" shall mean all of Borrowers' books and records including, but not limited to: correspondence, writings, minute books; ledgers; records indicating, summarizing, or evidencing Borrowers' assets, liabilities, the Accounts and all information relating thereto; records indicating, summarizing, or evidencing Borrowers' business operations or financial condition; and all computer programs, disc or tape files, printouts, runs, and other computer prepared information and the equipment containing such information and any software necessary to operate the same.

"Borrowers' Loan Account" shall mean a loan account maintained by Agent on its books in which shall be recorded (i) all loans and advances made by Lenders to Borrowers pursuant to this Agreement, (ii) all payments made by Borrowers on all such loans and advances, and (iii) all other appropriate debits and credits as provided in this Agreement, including, without limitation, all Out-of-Pocket Fees and Costs and interest; all such entries shall be made by Agent in accordance with Agent's customary accounting practices as in effect from time to time.

"Borrowing Base" means, as at any date the amount thereof is determined, the sum of: (a) 85% of the face value of the Eligible Accounts, less unapplied cash; and (b) the lesser of (i) 30% of the value of the Eligible Inventory, and (ii) \$9,000,000, less the undrawn face amount of any Letters of Credit outstanding; unreimbursed draws with respect to Letters of Credit, and the aggregate outstanding amount of Borrowers' exposure under Permitted Swap Obligations as determined by Agent.

"Borrowing Base Certificate" means those reports prepared by Borrowers calculating the Borrowing Base in the form attached hereto as Exhibit A.

"Business Day" shall mean any day on which LaSalle, is open for commercial banking business in Chicago, Illinois, and in the case of a Business Day which relates to a Eurodollar Loan, on which dealings are carried on in the London Interbank eurodollar market.

"Capital Expenditures" means all expenditures which, in accordance with Generally Accepted Accounting Principles, would be required to be capitalized and shown on the consolidated balance sheet of the Borrowers, but excluding expenditures made in connection with the replacement, substitution or restoration of assets to the extent financed (i) from insurance proceeds (or other similar recoveries) paid on account of the loss of or damage to the assets being replaced or restored, or (ii) with awards of compensation arising from the taking by eminent domain or condemnation of the assets being replaced.

"Capital Lease" means, with respect to any Person, any lease of (or other agreement conveying the right to use) any real or personal property by such Person that, in conformity with Generally Accepted Accounting Principles, is accounted for as a capital lease on the balance sheet of such Person.

"Cash Equivalent Investment" means, at any time, (a) any evidence of Indebtedness, maturing not more than one year after such time, issued or guaranteed by the United States Government or any agency thereof, (b) commercial paper, maturing not more than one year from the date of

-10-

issue, or corporate demand notes, in each case (unless issued by a Lender or its holding company) rated at least A-1 by Standard & Poor's Ratings Group or P-1 by Moody's Investors Service, Inc., (c) any certificate of deposit (or time deposits represented by such certificates of deposit) or banker's acceptance, maturing not more than one year after such time, or overnight Federal Funds transactions that are issued or sold by any Lender or its holding company or by a commercial banking institution that is a member of the Federal Reserve System and has a combined capital and surplus and undivided profits of not less than \$500,000,000 and (d) any repurchase agreement entered into with any Lender (or other commercial banking institution of the stature referred to in clause (c)) which (i) is secured by a fully perfected security interest in any obligation of the type described in any of clauses (a) through (c) and (ii) has a market value at the time such repurchase agreement is entered into of not less than 100% of the repurchase obligation of such Lender (or other commercial banking institution) thereunder.

"CERCLA" shall mean Comprehensive Environmental Response, Compensation and Liability Act of 1980.

"Change of Control" shall mean a change in the direct or indirect power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting stock, by transfer of interests in any partnership, by transfer of interests in any partnership which is an owner of voting stock, by contract or otherwise.

"Closing" shall have the meaning set forth in Section 5.1 hereof.

"Code" shall mean the Uniform Commercial Code of the State of Illinois as in effect from time to time during the Initial Term and any renewal term hereof and any and all terms used in this Agreement which are not otherwise defined herein but are defined in the Code shall be construed and defined in accordance with the meaning and definition ascribed to such terms under the Code.

"Collateral" shall mean each and all of the following wherever located and whether now existing or owned or hereafter created or acquired: the Accounts; the General Intangibles; the Negotiable Collateral; the Inventory; Borrowers' Books; the Equipment; the Fixtures; the Investment Property; the Intercompany Notes, any money, deposit accounts or other assets of Borrowers in which Agent receives a Lien or which hereafter comes into the possession, custody or control of Agent, Lenders or any bailee of Agent or Lenders; and all products and proceeds of every nature of any of the foregoing, including, but not limited to, proceeds of insurance covering the Collateral and any and all Accounts, General Intangibles, Negotiable Collateral, Inventory, contract rights, instruments, documents and chattel paper, Equipment, money, deposit accounts or other tangible and intangible property of Borrowers resulting from the sale or other disposition of the Collateral, and the proceeds and products thereof.

"Commitment" means, as to any Lender, such Lender's commitment to make Loans, and to issue or participate in Letters of Credit, under this Agreement. The initial amount of each Lender's Pro Rata Share of the Revolving Loan Commitment is set forth on Schedule 2.1.

"Commitments" shall mean collectively the Revolving Loan Commitments.

"Contributing Sponsor" shall mean any person described in Section 4001(a)(13) of ERISA with respect to a Benefit Plan.

"Controlled Group" means all members of a controlled group of corporations and all members of a controlled group of trades or businesses (whether or not incorporated) under common control

which, together with the Borrowers, are treated as a single employer under Section 414 of the Code or Section 4001 of ERISA.

"CPI" means Conference Plus, Inc., an Illinois corporation.

"CPI Stock Option Plan" means the plan adopted on November 3, 1998 authorizing the granting by CPI to key employees of up to 6,500 options to purchase CPI's common stock, and shall include all agreements entered into in connection with the granting of any such option."

"Default Rate" shall have the meaning set forth in Section 2.10(b) hereof.

"EBITDA" means, as to Borrowers for any measurement period, the sum of (i) Net Income for that measurement period, (ii) Interest Expense of Borrowers for that measurement period, (iii) depreciation and amortization expenses of Borrower for that measurement period, (iv) income taxes paid or provided for by Borrowers for that measurement period, and (v) any extraordinary, unusual or non-recurring losses, all determined in accordance with Generally Accepted Accounting Principles consistently applied.

"Effective Date" shall mean the date on which the conditions precedent for initial loans under Section 5 hereof have been satisfied and the initial Revolving Loans have been made.

"Eligible Accounts" means such Accounts of Borrowers, payable in fully transferable U.S. Dollars (unless otherwise provided on Schedule 1), arising in the ordinary course of Borrowers' business which are subject to the Agent's first-priority perfected security interest and no other Lien, encumbrance or security interest other than Permitted Liens and which are evidenced by an invoice. In addition, no Account shall be an Eligible Account, if: (i) it arises out of a sale made by any Borrower to an Affiliate of such Borrower or to a Person controlled by an Affiliate of such Borrower or a sale by one division of any Borrower to another one of its divisions; (ii) such Account is unpaid more than ninety (90) days after the original invoice date or more than sixty (60) days from its due date; (iii) 25% or more of the Accounts from the Account Debtor are not deemed Eligible Accounts hereunder; (iv) any covenant, representation or warranty contained in this Agreement with respect to such Account has been materially breached; (v) the Account Debtor is also any Borrowers' creditor or supplier, or the Account Debtor has disputed its liability with respect to such Account, or the Account Debtor has made any claim with respect to any other Account due from such Account Debtor to any Borrower, or the Account Debtor has filed a lawsuit against any Borrower; (vi) the Account Debtor has commenced a voluntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or made an assignment for the benefit of creditors, or a decree or order for relief has been entered by a court having jurisdiction in the premises in respect of the Account Debtor in an involuntary case under the federal bankruptcy laws, as now constituted or hereafter amended, or any other petition or other application for relief under the federal bankruptcy laws has been filed against the Account Debtor, or if the Account Debtor has failed, suspended business, ceased to be solvent, or consented to or suffered a receiver, trustee, liquidator or custodian to be appointed for it or for all or a significant portion of its assets or affairs; (vii) the sale is to an Account Debtor outside the continental United States, unless the sale is on letter of credit, guaranty or acceptance terms, in each case (other than with respect to a Letter of Credit issued by LaSalle at Borrowers' request) acceptable to the Agent in its sole discretion, except with respect to those Account Debtors set forth on Schedule 1 attached hereto; (viii) the sale to the Account Debtor is on a bill-and-hold, guaranteed sale, sale-and-return, sale on approval, or any other repurchase or return basis or is evidenced by chattel paper; (ix) the Account Debtor is the United States of America or any department, agency or instrumentality thereof, unless the applicable Borrower has assigned its right to payment of such Account to the Agent pursuant to the Assignment of Claims Act of

1940, as amended (31 U.S.C. Sub-Section 203 et seq.); (x) the goods giving rise to such Account have not been shipped and delivered to and accepted by the

Account Debtor or the Account otherwise does not represent a final sale; (xi) to the knowledge of Borrowers, the Account is subject to any offset, deduction, defense, dispute, or counterclaim, or if the Account is contingent in any respect or for any reason; (xii) it is not an Account Receivable with respect to an Account Debtor that is located in any jurisdiction which has adopted a statute or other requirement with respect to which any Person that obtains business from within such jurisdiction must file a notice of business activities report or make any other required filings in a timely manner in order to enforce its claims in such jurisdiction's courts unless such notice of business activities report has been duly and timely filed or the applicable Borrower is exempt from filing such report and has provided the Agent with satisfactory evidence of such exemption; (xiii) any Borrower has made any agreement with any Account Debtor for any deduction therefrom, except for discounts or allowances made in the ordinary course of business for prompt payment, all of which discounts or allowances are reflected in the calculation of the face value of each respective invoice related thereto; (xiv) the Accounts of the Account Debtor exceed a reasonable credit limit determined by the Agent in its sole discretion after consideration of the history of the applicable Account Debtor, to the extent such Accounts exceed such limit. An Account which is at any time an Eligible Account, but which subsequently fails to meet any of the foregoing requirements, shall forthwith cease to be an Eligible Account. Further, with respect to any Account, if the Agent or the Majority Lenders at any time hereafter determine in their commercially reasonable discretion that the prospect of payment or performance by the Account Debtor with respect thereto is materially impaired for any reason whatsoever, such Account shall cease to be an Eligible Account after notice of such determination is given to the Borrowers. The foregoing notwithstanding, Agent reserves the right to modify the criteria for "Eligible Accounts" after the occurrence of an Event of Default.

"Eligible Inventory" means Inventory of the Borrowers which meets each of the following requirements:

1. it consists of raw materials and finished goods, but does not include work-in-process, sub-assemblies, consigned Inventory and accounting reserves;
 2. it (a) is subject to a perfected Lien in favor of the Agent, and (b) is not subject to any other assignment, claim or lien;
 3. it is salable;
 4. it is in the possession and control of the Borrowers and it is stored and held in facilities owned by the Borrowers or, if such facilities are not so owned, the Agent is in possession of a bailee agreement or other agreement granting access with respect thereto;
 5. it is not Inventory produced in violation of the Fair Labor Standards Act and subject to the "hot goods" provisions contained in Title 29 U.S.C.ss.215;
 6. it is not subject to any agreement which would restrict the Agent's ability to sell or otherwise dispose of such Inventory;
 7. it is located in the United States or in any territory or possession of the United States that has adopted Article 9 of the Uniform Commercial Code;
- 13-
8. it is not "in transit" to the Borrowers or held by the Borrowers on consignment; and
 9. the Agent shall not have determined in its commercially reasonable discretion that it is unacceptable due to age, type, category; quality, quantity and/or any other reason whatsoever.

Inventory which is at any time Eligible Inventory but which subsequently fails to meet any of the foregoing requirements shall forthwith cease to be Eligible Inventory. The foregoing notwithstanding Agent reserves the right to modify the criteria for "Eligible Inventory" after the occurrence of an Event of Default.

"Environmental Laws" shall mean any applicable laws, statutes, rules,

regulations, orders, consent decrees, permits or licenses of any governmental authority, relating to prevention, remediation, reduction or control of pollution, or protection of the environment, natural resources and/or human health and safety, including, without limitation, such applicable laws, statutes, rules, regulations, orders, consent decrees, permits or licenses relating to (a) solid waste and/or Hazardous Materials treatment, storage, disposal, general and transactions, (b) air, water, and noise pollution, (c) soil, ground, water or groundwater contamination, (d) the generation, handling, storage, transportation or Release into the environment of Hazardous Materials, and (e) regulation of underground and above ground storage tanks.

"Environmental Claims" means all claims, however asserted, by any governmental, regulatory or judicial authority or other Person alleging potential liability or responsibility for violation of any Environmental Law.

"Environmental Matters" means any matter arising out of or relating to health and safety, or pollution or protection of the environment or workplace, including any of the foregoing relating to the presence, use, production, generation, handling, transport, treatment, storage, disposal, distribution, discharge, release, control or cleanup of any Hazardous Materials.

"Equipment" shall mean the machinery, apparatus and equipment of Borrowers, including without limitation processing equipment, data processing and computer equipment with software and peripheral equipment, and all engineering, processing and manufacturing equipment, office machinery, furniture, materials handling equipment, tools, molds, dies, attachments, accessories, automotive equipment, trailers, trucks, tractors, motor vehicles, vessels, aircraft and rolling stock; and other equipment of every kind and nature, and trade fixtures and fixtures, and other tangible personal property (other than Inventory) of every kind and description used in Borrowers' business or owned by any Borrower or in which any Borrower has an interest, all whether now owned or hereafter acquired, and wheresoever situated, together with all additions and accessions thereto, substitutions and replacements therefor, all parts therefor, and all manuals, drawings, instructions, warranties, and rights with respect thereto, and all products and proceeds of the foregoing, and condemnation awards and insurance proceeds with respect thereto.

"ERISA" shall mean the Employee Retirement Income Security Act of 1974, as amended, and all references to sections thereof shall include such sections and any predecessor and successor provisions thereto.

"ERISA Affiliate" shall mean each trade or business (whether or not incorporated) which, together with Borrower, would be treated as a single employer under Section 4001(a)(14) of ERISA or IRC Section 414(b), (c), (m), (n) or (o), as applicable.

-14-

"Eurodollar Loan" shall mean any Loan with respect to which the Borrowers shall have selected an interest rate based on the Libor Rate in accordance with the provisions of Section 2.2(a) of this Agreement; provided, however, that there shall not be in excess of five (5) Eurodollar Loans outstanding at any one time.

"Eurodollar Office" means with respect to any Lender the office or offices of such Lender which shall be making or maintaining the Eurodollar Loans of such Lender hereunder. A Eurodollar Office of any Lender may be, at the option of such Lender, either a domestic or foreign office.

"Event of Default" shall mean the occurrence of any one or more of the events set forth in Section 12 of this Agreement.

"Fair Value" shall mean Borrowers' assets and liabilities as determined in accordance with Generally Accepted Accounting Principles, except that assets shall be reflected at present fair saleable value and liabilities shall reflect a complete statement of liabilities, fixed or contingent, direct or indirect, disputed or undisputed, whether or not required to be reflected on a balance sheet prepared in accordance with Generally Accepted Accounting Principles.

"Federal Funds Rate" means, for any day, the rate set forth in the weekly statistical release designated as H.15(519), or any successor publication, published by the Federal Reserve Bank of New York (including any such successor

publication, "H.15(519)") on the preceding Business Day opposite the caption "Federal Funds (Effective)"; or, if for any relevant day such rate is not so published on any such preceding Business Day, the rate for such day will be the arithmetic mean as determined by the Agent of the rates for the last transaction in overnight Federal funds arranged prior to 9:00 A.M. (New York City time) on that day by each of three leading brokers of Federal funds transactions in New York City selected by the Agent.

"Fiscal Quarter" means a fiscal quarter of a Fiscal Year.

"Fiscal Year" shall mean with respect to Borrowers, the fiscal year of Borrowers ending on March 31 of each year.

"Fixtures" shall have the same meaning assigned to that term in the version of the Uniform Commercial Code currently in effect in the State of Illinois, including all accessions, parts and appurtenances thereto and all substitutions or replacements thereof, wheresoever located and whether now or hereafter owned, acquired, arising or existing.

"General Intangibles" shall mean all of the Borrowers' present and future general intangibles, contract rights and other personal property rights of Borrowers to all choses or things in action, tax refund claims, credits, claims, demands, goodwill, licenses, franchise agreements, subscription costs, patents, trade names, trademarks, copyrights, rights to royalties, blueprints, drawings, customer lists, purchase orders, computer programs, computer discs, computer tapes, literature, reports, catalogs, methods, sales literature, video tapes, confidential information and trade secrets, consulting agreements, employment agreements, leasehold interests in real and personal property, insurance policies, deposits with insurers relating to workmen's compensation liabilities, deposit accounts, tax refunds and proprietary rights in any equipment, other than Equipment, Inventory and Accounts, and all other intangible property of any kind and nature, as well as Borrowers' Books relating to any of the foregoing, and all products and proceeds of the foregoing.

"Generally Accepted Accounting Principles" shall mean, with respect to any date of determination, generally accepted accounting principles as used by the Financial Accounting

-15-

Standards Board and/or the American Institute of Certified Public Accountants consistently applied and maintained throughout the periods indicated.

"Hazardous Materials" shall mean any flammable or explosive materials, petroleum (including crude oil and its fractions), radioactive materials, hazardous wastes, toxic substances or related hazardous materials, including without limitation polychlorinated biphenyls, friable asbestos, and any substances defined as, or included in the definition of toxic or hazardous substances, wastes, or materials under any Environmental Laws.

"Indebtedness" shall mean, with respect to any Person, (a) indebtedness for borrowed money or for the deferred purchase price of property or services in respect of which such Person is liable, contingently or otherwise, as obligor or otherwise, including without limitation accounts payable and accrued indebtedness owed by such Person or any commitment by which such Person assures a creditor against loss, including contingent reimbursement obligations with respect to letters of credit, (b) indebtedness guaranteed in any manner by such Person, including guarantees in the form of an agreement to repurchase or reimburse, (c) obligations under leases which shall have been or should be, in accordance with Generally Accepted Accounting Principles, recorded as Capital Leases, in respect of which obligations such Person is liable, contingently or otherwise, as obligor, guarantor or otherwise, or in respect of which obligations such Person assures a creditor against loss, (d) any unfunded obligation of such Person to any Benefit Plan or Multi-employer Plan, (e) any Permitted Swap Obligation of such Person, and (f) all Suretyship Liabilities of such Person.

"Initial Term" shall have the meaning set forth in Section 3.1 hereof.

"Intercompany Notes" shall mean the promissory notes now or hereafter existing evidencing the intercompany indebtedness of the Borrowers, Westell Canada, Ltd.,

Westell Worldwide, Inc., or Westell Ltd., which are set forth on Schedule 2 attached hereto.

"Interest Coverage Ratio" shall mean, with respect to any measurement period, the ratio of (i) Borrowers' EBITDA for any measurement period, to (ii) the amount of all Interest Expense due and payable for such measurement period on all Indebtedness, tested for the calendar quarter then ended plus the three (3) immediately preceding calendar quarters.

"Interest Expense" shall mean, for any period, for the Borrowers and determined in accordance with Generally Accepted Accounting Principles, (i) gross Interest Expense for the period (including that portion of capital leases attributable to Interest), plus (ii) any payments made under interest rate Swap Contracts to the extent not included in gross Interest Expense, less (iii) the sum of any payments received under interest rate Swap Contracts.

"Interest Payment Date" shall mean the last day of any Interest Period.

"Interest Period" shall mean: (i) as to any Eurodollar Loan, the period commencing on the date of such Eurodollar Loan and ending on the numerically corresponding day (or, if there is no numerically corresponding day, on the last day) in the calendar month that is 1, 2, or 3 months thereafter, or with respect to any Interest Period of 6 months duration, ending on the three month and the six month anniversaries of the first day of such Interest Period, as the Borrowers may elect, and (ii) as to any Reference Rate Loan, the period commencing on the date of such Reference Rate Loan and ending on the earlier of (A) the last Business Day of each calendar quarter, and (B) the expiration or earlier termination of this Agreement; provided, however, that (i) if any Interest Period would end on a day that shall not be a Business Day, such Interest Period shall be extended to the next succeeding Business Day unless, with respect to Eurodollar

-16-

Loans only, such next succeeding Business Day would fall in the next calendar month, in which case such Interest Period shall end on the immediately preceding Business Day, (ii) no Interest Period with respect to any Revolving Loan shall end later than the expiration of the term of this Agreement, and (iii) interest shall accrue from and including the first day of an Interest Period to and including the last day of such Interest Period.

"Inventory" shall mean all present and future inventory in which any Borrower has any interest, including, but not limited to, finished goods intended for sale or lease by Borrowers, or to be furnished under a contract of service, or for display or demonstration; all work in process, all raw materials and other materials and supplies of every nature and description used or which might be used in connection with the packing, shipping, advertising, selling, leasing or furnishing or such goods or otherwise used or consumed in any Borrower's business, or any inventory which has been returned or repossessed or stopped in transit, wherever located, and any documents of title representing any of the above.

"Inventory Reports" means those reports prepared by Borrowers listing Borrowers' Eligible Inventory balances as of the last day of each month, which balances Borrowers shall represent and warrant as being calculated in accordance with Generally Accepted Accounting Principles (other than normal year-end adjustments) and which shall be presented in a format acceptable to Agent.

"Investment" means, relative to any Person, any investment in another Person, whether by acquisition of any debt or equity security, by making any loan or advance or by becoming obligated with respect to a Suretyship Liability in respect of obligations of such other Person (other than travel and similar advances to employees in the ordinary course of business).

"Investment Property" shall have the meaning assigned to such term in Section 9-115 of the Code.

"IRC" shall mean the Internal Revenue Code of 1986; as amended, and all references to sections thereof shall include such sections and any predecessor and successor provisions thereto.

"Issuing Bank" means LaSalle in its capacity as the issuer of Letters of Credit hereunder and its successors and assigns in such capacity.

"Judicial Officer or Assignee" shall mean any trustee, receiver, controller, custodian, assignee for the benefit of creditors or any other Person or entity having powers or duties like or similar to the powers and duties of a trustee, receiver, controller, custodian, or assignee for the benefit of creditors.

"LaSalle" shall mean LaSalle Bank National Association, a national banking association, located at 135 South LaSalle Street, Chicago, Illinois 60603.

"Lender" shall mean the individual reference to any of the financial institutions from time to time party to this Agreement.

"Lenders" shall mean collectively, the financial institutions from time to time party to this Agreement.

"Letters of Credit" shall mean any standby or trade letters of credit which are now or hereafter at any time issued by LaSalle at the request of and for the account of Borrowers pursuant to the terms of this Agreement and which have not expired or been canceled or terminated.

-17-

"Libor" means the London Interbank Offered Rate.

"Libor Rate" shall mean, with respect to any Eurodollar Loan for any Interest Period, the interest rate per annum equal to the quotient obtained by dividing (x) the rate of interest determined by Agent to be the average of the rate per annum at which deposits in U.S. dollars are generally offered in the London Interbank Bank at 11:00 A.M. London time, two (2) Business Days before the first day of such Interest Period, as set forth on the Dow Jones Market Page 3750 (or any successor page), for a period equal to such Interest Period and in the amount of the applicable Eurodollar Loan, by (y) the difference between one hundred percent (100%) and any applicable reserve requirements (rounded upward to the nearest whole multiple of one sixteenth (1/16th) of one percent (1%) per annum), including, without limitation, any statutory maximum requirement for Lenders to hold reserves for "Eurocurrency Liabilities" under Regulation D of the Board of Governors of the Federal Reserve System (or any similar reserves under any successor regulation or regulations).

"Lien" shall mean, with respect to any Person, any mortgage, deed of trust, pledge, fixed or floating charge, lien, security interest, or encumbrance or security arrangement of any nature whatsoever, whether arising by written or oral agreement or by operation of law, including without limitation any conditional sale or title retention arrangement and any assignment, deposit arrangement or lease intended as or having the effect of, security.

"Loan Documents" shall mean all agreements, instruments and documents, including without limitation security agreements, loan agreements (including without limitation this Agreement), notes, pledges, affidavits, certificates, powers of attorney, consents, assignments, landlord and mortgagee waivers, opinions, collateral assignments, reimbursement agreements, contracts, notices, leases, financing statements, and all amendments, supplements, restatements and renewals thereof, and all other written matter, whether heretofore, now or hereafter executed by or on behalf of Borrowers, or any other Person in connection with the Obligations or the transactions contemplated hereby (including without limitation any guarantor of the Obligations), and delivered to Agent or Lenders, together with all agreements, instruments and documents referred to therein or contemplated thereby whether heretofore, now or hereafter executed by or on behalf of Borrower or any such other Persons and delivered to Agent or Lenders, and all amendments, supplements, restatements and renewals thereof, but not including any proposal letter, commitment letter or other comparable documents delivered by Agent prior to the date hereof and not expressly incorporated herein and made a part hereof.

"Loan(s)" shall mean the collective reference to the Revolving Loans.

"Lockbox" shall have the meaning set forth in Section 2.12 hereof.

"Majority Lenders" shall mean, at any time, while no Obligations are

outstanding, Lenders having at least 67% of the aggregate amount of the Commitments and, at any time while Obligations are outstanding, Lenders holding at least 67% of the outstanding aggregate principal amount of the Obligations.

"Mandatory Prepayment Event" - see Section 3.5.

"Master Letter of Credit Agreement" shall mean that certain Master Letter of Credit Agreement among Borrowers and LaSalle attached hereto in the form of Exhibit B.

"Material Adverse Effect" means (a) a material adverse change in, or a material adverse effect upon, the financial condition, operations, assets, business, properties or prospects of the

-18-

Borrowers taken as a whole, or (b) a material impairment of the ability of the Borrowers taken as a whole to perform any of their obligations under any Loan Document, or (c) a material adverse effect upon any substantial portion of the Collateral or upon the legality, validity, binding effect or enforceability against the Borrowers of any Loan Document.

"Maximum Revolving Credit Facility" shall mean \$45,000,000.

"Multiemployer Plan" shall mean a plan described in Section 4001(a)(3) of ERISA which covers employees of Borrowers or any ERISA Affiliate.

"Negotiable Collateral" shall mean a letter of credit, advice of credit, instrument, money, negotiable document, warehouse receipt, bill of lading, certificated security, certificate of title, certificate of deposit, chattel paper, or similar property, and proceeds thereof.

"Net Cash Proceeds" means:

1. with respect to any Asset Sale the aggregate cash proceeds (including cash proceeds received by way of deferred payment of principal pursuant to a note, installment receivable or otherwise, but only as and when received) received by the Borrowers pursuant to such Asset Sale net of (i) the direct costs relating to such sale, transfer or other disposition (including sales commissions and legal, accounting and investment banking fees), (ii) taxes paid or reasonably estimated by the Borrowers to be payable as a result thereof (after taking into account any available tax credits or deductions and any tax sharing arrangements), and (iii) amounts required to be applied to the repayment of any Indebtedness secured by a Lien on the asset subject to such Asset Sale (other than the Loans);

2. with respect to any issuance of equity securities, the aggregate cash proceeds received by the Borrowers pursuant to such issuance, net of the direct costs relating to such issuance (including sales and underwriter's commission; and

3. with respect to any issuance of Indebtedness, the aggregate cash proceeds received by the Borrowers pursuant to such issuance, net of the direct costs of such issuance (including up-front fees and placement fees).

"Net Income" shall mean for a subject period, the Net Income (or loss) of Borrowers for that period as determined in accordance with Generally Accepted Accounting Principles, but excluding any gain on the sale of any asset not in the ordinary course of business, any extraordinary income, and any gains from discontinued operations.

"Net Worth" shall mean the sum of the total of all assets which, under Generally Accepted Accounting Principles, would appear as assets on the balance sheet of the Borrowers, less the total of all liabilities, which, under Generally Accepted Accounting Principles, would appear as liabilities on the balance sheet of the Borrowers.

"Notes" shall mean the Revolving Loan Notes.

"Obligations" shall mean each and every promise, agreement, covenant, debt and all other obligations and indebtedness of the Borrowers to the Agent and Lenders

(and with respect to Permitted Swap Obligations, Lenders' affiliates), their successors or assigns, whether primary, secondary, contingent, direct, or indirect, howsoever incurred, created, arising or evidenced,

-19-

whether presently or hereafter existing, evidenced, arising or becoming due, in connection with the Loans or under this Agreement, the Notes, any Loan Documents, any Permitted Swap Obligations or any refinancings, substitutions, extensions, renewals, replacements and modifications for or of the foregoing, and further including without limitation all interest, all Out-of-Pocket Fees and Costs which Borrowers are required to pay or reimburse by this Agreement or any other Loan Document, or by law.

"Operating Lease" means any lease of (or other agreement conveying the right to use) any real or personal property by the Borrowers, as lessee, other than any Capital Lease.

"Out-of-Pocket Fees and Costs" shall have the meaning set forth in Section 2.11(E) hereof.

"PBGC" shall mean the Pension Benefit Guaranty Corporation or any successor agency.

"Participant" shall mean any Person now or from time to time hereafter participating with Lenders in any of the Loans and Letters of Credit made or issued by Lenders to Borrowers pursuant to this Agreement.

"Pension Plan" shall mean a "pension plan" as such term is defined in Section 3(2) of ERISA, which is subject to Title IV of ERISA (other than a Multiemployer Plan), and to which the Borrowers or any of the Controlled Group may have any liability, including any liability by reason of having been a substantial employer within the meaning of Section 4063 of ERISA at any time during the preceding five years, or by reason of being deemed to be a contributing sponsor under Section 4069 of ERISA.

"Permitted Liens" shall have the meaning set forth in Section 8.1 hereof.

"Permitted Swap Obligations" means all obligations (contingent or otherwise) of the Borrowers existing or arising under Swap Contracts, provided that each of the following criteria is satisfied: (i) such obligations are entered in to by any Borrower in the ordinary course of business for the purpose of directly mitigating risks associated with liabilities, commitments or assets held or reasonably anticipated by any Borrower, or changes in the value of securities issued by such Borrower in conjunction with a securities repurchase program not otherwise prohibited hereunder, and not for purposes of speculation; (ii) such Swap Contracts do not contain (a) any provision exonerating the non-defaulting party from its obligation to make payments on outstanding transactions to the defaulting party, or (b) any provisions creating or permitting the declaration of an event of default, termination event or similar event upon the occurrence of an Event of Default hereunder (other than an Event of Default under subsection 12.1) and (iii) such Swap Contracts do not exceed the Revolving Loan Termination Date, provided that forward contracts do not exceed a term of one (1) year.

"Person" shall mean any individual, sole proprietorship, partnership, joint venture, trust, unincorporated organization, association, corporation, institution, limited liability company, entity or governmental entity, whether acting in an individual, fiduciary or other capacity.

"Potential Default" shall mean any event which through the passage of time, service of notice or both, would mature into an Event of Default.

"Prime Rate" means for any day, the rate of interest in effect for such day as publicly announced from time to time by LaSalle as its prime rate (whether or not such rate is actually charged by LaSalle). Any change in the Prime Rate announced by LaSalle shall take effect at the opening of business on the day specified in the public announcement of such change.

