

- As of March 31, 2001 and September 30, 2001 (unaudited)

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- Three months ended September 30, 2000 and 2001
- Six months ended September 30, 2000 and 2001

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SAFE HARBOR STATEMENT

Certain statements contained in this Quarterly Report of Form 10-Q regarding matters that are not historical facts (as such term is defined in the rules promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act")) or that contain the words "believe", "expect", "intend", "anticipate" or derivatives thereof, are forward looking statements. Because such forward-looking statements include risks and uncertainties, actual results may differ materially from those expressed in or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those discussed herein under "Risk Factors" set forth in Westell Technologies, Inc.'s Annual Report on Form 10-K for the fiscal year ended March 31, 2001. 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.

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<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES CONDENSED CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS

	March 31, 2001	September 30, 2001
	-----	-----
	(unaudited)	
	(in thousands)	
	<C>	<C>
Current assets:		
Cash and cash equivalents.....	\$405	\$1,851
Accounts receivable (net of allowance of \$1,363,000 and \$1,615,000, respectively).....	34,906	36,132
Inventories.....	73,068	44,379
Prepaid expenses and other current assets.....	2,124	1,992
Deferred income tax asset.....	10,500	10,500
Land and building held for sale.....	2,980	2,087
	-----	-----
Total current assets.....	123,983	96,941
	-----	-----

Property and equipment:

Machinery and equipment.....	42,077	45,871
Office, computer and research equipment.....	29,847	30,830
Leasehold improvements.....	6,032	7,583
	-----	-----
	77,956	84,284
Less accumulated depreciation and amortization.....	41,726	49,107
	-----	-----
Property and equipment, net.....	36,230	35,177
	-----	-----
Goodwill and intangibles, net.....	139,373	123,467
Deferred income tax asset and other assets.....	15,553	15,808
	-----	-----
Total assets.....	\$ 315,139	\$271,393
	=====	=====

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable.....	\$57,577	\$47,428
Accrued expenses.....	22,838	26,246
Notes payable.....	-	20,446
Accrued compensation.....	4,687	3,122
Current portion of long-term debt.....	103	508
	-----	-----
Total current liabilities.....	85,205	97,750
	-----	-----
Long-term debt.....	28,451	961
	-----	-----
Other long-term liabilities.....	3,658	3,829
	-----	-----
Stockholders' equity:		
Class A common stock, par \$0.01.....	425	459
Authorized - 85,000,000 shares		
Issued and outstanding - 42,472,781 shares at March 31, 2001 and 45,859,939 shares at September 30, 2001		
Class B common stock, par \$0.01.....	190	190
Authorized - 25,000,000 shares		
Issued and outstanding - 19,014,869 shares at March 31, 2001 and September 30, 2001		
Preferred stock, par \$0.01.....	--	--
Authorized - 1,000,000 shares		
Issued and outstanding - none		
Deferred compensation.....	854	877
Additional paid-in capital.....	357,684	363,606
Accumulated other comprehensive loss.....	(34)	(29)
Accumulated deficit.....	(161,294)	(196,250)
	-----	-----
Total stockholders' equity.....	197,825	168,853
	-----	-----
Total liabilities and stockholders' equity.....	\$ 315,139	\$ 271,393
	=====	=====

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

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<TABLE>

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

<CAPTION>

Three Months Ended		Six Months Ended	
September 30,		September 30,	
-----	-----	-----	-----
2000	2001	2000	2001

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

<S>	<C>	<C>	<C>	<C>
Equipment sales.....	\$ 96,041	\$ 46,319	\$ 189,995	\$ 96,527
Services.....	9,961	13,102	19,350	26,193
Total revenues.....	106,002	59,421	209,345	122,720
Cost of equipment sales.....	79,221	40,637	154,832	83,743
Cost of services.....	6,011	8,579	11,750	16,454
Total cost of goods sold.....	85,232	49,216	166,582	100,197
Gross margin.....	20,770	10,205	42,763	22,523
Operating expenses:				
Sales and marketing.....	6,362	4,806	14,561	10,720
Research and development.....	7,509	5,935	14,947	13,925
General and administrative.....	6,539	6,207	12,203	11,887
Restructuring.....	-	2,200	-	2,200
Goodwill amortization.....	7,958	7,953	15,916	15,906
Total operating expenses.....	28,368	27,101	57,627	54,638
Operating loss.....	(7,598)	(16,896)	(14,864)	(32,115)
Other (income) expense, net.....	105	16	(64)	273
Interest expense.....	331	1,208	450	2,567
Loss before tax benefit.....	(8,034)	(18,120)	(15,250)	(34,955)
Benefit for income taxes.....	--	--	--	--
Loss before cumulative effect of change in accounting principle.....	(8,034)	(18,120)	(15,250)	(34,955)
Cumulative effect of change in accounting principle.....	--	--	400	--
Net loss.....	\$ (8,034)	\$ (18,120)	\$ (15,650)	\$ (34,955)
Net loss per basic and diluted common share...	\$ (0.13)	\$ (0.28)	\$ (0.26)	\$ (0.55)
Weighted average number of basic and diluted common shares outstanding.....	61,188	64,846	60,697	63,743

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

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<TABLE>

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

<CAPTION>

Six Months Ended
September 30,

2000 2001

(unaudited)
(in thousands)

<u><S></u>	<u><C></u>	<u><C></u>
Cash flows from operating activities:		
Net loss.....	\$ (15,650)	\$ (34,955)
Reconciliation of net loss to net cash provided by (used in) operating activities:		
Depreciation and amortization.....	21,350	23,217
Deferred compensation.....	99	24
Non-cash interest expense on debentures.....	135	--
Loss on sale of fixed assets.....	--	244
Changes in assets and liabilities:		
Increase in accounts receivable.....	(30,184)	(1,243)
(Increase) decrease in inventory.....	(64,396)	28,678
(Increase) decrease in prepaid expenses and deposits.....	(1,010)	133
Decrease (increase) in other assets.....	445	(255)
Increase (decrease) in accounts payable and accrued expenses.....	53,015	(6,291)
Decrease in restructuring accrual.....	(1,121)	(279)
Decrease in accrued compensation.....	(1,528)	(1,564)
Net cash (used in) provided by operating activities.....	(38,845)	7,709
Cash flows from investing activities:		
Purchases of property and equipment.....	(13,481)	(6,542)
Proceeds from sale of land, building and equipment.....	166	932
Decrease in short term investments.....	1,951	--
Net cash used in investing activities.....	(11,364)	(5,610)
Cash flows from financing activities:		
Net borrowing (repayment) under revolving promissory notes.....	28,598	(7,954)
(Repayment) borrowing of long-term debt and leases payable.....	(2,750)	1,314
Proceeds from the issuance of common stock.....	5,527	5,955
Net cash provided by (used in) financing activities.....	31,375	(685)
Effect of exchange rate changes on cash.....	(33)	32
Net increase (decrease) in cash.....	(18,867)	1,446
Cash and cash equivalents, beginning of period.....	27,258	405
Cash and cash equivalents, end of period.....	\$ 8,391	\$ 1,851

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

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

NOTE 1. BASIS OF PRESENTATION

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

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

NOTE 2. COMPUTATION OF NET LOSS PER SHARE

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

NOTE 3. RESTRUCTURING CHARGE

The Company recognized a restructuring charge of \$1.7 million and \$2.2 million in the three months ended March 31, 2001 and September 30, 2001, respectively. These charges were for personnel, legal, and other related costs. The March 31, 2001 restructuring was to achieve cost reductions and was focused primarily on the sales and marketing functions. The September 30, 2001 restructuring was to refocus the Company's business strategy and streamline the organization and was focused primarily on engineering and marketing functions. Included in the accrued restructuring balance as of March 31, 2001, is \$1.3 million of restructuring charges related to the Teltrend acquisition. As of September 30, 2001, the Company has paid approximately \$2.5 million of these accrued costs.