"Prohibited Transaction" shall mean any transaction described in Section 406 of ERISA which is not exempt by reason of Section 408 of ERISA, and any transaction described in Section 4975(c) of the IRC which is not exempt by reason of Sections 4975(c)(2) or (d) of the IRC, and which could result in any excise tax, fine, penalty or other liability being imposed on any Borrower.

"Pro Rata Share" shall mean, with respect to any Lender, a fraction (expressed as a percentage), the numerator of which shall be the aggregate amount of such Lender's Commitment and the denominator of which shall be the aggregate Commitments.

"RCRA" shall mean Resource Conservation and Recovery act.

"Reference Rate" shall mean at any time the greater of (a) the Federal Funds Rate, plus 0.5%, and (b) the Prime Rate.

"Reference Rate Loan" shall mean any Loan with respect to which Borrowers shall have selected an interest rate based upon the Reference Rate in accordance with the provisions of Section 2.3(a) of this Agreement.

"Regulation D" means Regulation D of the Board of Governors under Federal Reserve System.

"Regulation U" means Regulation U of the Board of Governors under the Federal Reserve System.

"Release" has the meaning specified in CERCLA including, but not limited to, any actual or threatened past, present or future releasing, spilling, leaking, pumping, pouring, emitting, emptying, discharging, seeping, injecting, escaping, leaching, dumping or disposing, whether intentional or not; and the term "Disposal" (or "Disposed") has the meaning specified in RCRA; provided that in the event either CERCLA or RCRA is amended so as to broaden the meaning of any term defined thereby, such broader meaning shall apply as of the effective date of such amendment; and provided, further, that to the extent that the laws of a state wherein any affected property lies establish a meaning for "Release" or "Disposal" which is broader than is specified in either CERCLA or RCRA, such broader meaning shall apply.

"Reportable Event" shall mean a reportable event described in Section 4043 of ERISA or the regulations thereunder, for which the thirty (30) day notice requirement has not been waived.

"Revolving Loan Commitment" shall mean as to each Lender, the amount set forth opposite its name on the signature pages hereto under the heading "Revolving Loan Commitment."

"Revolving Loan Commitment Percentage" shall mean as to any Lender, the percentage set forth opposite its name on the signature pages hereto under the heading "Revolving Loan Commitment Percentage".

"Revolving Loan Notes" shall have the meaning set forth in Section 2.1 hereof.

"Revolving Loan Termination Date" shall mean August 31, 2003.

"Revolving Loans" shall have the meaning set forth in Section 2.1 hereof.

"SEC" means the Securities and Exchange Commission or any other governmental authority succeeding to any of the principal functions thereof.

"Subsidiary" shall mean any corporation of which more than twenty-five percent (25%) of the outstanding capital stock having ordinary voting power to elect a majority of the board of directors of such corporation (irrespective of whether at the time stock of any other class or classes of such corporation shall have or might have voting power by reason of the happening of any contingency) is at the time, directly or indirectly, owned by any Borrower, or any partnership or joint venture of which more than twenty-five percent (25%) of the outstanding equity interests are at the time, directly or indirectly, owned by any Borrower.

"Suretyship Liability" means any agreement, undertaking or arrangement by which any Person guarantees, endorses or otherwise becomes or is contingently liable upon (by direct or indirect agreement, contingent or otherwise, to provide funds for payment, to supply funds to or otherwise to invest in a debtor, or otherwise to assure a creditor against loss) any indebtedness, obligation or other liability of any other Person (other than by endorsements of instruments in the course of collection), or guarantees the payment of dividends or other distributions upon the shares of any other Person. The amount of any Person's obligation in respect of any Suretyship Liability shall (subject to any limitation set forth therein) be deemed to be the principal amount of the debt, obligation or other liability supported thereby.

"Swap Contract" means any agreement, whether or not in writing, relating to any transaction that is a rate swap, basis swap, forward rate transaction, forward exchange contract or strategy, commodity swap, equity or equity index swap, interest rate option, cap, collar or floor transaction, currency swap, cross currency rate swap, currency option or any other similar interest rate or currency hedging transaction (including, the option to enter into any of the foregoing) or any combination of the foregoing, and, unless the context otherwise clearly requires, any master agreement relating to or governing all or any of the foregoing.

"Uncured Default" shall mean an Event of Default which shall be continuing.

"Voting Trust" shall mean the Westell Technologies, Inc., f/k/a Electronic Information Technologies, Inc., Voting Trust Agreement dated February 23, 1994, as amended.

1.2 Accounting Terms. Any accounting terms used in this Agreement which are not specifically defined herein shall have the meanings customarily given them in accordance with Generally Accepted Accounting Principles. In the event that changes in Generally Accepted Accounting Principles shall be mandated by the Financial Accounting Standards Board and/or the American Institute of Certified Public Accountants or any similar accounting body of comparable standing, or shall be recommended by Borrowers' certified public accountants, to the extent that such changes would modify such accounting terms or the interpretation or computation thereof as contemplated by this Agreement at the time of execution hereof, then in such event such changes shall be followed in defining such accounting terms only after the Borrowers and Agent shall have agreed to amend this Agreement to reflect the original intent of such terms in light of such changes, and such terms shall continue to be applied and interpreted without such change until such agreement.

1.3 Certain Matters of Construction. The terms "herein" "hereof" and "hereunder" and other words of similar import refer to this Agreement as a whole and not to any particular section, paragraph or subdivision. Any pronoun used shall be deemed to cover all genders. The section titles, table of contents and list of exhibits appear as a matter of convenience only and shall not affect the interpretation of this Agreement. All references to statutes and related regulations shall include any amendments of same and any successor statutes and regulations.

-22-

All references to any instruments or agreements, including, without limitation, references to any of the Loan Documents shall include any and all modifications or amendments thereto and any and all extensions or renewals thereof. The Recitals to this Agreement are incorporated into this Agreement in their entirety and deemed to be a part hereof.

2. LOANS; LETTERS OF CREDIT; FEES; TERMS OF PAYMENT

2.1 Revolving Credit Facility. Subject to the terms and provisions of this Agreement including without limitation, that no Event of Default or Potential Default has occurred and all other conditions precedent to lending under Section 5 hereof have been satisfied, upon the request of Borrowers, made at any time and from time to time until the Revolving Loan Termination Date, each of the Lenders severally and not jointly agrees to make loans and advances (hereinafter individually referred to as a "Revolving Loan" and collectively as "Revolving Loans") to Borrowers, jointly and severally, from time to time in the

amount of each Lender's Revolving Loan Commitment Percentage of the Revolving Loans requested by Borrowers so long as the aggregate amount of the Revolving Loans outstanding at any time does not exceed the lesser of the (i) Borrowing Base and (ii) the Maximum Revolving Credit Facility, minus the sum of the aggregate undrawn face amount of any Letters of Credit outstanding at such time and any unreimbursed drawings with respect to Letters of Credit, and in the case of each Lender, up to but not exceeding each Lender's Revolving Loan Commitment.

The Revolving Loans shall be evidenced by, and repayable in accordance with, Revolving Loan Notes substantially in the form of Exhibit C ("Revolving Loan Notes").

2.2 Borrowing Procedures. Agent shall have received, on or before 12:00 p.m. Chicago time, on the day a Revolving Loan is to be made, if a Reference Rate Loan, or three (3) Business Days prior to the date a Revolving Loan is to be made, if a Eurodollar Loan, (i) a written, telephonic, or telecopied request from Borrowers for a Revolving Loan in a specific amount (and a request in writing, which shall be delivered to Agent on the same Business Day, executed by an Authorized Representative of Borrowers), (ii) designation whether the Revolving Loan is to be a Eurodollar Loan or a Reference Rate Loan, and if such Revolving Loan is to be a Eurodollar Loan, the Interest Period or Interest Periods with respect thereto, and (iii) copies of all other documents which the Borrowers are required to deliver to Agent hereunder. If such request for a Revolving Loan is received by Agent orally before 12:00 p.m. Chicago time on the day a Reference Rate Loan is to be made or orally before 12:00 p.m. Chicago time three (3) Business Days prior to the date a Eurodollar Loan is to be made, subject to the other terms and conditions of this Agreement, Agent will pay over the funds received from the Lenders in accordance with the terms of this Agreement on the applicable day on which such Revolving Loan is to be funded hereunder with the funds received from the Lenders, subject to any, delays beyond Agent's reasonable control, provided that Agent shall not be liable for any damages or liabilities for the failure to so make any Revolving Loan on the day requested unless such failure was due to Agent's gross negligence or willful misconduct. If no election as to the type of Revolving Loan is specified in any such notice by Borrowers, then such Revolving Loan shall be a Reference Rate Loan. If no Interest Period is specified with respect to a Eurodollar Loan in such notice, then Borrower shall be deemed to have selected an Interest Period of one month's duration. Each request for a Reference Rate Loan shall be in a minimum amount of \$100,000 and integral

-23-

multiples of \$100,000 thereafter. Notwithstanding anything contained in this Agreement to the contrary, Borrowers may not have more than five (5) Eurodollar Loans outstanding at any one time, and each request for a Eurodollar Loan shall be in a minimum increment of \$1,000,000 and integral multiples of \$500,000 thereafter.

(a) Upon receipt by Agent of a notice from Borrowers of a request for a Revolving Loan, Agent shall promptly on the date of receipt, notify Lenders of the amount, term and proportionate share of such Revolving Loan to be funded by each Lender. Two (2) Business Days prior to the date specified for funding of such Eurodollar Loan in the notice from Borrowers provided under (a) above, Agent shall notify Lenders and Borrowers of the Libor Rate in effect for such Eurodollar Loan. Each Lender shall make available its proportionate share of any Revolving Loan, by federal funds wire transfer to Agent at Agent's Applicable Lending Office, in immediately available funds, by not later than 1:30 p.m. Chicago time, on the date specified for a Revolving Loan hereunder as provided in (a) above. The amount of any Revolving Loan shall, subject to the terms of this Agreement, be made available to Borrowers by depositing same, in immediately available funds, in an account of Borrowers, as designated by Borrowers, maintained at Agent's Applicable Lending Office, or by wiring the same, in immediately available funds, to any account specified by Borrowers in their notice of borrowing.

(b) The failure of any Lender to make any Revolving Loan to be made by it on any date specified therefor shall not relieve any other Lender of its obligation to make its Revolving Loan on such date, but neither the Agent nor any Lender shall be responsible for the failure of any other Lender to make a Revolving Loan.

2.3 Payments and Prepayments. Borrowers shall make each payment in respect of the principal of and interest on the Revolving Loans and any other payments due under this Agreement not later than 12:00 p.m. Chicago time on the day when due, in Dollars, to the Agent for the account of each Lender at the Agent's Applicable Lending office in Chicago, Illinois in immediately available funds.

(a) Any Lender for whose account any such payment is to be made may (but shall not be obligated to) debit the amount of any such payment which is not made by such time to any ordinary deposit account of Borrowers with such Lender and shall give notice thereof to the Agent and Borrowers, provided the failure to give such notice does not affect the validity of such debit.

(b) Borrowers shall, at the time of making such payment under this Agreement or any Revolving Loan Note, specify to the Agent the Revolving Loans or other amounts payable by Borrowers hereunder to which such payment is to be applied (and in the event that it fails to so specify, or if an Event of Default has occurred and is an Uncured Default, the Agent shall distribute such payment to the Lenders in such manner as Agent may determine to be appropriate, subject to Section 2.4 hereof).

(c) Each payment received by the Agent under this Agreement, or any Revolving Loan Note, for account of a Lender shall be paid promptly to such Lender on the same Business Day of receipt by Agent if received by 12:00 p.m. Chicago time, or otherwise on the

-24-

next successive Business Day, at the Applicable Lending Office for the Revolving Loan or other obligation in respect of which such payment is made.

(d) Subject to Sections 3.5 and 2.20 of this Agreement and except as otherwise provided herein, any prepayment of the Obligations by Borrowers shall be without premium or penalty.

2.4 Pro Rata Treatment. Except to the extent otherwise provided herein: (i) each borrowing from the Lenders, and each payment of any fee under Section 2.11 hereof, shall be made for the account of the Lenders, according to their respective Pro Rata Shares; (ii) each payment of principal of the Loans by Borrowers shall be made for the account of the Lenders pro rata in accordance with the respective unpaid principal amounts of the Loans held by the Lenders; and (iii) each payment of interest by Borrowers shall be made for account of the Lenders pro rata in accordance with the amounts of interest due and payable to the respective Lenders.

2.5 Funding Reliance.

(a) Unless the Agent receives notice from a Lender by one p.m., Chicago time, on the day of a proposed borrowing that such Lender will not make available to the Agent an amount equal to its Pro Rata Share of such borrowing, the Agent may assume that such Lender has made such amount available to the Agent and, in reliance upon such assumption, make a corresponding amount available to the Borrowers. If and to the extent such Lender has not made such amount available to the Agent, such Lender and the Borrowers jointly and severally agree to repay such amount to the Agent forthwith on demand, together with interest thereon at the interest rate applicable to Loans comprising such borrowing or, in the case of any Lender which repays such amount within three (3) Business Days, the Federal Funds Rate (together with such other compensatory amounts as may be required to be paid by such Lender to the Agent pursuant to the Rules for Interbank Compensation of the Council on International Banking or the Clearinghouse Compensation Committee, as applicable, as in effect from time to time). Nothing set forth in this clause (a) shall relieve any Lender of any obligation it may have to make any Loan hereunder.

(b) Unless the Agent receives notice from the Borrowers prior to the due date for any payment hereunder that the Borrowers do not intend to make such payment, the Agent may assume that the Borrowers have made such payment and, in reliance upon such assumption, make available to each Lender its share of such payment. If and to the extent that the Borrowers have not made any such payment to the Agent, each Lender which received a share of such payment shall repay such share (or the relevant portion thereof) to the Agent forthwith

on demand, together with interest thereon at the Reference Rate (or, in the case of any Lender which repays such amount within three (3) Business Days, the Federal Funds Rate). Nothing set forth in this clause (b) shall relieve the Borrowers of any obligation it may have to make any payment hereunder.

2.6 Sharing of Payments, Etc. Borrowers agree that, in addition to (and without limitation of) any right of set-off, bankers' lien or counterclaim a Lender might otherwise have,

-25-

each Lender shall be entitled, at its option, to offset balances held by it for the account of Borrowers at any of its offices, against any principal of or interest on any of such Lender's Loans or any other amount payable to such Lender hereunder, which is not paid when due subject to any applicable grace periods (regardless of whether such balances are then due to Borrowers), in which case it shall promptly notify Borrowers and the Agent thereof, provided that such Lender's failure to notify shall not affect the validity thereof.

(a) If any Lender (i) shall obtain payment of any principal of or interest on any Loan made by it to Borrowers under this Agreement through the exercise of any right of set-off, banker's lien or counterclaim or similar right or otherwise, whether or not under Section 2.6 above, and, as a result of such payment, such Lender shall have received a greater percentage of the Obligations with respect to the Loans then due hereunder by Borrowers to such Lender than the percentage of the Obligations received by the other Lender, or (ii) such Lender's percentage of the outstanding Obligations relating to Loans is less than its Pro Rata Share of such Obligations, it shall promptly purchase from such other Lender participations in (or, if and to the extent specified by such Lender, direct interests in) the Loans made by such other Lender (or in interest due thereon or other Obligations with respect to the Loans due to such Lender, as the case may be) in such amounts, and make such other adjustments from time to time as shall be equitable, to the end that (x) each Lender shall have made advances of Obligations relating to Loans according to its Pro Rata Share of its Commitment of such Obligations, and (y) all of the Lenders shall share the benefit of such excess-payment (net of any expense which may be incurred by such Lender in obtaining or preserving such excess payment) pro rata in accordance with the unpaid Obligations with respect to the Loans due to each of the Lenders. To such end all the Lenders shall make appropriate adjustments among themselves (by the resale of participations sold or otherwise) if such payment is rescinded or must otherwise be restored.

(b) Borrowers agree that any Lender so purchasing a participation (or direct interest) in the Obligations with respect to the Loan's due to the other Lender (or in interest due thereon, as the case may be) may exercise all rights of set-off, bankers' lien, counterclaim or similar rights with respect to such participation as fully as if such Lender were a direct holder of Loans in the amount of such participation.

(c) Nothing contained herein shall require any Lender to exercise any such right or shall affect the right of any Lender to exercise, and retain the benefits of exercising, any such right with respect to any other indebtedness or obligation of Borrowers. If, under any applicable bankruptcy, insolvency or other similar law, any Lender receives a secured claim in lieu of a payment or set-off to which this Section 2.6 applies, such Lender shall, to the extent practicable, exercise its rights in respect of such secured claim in a manner consistent with the rights of the Lenders entitled under this Section 2.6 to share in the benefits of any recovery on such secured claim.

2.7 Letters of Credit.

(a) Subject to the terms and provisions of this Agreement, including without limitation, that no Event of Default or Potential Default has occurred and all other conditions precedent to lending under Section 5 and under the Master Letter of Credit Agreement have been

-26-

satisfied, Issuing Bank may, at Borrowers' request and for the account of

Borrowers, issue Letters of Credit; provided, that the aggregate undrawn face amount of the Letters of Credit plus unreimbursed drawings for Letters of Credit shall not at any time exceed the lesser of (a) Five Million and No/100 Dollars (\$5,000,000) or (b) the amount by which the Borrowing Base at such time (not reduced for the aggregate undrawn face amount of the Letters of Credit and unreimbursed drawings for Letters of Credit) exceeds the outstanding principal balance of the Revolving Loans at such time. The Letters of Credit shall be in form and substance satisfactory to Agent. No Letter of Credit shall have a term of more than one year or an expiration date occurring after the Revolving Loan Termination Date.

(b) Borrowers agree to pay to (i) Issuing Bank upon the opening of a Letter of Credit at Borrowers' request, and thereafter on demand, Issuing Bank's standard reasonable administrative and operating fees and charges in effect from time to time for issuing and administering any Letters of Credit, including, without limitation, a fronting fee in the amount of 0.125% of the face amount of such Letter of Credit payable upon the issuance of such Letter of Credit, plus (ii) the Agent, for the ratable benefit of the Lenders in accordance with their Revolving Loan Commitment Percentages, a fee, payable quarterly in arrears on the last day of each calendar quarter, on each standby or trade Letter of Credit accepted by Agent but not yet paid in the amount set forth on Annex A. Agent may provide for the payment of any fees, charges or commissions due to Agent by advancing the amount thereof to Borrowers as a Revolving Loan. Borrowers shall execute Issuing Bank's customary form of application and related documents pursuant to the Master Letter of Credit Agreement for each Letter of Credit requested by it, and such applications shall be received at least three (3) Business Days prior to the requested issue date of such Letter of Credit together with such other documents in support thereof as the Issuing Bank may reasonably require.

(c) Borrowers agree to reimburse Issuing Bank, within one (1) Business Day after demand, for each payment made by Issuing Bank under or pursuant to any Letter of Credit requested by Borrowers. Borrowers further agree to pay to Issuing Bank, on demand, interest at the Reference Rate Option on any amount paid by Issuing Bank under or pursuant to any such Letter of Credit from the due date of payment until the date of reimbursement to Issuing Bank. Agent shall, upon the request of Borrowers when no Event of Default exists (to the extent there is additional availability for Revolving Loans but without regard to the other conditions precedent set forth in Section 5), provide for the payment of any reimbursement obligations due to Issuing Bank and any interest accrued thereon by advancing the amount thereof to Borrowers as a Revolving Loan.

(d) Borrowers' obligation to reimburse Issuing Bank for payments and disbursements made by Issuing Bank under any Letter of Credit requested by Borrowers shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which Borrowers may have or have had against Issuing Bank (or any other Lender), including, without limitation, any defense based on the failure of the demand for payment under such Letter of Credit to conform to the terms of such Letter of Credit, the legality, validity, regularity or enforceability of such Letter of Credit, or the identity of the transferee of such Letter of Credit or the sufficiency of any transfer if such Letter of Credit is transferable; provided, however, that Borrowers shall not be obligated to reimburse Issuing Bank

-27-

for any wrongful payment or disbursement made under any Letter of Credit as a result of acts or omissions constituting gross negligence or willful misconduct on the part of Issuing Bank or any of its officers, employees or agents.

(e) Notwithstanding anything to the contrary herein, upon the occurrence of an Event of Default or upon termination of this Agreement whether by expiration of the term or otherwise, an amount equal to the aggregate undrawn face amount of all outstanding Letters of Credit and all unreimbursed draws under any Letter of Credit shall, at Agent's option and upon written notice to Borrowers, be deemed (as between Agent and Borrowers) to have been paid or disbursed by Issuing Bank under the Letters of Credit issued by Issuing Bank (notwithstanding that such amounts may not in fact have been so paid or disbursed), and a Revolving Loan to Borrowers in the amount of such aggregate undrawn face amount of all outstanding Letters of Credit and all unreimbursed

draws under any Letter of Credit to have been made and accepted, which Loan shall be immediately due and payable. In lieu of the foregoing, at the election of Agent at any time after an Event of Default, or upon termination of this Agreement, whether by expiration of the term or otherwise, Borrowers shall, upon Agent's demand, deliver to Agent cash equal to the aggregate undrawn face amount of all outstanding Letters of Credit and all unreimbursed draws under any Letter of Credit. Any such cash and/or any amounts received by Agent in payment of the Revolving Loan made pursuant to this paragraph shall be delivered to and held by Agent in a separate account appropriately designated as a cash collateral account in relation to this Agreement and the Letters of Credit and shall be retained by Agent as collateral security in respect of, first, such Borrowers' Obligations under or in connection with the Letters of Credit and then, all other Obligations. Such amounts shall not be used by Agent to pay any amounts drawn or paid under or pursuant to any Letter of Credit, but may be applied to reimburse Issuing Bank for drawings or payments under or pursuant to Letters of Credit which Issuing Bank has paid, or if no such reimbursement is required, to payment of such other Obligations as Agent shall determine. Any amounts remaining in any cash collateral account established pursuant to this paragraph following payment in full of all Obligations shall be returned to Borrowers.

(f) With respect to each Letter of Credit, each Lender (other than Issuing Bank) hereby agrees to purchase a participation in such Letter of Credit, effective simultaneously with the issuance thereof, in an amount equal to such Lender's Pro Rata Share of the amount of such Letter of Credit. For the purposes of this Agreement, the proportionate interest which Issuing Bank retains in each Letter of Credit shall be referred to as its "participation" in such Letter of Credit.

(g) If Issuing Bank shall fail to be reimbursed pursuant to clause (c) of this Section 2.7 by Borrowers (or from the proceeds of a Loan pursuant to the last sentence of such clause (c)) for any payment or disbursement under a Letter of Credit, the other Lenders shall, promptly upon the request of Issuing Bank, provide Agent with immediately available funds for the account of Issuing Bank in an amount equal to such Lender's Pro Rata Share of such payment or disbursement. If Agent or Issuing Bank subsequently receives from Borrowers any reimbursement of such payment or disbursement, Agent or Issuing Bank, as the case may be, shall promptly remit to each Lender its Pro Rata Share of such reimbursement, including interest as provided herein.

-28-

(h) The obligation of each Lender to provide Agent with such Lender's Pro Rata Share of the amount of any payment or disbursement made by Issuing Bank under any outstanding Letter of Credit shall be absolute and unconditional under any and all circumstances and irrespective of any setoff, counterclaim or defense to payment which such Lender may have or have had against Issuing Bank (or any other Lender), including, without limitation, any defense based on the failure of the demand for payment under such Letter of Credit to conform to the terms of such Letter of Credit, the legality, validity, regularity or enforceability of such Letter of Credit, or the identity of the transferee of such Letter of Credit or the sufficiency of any transfer if such Letter of Credit is transferable; provided, however, that the Lenders shall not be obligated to reimburse Issuing Bank for any wrongful payment or disbursement made under any Letter of Credit as a result of acts or omissions constituting gross negligence or willful misconduct on the part of Issuing Bank or any of its officers, employees or agents.

(i) In determining whether to make any payment under or pursuant to any Letter of Credit, Issuing Bank shall have no obligation to Borrowers, any Lender or any other Person other than to confirm that any documents required to be delivered have been delivered and that such documents comply on their face with the requirements of such Letter of Credit. No other action taken or omitted by Issuing Bank under or in connection with any Letter of Credit, if taken or omitted in the absence of gross negligence or willful misconduct, shall put Issuing Bank under any resulting liability to Borrowers or any Lender.

(j) In the case of any inconsistency between the terms of this Agreement and the Master Letter of Credit Agreement, the terms of this Agreement shall govern and control.

2.8 All Loans One Obligation. All Loans by Lenders to Borrowers under this Agreement shall constitute Obligations of Borrowers, secured by Agent's Lien on the Collateral, and by any Lien heretofore, now or at any time or times hereafter granted by Borrowers to Agent or Lenders hereunder or under any other Loan Documents.

2.9 Payment of Over Advances. If, at any time and for any reason, the outstanding Revolving Loans plus the aggregate undrawn face amount of the Letters of Credit and any unreimbursed drawings with respect to Letters of Credit exceed the lesser of (a) the Maximum Revolving Credit Facility or (b) Borrowing Base (or any of the percentages or sublimits set forth therein) (not reduced for the aggregate undrawn face amount of the Letters of Credit and any unreimbursed drawings with respect to Letters of Credit), any such excess shall immediately be due and payable by Borrowers to Agent, and Borrowers shall, upon telephonic notice or other Notice from Agent, immediately pay to Agent, in cash, the amount of such excess, and prior to such repayment such over advances shall bear interest at the Default Rate.

2.10 Interest.

(a) Rate. All Obligations owed by the Borrowers to Lenders (except for Eurodollar Loans, or covered by any other-Section of this Agreement or other agreement which specifically provides for a rate of interest different from that provided for herein) shall bear interest, on the unpaid principal balance thereof, at a rate per annum (computed on the basis of

-29-

the actual number of days elapsed over a 365 day year) (the "Reference Rate Option") equal to the Reference Rate plus the Applicable Margin, payable on the applicable Interest Payment Date.

Subject to the provisions of Section 2.22 of this Agreement, each Eurodollar Loan shall bear interest on the unpaid principal balance thereof at a rate per annum (computed on the basis of the actual number of days elapsed over a 360-day year) equal to the Libor Rate for the Interest Period in effect plus the Applicable Margin (the "Eurodollar Rate Option"). Interest on Eurodollar Loans for 1, 2, 3 and 6-month Interest Periods shall be payable in arrears on the last day of the applicable Interest Period on the applicable Interest Payment Date.

The rates set forth on Annex A for Level III shall be in effect from the Closing until Agent is in receipt of Borrowers' compliance certificate for the fiscal period ending December 31, 2000. Thereafter, interest shall accrue as set forth in Section 2.27 hereof.

In addition to calculations of the Reference Rate Option as provided above, in the event that the Reference Rate announced is, from time to time hereafter, changed, adjustment in the Reference Rate Option shall be made on the effective date of such change in the Reference Rate. The Reference Rate Option, as adjusted, shall apply to all Obligations (except as provided above with respect to Eurodollar Loans or where otherwise specifically provided) owed on the date following the date on which the adjustment is made and shall continue to apply to such Obligations owed during succeeding months until the Reference Rate is adjusted again. Agent shall use reasonable efforts to notify Borrowers of each change in the Reference Rate as soon as practicable, but Borrowers' obligation to pay all interest at the Reference Rate Option and Default Rate as provided in this Agreement shall not be affected by, nor shall Agent have any liability for, any failure to so notify Borrowers.

(b) Default Rate. Notwithstanding the foregoing, the Revolving Loans and any accrued interest and Out-of-Pocket Fees and Costs shall bear interest, from and after written notice by Agent to Borrowers of the occurrence of an Event of Default and at the request of the Majority Banks and for so long as an Event of Default shall be an Uncured Default and without constituting a waiver of any such Event of Default, on the balances owing from time to time, at a rate per annum equal to two (2) percentage points above the Reference Rate Option (the "Default Rate"), payable monthly in arrears on the first day of each month.

(c) Maximum Interest. It is the intention of Agent and

Borrowers to comply with the laws of the State of Illinois, and notwithstanding any provision to the contrary contained herein or in the other Loan Documents, Borrowers shall not be required to pay, and Agent shall not be permitted to collect, any amount in excess of the maximum amount of interest permitted by applicable law ("Excess Interest"). If any Excess Interest is provided for or determined to have been provided for by a court of competent jurisdiction in this Agreement or in any of the other Loan Documents, then in such event (i) the provisions of this Section shall govern and control; (ii) Borrowers shall not be obligated to pay any Excess Interest; (iii) any Excess Interest that Agent may have received hereunder shall be, at Agent's option, (A) applied as a credit against either the outstanding principal balance of the Loans or accrued and unpaid interest hereon, (B) refunded to the payor thereof, or (C) any combination of the foregoing; (iv) the interest rate(s) provided for herein shall be automatically reduced to the maximum rate allowed under applicable law, and this Agreement and the other Loan Documents shall be deemed to have been, and shall be, reformed and modified to reflect such reduction; and (v) Borrowers shall not have any action against Agent for any damages arising out of the payment or collection of

-30-

any Excess Interest. Notwithstanding the foregoing, if any interest payment or other charge or fee payable hereunder or under any of the other Loan Documents exceeds the maximum amount then permitted by applicable law, then to the extent permitted by law, Borrowers shall be obligated to pay the maximum amount then permitted by applicable law and Borrowers shall continue to pay the maximum amount from time to time permitted by applicable law until all such interest payments and other charges and fees otherwise due hereunder or under any of the other Loan Documents (in the absence of such restraint imposed by applicable law) have been paid in full.

(d) Charges to Loan Account. Agent may, at its option, charge any interest and fees payable hereunder or under any of the other Loan Documents to Borrowers' Loan Account, and any amounts so charged shall thereupon constitute Obligations hereunder and, except for Out-of-Pocket Fees and Expenses, shall thereafter accrue interest as provided in this Agreement. Out-of-Pocket Fees and Expenses shall accrue interest as provided in this Agreement if not paid within thirty (30) days after such costs are billed.

2.11 Fees. In consideration of Lender's establishing the Maximum Revolving Credit Facility hereunder and making of the Loans and the Letters of Credit hereunder, Borrower shall pay to Agent for the benefit of Agent or Lenders, as applicable, the following fees and charges:

(a) Unused Line Fee. An unused line fee for the ratable benefit of Lenders as provided hereunder of the applicable percentage set forth on Annex A hereto (computed on the basis of a year of three hundred sixty (360) days for the actual number of days elapsed) of the amount by which the Maximum Revolving Credit Facility exceeds the average quarterly balance of the Revolving Loans plus the average quarterly face amount of outstanding Letters of Credit, payable quarterly in arrears, on the last day of each quarter commencing September 30, 2000 and continuing on the last day of each calendar quarter thereafter.

(b) Upfront Fees. The Borrowers agree to pay to the Agent for the account of each Lender on the Closing Date an upfront fee in the amount previously agreed to between the Borrowers and the Agent (and the Agent agrees to promptly forward to each Lender a portion of such upfront fee in the amount previously agreed to between the Agent and such Lender).

(c) Agent's Fees. The Borrowers agree to pay to the Agent such agent's fees as are mutually agreed to from time to time by the Borrowers and the Agent.

(d) Letter of Credit Fees. Fees in connection with Letter of Credit as provided in Section 2.7(b) hereof.

(e) Out-of-Pocket Fees, Costs and Expenses. All reasonable out-of-pocket fees, costs and expenses ("Out-of-Pocket Fees and Costs"), incurred by Agent or Lenders in connection with any matters contemplated by or arising out of this Agreement, or any other Loan Document, all of which shall be

part of the Obligations, payable on demand, including without limitation the following: (i) expenses in verifying or inspecting the Accounts of Borrowers or Borrowers' Books with respect thereto; (ii) any bank charges in connection with opening and maintaining and transferring funds from any Lockbox and Depository Account and depositing

-31-

funds for collection by Agent on account of the Obligations; (iii) wire transfer fees, if applicable, in connection with Agent's forwarding to Borrowers the proceeds of Revolving Loans hereunder; (iv) reasonable photocopying and other mechanical or electronic reproduction expenses in connection with Agent's rights of inspection under this Agreement or any other Loan Document or in connection with any service utilized by Agent to perform such functions; (v) any costs or expenses incurred by Agent concerning any property of Borrowers relating to Environmental Laws, including without limitation, for consultants or engineers; (vi) reasonable expenses in connection with the documentation, negotiation, closing and ongoing administration of the Revolving Loans (including any and all amendments or waivers with respect hereto), including without limitation, title insurance, appraisal and evaluation fees and expenses, including, after the occurrence of an Event of Default or Potential Default, or if Agent has reasonable cause to believe there has been a material change in market conditions or the value of the Collateral, or any other property of Borrowers, search fees, publication fees, insurance premiums, examination fees, filing and recording fees, reasonable fees, costs and expenses of Agent for attorneys and paralegals, and all taxes (other than income taxes of Agent) payable in connection with this Agreement or any other Loan Document, whether such expenses and fees are incurred prior to, on or after the date hereof; (vii) after the occurrence of an Uncured Default, costs and expenses in collecting the Accounts (with or without suit), to correct any Event of Default or enforce any provision hereof, or in gaining possession of, maintaining, handling, evaluating, preserving, storing, shipping, selling, preparing for sale and/or advertising to sell the Collateral or any other property of Borrowers in which Agent has a Lien whether or not a sale is consummated; and (viii) the reasonable fees, costs and expenses for attorneys and paralegals (A) incurred by Agent in connection with the documentation, negotiation and Closing of the Loans described herein (including any and all amendments or waivers with respect thereto at or after the Closing thereof), and any participations therein (including any and all amendments or waivers with respect thereto) entered into at or after the Closing of the Loans, and incurred by Agent or Lenders in connection with the enforcement of Agent's or any Lender's rights hereunder and under the other Loan Documents, (B) incurred by Agent in connection with protection, perfection or preservation of the Collateral or the security interest or Liens of Agent therein in accordance with this Agreement, (C) incurred by Agent or any Lender in connection with any suit by or involving Agent, Lenders or any Participant in enforcing or defending this Agreement or any portion hereof, including without limitation, attorneys' and paralegals' fees and costs incurred in connection with appellate proceedings in any appeals court, and (D) incurred by Agent obtaining advice and legal services with respect to structuring, drafting, negotiating, reviewing, amending, restating, restructuring, terminating, enforcing, defending or concerning this Agreement, or any portion hereof or any of the other Loan Documents, whether or not suit is brought.

2.12 Lockbox; Crediting Collections. The Borrowers shall continue to maintain a depository account ("Depository Account") and lock box ("Lockbox") arrangement acceptable to Agent at LaSalle and, in every invoice issued by Borrowers, shall direct all Account Debtors to send their payments directly to the post office box established by the aforesaid Lockbox arrangement. Such Lockbox and Depository Account arrangements will provide that the Depository Account shall be pledged to Agent as Collateral. Upon the occurrence of an Event of Default, Agent may require all Depository Accounts to be in the name of Agent and under its sole control and direction, and shall apply all proceeds therefrom to the Obligations. The

-32-

Borrowers agree that the bank accounts at the Agent shall contain sufficient

funds to make each payment under the Loan Documents when due after applying any applicable cure periods.

2.13 Agent Rights to Collect Directly. Agent or Agent's designee may, after the occurrence of an Event of Default which has been declared by Agent by notice to Borrower, (i) notify customers or Account Debtors of Borrowers that the Accounts have been assigned to Agent and that Agent has a Lien thereon, and (ii) collect the Accounts directly, and charge the collection costs and expenses to Borrowers' account.

2.14 Disputes and Allowances. Allowances, if any, as between Borrowers and their customers, will be on the same basis and in accordance with the usual customary practices of Borrower, as they exist at this time. Upon the request of Agent, Borrowers shall promptly notify Agent of all recoveries and promptly notify Agent of all disputes and claims which involve an Account in excess of the face amount of \$20,000.00 or which involve in excess of \$50,000.00 individually and \$250,000.00 in the aggregate. After the occurrence of an Event of Default which shall be an Uncured Default, no discount, credit or allowance shall be granted by Borrowers to any Account Debtor without Agent's consent except in the ordinary course of Borrowers' business. Agent may, in its discretion, after the occurrence of an Event of Default which is an Uncured Default, settle or adjust disputes and claims directly with Account Debtors for amounts and upon terms which Agent considers advisable, and in such cases, Agent will credit Borrowers' account with only the net amounts received by Agent in payment of such disputed Accounts, after deducting all Out-of-Pocket Fees and Costs incurred or expended in connection therewith.

2.15 Monthly Statements. Agent or LaSalle shall render monthly statements of the Obligations owing by Borrowers to Lenders, including statements of all principal, interest, and Out-of-Pocket Fees and Costs owing, and such statements shall be prima facie evidence to be correct and accurate and constitute an account stated between Borrowers and Lenders unless, within sixty (60) days after receipt thereof by Borrowers, Borrowers shall deliver to Agent, by registered or certified mail or by a nationally recognized overnight courier, at Agent's place of business indicated in Section 1 hereinabove, written objection thereto specifying the error or errors, if any, contained in any such statement. Any balance credited to Borrowers' account, less monies remitted, paid or otherwise advanced by Agent to or for Borrowers' account and any amounts that Agent may be obligated to pay in the future, and less any other sums due to Agent or Lenders as provided in this Agreement, shall be remitted to Borrowers when all Obligations owed by Borrowers to Agent or Lenders have been paid in full.

2.16 Recordkeeping. Each Lender shall record in its records, or at its option on the schedule attached to its Note, the date and amount of each Loan made by such Lender, each repayment or conversion thereof and, in the case of each Eurodollar Loan, the dates on which each Interest Period for such Loan shall begin and end. The aggregate unpaid principal amount so recorded shall be rebuttable presumptive evidence of the principal amount owing and unpaid on such Note. The failure to so record any such amount or any error in so recording any such amount shall not, however, limit or otherwise affect the obligations of the Borrowers hereunder or under any Note to repay the principal amount of the Loans evidenced by such Note together with all interest accruing thereon.

-33-

2.17 Payment Dates. Any payment due under this Agreement on any day other than a Business Day shall be due on the next succeeding Business Day, and such payment shall bear interest in accordance herewith until actually received.

2.18 Regulations Affecting Loans. If (a) Regulation D or any other regulation of the Board of Governors of the Federal Reserve System or any other Federal regulation, or (b) after the date hereof, the adoption of any applicable law, rule or regulation, or any change, amendment to, deletion from or revision, modification or other change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or by any court, or compliance by Agent, Lenders or any Participant with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency,

(i) shall impose, modify or deem applicable any reserve other than reserves used in calculating the Libor Rate (including, without limitation, any reserve imposed by the Federal Reserve Board), special deposit, special assessment or similar requirement against assets of, deposits with or for the account of, or credit extended by, Agent, Lenders or any Participant; or

(ii) shall impose on Agent, Lenders or any Participant any other condition affecting the Loans;

and the result of any of the foregoing is to increase the cost to Agent, Lenders or any Participant of making or maintaining the Loans, or to reduce the amount of any sum received or receivable by Agent, Lenders or any Participant under this Agreement or under any Note with respect thereto, then on the earlier of termination of this Agreement or fifteen days after demand, unless such increased cost is a direct result of an increase required by a regulatory body in Agent, Lender's or any Participant's capital and Borrowers immediately notify Agent in writing of their intention to prepay the Obligations in full within ninety (90) days of such demand, and makes payment to Agent of the Obligations within such ninety (90) day period, Borrowers shall pay directly to Agent from time to time such additional amount or amounts as Agent reasonably determines will compensate Agent, Lenders and each Participant for such increased cost or such reduction.

The foregoing notwithstanding, Lenders and Agent shall use their best efforts to mitigate any such increased costs in any reasonable manner.

2.19 Renewals: Conversion and Continuation of Loans.

(a) Upon maturity of any Eurodollar Loan, the Borrowers may renew all or any part of any Eurodollar Loan to them from Lenders with a Loan of the same or a different type from Lenders, subject to the conditions and limitations set forth herein and elsewhere in this Agreement. Any Eurodollar Loan or part thereof so renewed shall be deemed to be repaid in accordance with this Section 2 with the proceeds of a new borrowing hereunder and the proceeds of the new Loan, to the extent such proceeds do not exceed the principal amount of the Eurodollar Loan being renewed, shall not be paid by Lenders to Borrowers.

-34-

(b) The Borrowers shall have the right at any time, upon notice to Agent given in the manner and at the times specified in this Agreement with respect to the Loans into which conversion or continuation is to be made, to convert their Eurodollar Loans into Reference Rate Loans, to convert their Reference Rate Loans into Eurodollar Loans (specifying the Interest Period to be applicable thereto), to convert the Interest Period applicable to any of their Eurodollar Loans to another permissible Interest Period, and to continue any of their Eurodollar Loans into a subsequent Interest Period of any permissible duration subject to the terms and conditions of this Agreement, and to the following:

(i) each conversion shall be effected by Agent by applying the proceeds of the new Reference Rate Loan or Eurodollar Loan, as the case may be, to the Eurodollar Loan or Reference Rate Loan (or portion thereof) being converted; accrued interest on a Loan (or portion thereof) being converted or continued shall be paid by the Borrowers at the time of conversion or continuation; and

(ii) If any Eurodollar Loan is converted at any time other than the end of an Interest Period applicable thereto, the Borrowers shall make such payments associated therewith as are required pursuant to Section 2.20 at the time such Eurodollar Loan shall be converted to a Reference Rate Loan.

The Interest Period applicable to any Eurodollar Loan resulting from a

conversion or continuation shall be specified by the Borrowers in the notice of conversion or continuation delivered pursuant to this Section 2.19 provided, however, that if no such Interest Period shall be specified, the Borrower shall be deemed to have selected a Reference Rate Loan.

2.20 Indemnity. The Borrowers shall indemnify Agent and Lenders against any loss, fee, claim, damage, liability or expense which Agent or Lenders may sustain or incur as a consequence of (i) any failure by the Borrowers to fulfill on the date of any borrowing hereunder the applicable conditions set forth in this Agreement, (ii) any failure by the Borrowers to borrow hereunder after notice of borrowing pursuant to this Agreement has been given, (iii) any payment, prepayment or conversion of a Eurodollar Loan required by any provision of this Agreement, other than Section 2.21 of this Agreement, or otherwise made on a date other than the last day of the applicable Interest Period, or (iv) the occurrence of any Event of Default, including, but not limited to, any loss or reasonable expense sustained or incurred or to be sustained or incurred in liquidating or employing deposits from third parties acquired to effect or maintain such Loan or any part thereof as a Eurodollar Loan. Such loss or reasonable expense shall include, without limitation, an amount equal to the excess, if any, as reasonably determined by Agent or any Lender of its cost of obtaining the funds for the Eurodollar Loan being paid, prepaid or converted or not borrowed (based on the Libor Rate applicable thereto) for the period from the date of such payment, prepayment or conversion or failure to borrow to the last day of the Interest Period for such Eurodollar Loan (or, in the case of a failure to borrow, the Interest Period for such Eurodollar Loan which would have commenced on the date of such failure to borrow) over the amount of interest (as reasonably determined by Agent or such Lender) that could be realized by Agent and Lenders in re-employing during such period the funds so paid, prepaid or converted or not borrowed. A certificate of Agent or any Lender setting forth any

-35-

amount or amounts which Agent is entitled to receive pursuant to this Section 2.20 shall be conclusive absent demonstrable or manifest error.

2.21 Change in Legality.

(a) Notwithstanding anything to the contrary herein contained, if any change in any law or regulation or in the interpretation thereof by any governmental authority charged with the administration or interpretation thereof shall make it unlawful for any Lender or Agent to make or maintain any Eurodollar Loan or to give effect to its obligations as contemplated hereby (an "Illegality"), or if Agent or Majority Lenders determine that maintenance of Eurodollar Loans would cause Lenders to implement or modify any reserve (other than reserves which are used in calculating the Libor Rate), special deposit or assessment or other requirement, or impose any other condition on Lenders affecting the Revolving Loans (each of the foregoing circumstances called a "Regulatory Action"), then, by written notice to the Borrowers, Agent shall:

(i) declare that Eurodollar Loans will not thereafter be made by Lenders hereunder, whereupon the Borrowers shall be prohibited from requesting Eurodollar Loans from Agent hereunder unless such declaration is subsequently withdrawn; provided, however, that if after the date of any such declaration there shall occur any change in law or regulation or in the interpretation thereof by any government authority charged with the administration or interpretation thereof that shall eliminate such Illegality, Agent shall as promptly as reasonably practicable notify the Borrowers and each of the Lenders of such occurrence and withdraw such declaration; and

(ii) require that all outstanding Eurodollar Loans made by it be converted, at Borrowers' expense, to Reference Rate Loans, in which event (1) all such Eurodollar Loans shall be automatically converted to Reference Rate Loans as of the effective date of such notice as provided in paragraph (b) below, and (2) all payments and prepayments of principal which would otherwise have been applied to repay the converted Eurodollar Loans shall instead be applied to repay the

Reference Rate Loans resulting from the conversion of such Eurodollar Loans.

(b) For purposes of this Section 2.21, a notice to the Borrowers by Agent pursuant to paragraph (a) above shall be effective on the date of receipt by the Borrowers.

2.22 Unavailability of Deposits or Inability to Ascertain, or Inadequacy of Libor Rate. If on or prior to the first day of any Interest Period for any borrowing of Eurodollar Loans:

(a) the Agent advises the Borrowers that deposits in United States Dollars (in the applicable amounts) are not being offered to it in the off-shore U.S. Dollar interbank market for such Interest Period, or

(b) the Majority Lenders advise the Agent that the Libor Rate as determined by the Agent will not adequately and fairly reflect the cost to such Lenders of funding their

-36-

Eurodollar Loans for such Interest Period due to the fact that the Libor market ceases to exist, then the Agent shall forthwith give notice thereof to the Borrowers and the Lenders, whereupon until the Agent notifies the Borrowers that the circumstances giving rise to such suspension no longer exist, the obligations of the Lenders to make Eurodollar Loans shall be suspended without liability to Agent or Lenders.

2.23 Increased Cost and Reduced Return. If on or after the date hereof, the adoption of any applicable law, rule or regulation, or any change therein, or any change in the interpretation or administration thereof by any governmental authority, central bank or comparable agency charged with the interpretation or administration thereof, or compliance by any Lender (or its Applicable Lending Office) with any request or directive (whether or not having the force of law) of any such authority, central bank or comparable agency:

(a) shall subject any Lender (or its Applicable Lending Office or Eurodollar Office) to any tax, duty or other charge with respect to its Eurodollar Loans, its Revolving Loan Note, or its obligation to make Eurodollar Loans, or shall change the basis of taxation of payments to any Lender (or its Applicable Lending Office or Eurodollar Office) of the principal of or interest on its Eurodollar Loans or any other amounts due under this Agreement in respect of its Eurodollar Loans or its obligation to make Eurodollar Loans (except for changes in the rate of tax on the overall net income of such Lender or its Applicable Lending Office or Eurodollar Office imposed by the jurisdiction in which such lender's principal executive office or Applicable Lending Office or Eurodollar Office is located); or

(b) shall impose, modify or deem applicable any reserve (except for reserves used in calculating the Libor Rate), special deposit or similar requirement (including, without limitation, any such requirement imposed by the Board of Governors of the Federal Reserve System, against assets of, deposits with or for the account of, or credit extended by, any Lender (or its Applicable Lending Office or Eurodollar Office) or shall impose on any Lender (or its Applicable Lending Office or Eurodollar Office) or on the interbank market any other condition affecting its Eurodollar Loans, its Revolving Loan Note, or its obligation to make Eurodollar Loans; and the result of any of the foregoing is to increase the cost to such Lender (or its Applicable Lending Office or Eurodollar Office) of making or maintaining any Eurodollar Loan, or to reduce the amount of any sum received or receivable by such Lender (or its Applicable Lending Office or Eurodollar Office) under this Agreement or under its Revolving Loan Note with respect thereto, by an amount deemed reasonable and in good faith by such Lender to be material, then, Borrowers shall, within fifteen (15) days after demand by such Lender (with a copy to the Agent), be obligated to pay such Lender such additional amount or amounts as will compensate such Lender for such increased cost or reduction (computed commencing on the effective date of any event mentioned herein). Each Lender agrees to use its best efforts to give the Borrowers and Agent notice of the occurrence of any event mentioned herein. Lenders may then, upon notice to Borrowers (with a copy to Agent), elect to increase the interest rate applicable to all Eurodollar Loans made subsequent thereto, to compensate Lenders for such increased cost or

reduced yield. The foregoing notwithstanding, Lenders and Agent shall use their best efforts to mitigate any such increased costs or reduction in any reasonable manner.

-37-

2.24 Discretion of Lenders as to Manner of Funding. Notwithstanding any other provision of this Agreement, each Lender shall be entitled to fund and maintain its funding of all or any part of its Loans in any manner it sees fit, it being understood, however, that for the purposes of this Agreement all determinations hereunder shall be made as if each Lender had actually funded and maintained each Eurodollar Loan through the purchase of deposits in the interbank market having a maturity corresponding to each Eurodollar Loan's Interest Period and bearing an interest rate equal to the Libor Rate for such interest period.

2.25 Right of Lenders to Fund through Other Offices. Each Lender may, if it so elects, fulfill its commitment as to any Eurodollar Loan by causing a foreign branch or Affiliate of such Lender to make such Loan; provided that in such event for the purposes of this Agreement such Loan shall be deemed to have been made by such Lender and the obligation of the Borrowers to repay such Loan shall nevertheless be to such Lender and shall be deemed held by it, to the extent of such Loan, for the account of such branch or Affiliate.

2.26 Mitigation of Circumstances; Replacement of Lenders.

(a) Each Lender shall promptly notify the Borrowers and the Agent of any event of which it has knowledge which will result in, and will use reasonable commercial efforts available to it (and not, in such Lender's sole judgment, otherwise disadvantageous to such Lender) to mitigate or avoid, (i) any obligation by the Borrowers to pay any amount pursuant to Section 2.23 or 2.21, or (ii) the occurrence of any circumstances described in Section 2.22 or 2.21 (and, if any Lender has given notice of any such event described in clause (i) or (ii) above and thereafter such event ceases to exist, such Lender shall promptly so notify the Borrowers and the Agent). Without limiting the foregoing, each Lender will designate a different funding office if such designation will avoid (or reduce the cost to the Borrowers of) any event described in clause (i) or (ii) of the preceding sentence and such designation will not, in such Lender's sole judgment, be otherwise disadvantageous to such Lender.

(b) If the Borrowers become obligated to pay additional amounts to any Lender pursuant to Sections 2.18, 2.21 or 2.23, or any Lender gives notice of the occurrence of any circumstances described in Section 2.21 or 2.22, the Borrowers may designate another bank which is acceptable to the Agent and the Issuing Bank in their reasonable discretion (such other bank being called a "Replacement Lender") to purchase the Loans of such Lender and such Lender's rights hereunder, without recourse to or warranty by, or expense to, such Lender, for a purchase price equal to the outstanding principal amount of the Loans payable to such Lender plus any accrued but unpaid interest on such Loans and all accrued but unpaid fees owed to such Lender and any other amounts payable to such Lender under this Agreement, and to assume all the obligations of such Lender hereunder, and, upon such purchase and assumption (pursuant to an Assignment Agreement), such Lender shall no longer be a party hereto or have any rights hereunder (other than rights with respect to indemnities and similar rights applicable to such Lender prior to the date of such purchase and assumption) and shall be relieved from all obligations to the Borrowers hereunder, and the Replacement Lender shall succeed to the rights and obligations of such Lender hereunder.

-38-

2.27 Adjustments to Applicable Margin. The Reference Rate Option, the Eurodollar Rate Option, the unused line fee, and the standby and trade Letter of Credit fees shall be adjusted as to the Applicable Margin based on changes in the Interest Coverage Ratio. Such adjustments shall be made by the Agent without notice to Borrowers, based on such Ratio as of the end of a calendar quarter. The Applicable Margin shall be reduced to a specified level only in the event that (A) no Potential Default or Event of Default exists as of the date of determination and (B) the required Interest Coverage Ratio has been satisfied. All adjustments shall be effective as follows:

(a) the Agent shall make its Applicable Margin determination within five (5) Business Days of the receipt by the Agent (the "Review Period") of Borrowers' quarterly financial statements received at the end of September, December, March or June, or annual financial statements and Compliance Certificate indicating that an adjustment in the Applicable Margin is warranted;

(b) any reduction or increase in the Applicable Margin after the Review Period with respect to a Eurodollar Loan or a Reference Rate Loan shall be effective on the day following the end of any Review Period; and

(c) if any Financial Statements necessary for calculation of the Interest Coverage Ratio provided for in this Section 2.27 are not delivered to the Agent within the time periods specified in Section 10.3, and such statements when ultimately delivered give rise to an increase in the Applicable Margin, such increase shall be retroactive to the date such Financial Statements were required to be delivered pursuant to Section 10.3.

3. TERMS OF THIS AGREEMENT; PREPAYMENTS

3.1 Initial Term and Renewal Terms. This Agreement shall have a term (the "Initial Term") commencing on the Effective Date and expiring on the Revolving Loan Termination Date, and shall not be extended thereafter except by written agreement of the parties hereto.

3.2 Agent Right to Terminate. Notwithstanding the foregoing, upon the occurrence of an Event of Default which is an Uncured Default, Agent may in accordance with Sections 13.1 and 17 of this Agreement terminate this Agreement without notice, except that this Agreement shall terminate automatically upon an Event of Default under Section 12.7.

3.3 Effects of Termination. On the date of termination or expiration of this Agreement, all Obligations owed by Borrower shall become immediately due and payable without notice or demand and shall be repaid in cash or by a wire transfer of immediately available funds. Notwithstanding termination, until all Obligations have been fully repaid (including without limitation all Obligations in connection with the Letters of Credit), Agent shall retain its Lien on the Collateral of Borrowers, all collection arrangements described in Section 2.12 shall remain in full force and effect and Borrowers shall continue to immediately turn over to Agent, in kind, all collections received with respect to the Accounts:

-39-

3.4 Voluntary Prepayment. Borrower may borrow, repay and reborrow Revolving Loans subject to the terms of this Agreement.

3.5 Mandatory Prepayments. (a) The Borrowers shall make a prepayment of the Revolving Loans upon the occurrence of any of the following (each a "Mandatory Prepayment Event") at the following times and in the following amounts (such applicable amounts being referred to as "Designated Proceeds"):

(i) Concurrently with the receipt by the Borrowers of any Net Cash Proceeds from any Asset Sale, in an amount equal to 100% of such Net Cash Proceeds to the extent not reinvested in accordance with the terms of Section 8.1 hereof.

(ii) Concurrently with the receipt by the Borrowers of any Net Cash Proceeds from any issuance of equity securities of the Borrowers (excluding (x) any issuance of shares of capital stock pursuant to any employee or director stock option program, benefit plan or compensation program and (y) any issuance by a Subsidiary to the Borrowers or another Subsidiary), in an amount equal to 100% of such Net Cash Proceeds.

(iii) Concurrently with the receipt by the Borrowers of any Net Cash Proceeds from any issuance of any Indebtedness or permitted issuance of equity of the Borrowers in an amount equal to 100% of such Net Cash Proceeds.

3.6 Reductions of the Revolving Loan Commitment. All reductions of the

Revolving Loan Commitment, if any, shall reduce the Commitments pro rata among the Lenders according to their respective Pro Rata Shares.

3.7 Termination: Reduction of Maximum Credit Facility. Subject to the terms of Section 3.5 of this Agreement and this Section 3.7, Borrowers may, at any time, on thirty (30) days written notice prior to the end of any month, prepay in full the Loans and terminate this Agreement by paying to Agent, in cash or by a wire transfer of immediately available funds, the Obligations. Concurrently with any reduction of the Revolving Loan Commitment to zero, the Borrowers shall pay all accrued interest on the Revolving Loans, all unused line fees and all Letter of Credit fees. If any Letters of Credit are outstanding on the effective date of termination, Borrowers shall deliver to Agent cash collateral in an amount equal to the aggregate undrawn face amount of such Letters of Credit (plus the projected amount of all reasonable fees associated therewith). After termination of this Agreement and receipt by Agent of payment in full of all Obligations, Agent shall at Borrowers' expense execute a termination of all Liens given by the Borrowers to Agent; provided, that the indemnifications set forth in Section 20 and elsewhere in this Agreement shall survive such termination. Borrowers may, at any time, on five (5) day's written notice prior to the end of any month, elect to permanently reduce the Maximum Revolving Credit Facility in increments of not less than \$1,000,000 to an amount not less than the Revolving Loans outstanding.

-40-

4. CREATION OF LIEN AND COLLATERAL

4.1 Security Interest. Borrowers hereby grant to Agent on behalf of Lenders, a continuing lien and security interest in all presently existing and hereafter arising Collateral which the Borrowers now or hereafter own or have an interest in, wherever located, to secure prompt repayment of any and all Obligations owed and to be owed by Borrowers to Agent or Lenders (and their Affiliates with respect to Permitted Swap Obligations) and to secure prompt performance by Borrowers of each and all of their covenants and obligations under this Agreement and the other Loan Documents. Agent's lien and security interest in the Collateral shall attach to all Collateral without further act on the part of Agent or Borrowers. In the event that any Collateral, including proceeds, is evidenced by or consists of Negotiable Collateral, Borrowers shall, immediately upon receipt thereof, endorse and assign such Negotiable Collateral over to Agent (or in blank if requested by Agent) and deliver actual physical possession of the Negotiable Collateral to Agent or to an agent, on behalf of Agent.

4.2 Preservation of Collateral and Perfection of Security Interests. Borrowers shall execute and deliver to Agent, concurrent with Borrowers' execution of this Agreement, and at any time or times hereafter immediately at the request of Agent, all financing statements, amendments or continuations of financing statements, fixture filings, security agreements, mortgages, chattel mortgages, assignments, endorsements of certificates of title, affidavits, reports, notices, schedules of accounts, letters of authority and all other documents that Agent may reasonably request, in form satisfactory to Agent, to perfect and maintain perfected Agent's Liens and security interests in the Collateral and to fully consummate all of the transactions contemplated under this Agreement. Borrowers hereby irrevocably make, constitute and appoint Agent (and any of Agent's officers, employees or agents designated by Agent), with full power of substitution by Agent, as Borrowers' true and lawful attorney with power to sign the name of any Borrowers on any of the above-described documents or on any other similar documents which need to be executed, recorded and/or filed to perfect or continue perfected Agent's Lien in the Collateral. For purposes hereof, photocopies of this Agreement or any other Loan Agreement constituting a security agreement may be filed by Agent as a financing statement.

4.3 Inspection; Appointment as Attorney-in-Fact. Agent or any of the Lenders (through any of-heir officers, employees or agents) shall have the right, at any time or times after the occurrence of an Event of Default which is an Uncured Default, and otherwise upon three (3) Business Day's prior notice, during Borrowers' usual business hours, or during the usual business hours of any third party having control over the records of Borrowers, to inspect and verify Borrowers' Books and the Collateral in order to verify the amount or condition of, or any other matter relating to, the Collateral and Borrowers' business, affairs, operations, or financial condition. Prior to the occurrence

of an Event of Default, Agent and Lenders shall treat such information as confidential and shall not disclose such information unless required by laws, banking regulation, or court order. In addition, Borrowers hereby appoint Agent (and any of Agent's officers, employees or agents designated by Agent), with full power of substitution by Agent, as Borrowers' attorney, with power upon the happening or occurrence and during the continuation of an Event of Default which is an Uncured Default hereunder, upon simultaneous written notice to Borrowers: to endorse Borrowers' name on any checks, notes, acceptances, money orders, drafts or other forms of payment or security that may come into Agent's

-41-

possession; to sign Borrowers' name on any invoice or bill of lading relating to any Accounts, on drafts against Account Debtors, on schedules and assignments of Accounts, on verifications of Accounts and on notices to Account Debtors; after an occurrence of an Event of Default which is an Uncured Default, to notify the post office authorities to change the address for delivery of Borrowers' mail to an address designated by Agent, to receive and open all mail addressed to Borrowers, and to retain all mail relating to the Collateral and forward all other mail to Borrowers; and to send, whether in writing or by telephone, request for verifications of Accounts and request for verifications of trade and other Indebtedness of Borrowers; and to do all things necessary to carry out this Agreement. Borrowers ratify and approve all acts of the attorney and neither Agent nor any other Person acting as Borrowers' attorney hereunder will be liable for any acts or omissions or for any error of judgment or mistake of fact or law made in good faith except as result of gross negligence or willful misconduct. The appointment of Agent as Borrowers' attorney, and each and every one of Agent's rights and powers, being coupled with an interest, subject to the provisions herein, are irrevocable so long as any Accounts in which Agent has a Lien remain unpaid and until all of the Obligations have been fully repaid and this Agreement shall have expired or been terminated.

5. CONDITIONS PRECEDENT

5.1 Closing, Conditions to Initial Loan and Closing. The initial Revolving Loan hereunder shall be made upon the Effective Date hereunder at the offices of Agent's counsel ("Closing"). In addition to those conditions set forth hereunder in Section 5.2 with respect to all Loans and Letters of Credit hereunder, prior to or contemporaneously with the making of the initial Revolving Loan hereunder at Closing, Lenders shall be satisfied that all of the following conditions precedent shall have been satisfied in a manner satisfactory to Lenders.

(a) Satisfactory Due Diligence. Lenders shall have completed and shall be satisfied with the results of (i) due diligence by Lenders and their counsel, (ii) Lenders' updated field examination of Borrowers, (iii) the Borrowers' most recent interim financial statements; (iv) all appraisals required by Lenders; and (v) any governmental approvals, waivers or consents.

(b) No Adverse Change. There shall have been as determined by Lenders in their discretion (i) no material adverse change since March 31, 2000 in the operations (financial or otherwise) of Borrowers, and (ii) no material litigation or claims with respect to this Agreement which is adverse to Borrowers.

(c) Senior Loan. Lenders shall have received evidence satisfactory to them that Agent has a first priority perfected Lien on the Collateral and all financing statements and other documents Lenders deem necessary to perfect such lien shall have been filed and recorded.

(d) Required Documents. Agent shall have received all of the following documents, each in form and substance satisfactory to Agent and its counsel, duly executed and dated the Effective Date (or such other date prior thereto as shall be satisfactory to Agent):

(i) Agreement. Multiple copies of this Agreement as requested by Agent.

-42-

(ii) Revolving Loan Notes. The Revolving Loan Notes.