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

(in thousands)	Balance	Utilized	Charged	Balance
	March 31, 2001	thru September 30, 2001	2001	September September 30, 2001
Employee Costs.....	\$ 2,602		\$2,376	\$ 2,000
Legal & Other Costs....	395		104	491
Total.....	\$ 2,997	\$2,480	\$2,200	\$ 2,717

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

NOTE 4. INTERIM SEGMENT INFORMATION

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

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

Performance of these segments is evaluated utilizing, revenue, operating income and total asset measurements. The accounting policies of the segments are the same as those for Westell Technologies, Inc. Segment

information for the three and six-month periods ended September 30, 2000 and 2001, are as follows:

(In thousands)	Telecom Equipment	Telecom Services	Total
Three months ended September 30, 2000			
Revenues.....	\$96,041	\$ 9,961	\$ 106,002
Operating income (loss).....	(9,544)	1,946	(7,598)
Depreciation and amortization...	10,030	790	10,820
Total assets.....	387,231	21,933	409,164
Three months ended September 30, 2001			
Revenues.....	\$46,319	\$ 13,102	\$ 59,421
Operating income (loss).....	(18,541)	1,645	(16,896)
Depreciation and amortization...	10,571	1,130	11,701
Total assets.....	248,767	22,626	271,393
Six months ended September 30, 2000			
Revenues.....	\$189,995	\$19,350	\$ 209,345
Operating income (loss).....	(18,354)	3,490	(14,864)
Depreciation and amortization...	19,787	1,563	21,350
Total assets.....	387,231	21,933	409,164
Six months ended September 30, 2001			
Revenues.....	96,527	26,193	122,720
Operating income (loss).....	(36,410)	4,295	(32,115)
Depreciation and amortization...	21,122	2,095	23,217
Total assets.....	248,767	22,626	271,393

Reconciliation of Operating loss from continuing operations for the reportable segments to Loss from continuing operations before tax benefit or cumulative effect of accounting change:

	Three months ended		Six months ended	
	September 30, 2000	2001	September 30, 2000	2001
(In thousands)				
Operating loss	\$ (7,598)	\$ (16,896)	\$ (14,864)	\$ (32,115)
Other (income) expense, net.....	105	16	(64)	273
Interest expense.....	331	1,208	450	2,567
Loss before tax benefit.....	<u>\$ (8,034)</u>	<u>\$ (18,120)</u>	<u>\$ (15,250)</u>	<u>\$ (34,955)</u>

NOTE 5. NEW ACCOUNTING PRONOUNCEMENTS:

In June 2001, the Financial Accounting Standards Board (FASB) issued Statements of Financial Accounting Standards (SFAS) No. 141, Business Combinations, and No. 142, Goodwill and other Intangible Assets, effective for fiscal years beginning after December 15, 2001. Under the new rules, goodwill will no longer be amortized but will be subject to annual impairment tests. Other intangible assets will continue to be amortized over their useful lives. The Company plans to adopt these new standards on April 1, 2002. Application of the non-amortization provisions of SFAS 142 is expected to result in an increase of net income of approximately \$31.8 million (\$0.50 per share). During fiscal 2003 the Company will perform the first of the required impairment tests as of April 1, 2002 and has not yet determined the effect that these tests will have on the earnings and financial position of the Company.

In June 2001, the FASB issued SFAS No. 143, Accounting for Asset Retirement Obligations. In August 2001, the FASB issued SFAS 144, Accounting for the Impairment - Disposal of Long Lived Assets. The Company will adopt these standards on April 1, 2002. The Company doesn't expect that the adoption of these statements will have a material effect on the Company's financial statements.

NOTE 6. COMPREHENSIVE INCOME:

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

<TABLE>

(in thousands)	Three months ended September 30,		Six months ended September 30,	
	2000	2001	2000	2001
<S>	<C>	<C>	<C>	<C>
Net loss.....	\$(8,034)	\$(18,120)	\$(15,650)	\$(34,955)
Other comprehensive (loss) income				
Foreign currency translation adjustment..		(364)	(38)	(162)
Comprehensive loss.....	\$(8,398)	\$(18,158)	\$(15,812)	\$(34,950)

</TABLE>

NOTE 7. INVENTORIES

The components of inventories are as follows:

(in thousands)	March 31,	September 30,
	2001	2001
Raw material	\$ 47,989	\$ 39,425
Work in process.....	26	187
Finished goods.....	51,153	26,767
Reserve for excess and obsolete inventory and net realizable value.....	(26,100)	(22,000)
	<u>\$ 73,068</u>	<u>\$ 44,379</u>

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

OVERVIEW

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

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

the customer premises. Broadband products include ADSL, HDSL and DS3.

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

Below is a table that compares equipment and service revenues for the three and six month periods ended September 30, 2000 with the three and six month periods ended September 30, 2001 by business unit.

	Three Months ended September 30,		Six months ended September 30,	
(in thousands)	2000	2001	2000	2001
TAP.....	\$28,287	\$ 23,268	\$58,718	\$50,172
Broadband.....	67,754	23,051	131,277	46,355
Total equipment.....	96,041	46,319	189,995	96,527
Services.....	9,961	13,102	19,350	26,193
Total revenues.....	\$ 106,002	\$ 59,421	\$209,345	\$122,720

Westell's net revenues decreased 44% and 41% in the three and six-month periods ended September 30, 2001, respectively, when compared to the comparable prior year periods. The decreased revenue was due to a decrease in equipment revenue offset in part by increased service revenue for the three and six month periods. The reduction in equipment revenue was primarily due to the decreased sales of the Company's broadband products along with decreased sales of TAP products. The increased service revenue is a result of increased teleconference call minutes.

The Company expects to continue to evaluate new product opportunities and engage in extensive research and development activities. This will require the Company to continue to invest heavily in research and development and sales and marketing, which could adversely affect short-term results of operations. The Company believes that its future revenue growth and profitability will principally depend on its success in increasing sales of Broadband products and developing new and enhanced TAP products. In view of the Company's reliance on the DSL market for growth and the unpredictability of DSL 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 - Periods ended September 30, 2001 compared to periods ended September 30, 2000

Revenues. The Company's revenues decreased 44% from \$106.0 million in the three months ended September 30, 2000 to \$59.4 million in the three months ended September 30, 2001. This revenue decrease was primarily due to decreased equipment revenue from the Company's Broadband products of \$44.7 million when compared with the same period of the prior year. Equipment revenue from the Company's TAP products also decreased by \$5.0 million when compared with the same three-month period of the prior year. The decreased equipment revenue was due to overall unit volume decreases and lower unit selling prices. Service revenue increased in the three month period by \$3.1 million when compared with the same period of the prior year due to an increase in call minutes at the Company's Conference Plus, Inc. subsidiary.

The Company's revenues decreased 41% from \$209.3 million in the six months ended September 30, 2000 to \$122.7 million in the six months ended September 30, 2001. This revenue decrease was primarily due to decreased equipment revenue from the

Company's Broadband products of \$84.9 million when compared with the same period of the prior year. Equipment revenue from the Company's TAP products also decreased by \$8.5 million when compared with the same six-month period of the prior year. The decreased equipment revenue was due to overall unit volume decreases and lower unit selling prices. Service revenue increased in the six month period by \$6.8 million when compared with the same period of the prior year due to an increase in call minutes at the Company's Conference Plus, Inc. subsidiary.

Gross Margin. Gross margin as a percentage of revenue decreased from 19.6% in the three months ended September 30, 2000 to 17.2% in the three months ended September 30, 2001 and decreased from 20.4% in the six months ended September 30, 2000 to 18.4% in the six months ended September 30, 2001. The decreased margins in the three and six month periods ended September 30, 2001 were primarily due to an excess and obsolete inventory charge recorded in the three months ended September 30, 2001. The excess and obsolete inventory charge was related to products and projects that were discontinued as part of the August 2001 realignment of the Company. These decreases were offset in part by increased margin dollars generated by the Company's Conference Plus, Inc. subsidiary.

Sales and Marketing. Sales and marketing expenses decreased 24.5%, or \$1.6 million, to \$4.8 million in the three months ended September 30, 2001 and decreased 26.4%, or \$3.8 million, to \$10.7 million in the six months ended September 30, 2001 when compared to the same period last year. The decrease in sales and marketing expenses during the three and six month periods was primarily due to staff reductions and spending cuts during fiscal year 2002 and decreased shipping charges to customers associated with the decrease in sales. Sales and marketing expenses increased as a percentage of revenues from 6.0% in the three months ended September 30, 2000 to 8.1% in the three months ended September 30, 2001. Sales and marketing expenses also increased as a percentage of revenues from 7.0% in the six months ended September 30, 2000 to 8.7% in the six months ended September 30, 2001. The reduced revenue in the fiscal 2002 periods was the primary cause of these percentage increases. 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 decreased 21.0%, or \$1.6 million, to \$5.9 million in the three months ended September 30, 2001 and decreased 6.8%, or \$1.0 million, to \$13.9 million in the six months ended September 30, 2001 when compared to the same period last year. The decrease in research and development expenses during the three and six month periods was primarily due to staff reductions and spending cuts during fiscal year 2002. Research and development expenses increased as a percentage of revenues from 7.1% in the three months ended September 30, 2000 to 10.0% in the three months ended September 30, 2001. Research and development expenses also increased as a percentage of revenues from 7.1% in the six months ended September 30, 2000 to 11.3% in the six months ended September 30, 2001. The reduced revenue in the fiscal 2002 periods was the primary cause of these percentage increases. The Company believes that a continued commitment to research and development will be required for the Company to remain competitive.