(iii) Search Results: Lien Terminations. Certified copies of Uniform Commercial Code Requests for Information or Copies (Form UCC-11), or a similar search report certified by a party acceptable to the Agent, dated a date reasonably near to the Closing Date, listing all effective financing statements which name each Borrower and each Subsidiary (under their present names and any previous names) as debtors and which are filed in the jurisdictions in which filings are to be made, together with (i) copies of such financing statements, (ii) executed copies of proper Uniform Commercial Code Form UCC-3 termination statements, if any, necessary to release all Liens and other rights of any Person in any Collateral previously granted by any Person (other than Liens permitted by Section 8.1), and (iii) such other Uniform Commercial Code Form UCC-3 termination statements as the Agent may reasonably request.

(iv) Filings, Registrations and Recordings. The Agent shall have received each document (including Uniform Commercial Code financing statements) required under law or reasonably requested by the Agent to be filed, registered or recorded in order to create in favor of the Agent, for the benefit of the Lenders, a perfected Lien on the collateral described therein, prior and superior to any other Person, in proper form for filing, registration or recording.

(v) Landlord Waiver. A landlord waiver from the landlord of Borrowers' Aurora, Illinois, Schaumburg, Illinois and Lombard, Illinois facilities, in form and substance satisfactory to Agent in its reasonable discretion; provided, however, such landlord waivers may be provided within thirty (30) days after the Closing.

(vi) Bailee Agreement. A bailee agreement with respect to Borrowers' Servex warehouse location, in form and substance satisfactory to Agent in its reasonable discretion.

(vii) Officers' Certificates. A certificate of an officer of each Borrower, in the form attached hereto as Exhibit D and dated as of the date hereof.

(viii) Organizational Documents. Copies, certified no earlier than thirty days before the Closing, by the Secretary of State of the State of Illinois and the Secretary of State of Delaware, of the Articles and/or Certificates of Incorporation, and any amendments thereto, of each Borrower.

(ix) Certificate of Existence. A certificate of the Secretary of State of the State of incorporation of each Borrower, dated no earlier than thirty days before the Closing, as to the good standing of each Borrower in the State of its incorporation and in each other State listed on Schedule 7.2 hereof.

-43-

(x) Opinion of Counsel. The written opinion, in a form acceptable to the Agent, of McDermott, Will & Emery, as counsel for the Borrowers, dated as of the date hereof and addressed to the Agent on behalf of the Lenders.

(xi) Certificate of Insurance. Certificates or other evidence from an insurance company or companies acceptable to the Agent as to the policies of insurance, binders and endorsements thereto and such other insurance coverage to be maintained by the Borrowers pursuant to Section 9.3 hereof, each of which shall name the Lender as lender's loss payee and additional insured;

(xii) Financial Statements. All information, Financial Statements, or notices to be delivered to the Agent pursuant to Section 10(b) hereof, including, without limitation, the Borrowers' consolidated Financial Statements for Borrower's Fiscal Years ending March 31, 1998, 1999, and 2000, and the Borrowers' unaudited interim consolidated Financial Statements for the quarterly period ended June 30, 2000;

(xiii) Letter of Direction. Copies of a letter of direction with wire transfers or other appropriate instructions directing the Agent, on behalf of the Lenders to disburse funds in appropriate amounts to specific accounts;

(xiv) Directors' Consents. Certified copies of the unanimous written consents, or resolutions duly adopted at meetings, of the Boards of Directors of the Borrowers in the form attached hereto as Exhibit E hereto authorizing the execution, delivery and performance by the Borrowers of this Agreement, the Notes and the other Loan Documents.

(xv) Stock Pledge Agreements. Stock Pledge Agreement in the form of Exhibit F hereto executed and delivered by Westell Technologies, Inc.;

(xvi) Patent and Trademark Mortgages. Assignment, Security Agreements, and Mortgages - Trademarks Ad Patents, executed by Westell Technologies, Inc., Westell, Inc., Conference Plus, Inc., and Teltrend, Inc.

(xvii) Solvency Certificates. Solvency certificates from the chief financial officers of the Borrowers, in form and substance satisfactory to Agent and the Lenders in their reasonable discretion.

(xviii) Projections. Projected income statements, balance sheets and cash flow statements prepared by the Borrowers giving effect to the Revolving Loans and the use of the proceeds therefrom, in form and substance satisfactory to the Agent in its reasonable discretion.

(xix) Borrowers' Deliveries. In form and substance reasonably satisfactory to the Agent, each and every agreement, document, note, release, certificate, notice, affidavit, exhibit, schedule, legal opinion, assignment, security

-44-

agreement or financing statement, which the Agent may reasonably request from the Borrowers to effect the intent of this Agreement.

(e) Out-of-Pocket Fees and Costs. Lenders and Agent shall have received reimbursement for all Out-of-Pocket Fees and Costs which then have been paid or accrued by Lenders and Agent, including the fees provided for in the fee letter dated July 25, 2000 between Borrowers and Agent.

5.2 Condition to All Loans and Letters of Credit. Notwithstanding any other provisions contained in this Agreement, the making of each Loan and the issuance of each Letter of Credit provided for in this Agreement shall be conditioned upon the satisfaction of the matters set forth in this Section 5.2, and each request by Borrowers for a Revolving Loan or Letter of Credit shall constitute a representation to Agent and Lenders that each such condition set forth below has been met or satisfied.

(a) Warranties and Representations. All of the warranties and representations contained in this Agreement or any other Loan Document shall be true and correct in all material respects on and as of the date of such Revolving Loan or Letter of Credit as if made on such date and each request for a Revolving Loan or Letter of Credit shall constitute an affirmation by

Borrowers that such warranties and representations are then true and correct in all material respects.

(b) Borrowers' Request. Agent shall have received on or before 12:00 p.m. central standard time on the day a Reference Rate Loan is to be made (or three (3) Business Days before a Letter of Credit is to be issued or a Eurodollar Loan is to be made) a written or telephonic request from an officer of Borrowers (or any other Person believed by Agent to be authorized by Borrower pursuant to Section 2.1), for a Revolving Loan (or a Letter of Credit) in a specific amount. In addition, with respect to a request for a Revolving Loan (or a Letter of Credit), Agent shall have received copies of all other documents required to have been delivered to Agent hereunder. Agent shall be entitled, but not required, to rely on oral requests for Revolving Loans from officers from time to time designated by Borrowers to Agent in writing, and shall be fully protected in doing so.

(c) No Default. As determined by Agent in its reasonable discretion, no Potential Default shall have occurred or will result from such Revolving Loan or Letter of Credit and no Event of Default which shall be an Uncured Default shall have occurred or will result from such Revolving Loan or Letter of Credit.

(d) No Litigation. (i) Except as set forth on Schedule 7.7 no litigation, investigation or proceeding before any court or other governmental authority shall be pending or threatened against any Borrower or any officer, director, or employee of Borrowers which, in the reasonable opinion of Agent, is likely to have a material adverse effect on the condition, financial or otherwise, business, property or results of operations of Borrowers; and (ii) no injunction, writ, restraining order, judgment, decree, or other order of any nature which could reasonably have a material adverse effect on the condition, financial or otherwise, business,

-45-

property or results of operations of Borrowers shall have been issued or threatened by any court or other governmental authority.

(e) Other Requirements and Other Documents. Lenders shall have received, in form and substance reasonably satisfactory to Lenders, all certificates, orders, authorizations, consents, affidavits, schedules, instruments, security agreements, financing statements, and other documents which are provided for hereunder, or which Lenders may at any time reasonably request.

6. WARRANTIES, REPRESENTATIONS, AND COVENANTS - COLLATERAL

Borrowers warrant, represent, covenant and agree that:

6.1 Collateral Warranties Generally. Borrowers have and will continue to have good and marketable title to the Collateral; the Collateral is free and clear of all Liens, except (i) as may be consented to in writing by Lenders, (ii) as held by Agent, or (iii) other Permitted Liens.

(a) Account Warranties and Covenants. With respect to the Accounts of the Borrowers scheduled, listed or referred to from time to time on any Aging Reports or Financial Statement, each Borrower warrants and represents to the Lenders that: (a) such Accounts are genuine, are in all respects what they purport to be, and are not evidenced by a judgment; (b) such Accounts are assignable and a security interest may be granted therein and such Accounts are subject to the first and prior perfected Lien and security interest of the Lenders; (c) such Accounts represent undisputed, bona fide transactions completed in material compliance with the terms and provisions of the documents related thereto as delivered to the Lenders if so requested; (d) the Equipment or Inventory sold or leased, or the services rendered, which resulted in the creation of such Accounts have been delivered or rendered to the applicable Account Debtor; (e) the amounts shown on the Borrowers' books and records and all invoices and statements delivered to the Lenders, when and if so requested, with respect to such Accounts are actually and absolutely owing to the applicable Borrower and are not in any way contingent; (f) no payments have been made upon such Accounts; (g) there are no set-offs, counterclaims or disputes existing or, to Borrowers' knowledge, asserted with respect to such Accounts and

the Borrowers have not made any agreement with any applicable Account Debtor for any deduction or discount from any such Account, except discounts allowed by the Borrowers in the ordinary course of their business for prompt payment; (h) to the knowledge of the Borrowers, there are no facts, events or occurrences which in any way impair the validity or the enforceability of such Accounts or tend to reduce the amounts payable under such Accounts as shown on the books and records of the Borrowers and the invoices and statements delivered to the Lenders, when and if so requested, with respect thereto; (i) to the best knowledge of the Borrowers without independent inquiry, all of the applicable Account Debtors with respect to such Accounts have the capacity to contract and are solvent; (j) such Accounts and the Equipment, or Inventory sold or leased or the services rendered giving rise to said Accounts are not subject to any lien, security interest, claim, charge or any other encumbrance, except for the first and prior perfected security interest of the Lenders and except those of holders of the Permitted Liens; and (k) to the knowledge of the Borrowers, there are no proceedings or actions which are threatened or

-46-

pending against any of the applicable Account Debtors which might result in any material adverse change in such Account Debtor's financial condition.

6.2 Equipment, Inventory Collateral Warranties and Covenants. Borrowers warrant, represent, covenant and agree that:

(a) Borrowers shall keep the Equipment and Inventory only at the locations specified in Schedule 6.2 hereto or locations consented to by Agent upon Five (5) Business Days' prior written notice to Agent, and execution by Borrowers or any other Persons of such financing statements, landlord, mortgagee, bailee, warehouseman or other agreements requested by Agent in its reasonable discretion.

(b) Borrowers shall keep and maintain the Equipment in good operating condition and repair (normal wear and tear excepted) and subject to the terms of this Agreement make necessary or appropriate replacements thereto. Borrowers shall, to the best of their ability, not permit any items of Equipment to become a fixture to real estate or an accession to other property and the Equipment is now and shall at all times remain and be personal property. Borrowers shall promptly deliver to Agent any and all evidence of ownership, if any, of any of the Equipment (including, without limitation, certificates of title and applications for title). Borrowers shall maintain accurate, itemized records describing the kind, type, quality, quantity and value of their Equipment and shall furnish Agent with a current schedule containing the foregoing information when requested, and Borrowers shall not sell, lease, or otherwise dispose of or transfer any of the Equipment or any part thereof, except as otherwise permitted under the terms of this Agreement. Borrower shall as and when reasonably requested by Agent, procure and supply to Agent, appraisals of the Equipment by appraisers and in form reasonably satisfactory to Agent.

(c) Except as disclosed on Schedule 6.2(c) hereto, the Inventory is not now and shall not at any time or times hereafter be stored with a bailee, warehouseman or similar party without Agent's prior written consent, and, in such event, Borrowers will upon Agent's request, concurrent therewith, cause any such bailee, warehouseman or similar party to issue and deliver to Agent, in a form acceptable to Agent, warehouse receipts in Agent's name evidencing the storage of the Inventory. No Inventory has been consigned to any Person, except with respect to that Inventory as to which Borrowers have notified Agent.

(d) Borrowers shall keep correct and accurate records itemizing and describing the kind, type, quality and quantity of the Inventory, and their costs therefor, all of which records shall be available at all times after the occurrence of an Event of Default and otherwise, during Borrowers' usual hours after reasonable demand to any of Agent's officers, agents, and employees for inspection and copying.

(e) Agent shall have the right, at all times after the occurrence of an Event of Default and otherwise upon three (3) Business Day's prior notice to Borrowers on a reasonable basis, during Borrowers' usual business hours, to inspect and examine the Inventory and Equipment and to check

and test the same as to quality, quantity, value, and condition. The Agent shall be permitted to perform annual field audits and, in its reasonable commercial

-47-

discretion, fixed asset appraisals of any of Borrowers' premises where any of the Collateral is located at Borrowers' expense.

7. GENERAL CONTINUING WARRANTIES AND REPRESENTATIONS

Borrowers warrant, represent, covenant and agree that:

7.1 Office. The chief executive office or principal place of business of Borrowers are at the address indicated in Section 16 hereof and Borrowers covenant and agree that they will not, during the term of this Agreement, without at least five (5) Business Days' prior written notification to Agent and the delivery to Agent if requested, of an executed landlord's or mortgagee's waiver and Code financing statements in form acceptable to Agent relocate such chief executive office or principal place of business.

7.2 Existence. Each Borrower is and shall at all times hereafter be a corporation duly organized, validly existing, and in good standing under the laws of the state of its organization and is qualified and licensed to do business, and is in good standing, in any state in which it conducts its business or in which the failure to qualify could have a material adverse effect on the condition, financial or otherwise, business, property or results of operations of such Borrower, which states include, as of the date hereof and as of the Closing Date, the states listed on Schedule 7.2 (provided that inclusion on said Schedule 7.2 does not mean that failure to qualify in such state would have a material adverse effect on the condition, financial or otherwise, business, property or results of operation of Borrowers).

7.3 Authority. Each Borrower has all corporate power and authority to own its property and assets and to carry on and engage in its business as it is now conducted and as is presently proposed to be conducted, and each Borrower has all material licenses, permits, franchises, consents, approvals and authorizations (collectively, "Licenses") required in connection with the foregoing, all of which Licenses are in full force and effect and no action or claim is pending, nor, to Borrowers' knowledge, is threatened, to revoke or terminate any of the Licenses or declare any License invalid. No consent, approval or authorization of, or filing, registration or qualification with, any Person, governmental, regulatory, or otherwise, is required to be obtained or effected by any Borrower or any Affiliates in connection with the execution, issuance, delivery and performance of this Agreement, the Notes and the Loan Documents to which the Borrowers or any Affiliates are a party or signatory or the incurrence or performance of the Obligations of the Borrowers or any Affiliates or, if so required, it has been duly obtained or effected before the date hereof. The execution, issuance, delivery and performance of this Agreement, the Notes and the Loan Documents to which any Borrower is a party or is a signatory and the incurrence or performance of the Obligations and indebtedness of the Borrowers hereunder (a) has been duly and properly authorized by all necessary corporate, director, shareholder and other action of each Borrower and (b) has not resulted in and will not result in:

(i) the creation or imposition of any Lien, security interest, mortgage, charge or any encumbrance of any nature whatsoever (except in favor of the Agent) upon any of any Borrowers' property or assets, or

-48-

(ii) the violation or contravention of, the occurrence of a default, Event of Default or event, which with the passage of time or giving of notice or both, would constitute a default or event of default under, any term or provision of its articles or certificate of incorporation, any certificates of authority to do or transact business, any order of any court, or any material contract, agreement, mortgage, indenture, instrument, judgment or Laws to which any Borrower or any Affiliates are parties or signatories or by which any Borrower or any Affiliates are bound.

7.4 Validity. This Agreement and all of the other Loan Documents are the legal, valid and binding obligations of Borrowers, enforceable in accordance with their terms, except as limited by applicable bankruptcy, reorganization, insolvency or similar laws affecting the enforcement of creditor's rights generally.

7.5 Solvency. On the Effective Date both prior to and after the transactions contemplated in connection with the Closing, and at all times thereafter, the Fair Value of Borrowers' assets is and shall be greater than their liabilities; Borrowers are and shall be able to pay their debts as they mature and Borrowers do not and will not have an unreasonably small amount of capital. Borrowers have and at all times hereafter will have sufficient capital to carry on their business and transactions as now conducted and as planned to be conducted in the future.

7.6 Compliance With Laws. Borrowers are in compliance in all material respects with all applicable laws, rules and regulations of any governmental authority, including but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Fair Labor Standards Act, Environmental Laws, laws relating to income, unemployment, payroll or social security taxes and employee benefit plans (as defined in Section 3(3) of ERISA) as required by ERISA, except for those laws, rules and regulations the violation of which would not have a material adverse effect on the condition, financial or otherwise, business, property or results of operations of Borrowers.

7.7 Actions or Proceedings. Except as disclosed on Schedule 7.7, there are no actions or proceedings pending by or against any Borrower before any court, administrative agency or other governmental entity and Borrowers have no knowledge of any pending, threatened or imminent litigation, governmental investigations or claims, complaints, actions or prosecutions involving any Borrower, or any breaches by any Borrower or any other Person of any agreement to which any Borrower is a party, except for actions, proceedings, litigation, investigations, claims, complaints, actions, prosecutions and breaches that would not have a material adverse effect on the condition, financial or otherwise, business, property or results of operations of Borrowers, the Collateral, Agent's Liens or Agent's ability to enforce its rights and remedies hereunder.

7.8 Trademarks, Licenses, Etc. Each Borrower owns or possesses rights to use all licenses, patents, patent applications, copyrights, service marks, trademarks and trade names required to continue to conduct its business as heretofore or presently conducted. All such licenses, patents, patent applications, copyright registrations, service marks, trademarks and trade

-49-

names are listed on Schedule 7.8. To the best of Borrowers' knowledge, after diligent inquiry, no such license or trademark has been declared invalid, been limited by order of any governmental authority or by agreement, or is the subject of any infringement, interference or similar proceeding or challenge, except for those licenses or trademarks which if challenged, limited or rendered invalid, would not have a material adverse effect on the condition, financial or otherwise, business, property or results of operations of Borrowers, the Collateral, Agent's Liens or Agent's ability to enforce its rights and remedies hereunder.

7.9 Financial Statements. All financial statements relating to Borrowers which have been or may hereafter be delivered by Borrowers to Agent fairly present the financial condition of Borrowers and have been prepared in accordance with Generally Accepted Accounting Principles, subject to year-end adjustments and the absence of footnotes with respect to interim financial statements, and there has been no material adverse change in the financial condition of Borrowers since the submission of such financial information to Agent.

7.10 Conduct of Business. Except as contemplated, since the date of March 31, 2000, each Borrower has not: (i) incurred any debts, obligations, or liabilities (absolute, accrued, or contingent and whether due or to become due) except current liabilities incurred in the ordinary course of business, none of which (individually or in the aggregate) materially and adversely affects the

business or properties of such Borrower; (ii) paid any obligation or liability other than current liabilities in the ordinary course of business, or discharged or satisfied any liens or encumbrances other than those securing current liabilities, in each case in the ordinary course of business; (iii) declared or made any payment to or distribution to its stockholders as such, or purchased or redeemed any of its shares of capital stock, or obligated itself to do so, except as permitted hereunder; (iv) mortgaged, pledged, or subjected to any Lien any of its assets (tangible or intangible), except for Permitted Liens; (v) sold, transferred or leased any of its assets except in the usual and ordinary course of business; (vi) suffered any physical damage, destruction or loss (whether or not covered by insurance) materially and adversely affecting the properties or business of Borrowers; (vii) entered into any transaction other than in the usual and ordinary course of business and other than as contemplated hereby; (viii) encountered any labor difficulties or labor union organizing activities; (ix) issued or sold any shares of capital stock or other securities or granted any options or similar rights with respect thereto other than pursuant hereto; or (x) agreed to do any of the foregoing other than pursuant hereto. There has been no material adverse change in the business, financial condition, operations or results of operations of Borrowers since the date of March 31, 2000.

7.11 Environmental Laws. (i) Borrowers and all properties owned or operated by Borrowers comply in all material respects with all applicable Environmental Laws; (ii) Borrowers are not subject to any actual or, to the best of Borrowers' knowledge after diligent inquiry, threatened judicial or administrative proceeding, investigation or inquiry into the possibility of violation of any Environmental Laws; (iii) Borrowers and their properties are not the subject of actual or threatened governmental authority investigation or inquiry evaluating whether any remedial action is needed to respond to a Release of any Hazardous Material or other substance into the environment, and Borrowers do not have knowledge or notice of the presence on or under any property owned or operated by any of them, or of the Release of, any Hazardous Material in violation of applicable Environmental Laws; (iv) there are no

-50-

Environmental Claims pending or, to the best of Borrowers' knowledge after diligent inquiry, threatened against any Borrower relating to damage, contribution, cost recovery compensation, loss, or injury resulting from the Release of, or exposure to, any Hazardous Material other than as listed on Schedule 7.11, which Hazardous Material is stored in or under Borrowers' property in the ordinary course of their business in accordance with Environmental Laws; and (v) Borrowers have not filed, nor were required to file, any notice under any law, regulation or rule indicating past or present generation, transportation, treatment, storage or disposal of a Hazardous Material or reporting a Release of a Hazardous Material into the environment and have not engaged in such activity other than in accordance with Environmental Laws where failure to file such notice or report will not have an adverse effect on Borrowers. Borrowers do not have any known contingent liability in connection with any Release of any Hazardous Material into the environment; and Borrowers have not received notice, nor have reason to expect notice, of any potential liability under any Environmental Law.

7.12 Permits and Licenses. Each Borrower has been and is current and in good standing with respect to all governmental approvals, permits, certificates, licenses, inspections, consents and franchises (collectively, the "Licenses") necessary to continue to conduct its business and to own or lease and operate its properties as heretofore conducted, owned, leased or operated, including, without limitation, any and all Licenses related to Environmental Laws.

7.13 ERISA. None of the Borrowers, any ERISA Affiliate of Borrower, nor any Benefit Plan is in violation in any material respect of any of the provisions of ERISA or any of the qualification requirements of Section 401(a) of the IRC; no Prohibited Transaction or Reportable Event has occurred with respect to any Benefit Plan, nor has any Benefit Plan been the subject of a waiver of the minimum funding standard under Section 412 of the IRC; nor has any Benefit Plan experienced an accumulated funding deficiency under Section 412 of the IRC; nor has any lien been imposed upon any Borrower or any ERISA Affiliate of such Borrower under Section 412(n) of the IRC; nor has any Benefit Plan been amended in such a way that the security requirements of Section 401(a)(29) of the IRC apply; no notice of intent to terminate a Benefit Plan has been

distributed to affected parties or filed with the PBGC under Section 4041 of ERISA, nor has any Benefit Plan been terminated under Section 4041(e) of ERISA; the PBGC has not instituted proceedings to terminate, or appoint a trustee to administer, a Benefit Plan and no event has occurred or condition exists which might constitute grounds under Section 4042 of ERISA for the termination of, or the appointment of a trustee to administer, any Benefit Plan; neither Borrowers nor any ERISA Affiliate of Borrowers would be liable for any amount pursuant to Sections 4062, 4063 or 4064 of ERISA if all Benefit Plans terminated as of the most recent valuation dates of such Benefit Plans except as set forth on Schedule 7.13, neither Borrowers nor any ERISA Affiliate of Borrowers maintains any employee welfare benefit plan, as defined in Section 3(1) of ERISA, which provides any benefits to an employee or the employee's dependents with respect to claims incurred after the employee separates from service other than is required by applicable law; and neither Borrowers nor any ERISA Affiliate of Borrowers has incurred or expects to incur any withdrawal liability to any Multiemployer Plan.

7.14 Public Utility Holding Company Act. Neither the Borrowers nor any Subsidiary is a "holding company", or a "subsidiary company" of a "holding company", or an "affiliate" of a

-51-

"holding company" or of a "subsidiary company" of a "holding company", within the meaning of the Public Utility Holding Company Act of 1935.

7.15 Real Property. Set forth on Schedule 7.15 is a complete and accurate list, as of the Closing Date, of the addresses of all real property owned or leased by the Borrowers or any Subsidiary, together with, in the case of leased property; the name and mailing address of the lessor of such property.

7.16 Insurance. Set forth on Schedule 7.16 is a complete and accurate summary of the property and casualty insurance program of the Borrowers and their Subsidiaries as of the Closing Date (including the names of all insurers, policy numbers, expiration dates, amounts and types of coverage, annual premiums, exclusions, deductibles, self-insured retention, and a description in reasonable detail of any self-insurance program, retrospective rating plan, fronting arrangement or other risk assumption arrangement involving the Borrowers or any Subsidiary).

7.17 Information. All information heretofore or contemporaneously herewith furnished in writing by the Borrowers to the Agent for any Lender for purposes of or in connection with this Agreement and the transactions contemplated hereby is, and all written information hereafter furnished by or on behalf of the Borrowers to the Agent or any Lender pursuant hereto or in connection herewith will be, true and accurate in every material respect on the date as of which such information is dated or certified, and none of such information is or will be incomplete by omitting to state any material fact necessary to make such information not misleading in light of the circumstances under which made (it being recognized by the Agent and the Lenders that any projections and forecasts provided by the Borrowers are based on good faith estimates and assumptions believed by the Borrowers to be reasonable as of the date of the applicable projections or assumptions and that actual results during the period or periods covered by any such projections and forecasts may differ from projected or forecasted results).

7.18 No Default. No Event of Default or Uncured Default exists or would result from the incurring by the Borrowers of any Indebtedness hereunder or under any other Loan Document.

7.19 Customer and Trade Relations. There exists no actual or threatened termination, cancellation or limitation of, or any modification or change in, the business relationship between any Borrower and any customer or any group of customers whose purchases individually or in the aggregate are material to the business of such Borrower, or with any material supplier, and there exists no present condition or state of facts or circumstances which would materially affect adversely any Borrower or prevent such Borrower from conducting such business after the consummation of the transactions contemplated by this Agreement in substantially the same manner in which it has heretofore been conducted.

7.20 Other Names. The businesses conducted by Borrowers have not been conducted under any corporate, trade or fictitious name other than those names listed on Schedule 7.20 hereto.

-52-

7.21 Tax Obligations. To the best of its knowledge, each Borrower has filed complete and correct federal, state and local tax reports and returns required to be filed by it, prepared in accordance with any applicable laws or regulations, and except for extensions duly obtained, has either duly paid all taxes, duties and charges owed by it, or made adequate provision for the payment thereof, unless such Borrower is contesting in good faith, by an appropriate proceeding, the validity, amount or imposition of the above while maintaining adequate reserves to cover the above, and such contest does not have or cause a material adverse change in such Borrower's financial condition or operations and does not impair such Borrower's ability to perform its Obligations. There are no material unresolved questions or claims concerning any tax liability of any Borrower. None of the transactions contemplated hereby or under any agreements referred to hereunder will result in any material tax liability for any Borrower or result in any other material adverse tax consequence for any Borrower.

7.22 Employee Controversies. Each Borrower has withheld all amounts required by law or agreement to be withheld by it from the wages, salaries and other payments to its employees, and is not liable for any arrears or wages or any taxes or penalties for failure to comply with the foregoing. Except as set forth on Schedule 7.22 hereto, none of the Borrowers is a party to any collective bargaining agreements. There are no pending, threatened or anticipated (i) employment discrimination or unfair labor practice charges or complaints against or involving any Borrower before any federal, state or local board, department, commission or agency, (ii) material grievances, disputes or controversies with any union or any other organization of any Borrower's employees, (iii) pending or threatened strikes, slowdowns, work stoppages or lockouts or (iv) any asserted pending demands for collective bargaining by any union or organization or efforts to organize any of the employees of any Borrower.

7.23 Investment Company Act. None of the Borrowers is an "investment company" or a company "controlled" by an investment company within the meaning of the Investment Company Act of 1940, as amended.

7.24 Subsidiaries. As of the Closing, the Borrowers have no Subsidiaries other than those specifically disclosed on Schedule 7.24 hereto.

7.25 Full Disclosure. To the best of Borrowers' knowledge after diligent inquiry, this Agreement, the financial statements delivered in connection herewith, and the representations and warranties of Borrowers herein and in any other document delivered or to be delivered by or on behalf of Borrowers, do not and will not contain any untrue statement of a material fact or omit a material fact necessary to make the statements contained therein or herein, in light of the circumstances under which they were made, not misleading. To the best knowledge of Borrowers after diligent inquiry and investigation, there is no material fact which Borrowers have not disclosed to Agent in writing which materially and adversely affects or, so far as Borrowers can foresee, could materially and adversely affect the assets, business, prospects, profits, or condition (financial or otherwise) of Borrowers, the rights of Agent or the ability of Borrowers to perform this Agreement.

7.26 Regulation U. None of the Borrowers is engaged in the business of extending credit for the purpose of purchasing or carrying margin stock (within the meaning of Regulation

-53-

U of the Board of Governors of the Federal Reserve System), and no part of the proceeds of any of the Loans made hereunder will be used to purchase or carry any margin stock or to extend credit to others for the purpose of purchasing or carrying any such margin stock.

7.27 Capital Stock. The authorized capital stock of Borrowers is set forth on Schedule 7.27 hereof. There are no shares of common stock held as

treasury shares. The designations, powers, preferences, rights, qualifications, limitations and restrictions in respect of each class and series of authorized capital stock of each Borrower is as set forth in its respective Articles of Incorporation, and all such designations, powers, preferences, rights, qualifications, limitations, and restrictions are valid, binding and enforceable and in accordance with all applicable laws. All outstanding shares of capital stock of the Borrowers have been duly authorized and validly issued and are fully paid and non-assessable. All of the outstanding securities of Borrowers were issued in compliance with all applicable federal and state securities laws. None of the outstanding securities of Borrowers have been issued in violation of any preemptive rights, rights of first refusal or similar rights. Except as set forth on Schedule 7.27, there are no outstanding options, warrants, convertible securities, calls, rights, commitments, preemptive rights or agreements or instruments or understandings of any character, to which any Borrower is a party or by which any Borrower is bound, obligating any Borrower to issue, deliver or sell, or cause to be issued, delivered or sold, contingently or otherwise, additional shares of capital stock of such Borrower or any securities or obligations convertible into or exchangeable for such shares or to grant, extend or enter into any such preemptive right or agreement. There are no outstanding obligations, contingent or otherwise, of any Borrower to purchase, redeem or otherwise acquire any capital stock of such Borrower, except in connection with the CPI Stock Option Plan. Except as set forth on Schedule 7.27, there are no voting trust agreements or other contract, agreements, arrangements, commitments, plans or understandings restricting or otherwise relating to voting, dividend or other rights with respect to any Borrower's capital stock.

7.28 Occupational Safety and Health. None of the Borrowers has, nor, to the Borrowers' knowledge, has any Affiliate received any notice, citation, claim, assessment or proposed assessment as to or alleging any material violation by any Borrower or any such Affiliate from any division of any Federal or state occupational safety and health administrations or agencies and no such violation presently exists. None of the Borrowers is, nor, to the best of the Borrowers' knowledge, no Affiliate is a party to any pending dispute with respect to the Borrowers' or any Affiliate's compliance with any Federal or state occupational safety and health laws.