RESULTS OF OPERATIONS - continued

General and Administrative. General and administrative expenses decreased 5.1%, from \$6.5 million in the three months ended September 30, 2000 to \$6.2 million in the three months ended September 30, 2001. General and administrative expenses decreased 2.6%, from \$12.2 million in the six months ended September 30, 2000 to \$11.9 million in the six months ended September 30, 2001. General and administrative expenses increased as a percentage of revenues from 6.2% in the three months ended September 30, 2000 to 10.4% in the three months ended September 30, 2001. General and administrative expenses increased as a percentage of revenues from 5.8% in the six months ended September 30, 2000 to 9.7% in the six months ended September 30, 2001. The reduced revenue in the fiscal 2002 periods was the primary cause of these increases.

Goodwill Amortization. Intangible assets include goodwill, synergistic goodwill and product technology related to the Teltrend acquisition. The purchase price of approximately \$238.2 million exceeded the fair market value of net assets

acquired, resulting in goodwill of \$59.9 million, synergistic goodwill of \$57.0 million, and product technology of \$55.6 million which will be amortized on a straight-line basis over an average of approximately ten years.

Other (income) expense, net. Other (income) expense, net decreased from a loss of \$105,000 in the three months ended September 30, 2000 to a loss of \$16,000 in the three months ended September 30, 2001 and decreased from income of \$64,000 in the six months ended September 30, 2000 to a loss of \$273,000 in the six months ended September 30, 2001. Other income is primarily comprised of interest income earned on temporary cash investments, the elimination of minority interest and unrealized gains or losses on intercompany balances denominated in foreign currency. The expense for the fiscal 2002 periods was primarily due to the recognition of foreign currency gains/loss on intercompany balances.

Interest expense. Interest expense increased from \$331,000 in the three months ended September 30, 2000 to \$1.2 million in the three months ended September 30, 2001 and increased from \$450,000 in the six months ended September 30, 2000 to \$2.6 million in the six months ended September 30, 2001. Interest expense during the current period is a result of interest incurred on net obligations outstanding during the period under promissory notes, capital leases, and vendor debt. The increase is due to larger outstanding debt obligations.

Income taxes. There was no benefit for income taxes recorded for either the three or the six month periods ended September 30, 2000 and 2001. The Company provided valuation reserves for the entire benefit generated during the three and six month periods ended September 30, 2001 of \$3.9 million and \$7.4 million, respectively, since the resulting gross deferred tax asset would have exceeded the value of tax planning strategies available to the Company. The Company will evaluate on a quarterly basis its ability to record a benefit for income taxes in relation to the value of tax planning strategies available in relation to the resulting gross deferred asset.

RESULTS OF OPERATIONS - continued

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2001, the Company had \$1.9 million in cash. As of September 30, 2001, the Company had \$20.4 million outstanding under its secured revolving promissory note facility and approximately \$12.6 million available under its secured revolving promissory note facility.

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 \$100,000 on August 1, 2001, and shall be reduced by an additional \$100,000 on the first day of each month thereafter. The Company was eligible to borrow an additional \$12.6 million under this facility as of September 30, 2001. The facility is collateralized by substantially all assets of the Company and will remain available until June 30, 2002. The facility provides for maximum borrowings of up to \$35.0 million. The facility is guaranteed by trusts for the benefit of Robert C. Penny III and other Penny family members and is supported by their brokerage account totaling approximately \$10.0 million. In consideration of the guarantee, the Company has granted these stockholders warrants to purchase 512,820 shares of Class A Common Stock for a period of five years at an exercise price of \$1.95 per share. Any future equity financing will also reduce dollar for dollar the amount of the guaranty. Borrowings under this revolving credit facility provide for the interest to be paid by the Company at prime plus 1%.

The amended secured revolving credit facility required, among other things maintenance of a minimum tangible net worth 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 September 30, 2001 however, the Company and its lenders have entered into an amendment and waiver under which the covenant violations discussed above were waived.

The Company's operating activities generated cash of \$7.7 million in

the six months ended September 30, 2001. This resulted primarily from a loss from continuing operations of \$11.7 million (excluding depreciation and amortization) offset by increased working capital. Working capital was affected primarily by decreases in inventory and offset in part by a decrease in accounts payable and accrued expenses. In the third fiscal quarter of fiscal 2002, the Company expects to record a \$1 million charge resulting from the settlement of litigation.

Capital expenditures for the six-month period ended September 30, 2001 were approximately \$6.5 million, of which \$900,000 was funded by a capital lease. The Company expects to spend approximately \$5.6 million for the remainder of fiscal year 2002 related primarily for machinery, computer and research equipment purchases.

At September 30, 2001, the Company's principle sources of liquidity were \$1.9 million of cash and the secured revolving promissory note facility under which the Company was eligible to borrow up to an additional \$12.6 million based upon receivables and inventory levels. To meet the Company's cash needs for fiscal year 2002 the Company is exploring various alternatives including equity or subordinated debt offerings.

The Company had a deferred tax asset of approximately \$79.4 million at September 30, 2001. This deferred tax asset relates to (i) tax credit carryforwards of approximately \$4.8 million, (ii) a net operating loss carryforward tax benefit of approximately \$54.2 million and (iii) temporary differences between the amount of assets and liabilities for financial reporting purposes and such amounts measured by tax laws. Of such tax credit carryforwards, the first \$243,000 of credits expire in 2008 and \$722,000 of credits may be carried forward indefinitely. The net operating loss carryforward begins to expire in 2012.

Realization of deferred tax assets associated with the Company's future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration. Although realization of the deferred tax asset is not assured as the Company has incurred operating losses for the 1999, 2000 and 2001 fiscal years, management believes that it is more likely than not that it will generate taxable income sufficient to realize a portion of the tax benefit. A portion of these deferred tax assets are expected to be utilized, prior to their expiration, through a tax

RESULTS OF OPERATIONS - continued

planning strategy available to the Company. Management will continue to periodically assess whether it remains more likely than not that the deferred tax asset will be realized. If the tax planning strategy is not sufficient to generate taxable income to recover the deferred tax benefit recorded, an increase in the valuation allowance will be required through a charge to the income tax provision. However, if the Company achieves sufficient profitability or has available additional tax planning strategies to utilize a greater portion of the deferred tax asset, an income tax benefit would be recorded to decrease the valuation allowance.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Westell is subject to certain market risks, including foreign currency and interest rates. The Company has foreign subsidiaries in the United Kingdom and Ireland that develop and sell products and services in those respective countries. The Company is exposed to potential gains and losses from foreign currency fluctuations affecting net investments and earnings denominated in foreign currencies. The Company's future primary exposure is to changes in exchange rates for the U.S. dollar versus the British pound and the Irish pound.

As of September 30, 2001, the net balance in the cumulative foreign currency translation adjustment account, which is a component of stockholders' equity, was an unrealized loss of \$29,000.

The Company does not have significant exposure to interest rate risk

related to its debt obligations, which are primarily U.S. Dollar denominated. The Company's market risk is the potential loss arising from adverse changes in interest rates. As further described in Note 1 of the Company's 10-K for the period ended March 31, 2001, the Company's debt consists primarily of a floating-rate bank line-of credit. Market risk is estimated as the potential decrease in pretax earnings resulting from a hypothetical increase in interest rates of 10% (i.e. from approximately 6.50% to approximately 7.15%) average interest rate on the Company's debt. If such an increase occurred, the Company would incur approximately \$210,000 per annum in additional interest expense based on the average debt borrowed during the twelve months ended September 30, 2001. The Company does not feel such additional expense is significant.

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

PART II. OTHER INFORMATION

ITEM 1. LITIGATION

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

1. Schumaster v. Westell Technologies, Inc., et al., No. 00C7991 (filed December 26, 2000);
2. Barton v. Westell Technologies, Inc., et al., No. 00C7765 (filed December 12, 2000);
3. Hoffman v. Westell Technologies, Inc., et al., No. 00C7624 (filed December 4, 2000);
4. PAS Mgmt. & Consulting Serv., Inc. v. Westell Technologies, Inc., et al., No. 00C7605 (filed December 4, 2000);
5. Abdelnour v. Westell Technologies, Inc., et al., No. 00C7308 (filed November 20, 2000);
6. Feinstein v. Westell Technologies, Inc., et al., No. 00C7247 (filed November 16, 2000);
7. Lefkowitz v. Westell Technologies, Inc., et al., No. 00 C 6881 (filed November 2, 2000);
8. Greif v. Westell Technologies, Inc., et al., No. 00 C 7046 (filed November 8, 2000);
9. Seplov 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). On November 8, 2001, the Court entered a pretrial scheduling order which sets forth dates for the close of discovery and the filing of dispositive motions.

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

1. The Ceyda Foundation Trust v. Ziontz, et al, No. 01C2826 (filed April 20, 2001);
2. Vukovich v. Zionts, et al., No. 18647 (filed January 26, 2001); and
3. Dollens v. Zionts, et al., No. 18533 NC (filed December 4, 2000).