8. NEGATIVE COVENANTS

Borrowers will not, without the Majority Lender's prior written consent:

8.1 Sale, Transfer or Encumbrance of Assets. Sell, lease, pledge, encumber, grant or permit a Lien on (other than Permitted Liens as defined below in this Section 8.1), or otherwise dispose of or transfer, whether by sale or otherwise, any of Borrowers' assets, except for (A) sales of Inventory in the ordinary course of business, (B) sales of items of Equipment which are obsolete, worn-out or otherwise not useable in Borrowers' business, or (C) the sale of the land and building owned by Teltrend and located at 3740 Stem Road, St. Charles, Illinois, so long as

-54-

(i) no Event of Default which is an Uncured Default exists, and (ii) the proceeds of any permitted sale shall be applied to the Obligations or to the replacement of the Equipment being disposed of with substantially similar Equipment having a comparable value within 180 days of such sale or disposition. For purposes of this Agreement, "Permitted Liens" shall mean any or all of the following: (i) Liens to Agent; (ii) Liens arising out of judgments or awards in respect of which any Borrower shall in good faith be prosecuting an appeal or proceedings for review and in respect of which such Borrower shall have secured a subsisting stay of execution pending such appeal or proceedings for review, provided such Borrower shall have set aside reserves which the Agent reasonably deems adequate with respect to such judgment or award; (iii) Liens for taxes, assessments or governmental charges or levies, provided payment thereof shall not be past due or for taxes being contested in good faith and by appropriate proceedings and with respect to which adequate reserves are being maintained and which Liens do not have priority over the Lien of the Agents; (iv) deposits, Liens or pledges to secure payments of worker's compensation, unemployment insurance or other forms of governmental insurance or benefits or to secure performance of tenders, statutory obligations, leases and contracts (other than for borrowed money) arising in the ordinary course of business; (v) mechanics',

workmen's, repairmen's, warehousemen's, vendors' or carriers' Liens, or other similar statutory Liens, or any easements with respect thereto, not to exceed an aggregate amount of \$250,000 at any time outstanding, arising in the ordinary course of business and securing sums which are not past due, or deposits or pledges to obtain the release of any such Liens; (vi) statutory landlords' liens under leases to which any Borrower is a party; (vii) such capital leases as are listed on Schedule 8.1 hereto; and (viii) subject to Section 8.6 and the other provisions of this Agreement, purchase money Liens on Property acquired in the ordinary course of business, to finance or secure a portion of the purchase price thereof, provided that in each case such lien shall be limited to the Property so acquired and the liability secured by such lien does not exceed either the purchase price or the fair market value of the asset acquired and, provided further, the aggregate principal amount of the indebtedness secured by such liens and the aggregate principal amount of the indebtedness incurred in connection with the capital leases set forth in subsection (vii) hereof, does not exceed \$1,000,000 in the aggregate.

8.2 Name or Identity Change. Change any Borrowers' name, business structure, or identity, or add any new fictitious name or create any Subsidiaries.

8.3 Guaranties. Subject to the provisions of Section 8.5 hereof, guarantee or otherwise become in any way liable with respect to the obligations of any third party except by endorsement of instruments or items of payments for deposit to the general account of Borrowers or which are transmitted or turned over to Agent.

8.4 Change in Business. Enter into any business not related to Borrowers' present businesses or make any change in any Borrowers' financial structure or in any of its business objectives, purposes, or operations which could adversely affect the ability of such Borrower to repay the Obligations, the value of the Collateral or Agent's rights and remedies hereunder, or create any Subsidiary.

8.5 Loans and Investments. Make any advance, loan, investment or material acquisition of assets other than (without duplication, the following):

-55-

(a) the purchase by Westell Technologies, Inc., from time to time during the term of this Agreement, of shares of CPI in transactions having an aggregate purchase price not to exceed \$200,000 for all such transactions, from departing employees of CPI who owned such shares as of October 31, 1999;

(b) Acquisitions in an amount less than \$4,000,000 per Acquisition and Acquisitions not exceeding \$12,000,000 in the aggregate during the term of this Agreement; provided, that: (a) the Person whose stock or assets is being acquired shall be in substantially the same line of business as Borrowers, (b) after giving effect to the Acquisition, there shall exist no Potential Default or Event of Default, (c) immediately after giving effect to such acquisition, the Borrowers are in pro forma compliance with all the financial ratios and restrictions set forth in Section 11, and (d) the Person whose stock or assets is being acquired shall have consented to such Acquisition. Any Acquisitions in an amount in excess of \$4,000,000 shall require the prior written approval of the Majority Lenders.

(c) contributions by a Borrower to the capital of any of its Subsidiaries, or by any such Subsidiary to the capital of any of its Subsidiaries;

(d) in the ordinary course of business, Investments by the Borrowers in any Subsidiary or by any Subsidiary in the Borrowers, by way of intercompany loans, advances or guaranties;

(e) Cash Equivalent Investments;

(f) bank deposits in the ordinary course of business; provided that the aggregate amount of all such deposits (excluding amounts in payroll accounts or for accounts payable, in each case to the extent that checks have been issued to third parties) which are maintained with any bank other than a Lender shall not at any time exceed \$100,000;

(g) Investments in securities of Account Debtors received pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of such Account Debtors; and

(h) Investments listed on Schedule 8.5;

provided that (x) any Investment which when made complies with the requirements of the definition of the term "Cash Equivalent Investment" may continue to be held notwithstanding that such Investment if made thereafter would not comply with such requirements; (y) no Investment otherwise permitted by clause (b) or (d) shall be permitted to be made if, immediately before or after giving effect thereto, any Event of Default or Uncured Default exists.

8.6 Indebtedness. Incur any Indebtedness, other than (i) the Obligations of the Borrowers hereunder; (ii) additional Indebtedness shown on Schedule 8.6 hereto; (iii) Indebtedness arising or accruing in the ordinary course of business which Indebtedness does not give rise to a Lien or other security interest, other than a Permitted Lien; and (iv) Indebtedness arising under a Swap Contract.

-56-

8.7 Prepayments. (i) Prepay any Indebtedness for money borrowed by any Borrower or any Indebtedness secured by any of their assets (except for the Obligations), (ii) enter into or modify any agreement as a result of which the terms of payment of any of the foregoing Indebtedness are amended or modified in a manner which would accelerate its payment.

8.8 Affiliate Transactions. Enter into any agreement or arrangement, written or oral, directly or indirectly, with an Affiliate, or provide services or sell goods to, or for the benefit of, or pay or otherwise distribute monies, goods or other valuable consideration to, an Affiliate, except upon fair and reasonable terms no less favorable to the Borrowers than terms in a comparable arm's length transaction with an unaffiliated Person and except for existing intercompany debt.

8.9 Consolidations, Mergers. Merge or consolidate with any other Person, and no Borrower shall dissolve, enter into any joint venture or become a partner in any partnership.

8.10 Transactions Not in the Ordinary Course; Liquidations. Enter into any transaction not in the usual course of Borrowers' business or adopt or undertake a plan of liquidation or dissolution.

8.11 Suspension of Business. Suspend or terminate the transaction of its business or abandon the Collateral.

8.12 Distributions. Pay, directly or indirectly, any cash, stock or other securities or property dividends or distributions to its shareholders, or, purchase, redeem, retire or otherwise acquire for value any shares of its capital stock or any warrants, rights or options to acquire such shares, except in accordance with the terms of the CPI Stock Option Plan requiring the redemption by CPI of the shares of its stock under the circumstances set forth therein.

8.13 ERISA. Adopt or agree to contribute to any Pension Plan that is intended to be tax-qualified under Section 401 (a) of the IRC, except for those Plans currently in effect on the date hereof and listed on Schedule 8.13.

8.14 Change of Control. Undergo a Change of Control or the transfer of interests in Borrowers or any partnerships or other entities which are direct or indirect equity holders or beneficial owners of Borrowers (each of the foregoing, a "Change of Control Event").

8.15 Bank Accounts. Establish any depository, operating or other account at any financial institution other than LaSalle or any of the other Lenders.

8.16 Operating Lease Obligations. Create or suffer to exist any obligations for the payment of rent for any property under any Operating Lease in an amount not to exceed (i) \$6,500,000 in the aggregate during their 2001

Fiscal Year, (ii) \$7,000,000 in the aggregate during their 2002 Fiscal Year, (iii) \$7,500,000 in the aggregate during their 2003 Fiscal Year and during any Fiscal Year thereafter.

8.17 Capital Expenditures. Make or incur any Capital Expenditures in excess of (i) \$27,000,000 during their 2001 Fiscal Year, (ii) \$21,000,00 during their 2002 Fiscal Year, and

-57-

(iii) \$25,000,000 during their 2003 Fiscal Year.

8.18 Inconsistent Agreements. Enter into any agreement containing any provision which would (a) be violated or breached by any borrowing by the Borrowers hereunder or by the performance by the Borrowers of any of their obligations hereunder or under any other Loan Document, (b) prohibit the Borrowers from granting to the Agent, for the benefit of the Lender, a Lien on any of their assets or (c) create or permit to exist or become effective any encumbrance or restriction on the ability of any Subsidiary to (i) pay dividends or make other distributions to the Borrowers or any other applicable Subsidiary, or pay any Indebtedness owed to the Borrowers or any other Subsidiary, (ii) make loans or advances to the Borrowers or (iii) transfer any of its assets or properties to the Borrowers.

8.19 Business Activities. Engage in, nor permit any Subsidiary to engage in, any line of business other than the businesses engaged in on the date hereof and businesses reasonably related thereto.

8.20 Fiscal Year. Change its Fiscal Year.

9. AFFIRMATIVE COVENANTS - GENERAL

So long as any Obligations are outstanding or any Commitment remains outstanding, each Borrower covenants and agrees that:

9.1 Payments. The Borrowers shall pay, or cause to be paid, when due all principal and interest under the Notes and all other Obligations in respect of this Agreement, the Notes and the Loan Documents.

9.2 Taxes. All assessments and taxes, whether real, personal or otherwise, due or payable by, or imposed, levied or assessed against, any Borrower or any of its property have been paid, and shall hereafter be paid in full, before delinquency, except those assessments and taxes the validity of which is being contested in good faith by appropriate proceedings, do not impair the priority of Agent's liens on the collateral and as to which such Borrowers shall have set aside adequate reserves (as determined by Agent). Borrowers will make timely payment or deposit of all FICA payments and withholding taxes required of them by applicable laws, and will, upon request, furnish Agent with proof satisfactory to it that Borrowers have made such payments or deposits. Agent may conclusively rely on the usual statements of the amount owing or other official statements issued by the appropriate governmental agency.

9.3 Insurance. The Borrowers shall, at their own expense, maintain and provide satisfactory evidence to the Lenders as to, insurance on the Collateral and other business Properties, all in such form, substance and amounts and with such insurance companies or associations acceptable to the Agent in its discretion, reasonably exercised, and any insurance policies issued in connection with the above shall contain endorsements which name the Agent as additional insured and lender loss payee, as its interest may appear, with respect to all of the Collateral and which provide that said policies shall not be cancelled, terminated, amended or modified without thirty (30) days' prior written notice to the Agent and that no act or default of the Borrowers or any Person shall affect the right of the Agent to recover under such policies in

-58-

case of loss or damage. Agent hereby approves of Borrowers' current insurance coverage. The Borrowers shall deliver to the Agent a copy of the insurance policies and certificates for each such policy of insurance. The Borrowers shall notify the Agent within thirty (30) days of obtaining any new policy or increase

of coverage under any existing policy. The Borrowers hereby irrevocably appoint, designate and constitute the Agent and its officers, employees and agents, as the Borrowers' attorney-in-fact for the purpose of making, settling and adjusting, in good faith, claims in excess of \$100,000 under any and all such insurance policies and of endorsing the Borrowers' names on any checks, drafts, instruments or other items of payment received by any Borrower or the Agent pursuant to such insurance policies. If the Borrowers fail to maintain any insurance or policies of insurance as required above, or fail to pay any premium related thereto, the Agent may obtain or pay the same, but shall be under no obligation to do so. In the event the Agent obtains such insurance, all sums so paid and any expenses incurred in connection therewith shall be part of the Obligations payable by the Borrowers to the Agent on demand as an Out-of-Pocket Expense. The Borrowers shall also maintain in effect, in addition to the above mentioned insurance covering the Collateral, such other insurance in such amounts with such insurers and covering such risks as now maintained by the Borrowers and shall, upon request by the Agent, provide the Agent with certificates or policies evidencing such insurance, with Agent named as "Lender's Loss Payee". In the event that any insurance proceeds received by the Agent pursuant to this Section 9.3 exceed the amounts necessary to repay all Indebtedness of the Agent with respect to the Collateral to which such insurance proceeds relate, the Agent shall return to the Borrowers the amount of such excess.

9.4 Litigation. The Borrowers shall immediately notify Agent in writing of (i) any suit in law or equity or administrative proceeding involving money or property, and seeking damages in excess of \$100,000, and (ii) otherwise which may materially and adversely affect Borrowers' operations, financial condition or business or Agent's security interest in any of the Collateral.

9.5 Books and Records. Each Borrower at all times hereafter shall keep proper books of record and account in which full and true entries will be made of all dealings or transactions with-respect to or in relation to the business and affairs of such Borrower, and shall maintain a standard and modern system of accounting, in accordance with Generally Accepted Accounting Principles with ledger and account cards and/or computer tapes, discs, printouts, and records pertaining to the Collateral which contain information as may from time to time be reasonably requested by Agent. Borrowers shall notify Agent in writing if any Borrower modifies or changes its method of accounting or enters into, modifies, or terminates any agreement presently existing, or at any time hereafter entered into with any third party accounting firm and/or service bureau for the preparation and/or storage of Borrowers' accounting records; provided, that such accounting firm and/or service bureau agrees to provide to Agent information regarding the Collateral and Borrowers' financial condition. Borrowers agree to permit Agent, or any of the Lenders, and any of their employees, officers or agents, at all times after the occurrence of an Event of Default, and otherwise upon three (3) Business Days' prior notice, during Borrowers' usual business hours, or the usual business hours of third Persons having Control thereof, to have access to and examine all of Borrowers' Books relating to the Collateral, the Obligations, Borrowers' financial condition and the results of Borrowers' operations, and, in connection therewith, permit Agent or any of its agents, employees or officers to copy and make extracts

-59-

therefrom.

9.6 Compliance with Laws. Borrowers shall comply in all material respects with all Federal, State, local and foreign laws, rules and regulations, including, but not limited to the Securities Act of 1933, the Securities Exchange Act of 1934, the Fair Labor Standards Act, Environmental Laws, laws relating to income, unemployment, payroll or social security taxes and pension funds and retirement benefit programs as required by ERISA.

9.7 Expense Reimbursements. Borrowers shall immediately and without demand, reimburse Agent for all sums expended by Agent which constitute Out-of-Pocket Fees and Costs and Borrowers hereby authorize and approve all advances and payments by Agent for items constituting Out-of-Pocket Fees and Costs. Agent shall make all good faith reasonable attempts to notify Borrowers of such reimbursement, but the failure of Agent to so notify Borrowers shall impose no obligation or liability of any kind upon Agent. Borrowers shall pay all costs and expenses of Agent or Lender, including, without limitation,

attorney's fees and expenses, incurred in connection with enforcing this Agreement or any Loan Document. Agent may charge any or all of such amounts expended to Borrowers' Loan Account and such amounts shall be part of the Obligations subject to interest at the Reference Rate Option or Default Rate, as applicable.

9.8 ERISA Reportable Events. Borrowers shall furnish to Agent: (a) as soon as possible, but in no event later than thirty (30) days after any Borrower knows or has reason to know that any Reportable Event with respect to any Benefit Plan has occurred, a statement of the Chief Financial Officer of such Borrower setting forth the details concerning such Reportable Event and the action which Borrowers propose to take with respect thereto, together with a copy of the notice of such Reportable Event given to the PBGC, if a copy of such notice is available to Borrowers; (b) promptly after the filing thereof with the United States Internal Revenue Service or the PBGC, copies of each annual report with respect to each Benefit Plan; (c) promptly after receipt thereof, a copy of any notice of any potential material liability, adverse determination letter, ruling or opinion any Borrower may receive from the PBGC or the Internal Revenue Service with respect to any Benefit Plan; (d) when the same is made available to participants in a Benefit Plan, all notices of a significant reduction in the rate of benefit accrual or plan termination to the participants by the administrator of such Benefit Plan; and (e) promptly after receipt thereof, any notice from any Multiemployer Plan to which any Borrower or any ERISA Affiliate of such Borrower contributes which quantifies any actual or potential withdrawal liability which will or may be imposed upon the withdrawal of any Borrower or any ERISA Affiliate of such Borrower from such Multiemployer Plan.

9.9 Preservation of Corporate Existence. Each Borrower shall preserve and maintain in full force and effect: (i) its corporate existing and good standing under the laws of the state of its incorporation; and (ii) all governmental rights, privileges, qualifications, permits, licenses and franchises necessary or desirable in the normal conduct of its business. Each Borrower will generally continue the substantially same lines of business as those being presently conducted and related businesses in the telecommunications area.

9.10 Instruments and Chattel Paper. Upon the written request of Agent, the Borrowers

-60-

will stamp or otherwise mark all chattel paper and Instruments now owned or hereafter acquired by any of them, in which the Agent has a first and prior perfected security interest, to reflect that the same are subject to the Agent's security interest and will immediately thereafter deliver or cause such chattel paper and Instruments to be delivered to the Agent or its agent, with appropriate endorsement, assignment or stock power transfer or assignment, with full recourse to the Borrowers, to vest title and possession in the Agent.

9.11 Leases. Each Borrower shall maintain and comply in all material respects with all leases covering the property used by such Borrower in accordance with their terms so as to prevent any default thereunder which may result in the exercise or enforcement of any landlord's or other lien against such Borrower unless such Borrower is contesting in good faith, by an appropriate proceeding, the validity, amount or imposition of any lease charges or expenses while maintaining reserves, deemed adequate by the Agent in its sole and complete discretion to cover the above, and such contest does not have or cause material adverse changes in any Borrower's financial condition or operations and does not impair any Borrower's ability to perform the Obligations.

9.12 Defense of Collateral. The Borrowers shall pay, or cause to be paid, when due, all material Indebtedness, lawful claims or demands with respect to the Collateral which, if unpaid, might result in, or permit the creation of, any Lien or encumbrance on the Collateral, including, without limitation, all lawful claims for labor, materials and supplies, and, in general, do and cause to be done, everything reasonably necessary to fully preserve the rights and interests of Agent under this Agreement and the other Loan Documents. In addition, the Borrowers shall at all times defend Agent's rights and interests in and to the Collateral, and the priority position of said rights and interests against any and all claims of any person adverse to Agent and take all necessary

or appropriate actions to give effect to Agent's priority of rights and interests contemplated by this Agreement and the other Loan Documents.

9.13 Environmental Matters - Indemnification. Borrowers shall take or cause to be taken all actions which are reasonably necessary, in the judgment of the Agent, to comply in all material respects with the requirements of all Environmental Laws including, without limitation, all filing and reporting requirements thereof. Borrowers hereby agree to indemnify, hold harmless and reimburse Agent and the Lenders for any and all loss, damage, expenses or costs of any kind or nature arising out of or incurred in connection with any prior, existing or future violations by Borrowers of any Environmental Laws.

9.14 Ownership of CPI. Westell Technologies, Inc. shall at all times own, beneficially and of record, at least fifty-one percent (51%) of the issued and outstanding stock of CPI.

9.15 SEC Filings. Borrowers shall make all filings required by the SEC no later than the due date of each such required filing.

9.16 Employee Benefit Plans. Maintain each Pension Plan in substantial compliance with all applicable requirements of law and regulations.

-61-

9.17 Environmental Matters. (a) If any Release or Disposal of Hazardous Materials shall occur or shall have occurred on any real property or any other assets of the Borrowers, the Borrowers shall cause the prompt containment and removal of such Hazardous Materials and the remediation of such real property or other assets as necessary to comply with all Environmental Laws and to preserve the value of such real property or other assets. Without limiting the generality of the foregoing, the Borrowers shall comply with any valid Federal or state judicial or administrative order requiring the performance at any real property of the Borrowers or any Subsidiary of activities in response to the Release or threatened Release of a Hazardous Materials.

(b) To the extent that the transportation of "hazardous waste" as defined by RCRA is permitted by this Agreement, the Borrowers shall dispose of such hazardous waste only at licensed disposal facilities operating in compliance with Environmental Laws.

9.18 Reports to the SEC and to Shareholders. Within ten (10) Business Days of the filing or sending thereof, copies of all regular, periodic or special reports of the Borrowers or any Subsidiary filed with the SEC; copies of all registration statements of the Borrowers or any Subsidiary filed with the SEC (other than on Form S-8); and copies of all proxy statements or other communications made to security holders generally.

10. AFFIRMATIVE COVENANTS - REPORTING

Borrowers shall furnish or cause to be furnished to Agent and the Lenders the following:

10.1 Borrowing Base Certificate; Aging Reports. As soon as practicable and in any event within thirty (30) days following the end of each month, Borrowers shall provide Agent with (i) a Borrowing Base Certificate in the form of Exhibit A hereto; (ii) an Aging Report; and (iii) an Inventory Report.

10.2 Compliance Certificate. As soon as practicable and in any event within forty-five (45) days following the end of each Fiscal Quarter, a certificate reflecting Borrowers' compliance with the financial covenants set forth in Section 11 of this Agreement. Such certificate shall be in a form and with such specificity as is satisfactory to Agent and shall contain such additional information as Agent may reasonably require concerning financial covenant calculations included, described or referred to in such certificate and any other documents in connection therewith requested by Agent.

10.3 Financial Statements. Borrowers shall further cause to be furnished to Agent:

(a) Quarterly Financial Statements. As soon as practicable and in any event within forty-five (45) days following the end of Fiscal Quarter; (i) statements of income and statements of cash flow of Borrowers for each such

Fiscal Quarter and for the period from beginning of the then current Fiscal Year of Borrowers to the end of such Fiscal Quarter; (ii) balance sheets of Borrowers as of the end of such Fiscal Quarter; and (iii) with respect to such statements of income and balance sheets, prepared on a consolidated basis, setting forth in comparative form, figures for the corresponding periods in the preceding fiscal year of Borrowers, all in reasonable detail and certified by the Chief Financial Officer of Westell

-62-

Technologies, Inc. that such statements fairly present the financial condition of Borrowers in accordance with Generally Accepted Accounting Principles, subject to changes resulting from normal year-end adjustments and the absence of footnotes, together with detailed computations of Borrowers' compliance with the covenants set forth in this Agreement.

(b) Yearly Financial Statements. As soon as practicable and in any event within ninety (90) days after the end of each Fiscal Year of Borrowers, (i) consolidated statements of income of Borrowers for such Fiscal Year, and a balance sheet of Borrower as of the end of such Year, and (ii) statements of cash flow of Borrower for such Year, all setting forth in comparative form, corresponding figures for the period covered by the preceding annual audit and as of the ends of the preceding Fiscal Year of Borrowers, all in reasonable detail and in scope in accordance with audits performed for Borrowers in prior years and examined and certified by independent certified public accountants of recognized national standing selected by Borrowers and satisfactory to Agent, whose opinion shall be unqualified and shall be in scope in accordance with audits performed for Borrowers in prior years, in form and substance satisfactory to Agent, together with a copy of Borrowers' 10-K, as filed with the Securities and Exchange Commission. Together with each delivery of such annual financial statements, Borrowers shall deliver to Agent a certificate of the accountants who performed the audit in connection with such statements stating that in making the audit necessary to the issuance of a report on such financial statements, they have obtained no knowledge of any Event of Default, or, if such accountants have obtained knowledge of an Event of Default, specifying the nature and period of existence thereof.

(c) Form 10-Q. As soon as practicable and, in any event, within forty-five (45) days after the end of each Fiscal Quarter, beginning with the quarter ended June 30, 2000, a copy of Borrower's 10-Q, as filed with the Securities and Exchange Commission.

(d) Interim Reports. Promptly upon receipt and, in any event, within fifteen (15) days after receipt thereof, copies of all interim and supplemental financial reports submitted to the Borrowers by independent certified public accountants in connection with any interim review of the books and records of the Borrowers made by such accountants, if any.

(e) Events of Default. Together with the financial statements for each Fiscal Year, a certificate of Borrowers executed by an authorized officer of Borrowers stating whether any Event of Default, or Potential Default, currently exists and is continuing and what action, if any, the Borrowers are taking or propose to take with respect thereto.

(f) Budget. As soon as practicable and, in any event, prior to Borrowers' Fiscal Year-end, a budget for the following Fiscal Year.

(g) Notice of Events of Default. Promptly after the occurrence thereof, notice, in writing, of any Event of Default, or Potential Default, and what action, if any, the Borrowers are taking or propose to take with respect thereto.

(h) Change in Location. Notice of any change in location of any places of business or the Chief Executive Office Location of the Borrowers or of the Additional Inventory

-63-

Locations of the Borrowers at least five (5) Banking Days prior to such change.

(i) Adverse Change. Promptly after the occurrence thereof, notice, in writing, of any other matter which has resulted in, or might result in, a materially adverse change in the financial or other condition or operations of any Borrower or its ability to fully perform its Obligations under the terms and conditions of this Agreement and the Loan Documents or its ability to repay the Notes.

(j) Other Information. With reasonable promptness, such other information respecting the business, properties or the condition or operations, financial or otherwise, of the Borrowers, as the Lenders may from time to time reasonably request in writing.

(k) Other Default. Promptly after the occurrence thereof, notice, in writing, of any material default under any obligation of any Borrower secured by a Permitted Lien and what action, if any, the Borrowers are taking or propose to take with respect thereto.

All financial statements delivered to Agent and the Lenders pursuant to the requirements of this subsection (except where otherwise expressly indicated) shall be prepared in accordance with Generally Accepted Accounting Principles as provided in this Agreement.

10.4 Accounting Information. Borrowers authorize Agent and Lenders to discuss the financial condition of Borrowers with Borrowers' independent public accountants and agree that such discussion or communication shall be without liability to either Agent or Borrowers' independent public accountants. Prior to the occurrence of a Potential Default or Event of Default, Agent and any Lender shall use its best efforts to notify Borrowers of Agent's and such Lender's discussions with Borrowers' accountants. Borrowers shall deliver a letter addressed to such accountants authorizing them to comply with the provisions of this subsection, and authorizing Agent to rely on financial statements of Borrowers issued by such accountants, which letter shall be acknowledged and consented to in writing by such accountants.

10.5 Other Information and Changes. Borrowers shall promptly supply Agent and Lenders with such other information concerning their affairs as Agent and any Lender may request from time to time hereafter, and shall promptly notify Agent of any material adverse change in Borrowers' financial condition and of any condition or event which constitutes a breach of or an Event of Default under this Agreement.

11. AFFIRMATIVE COVENANTS - FINANCIAL

11.1 Interest Coverage Ratio. Borrower shall have (i) Fiscal Year-to-date Interest Coverage Ratio of not less than 3.00:1.00 on September 30, 2000 and of not less than 3.50:1.00 on December 31, 2000, and (ii) an Interest Coverage Ratio, measured on a rolling basis as of the end of each calendar quarter, including such calendar quarter and the three (3) consecutive calendar quarters immediately preceding such calendar quarter, commencing January 1, 2001 and at all times thereafter of 4.00:1.00.

11.2 EBITDA. Borrowers shall have (i) a minimum Fiscal Year-to-date EBITDA of not less \$6,500,000 on September 30, 2000, and of not less than \$11,250,000 on December 31,

-64-

2000, and (ii) on each date set forth below, a minimum EBITDA of not less than the EBITDA set forth opposite such date set forth below, measured on a rolling twelve-month basis as of the end of the Fiscal Quarter ending on such date:

Date	EBITDA
----	-----
March 31, 2001	\$17,000,000
June 30, 2001	\$21,500,000
September 30, 2001	\$29,250,000
December 31, 2001	\$32,000,000
March 31, 2002	\$35,500,000
June 30, 2002	\$37,000,000

September 30, 2002	\$38,500,000
December 31, 2002	\$40,000,000
March 31, 2003	\$42,000,000
June 30, 2003	\$42,000,000

11.3 Net Worth. Borrowers shall maintain at all times, measured on a quarterly basis, a Net Worth of not less than (i) \$250,000,000 plus (ii) fifty percent (50%) of Borrowers' positive Net Income for each Fiscal Quarter ending on and after September 30, 2000.

12. EVENTS OF DEFAULT

Any one or more of the following shall constitute an Event of Default by Borrowers under this Agreement:

12.1 Payment. If Borrowers fail to pay when due and payable or when declared due and payable, all or any portion of the Obligations owing to Agent or Lenders (whether of principal, interest, taxes, reimbursement of Out-of-Pocket Fees and Costs, or otherwise) which is not cured within five (5) days of when due or payable.

12.2 Non-Compliance with Loan Documents.

(a) Failure by the Borrowers to comply with or to perform any covenant set forth in Sections 8.1, 8.5, 8.6, 8.9, 8.12, 9.4, 9.8, 9.9, 11.1, 11.2, or 11.3; or

(b) Failure by the Borrowers to comply with or to perform any other provision of this Agreement or any other Loan Document (and not constituting an Event of Default under any other provision of this Section 12) and continuance of such failure described in this clause (b) for 30 days.

12.3 Breach of Representation. If any warranty or representation now or hereafter made by any Borrower hereunder or by any other party to the Loan Documents under the Loan Documents, is untrue or incorrect in any material respect or fails to state a material fact necessary to make such warranty or representation not misleading in light of the circumstances in which it was made, or any schedule, certificate, statement, report, financial data, notice or writing furnished to the Agent at any time by the Borrowers or by a party or signatory to the Loan Documents is untrue or incorrect in any material respect or fails to state a material fact

-65-

needed to make the foregoing not misleading in light of the circumstances in which the foregoing were furnished, on the date as of which the facts set forth therein are stated or certified.

12.4 Other Material Obligations. Default in the payment when due, or in the performance or observance of, any material obligation of, or condition agreed to by, the Borrowers with respect to any material purchase or lease of goods or services where such default, singly or in the aggregate with all other such defaults, might reasonably be expected to have a Material Adverse Effect.

12.5 Pension Plans. (i) Institution of any steps by the Borrowers or any other Person to terminate a Pension Plan if as a result of such termination the Borrowers could be required to make a contribution to such Pension Plan, or could incur a liability or obligation to such Pension Plan, in excess of \$100,000; (ii) a contribution failure occurs with respect to any Pension Plan sufficient to give rise to a Lien under Section 302(f) of ERISA; or (iii) there shall occur any withdrawal or partial withdrawal from a Multiemployer Pension Plan.

12.6 Judgments. If any judgment or order requiring payment of monies in excess of \$250,000 which is not covered by insurance, shall be rendered against any Borrower, and such judgment or order shall remain unsatisfied or undischarged and in effect for thirty (30) consecutive days without a stay of enforcement or execution thereof or posting of a bond pending appeal.

12.7 Insolvency and Related Proceedings. If any Borrower (i) authorizes

or makes an assignment for the benefit of creditors; (ii) generally shall not pay its debts as they become due; (iii) shall admit in writing its inability to pay its debts generally as they come due; or (iv) shall authorize or commence (whether by the entry of an order for relief or the appointment of a receiver, trustee, examiner, custodian or other similar official therefor or for any part of its property) any proceeding or voluntary case under any bankruptcy, reorganization, insolvency, dissolution, liquidation, adjustment or arrangement of debt, receivership or similar Laws or if such proceedings are commenced or instituted, or an order for relief or approving any petition commencing such proceedings is entered against such Borrower, and such Borrower, by any action or failure to act, authorizes, approves, acquiesces, or consents to the commencement or institution of such proceedings, and such proceedings are not dismissed within forty-five (45) days after the date of filing, commencement or institution.

12.8 Material Agreements. If any Borrower defaults, or a default or an event of default occurs, under or in the performance of any material agreement, document or instruments, whether for borrowed money or otherwise, and such default, breach, or event of default continues beyond any applicable grace period thereunder and the effect of which shall be to cause the holder of such obligation, agreement, document or instrument, or the person to whom such obligation is owed to cause such obligation to become due prior to its stated maturity or otherwise accelerated.

12.9 State Action. If any proceeding is instituted or commenced by any state or officer thereof, including the States of Illinois or Delaware, the Secretary of State of Illinois or the State of Delaware, or the Secretary of State of or any commission or other instrumentality of the State

-66-

of Illinois or Delaware, seeking a forfeiture of any Borrower's Articles of Incorporation or certificate of authority to transact business as a foreign corporation or of a license or permit held by any Borrower necessary to the conduct of its business, and such Borrower shall fail to vacate any order entered in such proceeding within thirty (30) days; or if any Borrower ceases to conduct its business as now conducted or is enjoined, restrained or in any way prevented by court, governmental or administrative order from conducting all or any material part of its business affairs.

12.10 Tax Liens. If a notice of lien, levy or assessment other than a Permitted Lien, is filed or recorded with respect to all or a substantial part of the Collateral owned by any Borrower by the United States, or any department, agency or instrumentality thereof, or by any state, county, municipality or other governmental agency, or any taxes or debts owing at any time or times hereafter to any one or more of the foregoing become a lien other than a Permitted Lien, upon all or a substantial part of the Collateral owned by any Borrower unless such notice or lien is removed within thirty (30) days after filing or recording of such notice or becoming such lien.

12.11 Insurance. If any insurer of any policy of insurance respecting a material portion of the Collateral issues any notice of cancellation of such a policy, or any such policy is allowed to lapse, and in either case, is not replaced by a substitute policy having an effective date prior to or contemporaneous with such cancellation or lapse.

12.12 Change of Control. If (a) during any period of 24 consecutive months individuals who at the beginning of such period constituted the Boards of Directors of Borrowers (together with any new directors whose election to such Boards or whose nomination for election by the stockholders of the Borrowers was approved by a vote of a majority of the directors then still in office who were either directors at the beginning of such period or whose election or nomination for election was previously so approved) cease to constitute a majority of the Boards of Directors of Borrowers then in office or (b) if the Voting Trust ceases to own, both legally and beneficially, at least fifty-one percent (51%) of the issued and outstanding voting stock of Westell Technologies, Inc.

13. RIGHTS AND REMEDIES

13.1 Rights and Remedies Generally. Upon the occurrence of an Event of Default by Borrowers under this Agreement and notice thereof by Agent to

Borrowers, except as hereinafter provided, Agent may, with the consent of the Majority Lenders or under Section 17(c) hereof, and shall at the direction of the Majority Lenders, at its sole election, without notice of its election and without demand, do any one or more of the following, all of which are authorized by Borrowers:

(a) Declare all Obligations, whether evidenced by this Agreement, by Notes, or otherwise, immediately due and payable; provided, that all Obligations shall be immediately due and payable without notice or demand upon an Event of Default under Section 12.7;

(b) Cease advancing money or extending credit to or for the benefit of Borrower under this Agreement, or any other agreement between Borrowers and Agent or

-67-

Lenders; provided that Lenders shall cease advancing money or extending credit immediately without notice upon an Event of Default under Section 12.7;

(c) Implement any reserves against Revolving Loan Availability or availability for loans under any other agreement between Borrowers and Agent or Lenders that Agent or Lenders shall deem appropriate in their sole discretion from time to time;

(d) Terminate this Agreement as to any future liability or obligation of Agent or Lenders but without affecting Agent or Lender's rights and Lien in the Collateral and without affecting the Obligations owing by Borrowers to Agent or Lenders;

(e) Without notice to or demand upon Borrowers, make such payments and do such acts as Agent considers necessary or reasonable to protect its Lien in the Collateral. Borrowers agree to assemble the Collateral if Agent so requires, and to make the Collateral available to Agent at such location as Agent may designate. Borrowers authorize Agent to enter the premises where the Collateral is located, take and maintain possession of the Collateral, or any part of it, and maintain possession of the Collateral, or any part of it, and to pay, purchase, contest or compromise any Lien which in the opinion of Agent appears to be prior or superior to its Lien and to pay all expenses incurred in connection therewith;

(f) Agent is hereby granted a license or other right to use, without charge, Borrowers' labels, patents, copyrights, rights of use of any name, logo, trade secrets, trade names, trademarks, customer lists and advertising matter, or any property of a similar nature; as it pertains to the Collateral, in completing production of, advertising for sale and selling any Collateral and Borrowers' rights under all licenses and all franchise agreements shall inure to Agent's benefit;

(g) Ship, reclaim, recover, store, finish, maintain, repair, prepare for sale, advertise for sale and sell (in the manner provided for herein) the Collateral;

(h) Sell some or all of the Collateral at either public or private sales, or both, by way of one or more contracts or transactions, for cash or on terms, in such manner and at such places (including Borrowers' premises) as is commercially reasonable in the opinion of Agent. It is not necessary that the Collateral be present at any such sale;

(i) Agent shall give notice of the disposition of the Collateral as follows:

(i) Agent shall give Borrowers and each holder of a Lien in the Collateral who has filed with Agent a written request for notice, a notice in writing of the time and place of public sale, or, if the sale is a private sale or some other disposition other than a public sale is to be made of the Collateral, the time on or after which the private sale or other disposition is to be made;

(ii) The notice to Borrowers shall be personally

delivered or mailed, postage prepaid, as provided in Section 16, at least ten (10) calendar days before the date fixed for the sale, or at least ten (10) calendar days before the date on or after which the private sale or other disposition is to be made, unless the

-68-

Collateral is perishable or threatens to decline speedily in value. Notice to Persons other than Borrowers claiming an interest in the Collateral shall be sent to such addresses as they have furnished to Agent; and

(iii) If the sale is to be a public sale; Agent shall also give notice of the time and place by publishing a notice one time at least ten (10) calendar days before the date of the sale in a newspaper of general circulation in the county in which the sale is to be held;

Agent may bid in any way permitted by applicable law and purchase at any public sale;

(j) Borrowers shall pay all Out-of-Pocket Fees and Costs incurred in connection with Agent's or any Lenders' enforcement and exercise of any of their rights and remedies as herein provided, whether or not suit is commenced by Agent; and/or

(k) Any deficiency which exists after disposition of the Collateral as provided above will be paid immediately by Borrowers. Any excess will be returned, without interest and subject to the rights of third parties, to Borrowers by Agent.

13.2 Rights Cumulative. Agent's and Lenders' rights and remedies under this Agreement, all other Loan Documents and all other agreements with Borrowers shall be cumulative. Agent and Lenders shall have all other rights and remedies not inconsistent herewith as provided under the Code, by law, or in equity. No exercise by Agent or Lenders of one right or remedy shall be deemed an election, and no waiver by Agent or Lenders of any default on Borrowers' part shall be deemed a continuing waiver. No delay by Agent or Lenders shall constitute a waiver, election or acquiescence by it.

14. TAXES AND EXPENSES REGARDING THE COLLATERAL

If Borrowers fail to pay promptly when due to any other Person, monies which Borrowers are required to pay by reason of any provision in this Agreement (including without limitation for any tax, expense or with respect to any Lien), or to promptly contest same by proper proceedings diligently pursued, provided such contest will not result in the impairment of the validity or priority of Agent's lien on the Collateral, Agent may, but need not, pay the same and charge Borrowers' account therefor, and Borrowers shall promptly reimburse Agent. All such sums shall become additional Obligations owing to Agent, shall bear interest at the applicable interest rate hereunder and shall be secured by the Collateral. Any payments made by Agent shall not constitute: (i) an agreement by Agent to make similar payments in the future, or (ii) a waiver by Agent of any Event of Default under this Agreement. Agent need not inquire as to, or contest the validity of, any such expense, tax or Lien and the receipt of the usual official notice for the payment thereof shall be conclusive evidence that the same was validly due and owing, and the receipt of any other notice with respect to all other such monies due hereunder shall be prima facie evidence that the same was validly due and owing.

15. CERTAIN WAIVERS

15.1 Application of Payments. Borrowers waive the right to direct the application of any and all payments at any time or times hereafter received by Agent on account of any Obligations owed by Borrowers, including without limitation amounts received which are the

-69-

proceeds of any insurance policy, and Borrowers agree that Agent shall have the continuing exclusive right to apply and reapply such payments in any manner as Agent may deem advisable, notwithstanding any entry by Agent upon its books.

15.2 Demand, etc. Except as otherwise provided herein, Borrowers waive demand, protest, notice of protest, notice of default or dishonor, notice of payment and nonpayment, notice of any default, notice of nonpayment at maturity, notice of intent to accelerate, and notice of acceleration, notice prior to Agent's taking possession or control of any of the Collateral, or any bond or security which might be required by any court prior to allowing Agent to exercise any of Agent's remedies, including the issuance of an immediate writ of possession, the release, compromise, settlement, extension or renewal of any or all commercial paper, accounts, documents, instruments, chattel paper, and guarantees at any time held by Agent on which Borrowers may in any way be liable, the benefit of all valuation, appraisal and exemption laws, and any right to require a marshaling of assets by Agent or to require that Agent first resort to some or any portion of any Collateral before sale, foreclosure or realization on any other portion thereof.

15.3 Risk of Loss Regarding Collateral. Neither Agent nor Lenders shall in any way or manner be liable or responsible for: (a) the safekeeping of the Collateral; (b) any loss or damage thereto occurring or arising in any manner or fashion from any cause, including without limitation, lost profits, incidental or consequential damages; (c) any diminution in the value thereof; or (d) any act or default of any carrier, warehouseman, bailee, forwarding agency or other Person whomsoever. Except where occasioned by gross negligence or willful misconduct of Agent or Lenders, all risk of loss, damage or destruction of the Collateral shall be borne by Borrowers.

15.4 Confidentiality. Borrowers authorize their accounting firm and/or service bureau to provide Agent with such information requested by Agent pursuant to or in accordance with this Agreement, and authorizes Agent to contact directly any such accounting firm and/or service bureau in order to obtain such information. Agent shall notify Borrowers prior to contacting such accounting firm or service bureau, but in no event shall Agent be liable to Borrowers for failure to provide such notice.

16. NOTICES

Except as otherwise expressly provided herein, any notice required or desired to be served, given or delivered hereunder shall be in the form and manner specified below, and shall be addressed to the party to be notified as follows:

If to Agent at: LaSalle Bank National Association
135 South LaSalle Street
Chicago, Illinois 60603
Attention: Ms. Stephanie Patterson
Facsimile: 312-904-6546
Telephone: 312-904-2771

-70-

If to LaSalle at: LaSalle Bank National Association
135 South LaSalle Street
Chicago, Illinois 60603
Attention: Ms. Stephanie Patterson

With copies to: Jenner & Block
One IBM Plaza
Chicago, Illinois 60611
Attention: Rochelle P. Slater
Facsimile: 312-840-7722
Telephone: 312-923-2722

If to Harris at: Harris Trust and Savings Bank
111 West Monroe Street
Chicago, Illinois 60690
Attention: M. James Barry, III
Facsimile: 312-293-4856
Telephone: 312-461-2781

With copies to: Chapman & Cutler
111 W. Monroe Street, Suite 1700
Chicago, Illinois 60603
Attention: Steven Hastings
Facsimile: 312-701-2361
Telephone: 312-845-2958

If to Borrower at: Westell Technologies, Inc.
750 North Commons Drive
Aurora, Illinois 60504
Attention: Ms. Amy Forster
Facsimile: 630-375-4940
Telephone: 630-375-4271

With copies to: McDermott, Will & Emery
227 West Monroe Street
Chicago, Illinois 60606
Attention: Neal J. White and Laretta Moran
Facsimile: 312-984-3651
Telephone: 312-984-7579 (White)
312-984-6933 (Moran)

or to such other address as each party designates to the other by notice in the manner herein prescribed. Notice shall be deemed given hereunder if (i) delivered personally or otherwise actually received, (ii) sent by overnight delivery service, (iii) mailed by first-class United States mail, postage prepaid, registered or certified, with return receipt requested, or (iv) sent via telecopy machine with a duplicate signed copy sent on the same day as provided in clause (ii)

-71-

above. Notice mailed as provided in clause (iii) above shall be effective upon the expiration of three (3) Business Days after its deposit in the United States mail, and notice telecopied as provided in clause (iv) above shall be effective upon receipt of such telecopy if the duplicate signed copy is sent under clause (iii) above. Notice given in any other manner described in this section shall be effective upon receipt by the addressee thereof; provided, however, that if any notice is tendered to an addressee and delivery thereof is refused by such addressee, such notice shall be effective upon such tender unless expressly set forth in such notice.

17. AGENT

17.1 Appointment and Authorization.

(a) Each Lender hereby irrevocably (subject to Section 17.9) appoints, designates and authorizes the Agent to take such action on its behalf under the provisions of this Agreement and each other Loan Document and to exercise such powers and perform such duties as are expressly delegated to it by the terms of this Agreement or any other Loan Document, together with such powers as are reasonably incidental thereto. Notwithstanding any provision to the contrary contained elsewhere in this Agreement or in any other Loan Document, the Agent shall not have any duty or responsibility except those expressly set forth herein, nor shall the Agent have or be deemed to have any fiduciary relationship with any Lender, and no implied covenants, functions, responsibilities, duties, obligations or liabilities shall be read into this Agreement or any other Loan Document or otherwise exist against the Agent.

(b) The Issuing Bank shall act on behalf of the Lenders with respect to any Letters of Credit issued by it and the documents associated therewith. The Issuing Bank shall have all of the benefits and immunities (i) provided to the Agent in this Section 17 with respect to any acts taken or omissions suffered by the Issuing Bank in connection with Letters of Credit issued by it or proposed to be issued by it and the applications and agreements for letters of credit pertaining to such Letters of Credit as fully as if the term "Agent", as used in this Section 17, included the Issuing Bank with respect to such acts or omissions and (ii) as additionally provided in this Agreement with respect to the Issuing Bank.

17.2 Delegation of Duties. The Agent may execute any of its duties under this Agreement or any other Loan Document by or through agents, employees or attorneys-in-fact and shall be entitled to advice of counsel concerning all matters pertaining to such duties. The Agent shall not be responsible for the negligence or misconduct of any agent or attorney-in-fact that it selects with reasonable care.

17.3 Liability of Agent. None of the Agent nor any of its directors, officers, employees or agents shall (i) be liable for any action taken or omitted to be taken by any of them under or in connection with this Agreement or any other Loan Document or the transactions contemplated hereby (except for its own gross negligence or willful misconduct), or (ii) be responsible in any manner to any of the Lenders for any recital, statement, representation or warranty made by the Borrowers or any Subsidiary or Affiliate of the Borrowers, or any officer thereof, contained in this Agreement or in any other Loan Document, or in any certificate, report, statement or other document referred to or provided for in, or received by the Agent under or in connection with, this Agreement or any other Loan Document, or the validity, effectiveness,

-72-

genuineness, enforceability or sufficiency of this Agreement or any other Loan Document, or for any failure of the Borrowers or any other party to any Loan Document to perform its obligations hereunder or thereunder. The Agent shall not be under any obligation to any Lender to ascertain or to inquire as to the observance or performance of any of the agreements contained in, or conditions of, this Agreement or any other Loan Document, or to inspect the properties, books or records of the Borrowers or any of the Borrowers' Subsidiaries or Affiliates.

17.4 Reliance by Agent. The Agent shall be entitled to rely, and shall be fully protected in relying, upon any writing, resolution, notice, consent, certificate, affidavit, letter, telegram, facsimile, telex or telephone message, statement or other document or conversation believed by it to be genuine and correct and to have been signed, sent or made by the proper Person or Persons, and upon advice and statements of legal counsel (including counsel to the Borrowers), independent accountants and other experts selected by the Agent. The Agent shall be fully justified in failing or refusing to take any action under this Agreement or any other Loan Document unless it shall first receive such advice or concurrence of the Majority Lenders (or all of the Lenders if so required by Section 21.3) as it deems appropriate and, if it so requests, confirmation from the Lenders of their obligation to indemnify the Agent against any and all liability and expense which may be incurred by it by reason of taking or continuing to take any such action. The Agent shall in all cases be fully protected in acting, or in refraining from acting, under this Agreement or any other Loan Document in accordance with a request or consent of the Majority Lenders (or all of the Lenders if so required by Section 21.3) and such request and any action taken or failure to act pursuant thereto shall be binding upon all of the Lenders.

17.5 Notice of Default. The Agent shall not be deemed to have knowledge or notice of the occurrence of any Event of Default or Uncured Default except with respect to defaults in the payment of principal, interest and fees required to be paid to the Agent for the account of the Lenders, unless the Agent shall have received written notice from a Lender or the Borrowers referring to this Agreement, describing such Event of Default or Uncured Default and stating that such notice is a "notice of default". The Agent will notify the Lenders of its receipt of any such notice. The Agent shall take such action with respect to such Event of Default or Uncured Default as may be requested by the Majority Lenders in accordance with Section 13; provided that unless and until the Agent has received any such request, the Agent may (but shall not be obligated to) take such action, or refrain from taking such action, with respect to such Event of Default or Uncured Default as it shall deem advisable or in the best interest of the Lenders.

17.6 Credit Decision. Each Lender acknowledges that the Agent has not made any representation or warranty to it, and that no act by the Agent hereafter taken, including any review of the affairs of the Borrowers and their Subsidiaries, shall be deemed to constitute any representation or warranty by the Agent to any Lender. Each Lender represents to the Agent that it has, independently and without reliance upon the Agent and based on such documents and information as it has deemed appropriate, made its own appraisal of and

investigation into the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers and their Subsidiaries, and made its own decision to enter into this Agreement and to extend credit to the Borrowers hereunder. Each Lender also represents that it will, independently and without reliance upon the Agent and based on such documents and

-73-

information as it shall deem appropriate at the time, continue to make its own credit analysis, appraisals and decisions in taking or not taking action under this Agreement and the other Loan Documents, and to make such investigations as it deems necessary to inform itself as to the business, prospects, operations, property, financial and other condition and creditworthiness of the Borrowers. Except for notices, reports and other documents expressly herein required to be furnished to the Lenders by the Agent, the Agent shall not have any duty or responsibility to provide any Lender with any credit or other information concerning the business, prospects, operations, property, financial or other condition or creditworthiness of the Borrowers which may come into the possession of the Agent.

17.7 Indemnification. Whether or not the transactions contemplated hereby are consummated, the Lenders shall indemnify upon demand the Agent and its directors, officers, employees and agents (to the extent not reimbursed by or on behalf of the Borrowers and without limiting the obligation of the Borrowers to do so), pro rata, from and against any and all losses, claims, damages, costs, expenses and liabilities ("Losses"); provided that no Lender shall be liable for any payment to any such Person of any portion of the Losses resulting from such Person's gross negligence or willful misconduct. Without limitation of the foregoing, each Lender shall reimburse the Agent upon demand for its ratable share of any costs or out-of-pocket expenses (including reasonable attorneys' fees) incurred by the Agent in connection with the preparation, execution, delivery, administration, modification, amendment or enforcement (whether through negotiations, legal proceedings or otherwise) of, or legal advice in respect of rights or responsibilities under, this Agreement, any other Loan Document, or any document contemplated by or referred to herein, to the extent that the Agent is not reimbursed for such expenses by or on behalf of the Borrowers. The undertaking in this Section shall survive repayment of the Loans, cancellation of the Notes, expiration or termination of the Letters of Credit, any foreclosure under, or modification, release or discharge of, any or all of the Collateral, termination of this Agreement and the resignation or replacement of the Agent.

17.8 Agent in Individual Capacity. LaSalle and its Affiliates may make loans to, issue letters of credit for the account of, accept deposits from, acquire equity interests in and generally engage in any kind of banking, trust, financial advisory, underwriting or other business with the Borrowers and their Subsidiaries and Affiliates as though LaSalle were not the Agent or the Issuing Bank hereunder and without notice to or consent of the Lenders. The Lenders acknowledge that, pursuant to such activities, LaSalle or its Affiliates may receive information regarding the Borrowers or their Affiliates (including information that may be subject to confidentiality obligations in favor of the Borrowers or such Affiliate) and acknowledge that the Agent shall be under no obligation to provide such information to them. With respect to their Loans (if any), LaSalle and its Affiliates shall have the same rights and powers under this Agreement as any other Lender and may exercise the same as though LaSalle were not the Agent and the Issuing Bank, and the terms "Lender" and "Lenders" include LaSalle and its Affiliates, to the extent applicable, in their individual capacities. 17.9 Successor Agent. The Agent may resign as Agent upon 30 days' notice to the Lenders. If the Agent resigns under this Agreement, the Majority Lenders shall, with (so long as no Event of Default exists) the consent of the Borrowers (which shall not be unreasonably withheld or delayed), appoint from among the Lenders a successor agent for the Lenders. If no successor agent is appointed prior to, the effective date of the resignation of the Agent, the Agent may appoint, after consulting with the Lenders and the Borrowers, a successor agent from among the Lenders. Upon the acceptance of its appointment as successor agent hereunder, such successor agent shall succeed to all the rights, powers and duties of the retiring Agent and the term "Agent" shall mean such successor agent, and the retiring Agent's appointment, powers and duties as Agent shall be terminated. After any retiring Agent's resignation hereunder as Agent, the provisions of this Section 17 and Sections 2.11 and 20 shall inure to its benefit as to any actions taken or omitted to be taken by it while it was

Agent under this Agreement. If no

-74-

successor agent has accepted appointment as Agent by the date which is 30 days following a retiring Agent's notice of resignation, the retiring Agent's resignation shall nevertheless thereupon become effective and the Lenders shall perform all of the duties of the Agent hereunder until such time, if any, as the Majority Lenders appoint a successor agent as provided for above.

17.10 Collateral Matters. The Lenders irrevocably authorize the Agent, at its option and in its discretion, (a) to release any Lien granted to or held by the Agent pursuant to the Collateral (i) upon termination of the Commitments and payment in full of all Loans and all other obligations of the Borrowers hereunder and the expiration or termination of all Letters of Credit; (ii) constituting property sold or to be sold or disposed of as part of or in connection with any disposition permitted hereunder; or (iii) subject to Section 21.3, if approved, authorized or ratified in writing by the Majority Lenders; or (b) to subordinate its interest in any collateral to any holder of a Lien on such collateral which is permitted by clause (vii) of Section 8.1 (it being understood that the Agent may conclusively rely on a certificate from the Borrowers in determining whether the Debt secured by any such Lien is permitted by Section 8.6). Upon request by the Agent at any time, the Lenders will confirm in writing the Agent's authority to release, or subordinate its interest in, particular types or items of collateral pursuant to this Section 17.10.

18. ASSIGNMENTS; PARTICIPATIONS

18.1 Assignments. Any Lender may, with the prior written consents of the Issuing Bank and the Agent and (so long as no Event of Default exists) the Borrowers (which consents shall not be unreasonably delayed or withheld and, in any event, shall not be required for an assignment by a Lender to one of its Affiliates), at any time assign and delegate to one or more commercial banks or other Persons (any Person to whom such an assignment and delegation is to be made being herein called an "Assignee") all or any fraction of such Lender's Loans and Commitment (which assignment and delegation shall be of a constant, and not a varying, percentage of all the assigning Lender's Loans and Commitment) in a minimum aggregate amount equal to the lesser of (i) the amount of the assigning Lender's Pro Rata Share of the Revolving Commitment and (ii) \$5,000,000; provided that (a) no assignment and delegation may be made to any Person if, at the time of such assignment and delegation, the Borrowers would be obligated to pay any greater amount under Sections 2.18, 2.20, 2.21, 2.22, or 2.23 to the Assignee than the Borrowers are then obligated to pay to the assigning Lender under such Sections (and if any assignment is made in violation of the foregoing, the Borrowers will not be required to pay the incremental amounts) and (b) the Borrowers and the Agent shall be entitled to continue to deal solely and directly with such Lender in connection with the interests so assigned

-75-

and delegated to an Assignee until the date when all of the following conditions shall have been met:

(x) five Business Days (or such lesser period of time as the Agent and the assigning Lender shall agree) shall have passed after written notice of such assignment and delegation, together with payment instructions, addresses and related information with respect to such Assignee, shall have been given to the Borrowers and the Agent by such assigning Lender and the Assignee,

(y) the assigning Lender and the Assignee shall have executed and delivered to the Borrowers and the Agent an assignment agreement substantially in the form of Exhibit G (an "Assignment Agreement"), together with any documents required to be delivered thereunder, which Assignment Agreement shall have been accepted by the Agent, and

(z) except in the case of an assignment by a Lender to one of its Affiliates, the assigning Lender or the Assignee shall have paid

the Agent a processing fee of \$3,500.

From and after the date on which the conditions described above have been met, (x) such Assignee shall be deemed automatically to have become a party hereto and, to the extent that rights and obligations hereunder have been assigned and delegated to such Assignee pursuant to such Assignment Agreement, shall have the rights and obligations of a Lender hereunder and (y) the assigning Lender, to the extent that rights and obligations hereunder have been assigned and delegated by it pursuant to such Assignment Agreement, shall be released from its obligations hereunder. Within five Business Days after effectiveness of any assignment and delegation, the Borrowers shall execute and deliver to the Agent (for delivery to the Assignee and the Assignor, as applicable) a new Note in the principal amount of the Assignee's Pro Rata Share of the Revolving Loan Commitment and, if the assigning Lender has retained a Commitment hereunder, a replacement Note in the principal amount of the Pro Rata Share of the Revolving Loan Commitment retained by the assigning Lender (such Note to be in exchange for, but not in payment of, the predecessor Note held by such assigning Lender). Each such Note shall be dated the effective date of such assignment. The assigning Lender shall mark the predecessor Note "exchanged" and deliver it to the Borrowers. Accrued interest on that part of the predecessor Note being assigned shall be paid as provided in the Assignment Agreement. Accrued interest and fees on that part of the predecessor Note not being assigned shall be paid to the assigning Lender. Accrued interest and accrued fees shall be paid at the same time or times provided in the predecessor Note and in this Agreement. Any attempted assignment and delegation not made in accordance with this Section 18.1 shall be null and void.

Notwithstanding the foregoing provisions of this Section 18.1 or any other provision of this Agreement, any Lender may at any time assign all or any portion of its Loans and its Note to a Federal Reserve Bank (but no such assignment shall release any Lender from any of its obligations hereunder).

18.2 Participations. Any Lender may at any time sell to one or more commercial banks or other Persons participating interests in any Loan owing to such Lender, the Note held by such Lender, the Commitment of such Lender, the direct or participation interest of such Lender in any Letter of Credit or any other interest of such Lender hereunder (any Person purchasing any such participating interest being herein called a "Participant"). In the event of a

-76-

sale by a Lender of a participating interest to a Participant, (x) such Lender shall remain the holder of its Note for all purposes of this Agreement, (y) the Borrowers and the Agent shall continue to deal solely and directly with such Lender in connection with such Lender's rights and obligations hereunder and (z) all amounts payable by the Borrowers shall be determined as if such Lender had not sold such participation and shall be paid directly to such Lender. No Participant shall have any direct or indirect voting rights hereunder except with respect to any of the events described in Section 21.3(b). Each Lender agrees to incorporate the requirements of the preceding sentence into each participation agreement which such Lender enters into with any Participant. The Borrowers agree that if amounts outstanding under this Agreement and the Notes are due and payable (as a result of acceleration or otherwise), each Participant shall be deemed to have the right of setoff in respect of its participating interest in amounts owing under this Agreement, any Note and with respect to any Letter of Credit to the same extent as if the amount of its participating interest were owing directly to it as a Lender under this Agreement or such Note; provided that such right of setoff shall be subject to the obligation of each Participant to share with the Lenders, and the Lenders agree to share with each Participant, as provided in Section 2.6. The Company also agrees that each Participant shall be entitled to the benefits of Sections 2.18, 2.20, 2.21, 2.22, and 2.23 as if it were a Lender (provided that no Participant shall receive any greater compensation pursuant to Sections 2.18, 2.20, 2.21, 2.22, or 2.23 than would have been paid to the participating Lender if no participation had been sold).

19. CHOICE OF LAW AND VENUE

This Agreement shall be deemed to have been made in the State of Illinois and the validity of this Agreement, its construction, interpretation and enforcement, and the rights of parties hereunder and concerning the Collateral, shall be determined under, governed by and construed in accordance

with the laws of the State of Illinois. The parties agree that all actions or proceedings arising in connection with this Agreement shall be tried and litigated only in the state and federal courts located in the County of Cook, State of Illinois. Each Borrower waives any right it may have to assert the doctrine of forum non conveniens or to object to such venue and hereby consents to any court ordered relief. Each Borrower consents that all service of process upon it be made by registered mail or messenger directed to it at the address set forth in Section 16 above and that service so made shall be deemed to be completed upon the earlier of actual receipt or three (3) Business Days after the same shall have been posted to Borrowers' address by Borrowers' agent as set forth below. Nothing contained in this Section 19 shall affect the right of Agent or Lenders to serve legal process in any other manner permitted by law or affect the right of Agent or Lenders to bring any action or proceeding against Borrowers or their property in the courts of any other jurisdiction.

20. INDEMNITY

Borrowers shall indemnify, hold harmless and defend Agent, Lenders and their directors, officers, agents, counsel and employees ("Indemnified Persons") from and against all Losses, whether such Losses arise or notice thereof is received by Agent or Lenders during the Initial Term or any renewal term or after termination of this Agreement, incurred by any of them arising principally out of or relating to this Agreement or any other transaction contemplated hereby other than arising out of any intercreditor relationship between Agent and Lenders or between Lenders and any Participant or subordinated debt holder and except for any such losses caused by the gross negligence or willful misconduct of such Indemnified Persons, and shall reimburse Agent or Lenders and each other Indemnified Person for any expenses including in

-77-

connection with the investigation of, preparation for or defense of any actual or threatened claim, action or proceeding arising therefrom (including any such costs of responding to discovery requests or subpoenas), regardless of whether any Indemnified Person is a party thereto. Each Indemnified Person may select its own counsel with respect to any Losses, in addition to any Borrowers' counsel, and shall be indemnified therefor hereunder.

21. GENERAL PROVISIONS

21.1 Acceptance. This Agreement shall be binding and deemed effective when executed by Borrowers and accepted and executed by Agent and Lenders.

21.2 Binding Agreement. This Agreement shall bind and inure to the benefit of the respective successors and assigns of each of the parties; provided, however, that Borrowers may not assign this Agreement or any rights hereunder without Lenders' prior written consent and any prohibited assignment shall be absolutely void. No consent to an assignment by Agent shall release Borrowers from their Obligations to Agent or Lenders.

21.3 Waiver and Amendment.

(a) Agent's or Lenders' failure, at any time or times hereafter, to require strict performance by Borrowers of any provisions of this agreement or the Revolving Loan Notes shall not waive, affect or diminish any right of Agent or Lenders thereafter to demand strict compliance and performance therewith. Any suspension or waiver by Agent or Lenders of a Potential Default or Event of Default by Borrowers under this Agreement or the Revolving Loan Notes shall not suspend, waive or affect any other Potential Default or Event of Default by Borrowers under this Agreement, or the Revolving Loan Notes whether the same is prior or subsequent thereto and whether of the same or a different kind or character.