On November 8, 2001, these cases were consolidated in the United District Court for the Northern District of Illinois. 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. The Court has stayed all discovery until a lead plaintiff's counsel has been selected and the filing of a consolidated complaint by such counsel.

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On May 31, 2001, Westell's officers and directors were also named in a derivative action filed in the Circuit Court of Kane County, Illinois: Rothchild v. Zionts, et al., No. 01LK259. Based on essentially the same allegations in the lawsuits described above, the plaintiff alleges that the defendants breached their fiduciary duties to Westell's shareholders, wasted corporate assets and grossly mismanaged the business affairs of Westell. Plaintiff seeks the damages allegedly sustained by Westell by reason of the acts and transactions alleged in the complaint, including punitive damages, as well as reasonable attorneys' fees and expert fees. Plaintiff's counsel informed defendants' counsel that plaintiff intends to dismiss his case without prejudice and join in the Ceyda/Dollens/Vukovich consolidated derivative actions.

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

The Company has been named as a defendant in Celsian Technologies, Inc. v. Westell, Inc., Case No. 01 CC 03977, Superior Court of the State of California, County of Orange, which was filed March 23, 2001. The complaint alleges nonpayment for delivered goods and seeks \$13,400,000 in damages. The Company removed this case to federal court on April 30, 2001, where it is now pending in the United States District Court for the Central District of California as Case No. 01-3878 FMC. On May 29, 2001, Westell answered Celsian's complaint and filed a counterclaim against Celsian for breach of contract and breach of express and implied warranties. Celsian answered Westell's counterclaim and filed a third party claim against Pac Tec, a division of La France Corporation. At a status conference held on September 10, 2001, the Court set various discovery and pretrial deadlines and scheduled the trial for December 3, 2002.

We are currently reviewing the Celsian 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.

Westell has settled litigation with Alcatel Microelectronics, N.V. PacTec, a division of La France corporation and Virata Corporation that has been disclosed in Westell's previous SEC filings. Westell estimates that a one-time charge to earnings of \$1 million will result from these settlements.

ITEM 4. OTHER EVENTS

None.

ITEM 5. EXHIBITS AND REPORTS ON FORM 8-K

10.22 Amendment To Amended And Restated Loan And Security Agreement dated as of October 30, 2001, among LaSalle Bank National Association, Westell Technologies, Inc., Westell International, Inc., Conference Plus, Inc., an Delaware corporation, and Teltrend, Inc., a Delaware corporation.

10.23 Severance Agreement date June 28,2001, by and between Westell, Inc., an Illinois corporation, and E. Van Cullens.

10.24 Employment Letter dated June 28, 2001 between Westell Technologies, Inc. and E. Van Cullens.

The registrant was not required to file any reports on Form 8-K for the quarter.

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SIGNATURES

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

WESTELL TECHNOLOGIES, INC.

(Registrant)

DATE: November 14, 2001

By: E. VAN CULLENS

E. VAN CULLENS

Chief Executive Officer

By: NICHOLAS C. HINDMAN

NICHOLAS C. HINDMAN

Chief Financial Officer

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 October 30, 2001, among LaSalle Bank National Association, a national banking association ("Bank"), and Westell Technologies, Inc., a Delaware corporation ("WTI"), Westell, Inc., a Illinois corporation ("Inc."), Westell International, Inc., a Delaware corporation ("WII"), Conference Plus, Inc., an Delaware corporation ("CPI"), and Teltrend, Inc., a Delaware 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) purchase certain Equipment from Spectel-Multilink, Inc. on a "purchase money financing basis," and (ii) engage in certain repurchases of Westell common stock.

C. Borrowers have also informed Bank that they are currently in violation of a certain covenant under the Loan Agreement and have requested that Bank waive the violation specifically identified herein and any events of default created thereby.

D. Bank is willing to grant such waiver and amend the Loan Agreement to allow the foregoing upon the terms and conditions set forth herein.

E. 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 Collateral Description Amendment. To comport to terminology effective in Illinois from and after July 1, 2001 under Revised Article 9 of the Uniform Commercial Code, the definition of "Collateral" in Section 1.1 of the Loan Agreement is hereby amended to read as set forth on Schedule 1.1.

1.2 The Loan Agreement is hereby amended by adding the following new definition to Section 1.1:

"Spectel Equipment" means the following Equipment (and only that Equipment):

Two (2) Multilink System 700 audioconferencing bridges @ 1152 ports each. Multilink Serial Numbers 3-210 and 3-207, shipped to CPI at 801 Oak Creek Drive, Lombard, Illinois 60148 per Westell Purchase Order #416943. Each System 700 consists of: systems chassis; internal hard drive; AC Power; redundancy (power supplies, fans, dual LAN); API support (Scheduler, Moderator, Operator); system software (1152 port license); BridgeTalk Interface Software; Dialed Number Identification Service (DNIS); LAN Option; PIN Codes and DRP."

1.3 Section 3.6 of the Loan Agreement is hereby amended by inserting before the period in the last sentence thereof the following language: ", provided, however, that such Net Cash Proceeds shall not permanently reduce the Maximum Revolving Credit Facility by more than \$10,000,000."

1.4 Section 8.1 of the Loan Agreement is hereby amended by deleting clause (viii) thereof in its entirety and replacing it with the

following:

"(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 (other than purchase money Liens on the Spectel Equipment in favor of Spectel Multilink, Inc.) 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."

1.5 Section 8.12 of the Loan Agreement is hereby amended by adding the following provisos at the end thereof:

"; provided, that during the period commencing on August 17, 2001 and ending on March 31, 2002, Westell may effect "open market" repurchases of up to \$250,000 of Westell common stock so long as no defaults or Events of Default exist or occur under this Agreement or would be created by the repurchase; and provided further, that LaSalle will consider, on a good faith, reasonable basis, future requests by Westell to allow additional, similar repurchases during the period ending March 31, 2002 of up to \$750,000 of Westell common stock in the aggregate."

1.6 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 on each date set forth below, a minimum EBITDA of not less than the EBITDA set forth opposite such date set forth below (parenthesis denotes negative):

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Date	EBITDA
----	-----
10/31/01	(\$9,600,000)
11/30/01	(\$9,400,000)
12/31/01	(\$8,000,000)
1/31/02	(\$7,000,000)
2/28/02	(\$4,300,000)
3/31/02	(\$1,900,000)
4/30/02	\$2,400,000
5/31/02	\$5,600,000
6/30/02	\$8,300,000

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."

1.7 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 October 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, as of the end of the month ending on such date:

Date	Tangible Net Worth
----	-----
10/31/01	\$20,100,000
11/30/01	\$18,800,000
12/31/01	\$18,300,000

1/31/02	\$17,600,000
2/28/02	\$18,000,000
3/31/02	\$18,200,000
4/30/02	\$18,800,000
5/31/02	\$19,400,000
6/30/02	\$20,000,000"

SECTION 2 REPRESENTATIONS AND WARRANTIES

To induce Bank to amend the Loan Agreement as set forth above, Borrowers jointly and severally represent and warrant to Bank that:

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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 any of their 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 CONDITIONS PRECEDENT.

The agreement by Bank to amend the Loan Agreement is subject to the following conditions precedent:

3.1 Reaffirmations. 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 A hereto.

3.2 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.

3.3 Fee. The Bank shall have received from the Borrowers a fee of \$10,000.

SECTION 4 WAIVER

The Bank hereby waives Borrowers' failure to be in compliance with the EBITDA covenant as of August 31, 2001 and September 30, 2001, and any Events of Default created

thereby, solely as of those dates.

The foregoing waiver shall be a limited waiver and shall not constitute a waiver of any other or subsequent violations of the Loan Agreement, whether of a different or like nature, nor shall such waiver constitute a course of conduct or dealing.

SECTION 5 REAFFIRMATION AND ACKNOWLEDGMENT

WTI, Inc., CPI and Teltrend (collectively, 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 provisions 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.

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 Borrowers acknowledge and agree that any term describing Collateral in the Loan Agreement or any other Loan Document or in any UCC financing statement which is susceptible of different scope or meaning, depending upon which version of the Uniform Commercial Code is used or applied, shall be given the broadest and most inclusive definition so as to encompass the greatest amounts, items, descriptions, or types of Collateral. Notwithstanding the foregoing or any other provision of this Amendment, nothing herein or the

adoption of Revised Article 9 of the Uniform Commercial Code shall be deemed to expand or increase the items or scope of, or criteria for, or change the definition of "Eligible Accounts," "Eligible Inventory" or the "Revolving Loan Borrowing Base". In particular the term "Eligible Accounts" will continue to exclude Accounts other than those arising from the actual sale of Goods in the ordinary course of Borrower's business which meet the eligibility requirements in the definition of "Eligible Accounts."