(b) No amendment or modification of any provision of this Agreement or the Notes relating to (i) any increase of the Commitments of the Lender, (ii) any change in the final maturity of the Loans or any payment date for interest and fees due hereunder, (iii) the reduction of interest rates applicable to the Loans or fees payable under this Agreement, (iv) rates of advance on Collateral utilized in computing Revolving Loan Availability, or (v) release of Collateral shall be effective without the written agreement of all of the Lenders and Borrowers. No amendment or modification of any other provision

of this Agreement shall be effective without the written agreement of the Majority Lenders and Borrowers and no termination or waiver of any other single provision of this Agreement, or consent to any departure by Borrowers therefrom, shall in any event be effective without the written concurrence of the Majority Lenders. Whenever a consent is required, any of the Lenders shall have the right to grant or withhold same at their sole discretion.

(c) Notwithstanding the provisions of this Section, no amendment, modification, termination or waiver of any provision of Section 17 or any other provision referring to Agent's rights hereunder shall be effective without the written concurrence of Agent. Agent may, but shall have no obligation to, with the concurrence of any Lender, execute amendments, modifications, waivers or consents on behalf of such Lender.

-78-

21.4 Section Headings. Section headings and section numbers have been set forth herein for convenience only. Unless the contrary is compelled by the context, everything contained in each paragraph applies equally to this entire Agreement.

21.5 Construction. Neither this Agreement nor any uncertainty or ambiguity herein shall be construed or resolved against Agent, Lenders or Borrowers, whether under any rule of construction or otherwise. On the contrary, this Agreement has been reviewed by all parties and shall be construed and interpreted according to the ordinary meaning of the words used so as to fairly accomplish the purposes and intentions of the parties hereto.

21.6 Severability. Each provision of this Agreement shall be severable from every other provision of this Agreement for the purpose of determining the legal enforceability of any specific provision.

21.7 Entire Agreement. This Agreement cannot be changed or terminated orally. All prior agreements, understandings, representations, warranties, and negotiations, if any, are merged into this Agreement. This Agreement may be amended only by a written agreement signed by duly authorized officers of Borrowers, Agent and Lenders (or Majority Lenders in accordance with Section 21.3 hereof).

21.8 No Fiduciary Relationship or Joint Venture. No provision herein or in any of the other Loan Documents and no course of dealing between the parties hereto shall be deemed to create any fiduciary relationship between Lenders and Borrowers or Agent and Borrowers nor to create any partnership or joint venture between Lenders and Borrowers or Agent and Borrowers.

21.9 Publicity. Borrowers hereby consent to the issuance or dissemination by Lenders to the public of information generally describing the credit accommodations entered into pursuant to this Agreement (as it may be amended, modified and supplemented from time to time) including without limitation the names and addresses of Borrowers, a general description of Borrowers' businesses and the use of Borrowers' names and logos in connection therewith.

21.10 Counterparts. This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall together constitute one and the same instrument.

21.11 Conflict. In the event of a conflict between the terms of this Agreement and the terms of any Notes or other Loan Documents, the terms of this Agreement shall be controlling.

22. WAIVER OF JURY TRIAL

22.1 Forum Selection and Consent to Jurisdiction. ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, OR IN CONNECTION WITH THIS AGREEMENT OR ANY OTHER LOAN DOCUMENT, SHALL BE BROUGHT AND MAINTAINED EXCLUSIVELY IN THE COURTS OF THE STATE OF ILLINOIS OR IN THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS; PROVIDED THAT ANY SUIT SEEKING ENFORCEMENT AGAINST ANY COLLATERAL OR OTHER PROPERTY MAY BE BROUGHT, AT THE AGENT'S OPTION,

IN THE COURTS OF ANY JURISDICTION WHERE SUCH COLLATERAL OR OTHER PROPERTY MAY BE FOUND. EACH BORROWER HEREBY EXPRESSLY AND IRREVOCABLY SUBMITS TO THE JURISDICTION OF THE COURTS OF THE STATE OF ILLINOIS AND OF THE UNITED STATES DISTRICT COURT FOR THE NORTHERN DISTRICT OF ILLINOIS FOR THE PURPOSE OF ANY SUCH LITIGATION AS SET FORTH ABOVE. EACH BORROWER FURTHER IRREVOCABLY CONSENTS TO THE SERVICE OF PROCESS BY REGISTERED MAIL, POSTAGE PREPAID, OR BY PERSONAL SERVICE WITHIN OR WITHOUT THE STATE OF ILLINOIS. EACH BORROWER HEREBY EXPRESSLY AND IRREVOCABLY WAIVES, TO THE FULLEST EXTENT PERMITTED BY LAW, ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE TO THE LAYING OF VENUE OF ANY SUCH LITIGATION BROUGHT IN ANY SUCH COURT REFERRED TO ABOVE AND ANY CLAIM THAT ANY SUCH LITIGATION HAS BEEN BROUGHT IN AN INCONVENIENT FORUM.

22.2 Waiver of Jury Trial. EACH OF THE BORROWERS, THE AGENT AND EACH LENDER HEREBY WAIVES ANY RIGHT TO A TRIAL BY JURY IN ANY ACTION OR PROCEEDING TO ENFORCE OR DEFEND ANY RIGHTS UNDER THIS AGREEMENT, ANY NOTE, ANY OTHER LOAN DOCUMENT AND ANY AMENDMENT, INSTRUMENT, DOCUMENT OR AGREEMENT DELIVERED OR WHICH MAY IN THE FUTURE BE DELIVERED IN CONNECTION HEREWITH OR THEREWITH OR ARISING FROM ANY BANKING RELATIONSHIP EXISTING IN CONNECTION WITH ANY OF THE FOREGOING, AND AGREES THAT ANY SUCH ACTION OR PROCEEDING SHALL BE TRIED BEFORE A COURT AND NOT BEFORE A JURY.

IN WITNESS WHEREOF, Borrowers have executed and delivered this Agreement.

"BORROWERS"

WESTELL TECHNOLOGIES, INC.

By: /s/ Amy T. Forster
Title:

WESTELL, INC.

By: /s/ Amy T. Forster
Title:

WESTELL INTERNATIONAL, INC.

By: /s/ Amy T. Forster
Title:

CONFERENCE PLUS, INC.

By: /s/ Amy T. Forster
Title:

TELTREND, INC.

By: /s/ Amy T. Forster
Title:

Address: 750 North Commons Drive
Aurora, Illinois 60504

business in the City of Chicago, State of Illinois.

LASALLE BANK NATIONAL ASSOCIATION, a
national banking association,
as Agent

By: /s/ Stephanie Patterson
Title: Assistant Vice President

Address: 135 S. LaSalle Street
Chicago, Illinois 60603
Attn: Stephanie Patterson

LASALLE BANK NATIONAL ASSOCIATION

Revolving Loan Commitment
\$30,000,000
Percentage: 66.666666667%

By: /s/ Stephanie Patterson
Title: Assistant Vice President

Address: 135 S. LaSalle Street
Chicago, Illinois 60603
Attn: Stephanie Patterson

HARRIS TRUST AND SAVINGS BANK

Revolving Loan Commitment
\$15,000,000
Percentage: 33.333333333%

By: /s/ M. James Barry, III
Title: Vice President

Address: 111 West Monroe Street
Chicago, Illinois 60690
Attn: M. James Barry, III

ANNEX A

Applicable Margin

Interest Coverage Ratio

	LEVEL I	LEVEL II	LEVEL III	LEVEL IV
	<3.0	>3.0 <4.0	>4.0 <5.0	>5.0
LIBOR Margin	2.50%	2.25%	2.00%	1.75%
Reference Rate Margin	0.50%	0.25%	0%	
Unused Fee	0.375%	0.375%	0.25%	0.25%
Standby L/C Fee Rate	2.50%	2.25%	2.00%	1.75%
Trade L/C Fee Rate	1.25%	1.125%	1.00%	0.875%

*From the Closing Date until December 31, 2000, the applicable rates shall be those set forth under the column titled "Level III".

REVOLVING NOTE

\$35,000,000

June 29, 2001

WESTELL TECHNOLOGIES, INC., WESTELL, INC., WESTELL INTERNATIONAL, INC., CONFERENCE PLUS, INC. and TELTREND, INC. (collectively, "Borrowers"), hereby jointly and severally promise to pay to the order of LaSalle Bank National Association (the "Bank"), on June 30, 2002 the principal sum of Thirty Five Million and No/100 (\$35,000,000), or such lesser amount of all of the then outstanding advances made by the Bank to Borrowers pursuant to Section 2.1 of the "Loan Agreement" (as hereinafter defined), together with interest on any and all principal amounts remaining unpaid hereunder from time to time from the date hereof until paid, at the rate(s) set forth in Section 2.10 of the Loan Agreement, payable on the last day of each "Interest Period" (as such term is defined in the Loan Agreement), and continuing until the Revolving Loans (as such term is defined in the Loan Agreement) are paid in full.

Any amount of interest or principal hereof which is not paid when due, whether on the last day of an Interest Period, at stated maturity, by acceleration or otherwise, shall bear interest payable on demand at the "Default Rate" (as such term is defined in the Loan Agreement).

All payments of principal and interest on this Note shall be payable in lawful money of the United States of America. In no event shall the interest payable exceed the highest rate permitted by law. Principal and interest shall be paid to Bank at its office at 135 South LaSalle Street, Chicago, Illinois 60603, or at such other place as the holder of this Note may designate in writing to Borrowers. All payments hereunder shall be applied as provided in the Loan Agreement. In determining Borrowers' liability to the Bank hereunder, the books and records of the Bank shall be controlling absent arithmetic or manifest or demonstrable error.

This Note evidences certain indebtedness incurred under the Amended and Restated Loan and Security Agreement, dated August 31, 2000 between Borrowers and Bank (as heretofore or hereafter amended, the "Loan Agreement"), to which reference is hereby made for a statement of the terms and conditions under which the due date of this Note or any payment thereon may be accelerated or is automatically accelerated, or under which this Note may be prepaid or is required to be prepaid. All capitalized terms used herein shall, unless otherwise defined herein, have the meanings set forth in the Loan Agreement. The holder of this Note is entitled to all of the benefits provided in said Loan Agreement and the Loan Documents referred to therein. Borrowers agree to pay all costs of collection and all reasonable attorneys' fees paid or incurred in enforcing any of the Bank's rights hereunder promptly on demand of the Bank and as more fully set forth in the Loan Agreement.

This Note may be prepaid in whole or in part, and shall be prepaid as

1

appropriate, in accordance with the terms of the Loan Agreement.

Except as set forth in the Loan Agreement, the Borrowers, endorsers and all other parties to this Note waive presentment, demand, notice, protest and all other demands and notices in connection with the delivery, acceptance, performance, default or enforcement of this Note and the Loan Agreement. In any action on this Note, the Bank or its assignee need not file the original of this Note, but need only file a photocopy of this Note certified by the Bank or such assignee to be a true and correct copy of this Note.

This is the Revolving Note referred to in the Loan Agreement. This Note is secured by, among other things, a security interest in the Collateral granted to the Agent pursuant to Section 4 of the Loan Agreement.

No delay on the part of the Bank in exercising any right under this Note, any security agreement, guaranty or other undertaking affecting this

Note, shall operate as a waiver of such right or any other right under this Note, nor shall any omission in exercising any right on the part of the Bank under this Note operate as a waiver of any other rights.

Upon the occurrence of an Event of Default which is an Uncured Default under the Loan Agreement, the outstanding indebtedness evidenced by this Note, together with all accrued interest, shall be due and payable in accordance with the terms of the Loan Agreement, without notice to or demand upon the Borrowers except as otherwise provided in the Loan Agreement, and the Bank may exercise all of its rights and remedies reserved to it under the Loan Agreement or applicable law.

If any provision of this Note or the application thereof to any party or circumstance is held invalid or unenforceable, the remainder of this Note and the application of such provision to other parties or circumstances will not be affected thereby and the provisions of this Note shall be severable in any such instance.

This Note shall be in replacement of and in substitution for that certain Revolving Loan Note dated August 31, 2000, in the original principal amount of \$30,000,000, made by and payable to the order of Bank (the "Original Note"). The indebtedness evidenced by the Original Note is continuing indebtedness, and nothing herein shall be deemed to constitute a payment, settlement or novation of the Original Note, or to release or otherwise adversely affect any lien, mortgage or security interest securing such indebtedness or any rights of the Bank against any guarantor, surety or other party primarily or secondarily liable for such indebtedness.

BORROWERS HEREBY WAIVE ANY RIGHT BORROWERS MAY NOW OR HEREAFTER HAVE TO SUBMIT ANY CLAIM, ISSUE OR DEFENSE ARISING HEREUNDER OR UNDER THE OTHER DOCUMENTS RELATING TO THIS NOTE TO A TRIAL BY JURY.

2

This Note shall be deemed to have been made under and shall be governed in accordance with the internal laws and not the conflict of law rules of the State of Illinois.

WESTELL TECHNOLOGIES, INC.

By: /s/ Nicholas Hindman
Title: Vice President

WESTELL, INC.

By: /s/ Nicholas Hindman
Title: Vice President

WESTELL INTERNATIONAL, INC.

By: /s/ Nicholas Hindman
Title: Vice President

CONFERENCE PLUS, INCORPORATED

By: /s/ Nicholas Hindman
Title: Vice President

TELTREND, INC.

By: /s/ Nicholas Hindman
Title: Vice President

AMENDMENT TO AMENDED AND RESTATED
LOAN AND SECURITY AGREEMENT

This AMENDMENT TO AMENDED AND RESTATED LOAN AND SECURITY AGREEMENT (this "Amendment") is made as of June 29, 2001 among LaSalle Bank National Association, a national banking association ("Bank") and Westell Technologies, Inc., a Delaware corporation ("WTI"), Westell, Inc., a Delaware corporation ("Inc."), Westell International, Inc., a Delaware corporation ("WII"), Conference Plus, Inc., an Illinois corporation ("CPI"), and Teltrend, Inc., an Illinois corporation ("Teltrend," together with WTI, Inc., WII and CPI, the "Borrowers").

BACKGROUND

A. Bank and Borrowers are party to that certain Amended and Restated Loan and Security Agreement dated as of August 31, 2000, as amended from time to time (the "Loan Agreement"), pursuant to which Bank has made a line of revolving credit available to Borrowers, and as security therefor, Borrowers have granted to Bank a lien on Borrowers' real, personal and intellectual property.

B. Borrowers have informed Bank that they desire to (i) reduce the amount available under the revolving line of credit, (ii) modify the termination date of the revolving line of credit, (iii) induce certain of Borrower's investors to guaranty a portion of the revolving line of credit by issuing warrants for the purchase of certain of Borrowers' stock and (iv) otherwise modify Borrowers' Obligations as provided herein.

C. Bank is willing to so amend the Loan Agreement upon the terms and conditions set forth herein.

D. Capitalized terms used but not defined herein shall have the meanings assigned to them in the Loan Agreement.

NOW, THEREFORE, in consideration of the premises and the mutual promises herein contained, and intending to be legally bound hereby, the parties hereto agree as follows:

SECTION 1 AMENDMENTS TO LOAN AGREEMENT

1.1 The Loan Agreement is hereby amended to reflect that (i) Harris Trust and Savings Bank is no longer a Lender; (ii) Bank is the sole Lender under the Loan Agreement; and (iii) wherever reference is made herein to "Bank", "Lender" or "Lenders", the parties hereto understand that Bank is meant.

1

1.2 The definition of "Borrowing Base" is hereby deleted in its entirety and replaced with the following:

"means, as at any date the amount thereof is determined and subject to the other terms of this Agreement, (a) the sum of (i) 85% of the face value of the Eligible Accounts, less unapplied cash and (ii) the lesser of (A) 30% of the value of the Eligible Inventory and (B) the Inventory Borrowing Cap, plus (b) 70% of the Pledged Securities Value (reduced by any Net Cash Proceeds received in accordance with Section 3.6) minus (c) the sum of the undrawn face amount of any Letters of Credit outstanding, unreimbursed draws with respect to Letters of Credit, and the aggregate outstanding amount of Borrowers' exposure under Permitted Swap Obligations as determined by Bank."

1.3 The Loan Agreement is hereby amended by adding the following new definitions to Section 1.1:

"Guarantors" shall mean those parties signatory to the Guaranty.

"Guarantors' Liabilities" shall mean Guarantors' liabilities under the Guaranty, which shall be limited to \$10,000,000.

"Guaranty" shall mean that certain Guaranty dated as of June 29, 2001 delivered by Guarantors to Bank, guaranteeing up to \$10,000,000 of the principal amount of the Obligations.

"Inventory Borrowing Cap" shall mean \$9,000,000 as of June 29, 2001, and shall be reduced by \$100,000 on August 1, 2001 and by an additional \$100,000 on the first day of each month thereafter.

"Pledged Securities" means those certain accounts of Guarantors with Robertson Stephens, Inc. the investment securities and cash and other assets contained therein pledged to secure Guarantors' Liabilities pursuant to the Securities Pledge Agreement.

"Pledged Securities Value" shall mean the market value of the Pledged Securities, valued on a daily basis by and in a manner acceptable to Bank.

"Securities Pledge Agreement" shall mean that certain Securities Pledge Agreement dated as of June 29, 2001 delivered by Guarantors to Bank.

1.4 The definition of "Loan Documents" is hereby amended by inserting in the third line thereof after the word "pledges," the word "guaranties,".

1.5 The definition of "Maximum Revolving Credit Facility" is hereby

2

amended by deleting the amount "\$45,000,000" and inserting in its place the amount "\$35,000,000".

1.6 The definition of "Revolving Loan Termination Date" is hereby amended by deleting the date "August 31, 2003" and inserting in its place the date "June 30, 2002".

1.7 Section 3.6 of the Loan Agreement is hereby amended by inserting at the end thereof the following language:

"Upon receipt by Bank of any equity Net Cash Proceeds pursuant to Section 3.5(a)(ii), each of (a) the Guarantors' Liabilities, (b) the Pledged Securities Value and (c) the Maximum Revolving Credit Facility shall be permanently reduced by the amount of such Net Cash Proceeds received by the Bank."

1.8 The Loan Agreement is hereby amended by adding a new Section 9.20 as follows:

"9.20 Geneva Property. Borrowers shall deliver to Bank by July 30, 2001, (i) a duly executed Mortgage on the land and building owned by Teltrend and located at _____, Geneva, Illinois, in a form acceptable to Bank conveying a first priority lien on such property to Bank and (ii) a title insurance policy acceptable to Bank and such other related surveys and documents as Bank may request in connection therewith, acceptable to Bank."

1.9 Section 11.2 of the Loan Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

"11.2 EBITDA. Borrowers shall have (i) a minimum Fiscal Year-to-date EBITDA of not less than negative \$4,100,000 as of June 30, 2001, of not less than negative \$3,500,000 as of July 31, 2001, of not less than negative \$3,700,000 as of August 31, 2001, of not less than negative \$2,700,000 as of September 30, 2001 and of not less than negative \$1,300,000 as of October 31, 2001, and (ii) on each date set forth below, a minimum EBITDA of not less than the EBITDA set forth opposite such date set forth below:

3

Date	EBITDA
----	-----
November 30, 2001	\$400,000
December 31, 2001	\$2,100,000
January 31, 2002	\$3,600,000
February 28, 2002	\$6,600,000
March 31, 2002	\$9,200,000
April 30, 2002	\$13,400,000
May 31, 2002	\$16,800,000
June 30, 2002	\$19,500,000

EBITDA shall be measured (i) on a Fiscal Year-to-date basis as of the end of each calendar month for each month through and including March 2002 and (ii) on a rolling twelve-month basis as of the end of each calendar month for each month commencing with April 2002 and for each month thereafter."

1.10 Section 11.3(b) of the Loan Agreement is hereby amended by deleting it in its entirety and replacing it with the following:

"(b) Tangible Net Worth. Tangible Net Worth, for the purposes of this Section 11.3(b), will be calculated by including the maximum amount of the Guaranty as cash of the Borrowers. Commencing with June 2001, Borrowers shall maintain at all times, measured on a monthly basis, the minimum Tangible Net Worth set forth opposite such date set forth below, measured on a rolling twelve-month basis as of the end of the month ending on such date:

Date	Tangible Net Worth
----	-----
June 30, 2001	\$21,700,000
July 31, 2001	\$29,400,000
August 31, 2001	\$27,500,000
September 30, 2001	\$26,500,000
October 31, 2001	\$25,700,000
November 30, 2001	\$25,400,000
December 31, 2001	\$25,300,000
January 31, 2002	\$25,000,000
February 28, 2002	\$26,100,000
March 31, 2002	\$26,900,000
April 30, 2002	\$27,400,000
May 31, 2002	\$28,000,000
June 30, 2002	\$28,500,000"

1.11 The Loan Agreement is hereby amended by adding a new Section

4

12.13 as follows:

"12.13 Guarantors' Obligations. If Guarantors: (a) fail or neglect to perform, keep or observe any term, provision, condition, covenant, warranty or representation contained in the Guaranty, the Securities Pledge Agreement or any control agreement relating to the Pledged Securities or (b) fail to pay any of Guarantors' Liabilities within five business days after the same are due and payable or declared due and payable."

1.12 Schedule 7.27 to the Loan Agreement is hereby deleted in its entirety and replaced with Schedule 1.12 attached hereto

SECTION 2 REPRESENTATIONS AND WARRANTIES

To induce Bank to amend the Loan Agreement and grant the waiver set forth herein, Borrowers jointly and severally represent and warrant to Bank that:

2.1 Representations and Warranties. On the date hereof, the representations and warranties and covenants set forth in the Loan Agreement (as modified by this Amendment), are true and correct with the same effect as though such representations and warranties and covenants had been made on the date hereof, except to the extent that such representations and warranties and covenants expressly relate to an earlier date.

2.2 Corporate Authority of Borrowers. Borrowers have full power and authority to enter into this Amendment, and to incur and perform the obligations provided for under this Amendment and the Loan Agreement, all of which have been duly authorized by all proper and necessary corporate action. No consent or approval of stockholders or of any public authority or regulatory body is required as a condition to the validity or enforceability of this Amendment.

2.3 Amendment as Binding Agreement. This Amendment constitutes the valid and legally binding obligation of Borrowers, fully enforceable against Borrowers, in accordance with its terms.

2.4 No Conflicting Agreements. The execution and performance by the Borrowers of this Amendment will not (i) violate any provision of law, any order of any court or other agency of government, or the Articles of Incorporation or Bylaws of Borrowers, (ii) violate any indenture, contract, agreement or other instrument to which Borrowers are a party, or by which its property is bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under, any such indenture, contract, agreement or other instrument or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of Borrowers.

SECTION 3 FINANCING STATEMENT AUTHORIZATION

Borrowers hereby authorize and consent to the preparation and filing by Bank of any financing statements, amendments and continuations as may be necessary, in Bank's sole discretion, to perfect the security interests and liens granted under the Loan Agreement. Bank may include as a description of Borrowers' property covered by any financing statements all of Borrowers' present and future assets or property. This authorization and consent shall remain in full force and effect and may be relied upon by Bank as long as any of the Obligations are outstanding.

SECTION 4 CONDITIONS PRECEDENT.

The agreement by Bank to amend the Loan Agreement and grant the waiver is subject to the following conditions precedent:

4.1 Revolving Note. Execution and delivery by Borrowers of a Revolving Note in the form of Exhibit A hereto.

4.2 CPI Stock Pledge Agreement Execution and delivery by WTI of a Stock Pledge Agreement in the form of Exhibit B hereto, pledging WTI's stock in CPI as security for the Obligations.

4.3 Guaranty. Execution and delivery of a Guaranty in the form of Exhibit C.

4.4 Securities Pledge Agreement. Execution and delivery a Securities Pledge Agreement in the form of Exhibit D hereto, securing the obligations of Guarantors under the Guaranty.

4.5 CPI Stock Certificates. Delivery of CPI Stock Certificate No. 21 representing 132,250 shares of CPI's stock.

4.6 Account Control Agreement. Execution and delivery of an Account Control Agreement satisfactory to Bank, providing for the administration of the securities pledged pursuant to the Securities Pledge Agreement.

4.7 Reaffirmation of Stock Pledge Agreement. Execution and delivery by WTI of a reaffirmation of that certain Stock Pledge Agreement dated as of August 31, 2000, between WTI and Bank in the form of Exhibit E hereto.

4.8 Corporate Authority. Borrowers shall have provided to Bank certified copies of the unanimous written consent of their Boards of Directors in a form reasonably acceptable to Bank authorizing the execution, delivery and performance by the Borrowers of this Amendment and the agreements, instruments and documents executed in connection herewith.

6

4.9 Fee. Borrowers shall have paid to Bank a restructuring fee in the amount of \$350,000.

4.10 Borrowers shall have delivered to the Bank each and every agreement, document, note, release, guaranty, certificate, notice, affidavit, exhibit, schedule, resolution, legal opinion, assignment, security agreement or financing statement which the Bank may reasonably request from the Borrowers, in form and substance satisfactory to Bank, to effect the intent of this Amendment.

SECTION 5 REAFFIRMATION AND ACKNOWLEDGMENT

WTI, Inc., CPI and Teltrend (together, the "Pledgors") are each party to both (i) a Security Agreement and Mortgage - Trademarks and Patents and (ii) a Security Interest Agreement - Patents, each dated as of August 31, 2000 (the "Security Agreements") pursuant to which Pledgors granted to Bank a lien on and security interest in certain of Pledgors patents and trademarks as described therein. Pledgors hereby expressly reaffirm and assume all of their obligations and liabilities as set forth in the Security Agreements, agree that the obligations secured thereby shall include all obligations of Borrowers to Bank under the Loan Agreement, as amended from time to time, including this Amendment, and agree to be bound by and abide by and operate and perform under and pursuant to and comply fully with all of the terms, conditions, provisions, agreements, representations, undertakings, warranties, and covenants contained in the Security Agreements, insofar as such obligations and liabilities may be modified by this Amendment.

SECTION 6 MISCELLANEOUS PROVISIONS.

6.1 To the extent the provisions of this Amendment differ from or are inconsistent with the terms of the Loan Agreement or any of the Loan Documents, the provision of this Amendment shall govern; otherwise, the terms and provisions of the Loan Agreement shall remain in full force and effect and are hereby affirmed, confirmed and ratified in all respects. Borrowers ratify, confirm and affirm without condition, all liens and security interests granted to Bank pursuant to the Loan Agreement and the Loan Documents, and such liens and security interests shall continue to secure the obligations and liabilities of Borrowers to Bank, including but not limited to, all loans made by Bank to the Borrowers under the Loan Agreement as amended by this Amendment.

6.2 This Amendment shall be construed in accordance with and governed by the laws of the State of Illinois, and the obligations of Borrowers under this Amendment are and shall arise absolutely and unconditionally upon the execution and delivery of this Amendment.

7

6.3 This Amendment may be executed in any number of counterparts.

6.4 Borrowers hereby agree to pay all out-of-pocket expenses incurred by Bank in connection with the preparation, negotiation and consummation of this Amendment, and all other documents related thereto, including without limitation, the reasonable fees and expense of Bank's counsel, and any filing fees required in connection with the filing of any documents necessary to consummate the provisions of this Amendment.

6.5 On or after the effective date hereof, each reference in the Loan Agreement or any of the Loan Documents to this "Agreement" or words of like import, shall unless the context otherwise requires, be deemed to refer to

the Loan Agreement as amended hereby.

6.6 The requirement to raise Second Equity Funds by June 30, 2001 imposed by Section 4 of the Amendment to Amended and Restated Loan and Security Agreement dated as of April 13, 2001 is hereby waived. This waiver is limited and shall not constitute a waiver of any other or subsequent requirement or condition imposed on Borrowers by the Loan Agreement or Loan Documents, whether of a different or like nature, nor shall it constitute a course of conduct or dealing.

6.7 Borrowers shall cause to be delivered to Bank within one week after the date hereof CPI Stock Certificate No. 27 representing 250 shares of CPI stock.

[REMAINDER OF PAGE INTENTIONALLY LEFT BLANK]

8

IN WITNESS WHEREOF, Borrowers and Bank has caused this Amendment to be duly executed by their duly authorized officers, all as of the date and year first above written.

"BORROWERS"

WESTELL TECHNOLOGIES, INC.

By: /s/ Nicholas Hindman
Title: Vice President

WESTELL, INC.

By: /s/ Nicholas Hindman
Title: Vice President

WESTELL INTERNATIONAL, INC.

By: /s/ Nicholas Hindman
Title: Vice President

CONFERENCE PLUS, INC.

By: /s/ Nicholas Hindman
Title: Vice President

TELTREND, INC.

By: /s/ Nicholas Hindman
Title: Vice President
Address: 750 North Commons Drive
Aurora, Illinois 60504

"BANK"

LASALLE BANK NATIONAL ASSOCIATION

By: /s/ Thomas J. Brennan
Title: Vice President
Address: 135 South LaSalle Street
Chicago, Illinois 60603
Attn: Stephanie Patterson

LOAN ACCOMODATION AGREEMENT

This LOAN ACCOMODATION AGREEMENT ("Agreement") is entered into as of June 29, 2001, by and between Westell Technologies, Inc., a Delaware corporation (the "Company"), with headquarters located at 750 N. Commons Drive, Aurora, Illinois 60504, and the Penny family members or trusts for their benefit (each a "Guarantor" and together the "Guarantors") set forth on the execution pages hereof, with regard to the following:

RECITALS

A. It is a condition of satisfying certain conditions of restructuring the Company's senior credit line ("Credit Line") with LaSalle Bank, N.A. ("Bank") in the form attached as Exhibit A hereto ("Restructuring Amendment") that the Guarantors provide a joint and several guaranty of the Credit Line of \$10,000,000 and to pledge cash and marketable securities in support thereof (the "Guaranty and Pledge Documents").

B. The Guarantors desire to execute and deliver the Guaranty and Pledge Documents in consideration for the issuance to them of warrants in the form of Exhibit B hereto (the "Warrants") to purchase 512,820 shares of Company Class A Common Stock at an exercise price of \$1.95;(the "Warrant Shares");

NOW, THEREFORE, in consideration of their respective promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Guarantors hereby agree as follows:

AGREEMENTS

ARTICLE I

1.1 Execution of Guaranty and Pledge Documents. At the Closing, subject to the terms and the satisfaction (or waiver) of the conditions set forth in this Agreement, the Guarantors agree to execute and deliver the Guaranty and Pledge Documents.

1.2 Delivery of Warrants. At the Closing, subject to the terms and the satisfaction (or waiver) of the conditions set forth in this Agreement, the Company shall deliver to the Guarantors the executed Warrants.

-1-

1.3 Closing Date. The Closing shall occur immediately following the execution of this Agreement, and the date of Closing shall be the "Closing Date."

ARTICLE II

GUARANTOR'S REPRESENTATIONS AND WARRANTIES

Each Guarantor represents and warrants on the date hereof, solely with respect to itself and not with respect to any other Guarantor to the Company as set forth in this Article II.

2.1 Purchase for Own Account. Guarantor is acquiring its Warrants for Guarantor's own account for investment only and not with a view toward or in connection with the public resale or distribution thereof, except pursuant to sales that are exempt from the registration requirements of the Securities Act and/or sales registered under the Securities Act of 1933, as amended (the "Securities Act").. Guarantor will not resell the Warrants or the shares of Class A Common Stock issuable upon exercise thereof (collectively, the

"Securities") except pursuant to sales that are exempt from the registration requirements of the Securities Act and/or sales registered under the Securities Act. Guarantor understands that Guarantor must bear the economic risk of this investment indefinitely, unless the Securities are registered pursuant to the Securities Act and any applicable state securities laws or an exemption from such registration is available, and that the Company has no present intention of registering any such Securities other than as contemplated by the Registration Rights Agreement. By making the representations in this Section 2.1, the Guarantor does not agree to hold any Securities for any minimum or other specific term and reserves the right to dispose of any or all of the Securities at any time in accordance with or pursuant to a registration statement or an exemption from registration under the Securities Act.

2.2 Accredited Investor Status. Guarantor is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D.

2.3 Reliance on Exemptions. Guarantor understands that the Securities are being offered and sold to Guarantor in reliance upon specific exemptions from the registration requirements of the United States federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations and warranties of Guarantor set forth herein in order to determine the availability of such exemptions and the eligibility of Guarantor to acquire the Securities.

2.4 Information. Guarantor and its counsel have been furnished all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities which have been specifically requested by Guarantor. Guarantor has been afforded the opportunity to ask questions of the Company and has received what Guarantor believes to be complete and satisfactory answers to any such inquiries. Neither such materials or inquiries nor any other due diligence investigation conducted by Guarantor nor any of its

-2-

representations, warranties, covenants or agreements shall modify, amend or affect Guarantor's right to rely on the Company's representations and warranties contained in Article III. Guarantor understands that Guarantor's investment in the Securities involves a high degree of risk.

2.5 Governmental Review. Guarantor understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Securities or an investment therein.

2.6 Transfer or Resale. Guarantor understands that (i) except as provided in the Registration Rights Agreement, the Securities have not been and are not being registered under the Securities Act or any state securities laws, and may not be transferred unless subsequently registered thereunder or an exemption from such registration is available; (ii) any sale of such Securities made in reliance on Rule 144 under the Securities Act (or a successor rule) ("Rule 144") may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any resale of such Securities without registration under the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the Securities and Exchange Commission ("SEC") thereunder; and (iii) neither the Company nor any other person is under any obligation to register such Securities under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder (in each case, other than pursuant to this Agreement or the Registration Rights Agreement).

2.7 Legends. Guarantor understands that the certificates for the Warrants and the Warrant Shares will bear a restrictive legend (the "Legend") in the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS OR UNLESS OFFERED, SOLD OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION

REQUIREMENTS OF THOSE LAWS. Notwithstanding the foregoing, no opinion of counsel shall be required for transfers of this Warrant without consideration to the beneficiaries of the initial Holder provided that the beneficiaries execute investment confirmations and covenants consistent with the representations and covenants contained in this Warrant and the Accommodation Agreement in form reasonably satisfactory to the Company.

-3-

2.8 Authorization; Enforcement. This Agreement has been duly and validly authorized, executed and delivered on behalf of Guarantor and are valid and binding agreements of Guarantor enforceable against Guarantor in accordance with their terms.

-4-

ARTICLE III

REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to each Guarantor on the date hereof that:

3.1 Organization and Qualification. The Company and each of its subsidiaries is a corporation duly organized, validity existing and in good standing under the laws of the jurisdiction in which it is incorporated, and has the requisite corporate power and authority to own its properties and to carry on its business as now being conducted.

3.2 Authorization; Enforcement . (a) The Company has the requisite corporate power and authority to (i) enter into, and perform its obligations under this Agreement, (ii) issue and perform its obligations with respect to the Warrants in accordance with the terms hereof and thereof, and (iii) issue the Warrant in accordance with the terms and conditions of the Warrants; (b) the execution, delivery and performance of this Agreement and the Registration Rights Agreement (as defined in Section 4.2) by the Company and the execution and delivery of the Warrants, and the consummation by it of the transactions contemplated hereby and thereby and the reservation for issuance and issuance of the Warrant Shares have been duly authorized by all necessary corporate action and no further consent or authorization of the Company, its board of directors, or its stockholders is required with respect to any of the transactions contemplated hereby or thereby; (c) this Agreement and the Warrants have been, and the Registration Rights Agreement when executed, will have been, duly executed and delivered by the Company and (d) this Agreement and the Warrants are, the Registration Rights Agreement, when executed and delivered will be, the legal, valid and binding obligation of the Company enforceable against the Company in accordance with their terms.

3.4 Issuance of Shares. The Warrant Shares are duly authorized and reserved for issuance, and, upon exercise of the Warrants in accordance with the terms thereof, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances and will not be subject to preemptive rights or other similar rights of stockholders of the Company. The Warrants are duly authorized and reserved for issuance, and are validly issued, fully paid and non-assessable, and free from all taxes, liens claims and encumbrances and are not and will not be subject to preemptive rights or other similar rights of stockholders of the Company.

3.5 No Conflicts. The execution, delivery and performance of each of this Agreement by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including the issuance and reservation for issuance, as applicable, of the Warrant Shares) do not and will not (a) result in a violation of the Certificate of Incorporation or By-laws of the Company or any of its subsidiaries, (b) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any

rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its subsidiaries is a party, or (c) result in a violation of any law, rule, regulation, order, judgment or decree (including, without limitation, U.S. federal and state securities laws and regulations) applicable to the Company or any of its subsidiaries, or by which any property or asset of the Company or any of its subsidiaries, is bound or affected.

ARTICLE IV

COVENANTS

4.1 Expenses. The Company shall reimburse the Guarantors for the reasonable fees and expenses incurred by them in connection with the negotiation, preparation, execution, and delivery of this Agreement and the other agreements and documents to be executed in connection herewith, (the "Expenses"); The Company shall also reimburse the Guarantors for all expenses, including reasonable costs of counsel, incurred in enforcing this Agreement.

4.2 Registration Rights. The Company commits to execute within 30 days a registration rights agreements ("Registration Rights") Agreement in form reasonably satisfactory to the parties and customary for transactions of this nature pursuant to which the Company will use reasonable commercial efforts to promptly file, cause to become effective and maintain a Registration Statement for registration of sale of the Warrant Shares on Form S-3. The initial holder of this Warrant (and related assignees thereof) shall be entitled to the benefit of such Registration Rights Agreement.

4.3 Indemnification.

(a) To the extent permitted by law, the Company will indemnify, hold harmless and defend the Guarantors against any claims, actions or lawsuits brought or threatened by any third parties (including any derivative actions brought in the name of the Company) and any direct damages, liabilities or expenses incurred as a result thereof (collectively, "Claims") to which any of them may become subject insofar as such Claims arise directly out of or are based directly upon this Agreement or the transactions contemplated hereby, including but not limited to any payments made to the Bank pursuant to enforcement of the Guaranty and Pledge Documents. Notwithstanding anything to the contrary contained herein, this indemnification agreement: (w) shall not apply with respect to a Claim arising out of or based upon a violation of law which occurs in reliance upon and in conformity with information furnished in writing to the Company by a Guarantor expressly for use in the registration statement to be filed pursuant to the Registration Rights Agreement or to Claims otherwise excluded from indemnification under the Registration Rights Agreement; (y) shall not apply to amounts paid in settlement of any

Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld and (z) shall not apply to a Claim arising out of breach by a Guarantor of this Agreement. To the extent any indemnification by the Company is prohibited or limited by law, the Company agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under this Section 4.3 to the fullest extent permitted by law.

(b) Promptly after receipt by a Guarantor of notice of the commencement of any Claim, such Guarantor shall deliver to the Company a written notice of the commencement thereof, and the Company shall have the right to participate in, and, to the extent the Company so desires, to assume control of the defense thereof with counsel selected by the Company and reasonably satisfactory to the Guarantor; provided that the Company shall be obligated to diligently pursue

such defense. Notwithstanding, the foregoing, the Guarantors shall be entitled to assume such defense and retain their own counsel with the fees and expenses to be paid by the Company, if (i) the representation by such counsel of both the Company and the Guarantors would be inappropriate due to actual conflicts of interest between the Guarantors and the and any other party represented by such counsel in such proceeding or (ii) (x) the actual or potential defendants in, or targets of, any such action include both the Guarantors and the Company, and (y) the Guarantors reasonably determine that there may be legal defenses available to the Guarantors which are different from or in addition to those available to the Company. In any event, the Company shall pay for only one separate legal counsel for all of the Guarantors. The failure to deliver written notice to the Company within a reasonable time of the commencement of any such action shall not relieve the Company of any liability to the Guarantors under this Section 4.3, except to the extent that the Company is actually prejudiced in its ability to defend such action. The indemnification required by this Section shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

ARTICLE V

LEGEND REMOVAL, TRANSFER, AND CERTAIN SALES

5.1 Removal of Legend. The Legend shall be removed and the Company shall issue a certificate without any legend to the holder of any Security upon which such Legend is stamped, and a certificate for a Security shall be originally issued without the Legend if (a) the sale of such Security is registered under the Securities Act, (b) such holder provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions (the reasonable cost of which shall be borne by the Company) to the effect that a public sale or transfer of such Security may be made without registration under the Securities Act, (c) such Security can be sold pursuant to Rule 144 and a registered broker dealer provides to the Company's transfer agent and counsel copies of (i) a "will sell" letter satisfying

-7-

the guidelines established by the SEC and its staff from time to time and (ii) a customary seller's representation letter with respect to such a sale to be made pursuant to Rule 144 and (iii) a Form 144 in respect of such Security executed by such holder and filed (or mailed for filing) with the SEC or (d) such Security can be sold pursuant to Rule 144(k). Each Guarantor agrees to sell all Securities, including those represented by a certificate(s) from which the Legend has been removed, or which were originally issued without the Legend, pursuant to an effective registration statement and to deliver a prospectus in connection with such sale or in compliance with an exemption from the registration requirements of the Securities Act. In the event the Legend is removed from any Security or any Security is issued without the Legend and thereafter the effectiveness of a registration statement covering the resale of such Security is suspended or a supplement or amendment thereto is required by applicable securities laws, then upon reasonable advance notice to Guarantor holding such Security, the Company may require that the Legend be placed on any such Security that cannot then be sold pursuant to an effective registration statement or Rule 144 or with respect to which the opinion referred to in clause (b) next above has not been rendered, which Legend shall be removed when such Security may be sold pursuant to an effective registration statement or Rule 144 or such holder provides the opinion with respect thereto described in clause (b) next above. In the event that a Guarantor privately transfers or otherwise privately disposes of any Security which does not contain a Legend and as to which following such transfer or other disposition the transferee is not entitled to sell such Security freely or pursuant to Rule 144 and the re-sale of such Security by such transferee is not immediately thereafter registered under the Securities Act, then, in connection with such transfer or other disposition Guarantor and such transferee shall submit such Security for re-legending applicable to such Security as held by such transferee. Notwithstanding the foregoing, no opinion of counsel shall be required for transfers of the Warrants without consideration to the beneficiaries of the Guarantors, provided that the beneficiaries execute investment confirmations and covenants consistent with the

representations and covenants contained in this Agreement in form reasonably satisfactory to the Company.

5.2 Transfer Agent Instructions . The Company shall instruct its transfer agent to issue certificates, registered in the name of each Guarantor or its nominee, for the Conversion Shares or Warrant Shares in such amounts as specified from time to time by such Guarantor to the Company upon, and in accordance with, the exercise of the Warrants. Such certificates shall bear a legend only in the form of the Legend and only to the extent permitted by Section 5.1 above. Nothing in this Section shall affect in any way a Guarantor's obligations and agreement set forth in Section 5.1 hereof to resell the Securities pursuant to an effective registration statement and to deliver a prospectus in connection with such sale or in compliance with an exemption from the registration requirements of applicable securities laws. Without limiting any other rights of Guarantors or obligations of the Company, if (a) a Guarantor provides the Company with an opinion of counsel, which opinion of counsel shall be in form, substance and scope customary for opinions of counsel in comparable transactions (the reasonable cost of which shall be borne by the Company), to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from registration or (b) a Guarantor transfers Securities pursuant to Rule 144, the Company shall permit the transfer, and, in the case

-8-

of Warrant Shares, promptly instruct its transfer agent to issue one or more certificates in such name and in such denomination as specified by such Guarantor in order to effect such a transfer or sale.

ARTICLE VI

CONDITIONS TO THE COMPANY'S OBLIGATION TO ISSUE

6.1 Conditions to the Company's Obligation to Issue. The obligation of the Company hereunder to issue the Warrants to the Guarantors at the Closing is subject to the satisfaction, as of the date of such Closing and with respect to the Guarantors, of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

- (i) The Guarantors shall have executed the signature page to this Agreement and delivered the same to the Company.
- (ii) The Guarantors shall have delivered the Guaranty and Pledge Documents to the Bank.
- (iii) The Bank shall have executed the Restructuring Amendment.

ARTICLE VII

CONDITIONS TO EACH GUARANTOR'S OBLIGATION TO PURCHASE

7.1 Conditions to the Closing. The obligation of each Guarantor hereunder to purchase the Convertible Securities and Warrants to be purchased by it on the date of the Closing is subject to the satisfaction of each of the following conditions, provided that these conditions are for each Guarantor's sole benefit and may be waived by such Guarantor (with respect to it) at any time in such Guarantor's sole discretion:

- (i) The Company shall have executed the signature page to this Agreement and the Warrants and delivered the same to the Guarantors.
- (ii) The Bank and the Company shall have executed the Restructuring Amendment.

ARTICLE VIII

-9-

8.1 Governing Law; Jurisdiction . This Agreement shall be governed by and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed in the State of Delaware.

8.2 Counterparts. This Agreement may be executed in two or more counterparts, including, without limitation, by facsimile transmission, all of which counterparts shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event any signature page is delivered by facsimile transmission, the party using such means of delivery shall cause additional original executed signature pages to be promptly delivered to the other parties.

8.3 Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

8.4 Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

8.5 Scope of Agreement; Amendments. This Agreement and the documents and instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein, no Guarantor makes any representation, warranty, covenant or undertaking with respect to the transactions contemplated hereby. No provision of this Agreement may be waived other than by an instrument in writing signed by the party to be charged with enforcement and no provision of this Agreement may be amended other than by an instrument in writing signed by the Company and each Guarantor.

8.6 Notice. Any notice herein required or permitted to be given shall be in writing and may be personally served or delivered by courier or by facsimile-machine confirmed teletype, and shall be deemed delivered at the time and date of receipt (which shall include telephone line facsimile transmission). The addresses for such communications shall be:

If to the Company:

Westell Technologies, Inc.
750 N. Commons Drive
Aurora, IL 60504
Telecopy: (630) 375-4940
Attention: Chief Financial Officer

with a copy to:

-10-

Neal J. White, P.C.
McDermott, Will & Emery
227 West Monroe Street
Chicago, IL 60606
Telecopy: (312) 984-3669

If to any Guarantor, to the name of the Guarantor's

c/o:

Melvin J. Simon & Associates, Ltd.
4343 Commerce Court
Suite 306
Lisle, Illinois 60532

with a copy to:
Robert F. Wall

Winston & Strawn
35 West Wacker Drive
Chicago, IL 60601
Telecopy: 312-558-5700

. Each party shall provide notice to the other parties of any change in address.

8.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor any Guarantor shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other, which, in the case of any consent required of the Company, shall not be unreasonably withheld. This provision shall not limit each Guarantor's right to transfer the Securities pursuant to the terms of this Agreement. In addition, and notwithstanding anything to the contrary contained in this Agreement the Warrants and the Warrant Shares may be pledged, and all rights of Guarantor under this Agreement or any other agreement or document related to the transaction contemplated hereby may be assigned, without further consent of the Company, to a bona fide pledgee in connection with a Guarantor's margin or brokerage accounts.

8.8 Third Party Beneficiaries . This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

8.11 Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request

-11-

in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

-12-

IN WITNESS WHEREOF, the undersigned Guarantors and the Company have caused this Agreement to be duly executed as of the date first above written.

COMPANY:

WESTELL TECHNOLOGIES, INC.

By: /s/ Nicholas Hindman
Name: Nicholas Hindman
Title: Vice President Chief Financial Officer

GUARANTORS:

Marlene D. Foskett Trust under agreement The Marlene Diane Foskett Trust
Florence R. Penny Children's Trust dated December 31, 1970
dated December 28, 1989

/s/ Melvin J. Simon
Melvin J. Simon, Trustee /s/ Barbara J. Pruitt
Barbara J. Pruitt, Co-Trustee

/s/ Florence R. Penny
Florence R. Penny, Co-Trustee

/s/ Robert Clinton Penny III
Robert Clinton Penny III, Co-Trustee

Barbara J. McDonough Trust under agreement The Barbara J. McDonough Trust dated
Florence R. Penny Children's Trust December 31, 1970
dated December 28, 1989

/s/ Melvin J. Simon

Melvin J. Simon, Trustee

/s/ Marlene D. Foskett

Marlene D. Foskett, Co-Trustee

/s/ Florence R. Penny

Florence R. Penny, Co-Trustee

/s/ Robert Clinton Penny III

Robert Clinton Penny III, Co-Trustee

Robert C. Penny III Trust under agreement The Robert Clinton Penny Trust
Florence R. Penny Children's Trust Number Two dated December 30, 1974
dated December 28, 1989

/s/ Melvin J. Simon

Melvin J. Simon, Trustee

/s/ Marlene D. Foskett

Marlene D. Foskett, Co-Trustee

/s/ Florence R. Penny

Florence R. Penny, Co-Trustee

/s/ Barbara J. Pruitt

Barbara J. Pruitt, Co-Trustee

EXHIBIT A
FORM OF BANK LOAN AMENDMENT

-15-

EXHIBIT B
FORM OF WARRANT

THIS WARRANT WAS ORIGINALLY ISSUED ON JUNE 29, 2001 AND HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT PURSUANT TO A REGISTRATION STATEMENT WITH RESPECT TO SUCH WARRANT WHICH IS EFFECTIVE UNDER SUCH ACT AND UNDER ANY APPLICABLE STATE SECURITIES LAWS UNLESS, IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND STATE SECURITIES LAWS IS AVAILABLE. Notwithstanding the foregoing, no opinion of counsel shall be required for transfers of this Warrant without consideration to the beneficiaries of the initial Holder provided that the beneficiaries execute investment confirmations and covenants consistent with the representations and covenants contained in this Warrant and the Accommodation Agreement in form reasonably satisfactory to the Company.

STOCK PURCHASE WARRANT

Date of Issuance: June 29, 2001

No. ___

FOR VALUE RECEIVED, Westell Technologies, Inc. a Delaware corporation (the "Company"), hereby grants to _____ (the "Holder"), the right to purchase from the Company 85,470 shares of the Company's Class A Common Stock

(the "Warrant Shares") at an exercise price of \$1.95 per share (the "Exercise Price"). This Warrant is issued pursuant to the terms of the Loan Accommodation Agreement dated as of June 29, 2001 between the Company, the Holder and certain other Persons listed therein (the "Accommodation Agreement"). The amount and kind of securities purchasable pursuant to the rights granted hereunder and the purchase price for such securities are subject to adjustment pursuant to the provisions contained in this warrant (this "Warrant").

This Warrant is subject to the following provisions:

Section 1. Exercise of Warrant.

1A. Exercise Period. The Holder may exercise this Warrant, in whole or in part (but not as to a fractional share of the Company's Class A Common Stock), at any time and from time to time after the Date of Issuance to and including five years from the date hereof (the "Exercise Period").

-16-

1C. Exercise Procedure.

(i) This Warrant will be deemed to have been exercised when the Company has received all of the following items (the "Exercise Time"):

(a) a completed Exercise Agreement, as described in paragraph 1D below, executed by the Holder;

(b) this Warrant;

(c) a cashier's or certified check or wire transfer payable to the Company in an amount equal to the product of the Exercise Price multiplied by the number of Warrant Shares being purchased upon such exercise (the "Aggregate Exercise Price").

(ii) Certificates for Warrant Shares purchased upon exercise of this Warrant will be delivered by the Company to the Holder within five (5) business days after the date of the Exercise Time. Unless this Warrant has expired or all of the purchase rights represented hereby have been exercised, the Company will prepare a new Warrant, substantially identical hereto, representing the rights formerly represented by this Warrant which have not expired or been exercised and will, within such five-day period, deliver such new Warrant to the Person designated for delivery in the Exercise Agreement.

(iii) The Warrant Shares issuable upon the exercise of this Warrant will be deemed to have been issued to the Holder at the Exercise Time, and the Holder will be deemed for all purposes to have become the record holder of such Warrant Shares at the Exercise Time.

(iv) The issuance of certificates for Warrant Shares upon exercise of this Warrant will be made without charge to the Holder for any issuance tax in respect thereof or other cost incurred by the Company in connection with such exercise and the related issuance of Warrant Shares. Each Warrant Share issuable upon exercise of this Warrant will, upon payment of the Exercise Price therefor, be fully paid and nonassessable and free from all liens and charges with respect to the issuance thereof.

(v) The Company will not close its books against the transfer of this Warrant or of any Warrant Share issued or issuable upon the exercise of this Warrant in any manner which interferes with the timely exercise of this Warrant. The Company will from time to time take all such action as may be necessary to assure that the par value per share of the unissued Warrant Shares acquirable upon exercise of this Warrant is at all times equal to or less than the Exercise Price then in effect.

(vi) The Company will assist and cooperate with the Holder required to make any governmental filings or obtain any governmental approvals prior to or in connection with

any exercise of this Warrant (including, without limitation, making any filings required to be made by the Company).

(vii) The Company will at all times reserve and keep available sufficient shares of Common Stock as may be necessary to allow for the exercise of this Warrant.

1D. Exercise Agreement. Upon any exercise of this Warrant, the Exercise Agreement will be substantially in the form set forth in Exhibit A hereto, dated the actual date of execution thereof.

Section 2. Adjustments.

2A. If the Company shall at any time change the number of issued shares of Class A Common Stock without new consideration to the Company (such as by stock dividend, stock split, or similar recapitalization, the total number of Warrant Shares then remaining subject to purchase hereunder and the Exercise Price per share shall be adjusted so that the total consideration payable to the Company upon the purchase of all Warrant Shares not theretofore purchased shall not be changed.

2B. In the case of any sale of assets, merger, consolidation, combination or other corporate reorganization or restructuring of the Company with or into another corporation which results in the outstanding shares of Class A Common Stock being converted into or exchanged for different securities, cash or other property, or any combination thereof (an "Acquisition"), the Holder shall have the right thereafter and during the Exercise Period (subject however to all of the terms and conditions set forth herein), to receive upon exercise thereof the Acquisition Consideration (as defined below) receivable upon the Acquisition by a holder of the number of shares of Class A Common Stock which might have been obtained upon exercise of this Warrant or portion thereof, as the case may be immediately prior to the Acquisition. The term "Acquisition Consideration" shall mean the kind and amount of securities, cash or other property or any combination thereof receivable in respect of one share of Class A Common Stock upon consummation of an Acquisition.

2C. Notices.

(i) Immediately upon any adjustment of the Exercise Price, the Company shall give written notice thereof to the Holder, setting forth in reasonable detail and certifying the calculation of such adjustment.

(ii) The Company shall give written notice to the Holder at least ten (10) days prior to the date on which the Company closes its books or takes a record (A) with respect to any dividend or distribution upon the Common Stock or (B) for determining rights to vote with respect to any Acquisition, dissolution or liquidation.

(iii) The Company shall also give written notice to the Holders at least ten (10) days prior to the date on which any Acquisition, dissolution or liquidation will take place.

Section 3. Cashless Exercise.

Notwithstanding anything to the contrary contained in this Warrant, this Warrant may be exercised by presentation and surrender of this Warrant to the Company at its principal executive offices with a written notice of the Holder's intention to effect a cashless exercise, including a calculation of the number of shares of Class A Common Stock to be issued upon such exercise in accordance with the terms hereof (a "Cashless Exercise"). In the event of a Cashless Exercise, in lieu of paying the Exercise Price in cash, the Holder shall surrender this Warrant for the number of shares of Class A Common Stock determined by multiplying the number of Warrant Shares to which it would otherwise be entitled by a fraction, the numerator of which shall be the difference between the then current Market Price per share of the Class A Common Stock and the Exercise Price, and the denominator of which shall be such then current Market Price per share of Class A Common Stock.

Section 4. Transfer, Exchange and Replacement of Warrant.

4A. Restriction on Transfer. Subject to the provisions of Section 6C hereof, this Warrant and the rights granted to the Holder are transferable, in whole or in part, upon surrender of this Warrant, together with a properly executed assignment in the Form of Assignment attached hereto as Exhibit B, at the office of the Company referred to in Section 8 below. Until due presentment for registration of transfer on the books of the Company, the Company may treat the registered holder hereof as the owner and holder hereof for all purposes, and the Company shall not be affected by any notice to the contrary.

4B. Warrant Exchangeable for Different Denominations. This Warrant is exchangeable, upon the surrender hereof by the Holder at the office of the Company referred to in Section 8 below, for new Warrants, in the form hereof, of different denominations representing in the aggregate the right to purchase the number of shares of Class a Common Stock which may be purchased hereunder, each of such new Warrants to represent the right to purchase such number of shares as shall be designated by the Holder of at the time of such surrender.

4C. Replacement of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant or, in the case of any such loss, theft, or destruction, upon delivery, of an indemnity agreement reasonably satisfactory in form and amount to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company, at its expense, will execute and deliver, in lieu thereof, a new Warrants, in the form hereof, in such denominations as Holder may request.

-19-

4D. Cancellation; Payment of Expenses. Upon the surrender of this Warrant in connection with any transfer, exchange, or replacement as provided in this Section 4, this Warrant shall be promptly canceled by the Company. The Company shall pay all issuance taxes (other than securities transfer taxes) and charges payable in connection with the preparation, execution, and delivery of Warrants pursuant to this Section 4.

4E. Warrant Register. The Company shall maintain, at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee and each prior owner of this Warrant.

Section 5. Registration Rights. The Company commits to execute within 30 days a Registration Rights Agreement in form reasonably satisfactory to the parties and customary for transactions of this nature pursuant to which the Company will use its best efforts to promptly file, cause to become effective and maintain a Registration Statement for registration of sale of the Warrant Shares on Form S-3. The initial holder of this Warrant (and related assignees thereof) shall be is entitled to the benefit of such Registration Rights Agreement.

Section 6. Investment Representations. By acceptance of this Warrant:

6A. The Holder hereby represents that any Warrant Shares to be acquired by it hereunder will be acquired for its own account, and that it has no intention of selling such securities in a public distribution in violation of the Federal securities laws or any applicable state securities laws.

6B. The Holder acknowledges that it is able to bear the economic risk of any investment in the Warrants for an indefinite period of time because the Warrants are being issued and sold under exemptions from registration provided in the Securities Act and under applicable state securities laws and, therefore, cannot be sold unless subsequently registered under the Securities Act or applicable state securities laws or an exemption from such registrations is available.

6C. Each certificate for this Warrant and the Warrant Shares

will be imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE AND MAY NOT BE SOLD, TRANSFERRED, HYPOTHECATED OR OTHERWISE ASSIGNED EXCEPT PURSUANT TO A REGISTRATION STATEMENT WITH RESPECT TO SUCH SECURITIES WHICH IS EFFECTIVE UNDER SUCH ACT AND UNDER ANY APPLICABLE STATE SECURITIES

-20-

LAWS UNLESS, IN THE OPINION OF COUNSEL REASONABLY SATISFACTORY TO THE COMPANY, AN EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF SUCH ACT AND STATE SECURITIES LAWS IS AVAILABLE. Notwithstanding the foregoing, no opinion of counsel shall be required for transfers of this Warrant without consideration to the beneficiaries of the initial Holder provided that the beneficiaries execute investment confirmations and covenants consistent with the representations and covenants contained in this Warrant and the Accommodation Agreement in form reasonably satisfactory to the Company." "

6D. The Holder represents that it has had the opportunity to ask questions and receive answers concerning the Warrant and to obtain whatever information concerning the Company as has been requested by the Holder in order to make its investment decision.

Section 7. No Voting Rights; Limitations of Liability. This Warrant will not entitle the holder hereof to any voting rights or other rights as a stockholder of the Company. No provision hereof, in the absence of affirmative action by the Holder to purchase Warrant Shares, and no enumeration herein of the rights or privileges of the Holder will give rise to any liability of the Holder for the Exercise Price of Warrant Shares acquirable by exercise hereof or as a stockholder of the Company.

Section 8. Notices. Except as otherwise expressly provided herein, all notices referred to in this Warrant will be in writing and will be delivered personally, sent by reputable express courier service (charges prepaid) or sent by registered or certified mail, return receipt requested, postage prepaid and will be deemed to have been given when so delivered, sent or deposited in the U.S. Mail (i) to the Company, at its principal executive offices and (ii) to the Holder of this Warrant, at such Holder's address as it appears in the records of the Company (unless otherwise indicated by any such Holder).

Section 9. Amendment and Waiver. Except as otherwise provided herein, the provisions of this Warrant may be amended and the Company may take any action herein prohibited, or omit to perform any act herein required to be performed by it, only if the Company has obtained the prior written consent of the Holder.

Section 11. Descriptive Headings; Governing Law. The descriptive headings of the several Sections and paragraphs of this Warrant are inserted for convenience only and do not constitute a part of this Warrant. The construction, validity and interpretation of this Warrant will be governed by the internal law, and not the conflicts law, of Delaware.

* * * * *

-21-

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer and to be dated the Date of Issuance hereof.

Westell Technologies, Inc.

By:

Its: _____

-22-

EXHIBIT A

EXERCISE AGREEMENT

To:

Dated:

The undersigned, pursuant to the provisions set forth in the attached Warrant (Certificate No. 1), hereby agrees to subscribe for the purchase of _____ shares of the Warrant Shares covered by such Warrant and makes payment herewith in full therefor at the price per share provided by such Warrant.

Signature: _____

Name:

By: _____

Name: _____

Title: _____

Address:

EXHIBIT B
FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers all rights of the undersigned under the within Warrant, with respect to the number of shares of Common Stock covered thereby set forth hereinbelow, to:

Name of Assignee	Address	No. of Shares

, and hereby irrevocably constitutes and appoints _____ as agent and attorney-in-fact to transfer said Warrant on the books of the within-named corporation, with full power of substitution in the premises.

Date: _____, _____,

In the presence of

Name:

Signature:
Title of Signing
Officer or Agent (if any):

Address:

Note: The above signature
should correspond exactly with the name on the face of the within Warrant.

Exhibit 21

Subsidiary	Jurisdiction of Incorporation
Westell, Inc.	Illinois
Westell Technologies, Inc.	Delaware
Westell International, Inc.	Delaware
Conference Plus, Inc.	Delaware
Video Conferencing Plus, Inc.	Delaware
Conference Plus Global Services, Ltd.	Ireland
Teltrend, Inc.	Delaware

Exhibit 23.1

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in the Registration Statement (Form S-8 No. 333-57810, 333-79407, 33-99914, and 333-32646) of Westell Technologies, Inc. of our reports dated June 29, 2001, with respect to the consolidated financial statements and schedules of Westell Technologies, Inc. included in this Annual Report (Form 10-K) for the year ended March 31, 2001.

Chicago, Illinois
June 29, 2001

Exhibit 23.2

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the incorporation of our reports included in this Form 10-K, into the Company's previously filed Registration Statement File No. 33-99914, 333-57810, 333-79407, 33-99914 and 333-32646.

/s/ Arthur Andersen LLP

Chicago, Illinois
June 29, 2001