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IN WITNESS WHEREOF, Borrowers and Bank have 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: _____
Title: _____

WESTELL, INC.

By: _____
Title: _____

WESTELL INTERNATIONAL, INC.

By: _____
Title: _____

CONFERENCE PLUS, INC.

By: _____
Title: _____

TELTREND, INC.

By: _____
Title: _____
Address: 750 North Commons Drive
Aurora, Illinois 60504

"BANK"

LASALLE BANK NATIONAL ASSOCIATION

By: _____
Title: _____
Address: 135 South LaSalle Street
Chicago, Illinois 60603
Attn: Stephanie Kline

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EXHIBIT A

REAFFIRMATION OF STOCK PLEDGE AGREEMENT

REAFFIRMATION OF STOCK PLEDGE AGREEMENT

This Reaffirmation of Stock Pledge Agreement dated as of October 30, 2001 (this "Reaffirmation") is entered into between WESTELL TECHNOLOGIES, INC., a Delaware corporation (herein called the "Pledgor"), and LASALLE BANK NATIONAL ASSOCIATION (herein called the "Pledgee"), and has reference to the following facts and circumstances:

A. Pursuant to that certain Amended and Restated Loan and Security Agreement dated as of August 31, 2000, (herein as amended or modified from time to time, the "Loan and Security Agreement") between Pledgee and Pledgor (together with its subsidiaries, Westell, Inc., Westell International, Inc., Conference Plus, Inc. and Teltrend, Inc. collectively referred to hereinafter as "Borrowers"), Pledgor granted Pledgee a security interest in its shares of certain of the Borrowers pursuant to that certain Stock Pledge Agreement dated as of August 31, 2000 (the "Pledge Agreement").

B. Borrowers desire to enter into an Amendment to the Loan and Security Agreement dated the date hereof (the "Amendment") pursuant to which Pledgee will modify the Loan and Security Agreement.

C. Pledgor is financially interested in Borrowers.

D. Pledgor desires that Pledgee enter into the Amendment.

E. Pledgee is willing to enter into the Amendment only upon the condition that Pledgor execute and deliver this Reaffirmation in favor of Pledgee.

NOW, THEREFORE, in consideration of the foregoing, Pledgor hereby agrees as follows:

1. The preambles to this Reaffirmation are hereby incorporated herein by this reference thereto.

2. Pledgor does hereby expressly ratify, confirm and affirm without condition, all liens and security interests granted to the Pledgee pursuant to the Pledge Agreement, and such liens and security interests shall continue to secure the obligations and liabilities of Borrowers to Pledgee, including but not limited to, all loans made by Pledgee to Borrowers under the Loan and Security Agreement and all amendments thereto.

3. This Reaffirmation constitutes the valid and legally binding obligation of Pledgor, fully enforceable against Pledgor, in accordance with its terms.

4. This Reaffirmation shall inure to the benefit of Pledgee and Lenders, their successors and assigns, and be binding upon Pledgor, and its successors and assigns.

IN WITNESS WHEREOF, the Pledgor has executed this Reaffirmation on the date above set forth.

WESTELL TECHNOLOGIES, INC.

By: _____

Its: _____

NEW DEFINITION OF COLLATERAL

The word "Collateral" means all personal property and fixtures of the Borrowers, of any kind or description, tangible or intangible, whether now existing or hereafter arising or acquired, including, but not limited to, the following (all of which property, along with the products and Proceeds therefrom, are individually and collectively referred to as the "Collateral"):

(a) all funds, Deposit Accounts, Instruments, credits, cash, securities, Investment Property, General Intangibles or other property of any type, of, or for the account of, the Borrowers now or hereafter coming into the possession, control or custody of, or in transit to, the Bank or any agent or bailee for the Bank or any parent, affiliate or subsidiary of the Bank or any participant with the Bank in the loans to the Borrowers (whether for safekeeping, deposit, collection, custody, pledge, transmission or otherwise), including all earnings, dividends, interest, or other rights in connection therewith and the products and Proceeds therefrom, including the proceeds of insurance thereon; and

(b) all other property of the Borrowers, whether now existing or hereafter arising or acquired, and wherever now or hereafter located, together with all additions and accessions thereto, substitutions for, and replacements, products and Proceeds therefrom, and all of the Borrowers' books and records and recorded data relating thereto (regardless of the medium of recording together with all of the Borrowers' right, title and interest in and to all computer software required to utilize, create, maintain and process any such records or data on electronic media), identified and set forth as follows:

- (i) All Accounts (whether or not Eligible Accounts and including Health Care Insurance Receivables) and all Goods whose sale, lease or other disposition by the Borrowers has given rise to Accounts and have been returned to, or repossessed or stopped in transit by, the Borrowers, or rejected or refused by an Account Debtor;
- (ii) All Inventory (whether or not Eligible Inventory) including raw materials, work in process and finished goods;
- (iii) All Goods (including Goods with Embedded Software), including, without limitation, Equipment, vehicles, furniture and Fixtures;
- (iv) All General Intangibles, including Payment Intangibles and Software;
- (v) All Investment Property and Deposit Accounts;
- (vi) All Chattel Paper, Electronic Chattel Paper, Instruments, Documents, Letter of Credit Rights, all proceeds of letters of credit, Supporting Obligations, notes secured by real estate, and Commercial Tort Claims;
- (vii) All Real Property of the Borrowers; and
- (viii) All insurance policies and proceeds insuring the foregoing property or any part thereof, including unearned premiums.

Except for the terms "Collateral," "Borrowers," "Real Property," "Eligible Accounts" and "Eligible Inventory," all capitalized terms used in this definition of Collateral shall have the meaning given to them in the Uniform Commercial Code in effect from time to time in the State of Illinois.

SEVERANCE AGREEMENT

THIS SEVERANCE AGREEMENT (this "Agreement") is made and entered into this 28th day of June, 2001 (the "Effective Date"), by and between Westell, Inc., an Illinois corporation (the "Company"), and E. Van Cullens (the "Executive").

ARTICLE 1. DEFINED TERMS

For the purposes of this Agreement, the following terms shall have the following assigned meanings:

- "Board" - means the board of directors of the Company.
- "Business" - means means the design, development, manufacture and sale of DSL modem, broadband products and telco access products and related services of the Company, the Parent and its other subsidiaries as they exist or are being developed on the date hereof, extensions of those products and services during Executive's employment and new products and services commenced or in development during his employment (except for the teleconferencing business of Conference Plus, Inc.).
- "Cause" - means termination of Executive's employment by the Company because of: (i) the continued failure of the Executive to comply timely (when action is required in the interest of the Westell Companies or their commitments), with specific directions of the Board after a cure period determined by the Board, as communicated in a written notice from the Board or appropriate senior officer, which notifies him of the specific failure to comply; or the taking of any action contrary to specific direction of the Board, or (ii) failure to comply with written policies of the Company regarding expenditure authority or otherwise, or (iii) the engaging by the Executive in willful, reckless or grossly negligent misconduct which, in the good faith determination of the Board, is materially injurious to the Westell Companies, their clients or their reputations, monetarily or otherwise, or (iv) the aiding or abetting a competitor or other breach by the Executive of his fiduciary duty of loyalty to the Company; or (v) a breach (other than an immaterial

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and inadvertent breach) by Executive of his obligations of confidentiality or nondisclosure or (if applicable) any breach of his obligations of noncompetition or nonsolicitation under any written agreement in effect between Executive and the Westell Companies; or (vi) unlawful use or possession of illegal drugs on the Company's premises; or (vii) conviction of Executive or pleading guilty or no contest to any felony or crime involving moral turpitude.

- "Company" - means, subject to section 4.2, (i) Westell, Inc., an Illinois corporation, (ii) any parent, subsidiary or sister company of Westell, Inc. that employs Executive during the Term and (iii) any purchaser of the business and assets of Westell, Inc., or such subsidiary or sister

company, that assumes the obligations of the "Company" under this Agreement.

"Disability" - means a disability that entitles Executive to benefits under the Company's long term disability insurance plan, but only after expiration of all waiting periods.

"Entity" - means any business, whether a corporation, partnership, sole proprietorship, limited liability company, joint venture or other entity.

"Good Reason" - means:

- (i) without the Executive's written approval, the Company reduces the Executive's base salary (as it may be increased from time to time), unless such reduction is in connection with a change in the salary structure commensurate, in the good faith determination of the Board, with changes in salary for other executives of the Company generally (but, if occurring after a sale or merger of the Company to or with another entity or, if occurring after employment of Executive by an entity which has purchased Company assets, only if commensurate, in the good faith determination of the board of such entity, with changes in salary for other executives of such entity; or
- (ii) without the Executive's written approval, the Company makes a material reduction in Executive's responsibilities listed on Exhibit

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A hereto (which shall not necessarily be indicated by a change in title); or

- (iii) without the Executive's written approval, the Company makes a change in Executive's principal place of employment of more than 35 miles farther from Executive's then principal residence.

"Participate In" - means the having of any direct or indirect interest in any Entity, whether as a partner, shareholder, member, operator, sole proprietor, agent, representative, independent contractor, consultant, franchiser, franchisee, joint venturer, owner or otherwise, or the rendering of any direct or indirect service or assistance to any Entity (whether as a director, officer, manager, supervisor, employee, agent, consultant or otherwise); provided that the term "Participate In" shall not include the mere ownership of less than 5% of the stock of a publicly-held corporation whose stock is traded on a national securities exchange or in the over-the-counter market.

"Restricted Period" - means the period commencing on the date of any termination of Executive's employment with the Company and expiring 24 months thereafter.

"Severance Pay" - means payment at the rate of \$300,000 per annum, payable in installments over the two years following termination at the times Executive's base salary would have been paid if Executive's employment had not terminated.

"Term" - means the period commencing on the Effective Date and expiring two years thereafter.

"Termination Notice" means a written notice which shall indicate the specific termination provisions of this Agreement upon which the Company relies in effecting such termination. For purposes of this Agreement, no such purported termination by the Company shall be effective without Termination Notice.

"Westell Companies" means Westell Technologies, Inc., all of its subsidiary companies, and any of them.

ARTICLE 2. SEVERANCE PAY

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2.1 Termination with Severance Pay. The Company may at any time terminate Executive's employment without cause or reason, by delivery to Executive of a Termination Notice. Subject to section 2.3, and provided Executive is not in breach of any of his obligations hereunder, Executive shall be entitled to Severance Pay upon execution of a general release of the Westell Companies in the form of Exhibit B hereto, if, during the Term, (i) the Company terminates Executive's employment without Cause or (ii) the Executive resigns his position for Good Reason. The Executive's employment shall not be deemed to have been terminated if, in connection with a sale of assets and/or business of the Company, the Executive is offered employment by the purchaser for at the least the same equivalent total cash compensation (base salary plus cash short term incentives) which does not require (without Executive's written approval) changes described in clauses (ii) or (iii) of the definition of "Good Reason," including but not limited to any subordination of his duties set forth on Exhibit A. Notwithstanding the foregoing, unless such purchaser assumes the Company's obligations under this Agreement, the Company shall remain liable to Executive for Severance Pay upon a subsequent termination of the Executive in accordance with this section 2.1, within 12 months following the sale.

2.2 Termination without Severance Pay. The Company may at any time terminate the Executive for Cause, effective upon delivery to the Executive of a Termination Notice. Executive shall not be entitled to Severance Pay if the Executive dies, resigns his position for other than Good Reason, does not accept employment described in the third sentence of Section 2.1, or is terminated by the Company for Cause or at a time that there exists Disability. Subject to applicable law, the Company may terminate the Executive for Disability at any time if, within 30 calendar days after the Company delivers a Termination Notice to the Executive, the Executive has not returned to the full-time performance of the Executive's essential duties. Notwithstanding the foregoing, if the Company terminates the Executive at a time that there exists Disability, the Company may, in its sole discretion, elect to pay Severance Pay to the Executive, in which case Executive shall be bound by section 3.2.

2.3 Forfeiture of Severance Pay. If Executive shall breach (other than an immaterial and inadvertent breach) any obligation of confidentiality, nondisclosure, noncompetition or nonsolicitation under any written agreement in effect between Executive and the Westell Companies, then in addition to any rights the Westell Companies have under those agreements to enjoin action and recover damages, the Company shall be released from any further obligation to pay Severance Pay to the Executive.

2.4. Accord, Satisfaction, Settlement and Release. Executive agrees, for himself and for Executive's personal and legal representatives, assigns, executors, administrators, successors, heirs, distributees, devisees and legatees, that payment by the Company of Severance Pay to the extent required by this Agreement shall constitute a full, final and complete accord, satisfaction, settlement and release of any and all claims and/or suits against, and liabilities of, the Westell Companies, whether existing as of the Effective Date, or thereafter

arising, that any of the

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foregoing persons may have in connection with Executive's employment with the Westell Companies.

2.5 No Obligation to Seek Further Employment. Executive shall not be required to seek other employment in order to be entitled to Severance Payments. In addition, the securing of other employment (so long as not in violation of his Article 3 covenants) shall not waive his rights to Severance Payments, nor shall the amount of any Severance Payment provided hereunder be reduced by any compensation earned by the Executive by virtue of other employment after the date of termination of Executive's employment with the Company.

2.6 Effect on Other Contractual Rights. The provisions of this Agreement, and any payment provided hereunder, shall not reduce any amounts otherwise payable, or in any way diminish Executive's existing rights to COBRA benefits or vested benefits under retirement plans of the Westell Companies, but except for stock option matters, are provided in lieu of any other termination benefits or severance payment obligations under any policy or practice of the Westell Companies now or hereafter in effect.

ARTICLE 3. EXECUTIVE COVENANTS

3.1 Confidential Information. Executive acknowledges that the information, observations and data obtained by him during the course of his employment by the Company concerning the Business and affairs of the Westell Companies (the "Westell Company Information") are confidential and are the property of the Westell Companies. Executive hereby agrees that he shall not disclose to any unauthorized person or use for his own account or for the account of any third party any Westell Company Information without the Company's written consent, unless and then only to the extent the Westell Company Information becomes generally known to and available for use by the public other than as a result of Executive's acts or failure to act. Executive shall use his best efforts to prevent the unauthorized misuse, espionage, loss or theft of the Westell Company Information. Executive further agrees to deliver to the Company at the termination of his employment, or at any other time the Company may request in writing, all memoranda, notes, plans, records, reports and other documents (and copies thereof) relating to the Business of the Westell Companies that Executive may then possess or have under his control.

3.2 No Competition. If following termination of Executive's employment with the Company, Executive is entitled to receive, or in connection with a Disability, the Company elects to pay, Severance Pay and provide Severance Benefits, then in consideration for the Severance Pay and Severance Benefits, Executive agrees that during the Restricted Period, Executive shall not, directly or indirectly, for himself, or for any Entity, without the prior written consent of the Board of Directors of Westell Technologies, Inc. through its Chairman (which may be given or denied in his sole discretion):

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- (a) engage in or Participate In the Business or any other business that directly competes with, or develops or offers products or services directly competitive with the products or services of the Business, from Illinois or any state or country in which the Westell Companies have Business or customers, or have solicited customers; nor
- (b) engage in or Participate In the Business or any other business that directly competes with, or develops or offers products or services directly competitive with the products or services of the Business, from any other location throughout the world; nor
- (c) call upon, solicit, serve, or accept business, from any customer or prospective customer (wherever located) of the Westell Companies for the purpose of selling products or

services directly competitive with the products or services of the Business; nor

- (d) interfere with any business relationship of the Westell Companies, with any of their customers or prospective customers or induce any such customers or prospective customers to discontinue or reduce their relationship with the Westell Companies.

To the extent that Executive is employed by or consults for an entity which is a subsidiary, division or other affiliate of a larger business enterprise, the determination as to whether the employment violates this Section 3.2 shall be made solely by reference to the business activities conducted by the particular subsidiary, division or affiliate by which Executive becomes employed or serves as consultant. This Section 3.2 shall not prohibit Executive from working as employee or consultant for a company or entity which does not engage in the Business or any other business that directly competes with, or develops or offers products or services directly competitive with the products or services of the Business but which is affiliated with an entity or company which does engage in the Business or any other business that directly competes with, or develops or offers products or services directly competitive with the products or services of the Business, so long as the duties of the position held by Executive do not require him to directly participate in the Business or any other business that directly competes with, or develops or offers products or services directly competitive with the products or services of the Business.

3.3 No Solicitation. Whether or not Executive is entitled to Severance Pay, Executive shall not, during the Restricted Period: (i) induce or attempt to induce any person who is employed by the Westell Companies in any capacity to leave such person's position, or in any way interfere with the relationship between the Westell Companies and such person, or (ii) hire directly or through another entity, in any capacity, any person who was employed by the Westell Companies within 12 months prior to termination of Executive's employment or during the Restricted Period, unless

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and until such person has been separated from employment with the Westell Companies for at least six months.

3.5 Inventions. Any methodologies, inventions, improvements, discoveries, processes, programs or systems developed or discovered by the Executive, whether during working hours or by using the Companies' facilities, equipment or trade secrets, shall be the sole and exclusive property of the Company. The Executive shall, upon reasonable request by the Company, execute and deliver such assignments and other documents necessary to vest, at the Company's sole expense, all right, title and interest in any discovery or development in the Company. The Company may, upon prior notice to the Executive and without any fee, film, videotape, photograph and record the Executive's voice and likeness, and may utilize the Executive's name and likeness, in connection with the promotion of the Company during employment upon prior notice. The Company shall own all rights in any such film, videotape, photograph or record of the Executive's voice and likeness for such use. The Executive acknowledges receipt of the notice provided by the Company pursuant to the Employee Patent Act (765 Illinois Compiled Statutes, Act 1060), reproduced here:

NOTICE TO EMPLOYEE

This is to notify you that pursuant to the Employee Patent Act (765 Illinois Compiled Statutes, Act 1060), the provisions of this Agreement regarding the assignment of your rights in discoveries and inventions to the Company. DOES NOT APPLY to an invention for which no equipment, supplies, facilities or trade secret information of the Company was used and which was developed entirely on your own time, unless (a) the invention relates (i) to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from or is the product of any work performed by you for the Company in the scope of your efforts on behalf of the Company.

3.5 Reasonable Scope and Duration. Executive acknowledges that these restrictions are reasonable in scope, are necessary to protect the trade secrets

and other confidential and proprietary information of the Westell Companies, that the benefits provided hereunder are full and fair compensation for these covenants and that these covenants do not impair Executive's ability to be employed in other areas of his expertise and experience. Specifically, Executive acknowledges the reasonableness of the international scope of these covenants by reason of the international customer base and prospective customer base and activities of the Westell Companies, the widespread domestic and international scope of Executive's contacts created during his employment with the Westell Companies, the domestic and international scope of Executive's responsibilities with the Westell Companies and his access to marketing strategies of the Westell Companies. Notwithstanding the foregoing, if any court determines that any of the terms herein are unreasonable or unenforceable, such court may interpret, alter, amend or modify any or all of such terms to include as much of the scope, time period and intent as will render such restrictions enforceable, and then in such reduced form, enforce such terms.

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ARTICLE 4. ADDITIONAL PROVISIONS

4.1 Equitable Remedies. Executive agrees that any breach or violation of the covenants contained in Articles 3 of this Agreement would cause the Westell Companies irreparable loss and damage for which money damages would be inadequate. Therefore the parties agree that in the event of any breach or violation or attempted breach or violation by the Executive of the covenants contained in Article 3, the Westell Companies may enforce the terms of this Agreement in a suit to enforce the covenants contained in Article 3 at equity. In connection therewith, the Westell Companies may obtain a preliminary injunction or restraining order immediately upon the commencement of any such suit to enforce the covenants contained in Article 3, without notice. Employee hereby waives any requirement or entitlement to demand that the Westell Companies post any bond in connection with such suit. Employee also agrees that any action for an injunction or restraining order shall be without prejudice to any other remedy, cause of action for money damages or otherwise that the Westell Companies may have by reason of breach, violation or attempted breach or violation of this Agreement by Executive.

4.2 Successors and Assigns.

(a) The Westell Companies may, from time to time, cause a purchaser of the business and assets of the Company to assume and agree to perform this Agreement in the same manner and to the same extent that the Company would be required to perform it if no such assumption had taken place. In that event, such purchaser shall become primarily liable to Executive for payments hereunder, and the Westell Companies shall be thereafter released from any further obligations under this Agreement.

(b) This Agreement shall inure to the benefit of and be enforceable by the parties and their personal and legal representatives, assigns, executors, administrators, successors, heirs, distributees, devisees and legatees. If the Executive should die while any amounts remain payable hereunder, all such amounts, unless otherwise provided herein, shall be paid in accordance with the terms of this Agreement to the Executive's devisee, legatee, or other designee or, if there be no such designee, to the Executive's estate.

4.3 Notice. For purposes of this Agreement, notices and all other communications provided for in the Agreement shall be in writing and shall be deemed to have been duly given when delivered or mailed by United States registered mail, return receipt requested and postage prepaid, addressed, in the case of Executive, to his latest address in the Company records, and in the case of the Company, to the Company's principal office, provided that all notice to the Company shall be directed to the attention of the Board of Directors with a copy to the Secretary of the Company, or to such other address as either party may have furnished to the other in writing in accordance herewith, except that notice of change of address shall be effective only upon receipt.

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4.4 Waiver, Amendment and Integration. No provision of this Agreement may be

modified, waived or discharged unless such waiver, modification or discharge is agreed to in writing signed by the Executive and the Company. No waiver by either party at any time of any breach by the other party of, or compliance with, any condition or provision of this Agreement to be performed by such other party shall be deemed a waiver of similar or dissimilar provisions or conditions at the same or at any prior or subsequent time. No agreements or representations, oral or otherwise, express or implied, with respect to the subject matter hereof have been made by either party which are not set forth expressly in this Agreement.

4.5 Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, excluding conflicts of law principles.

4.6 No Employment Contract. Nothing in this Agreement shall be deemed to constitute a contract or guaranty of employment or alter the at-will status of Executive's employment.

4.7 Validity. The invalidity or unenforceability of any provisions of this Agreement shall not affect the validity or enforceability of any other provision of this Agreement, which shall remain in full force and effect.

4.8 Counterparts. This Agreement may be executed in one or more counterparts, each of which shall be deemed to be an original but all of which together will constitute one and the same instrument.

4.9 Interpretation. Except where otherwise set forth to the contrary, references to Articles, sections and parties mean Articles, sections and parties to this Agreement; The word "including" means "including without limitation;" The use of any pronoun in the singular or masculine form shall be deemed to include the plural, feminine or neuter forms, as appropriate.

4.10 Tax Effect. All payments made hereunder shall be subject to deduction for applicable withholding.

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IN WITNESS WHEREOF, the parties have executed this Agreement as of the Effective Date.

WESTELL, INC.

EXECUTIVE

By: E. Van Cullens
Title:

LIMITED GUARANTY OF PERFORMANCE

The undersigned hereby guarantee performance by Westell, Inc. of its payment obligations of Severance Payments under the above Severance Agreement in accordance with its terms, provided that the undersigned's liability shall not exceed \$300,000 in aggregate.

The undersigned's obligations under the Severance Agreement shall be subject to all of the defenses to which Westell, Inc. is entitled, including but not limited to performance by Executive of the covenants in Article 3.

The undersigned shall be subrogated to Executive's rights against Westell, Inc. with regard to any payments by the undersigned pursuant to this Limited Guaranty.

Robert C. Penny III

Barbara J. Pruitt

ACKNOWLEDGED:

E. Van Cullens

Westell, Inc.

By _____

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EXHIBIT A

Key responsibilities not subject to material reduction.

1. The senior most Executive of the Company, responsible for developing and executing strategic objectives, policies and operating plans of Westell Technologies, Inc.
2. Provide leadership to the entire Company with overall responsibility for domestic and international marketing, sales, engineering, production, human resources and financial performance.
3. Represent the Company to its major customers, the telco community, employees and shareholders.

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EXHIBIT B

GENERAL RELEASE AGREEMENT

This General Release ("Agreement") is entered into by and between Westell Technologies, Inc. (together with its successors and assigns, the "Company") and E. Van Cullen (the "Executive"). In consideration of the mutual promises set forth below, the Company and Executive agree and covenant as follows:

1. Executive, hereby resigns from all board seats and officer positions with the Company and any entity for which he has been so serving at the Company's request.
2. Executive hereby on behalf of himself and his heirs, executors, administrators, attorneys, successors and assigns, hereby resigns from all board seats and officer positions with the Company and any entity for which he has been so serving at the Company's request, remises, releases, forever discharges and covenants not to sue the Company, its subsidiary and affiliated companies, and their current and former shareholders, directors, officers, attorneys, agents, employees, successors and assigns (the "Company Released Parties"), with respect to all claims, suits, demands, actions or causes of action of any kind or nature whatsoever, whether the underlying facts are known or unknown, which Executive has had or now claims, pertaining to or arising out of Executive's employment by the Company or Executive's separation from employment with the Company, whether under any local, state or federal common law, statute, regulation or ordinance, including, without limitation, Title VII of the Civil Rights Act of 1964, as amended, the Age Discrimination in Employment Act, as amended (including the Older Workers Benefit Protection Act), 42 U.S.C. ss. 1981, the Civil Rights Act of 1991, the Family and Medical Leave Act, the Americans with Disabilities Act, the Employee Retirement Income Security Act, the Equal Pay Act, and the Illinois Human Rights Act, and any tort, contract or quasi-contract claims, except as hereinafter stated, or to any Workers' Compensation Act claim Executive may have.

Nothing herein shall however constitute a release by Executive of his rights under the Severance Agreement dated June 12, 2001 that arise in connection with termination without Cause or for Good Reason (as defined therein), nor shall it release the Company from any indemnification obligations it may have under Delaware law or the Company's certificate of incorporation or bylaws with respect to Executive's role as an officer or director of the

Company, any rights under options that remain exercisable following termination, nor any vested benefits under Company qualified benefit plans.

3. Executive agrees to cooperate fully in any investigation or other legal proceeding relating to the Company with respect to any matter that arose during his employment

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with the Company, or that may involve matters within his knowledge. If any claims are asserted by the Company or any of the Company Released Parties against a third party (or by a third party against the Company or any of the Company Released Parties) regarding such a matter, Executive agrees to cooperate fully in the prosecution or defense of such claim by the Company and any of the Company Released Parties.

4. Executive represents that Executive has not filed any charges, suits, claims or complaints against the Company Released Parties with respect to claims released under Section 2, and agrees not to do so in the future with respect to any such claims.

5. Executive understands and expressly acknowledges that he is not releasing or waiving any rights or claims that may arise after the date this Agreement is executed. Executive understands and expressly acknowledges that, in exchange for Executive's entry into this Agreement, Executive is receiving consideration in addition to anything of value to which Executive is already entitled.

6. Executive acknowledges that the Company has advised Executive to consult an attorney, at Executive's expense, with respect to this Agreement. Executive further acknowledges that Executive has twenty-one (21) days from receipt of this Agreement and its waiver and release provisions to accept and sign this Agreement and that Executive has seven (7) days to revoke acceptance of this Agreement and its waiver and release provisions after signing it. Notice of such revocation shall be provided to the attention of the vice president of Human Resources and otherwise in accordance with the notice provisions of the Severance Agreement. Executive further acknowledges that Executive may waive the twenty-one day consideration period by requesting and executing a form for that purpose. The form may be requested from the vice president of Human Resources. This Agreement shall not become effective until the revocation period has expired.

7. This Agreement is not, and shall not in any way be construed as, an admission by the Company that it has acted wrongfully with respect to Executive.

8. Executive acknowledges that he has carefully read and fully understands all of the provisions of this Agreement, and that he is knowingly, voluntarily and willfully entering into this Agreement.

9. Executive acknowledges that in executing this Agreement, Executive has not relied upon any representation by the Company that is not set forth in this Agreement or in the Severance Agreement.

13. This Agreement shall be construed and enforced pursuant to the substantive laws of the State of Illinois.

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PLEASE READ THIS AGREEMENT CAREFULLY
IT CONTAINS A RELEASE OF ALL KNOWN
AND UNKNOWN CLAIMS

By:

Executive

Date

Date

Witness Signature

Name of Witness (Printed)

(Street Address)

(City, State, Zip Code)

June 28, 2001

Mr. E. Van Cullens
237 Lansing Island Drive
Indian Harbour Beach FL
32937

Dear Van;

Confirming our recent conversations, I am pleased to extend an employment offer to you on behalf of Westell, Inc. (the "Company"). Your employment begins on the date you accept this offer, as specified below (the "Effective Date"). On July 2, 2001 (the "Election Date") you will be elected to the positions of CEO of both the Company and its parent Westell Technologies, Inc. ("WTI") and shall also be elected to the boards of both companies. You will devote your best efforts and skills to the business and interests of the Company on a full-time basis based in the Company's Aurora, Illinois office (and will be expected to travel in accordance with the requirements of the position). You agree that you will relocate your principal residence to the Chicago area no later than December 31, 2001.

The terms of our employment offer being extended to you include:

- a) a starting base salary of \$450,000 annualized beginning on the Effective Date,
- b) a \$200,000 signing bonus payable on the Election Date,
- c) a \$150,000 bonus opportunity for the fiscal year 2002 at 100% performance target. (The FY `02 bonus has been converted from a cash payment opportunity to a stock option, as described below, which will be granted outside the 1995 Incentive Stock Plan. For this purpose you will treated as if you had been employed since April 1, 2001),
- d) an executive tax and financial planning reimbursement benefit with a cap of \$5,000 per year,
- e) all other employee benefits customarily available to executives of WTI,
- f) a relocation package in accordance with traditional arrangements for executives, which you acknowledge may be taxable to you,
- g) Initiation, dues and assessments of a local country club membership (including tennis and social benefits), which you acknowledge may be taxable to you, and
- h) A Severance Agreement, as attached.

You agree that the relocation payments shall be repayable to the Company if you leave voluntarily without Good Reason (as defined in the Severance Agreement) within one year from your relocation, and that your signing bonus will be repayable to the Company if you leave voluntarily without Good Reason within one year of your first day of employment.

In addition, you are being granted non-qualified options as follows:

- (i) an option granted outside the 1995 Incentive Stock Plan for one million (1,000,000) shares of WTI Class A common stock, exercisable at the average of the high and low reported sale price on NASDAQ on the Effective Date, vesting 25% per year on each annual anniversary of the Effective Date, but subject to 100% accelerated vesting upon a Change in Control, as defined below.
- (ii) an option granted outside the 1995 Incentive Stock Plan for an additional four hundred (400,000) shares of WTI Class A common stock, exercisable at the average of the high and low reported sale price on NASDAQ on the Effective Date (but not less than \$2.00), not vesting until seven (7) years from the Effective

Date, but with 100% accelerated vesting on the earlier of such seventh anniversary or in the event of four (4) consecutive profitable quarters, determined in accordance with GAAP and reported in WTI's reports filed with the SEC (in the case of the fourth quarter of any fiscal year, as determined by the auditors in connection with their preparation of the 10-k annual report)

(iii) an option granted outside the 1995 Incentive Stock Plan for an additional four hundred (400,000) shares of WTI Class A common stock, exercisable at a price of \$5.00 per share, not vesting until seven (7) years from the Effective Date, but with 100% accelerated vesting on the earlier of such seventh anniversary or in the event that WTI's closing stock price, as reported on NASDAQ or on such other primary stock market as WTI's Class A common stock may then be traded, is \$20 or more for 40 consecutive days on which such exchange is open for trading.

WTI will file an S-8 registration statement with the SEC registering your exercise of options prior to the date any option becomes exercisable.

For the purposes of the option referred to in clause (i) above, "Change in Control" shall be deemed to have occurred if at any time (i) all or substantially all of the assets of WTI are sold as an entirety to any person or group (within the meaning of Section 13(d) of the Securities Exchange Act of 1934 ("Exchange Act")), or (iii) any person or group (as defined in Rule 13d-3 under the Exchange Act) other than the Florence Penny and her descendants or the Voting Trustees under the 1994 Voting Trust Agreement, as amended (collectively, the "Majority Holder") become, directly or indirectly, the beneficial owner as defined in Rule 13d-3 under the Exchange Act of more than 50% of the total voting power entitled to vote in the election of directors of WTI, other than pursuant to voting agreements entered into in connection with specific transactions, and the Majority Holder no longer directly or indirectly, is the beneficial owner as so defined of more than 50% of

the total voting power entitled to vote in the election of directors of WTI; provided, however, that a Change of Control shall not be deemed to have occurred in the event of a merger of WTI with or into another entity of which the Majority Holder directly or indirectly, is the beneficial owner as so defined of more than 50% of the total voting power entitled to vote in the election of directors.

The number of shares covered by the stock option substitution for FY '02 cash bonus plan shares is determined by dividing your \$150,000 target bonus opportunity by the average of the high and low reported sale price on NASDAQ on the Effective Date. Those shares will not vest for seven years and shall vest 100% seven years from the Effective Date, unless a percentage of your bonus plan criteria is met by the conclusion of the current fiscal year. Whatever portion of the performance criteria is met (up to 100%) at by the conclusion of the fiscal year will be multiplied by the number of shares covered by the stock option substitution. That portion of shares will be immediately vested 100% at the conclusion of this current fiscal year and be immediately exercisable.

If 80% of the bonus criteria were achieved this fiscal year, 80% of the full number of shares covered by your stock option substitution would become fully vested and exercisable at the end of April, 2002. The 20% balance would become vested and exercisable only at year seven.

All of the compensation and benefit items that make up your terms of employment are extended with the rights as well as the conditions of Westell's policies that govern them. Without limitation of the foregoing, you acknowledge that you are an employee at will, entitled upon termination solely to the benefits, if any, provided for in the Severance Agreement attached.

All compensation is payable net of applicable withholding.

You represent and warrant that performance of your duties to the Company and WTI will not breach any covenants or duties to former employers. You have provided to the Company copies of any restrictive covenants currently binding upon you.

The Company will offer certain severance protection as follows, for employees whom the Company hires during the first six months of your employment and whom you have recommended, based upon your having worked with them in prior business relationships ("Protected Employees"). If you leave Company employment for any reason (other than termination for cause) during the first six months of a Protected Employee's employment with the Company, and if the Protected Employee is also terminated (other than for cause) or resigns within that first six months of his employment, he shall be entitled to six months base pay as severance.

Please sign and return one copy of this letter and the Severance Agreement for our records confirming your acceptance of this offer no later than July 2, 2001.

Sincerely,

Westell Technologies, Inc.

By _____

John Seazholtz, Chairman

Accepted and Agreed this 28th day of June, 2001:

E. Van Cullens