

- Three months ended December 31, 2000 and 2001
- Nine months ended December 31, 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 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 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.

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
 CONDENSED CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS

	March 31, 2001	December 31, 2001
	(unaudited)	
	(in thousands)	
<S>	<C>	<C>
Current assets:		
Cash and cash equivalents.....	\$405	\$6,228
Accounts receivable (net of allowance of \$1,363,000 and \$1,727,000, respectively).....	34,906	33,239
Inventories.....	73,068	34,654
Prepaid expenses and other current assets.....	2,124	2,194
Deferred income tax asset.....	10,500	10,150
Land and building held for sale.....	2,980	2,087
	-----	-----
Total current assets.....	123,983	88,552
	-----	-----
Property and equipment:		
Machinery and equipment.....	42,077	46,184
Office, computer and research equipment.....	29,847	31,134
Leasehold improvements.....	6,032	7,815
	-----	-----
	77,956	85,133
Less accumulated depreciation and amortization.....	41,726	52,710
	-----	-----

Property and equipment, net.....	36,230	32,423
Goodwill and intangibles, net.....	139,373	25,014
Deferred income tax asset and other assets.....	15,553	15,725
Total assets.....	\$ 315,139	\$161,714

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable.....	\$57,577	\$36,526
Accrued expenses.....	22,838	21,184
Notes payable.....	-	26,226
Accrued compensation.....	4,687	4,417
Current portion of long-term debt.....	103	508
Total current liabilities.....	85,205	88,861
Long-term debt.....	28,451	821
Other long-term liabilities.....	3,658	3,939
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 45,877,397 shares at December 31, 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 December 31, 2001 including treasury shares of 8,100 at December 31, 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	363,642
Accumulated other comprehensive loss.....	(34)	(12)
Accumulated deficit.....	(161,294)	(297,063)
Total stockholders' equity.....	197,825	68,093
Total liabilities and stockholders' equity.....	\$ 315,139	\$ 161,714

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 December 31,		Nine Months Ended December 31,	
2000	2001	2000	2001

(unaudited)

(in thousands, except per share data)

<S>	<C>	<C>	<C>	<C>
Equipment sales.....	\$ 69,465	\$ 55,207	\$ 259,460	\$ 151,734
Services.....	10,406	11,805	29,756	37,998

Total revenues.....	79,871	67,012	289,216	189,732
Cost of equipment sales.....	61,237	47,971	216,069	131,714
Cost of services.....	6,321	5,655	18,071	22,109
Total cost of goods sold.....	67,558	53,626	234,140	153,823
Gross margin.....	12,313	13,386	55,076	35,909
Operating expenses:				
Sales and marketing.....	8,381	4,740	22,942	15,460
Research and development.....	8,655	3,543	23,602	17,469
General and administrative.....	5,928	5,555	18,131	17,441
Restructuring.....	--	--	--	2,200
Goodwill write-down.....	--	90,500	--	90,500
Goodwill amortization.....	7,958	7,953	23,874	23,859
Total operating expenses.....	30,922	112,291	88,549	166,929
Operating loss.....	(18,609)	(98,905)	(33,473)	(131,020)
Other (income) expense, net.....	(104)	259	(168)	532
Interest expense.....	1,073	1,650	1,523	4,217
Loss before tax benefit.....	(19,578)	(100,814)	(34,828)	(135,769)
Benefit for income taxes.....	--	--	--	--
Loss before cumulative effect of change in accounting principle.....	(19,578)	(100,814)	(34,828)	(135,769)
Cumulative effect of change in accounting principle.....	--	--	400	--
Net loss.....	\$ (19,578)	\$ (100,814)	\$ (35,228)	\$ (135,769)
Net loss per basic and diluted common share...	\$ (0.32)	\$ (1.55)	\$ (0.58)	\$ (2.12)
Weighted average number of basic and diluted common shares outstanding.....	61,427	64,887	60,697	64,125

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>

Nine Months Ended
December 31,

2000	2001
------	------

(unaudited)
(in thousands)

<S>	<C>	<C>
Cash flows from operating activities:		
Net loss.....	\$ (35,228)	\$ (135,769)
Reconciliation of net loss to net cash provided by (used in) operating activities:		

Depreciation and amortization.....	32,757	34,910
Goodwill write down.....	--	90,500
Deferred compensation.....	99	24
Non-cash interest expense on debentures.....	135	--
Loss on sale of fixed assets.....	--	204
Changes in assets and liabilities:		
Accounts receivable.....	(10,584)	1,688
Inventory.....	(68,263)	38,413
Prepaid expenses and deposits.....	(1,833)	(69)
Accounts payable and accrued expenses.....	44,425	(20,777)
Restructuring accrual.....	(1,378)	(1,648)
Refundable and deferred income taxes.....	187	350
Accrued compensation.....	545	(269)
	-----	-----
Net cash (used in) provided by operating activities.....	(39,138)	7,557
	-----	-----
Cash flows from investing activities:		
Purchases of property and equipment.....	(18,015)	(7,503)
Proceeds from sale of land, building and equipment.....	172	948
Decrease (increase) in other assets.....	439	(172)
Decrease in short term investments.....	1,951	--
	-----	-----
Net cash used in investing activities.....	(15,453)	(6,727)
	-----	-----
Cash flows from financing activities:		
Net borrowing (repayment) under revolving promissory notes.....	44,598	(2,174)
(Repayment) borrowing of long-term debt and leases payable.....	(2,750)	1,175
Purchase of treasury stock.....	--	(8)
Proceeds from the issuance of common stock.....	5,860	6,000
	-----	-----
Net cash provided by financing activities.....	47,708	4,993
	-----	-----
Effect of exchange rate changes on cash.....	(29)	--
Net (decrease) increase in cash.....	(6,912)	5,823
Cash and cash equivalents, beginning of period.....	27,258	405
	-----	-----
Cash and cash equivalents, end of period.....	\$ 20,346	\$ 6,228
	=====	=====

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 December 31, 2001, and for all periods presented. The results of operations for the three month period ended December 31, 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 December 31, 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 restructuring charges 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 December 31, 2001, the Company has paid approximately \$3.8 million of these accrued costs.

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

(in thousands)	Balance March 31, 2001	Utilized		Balance December 31, 2001	Balance December 31, 2001
		Charged September 2001	thru December 31, 2001		
Employee Costs.....	\$ 2,602	\$2,000	\$3,705	\$ 897	
Outplacement & Other Costs		395	200	143	452
Total.....	\$ 2,997	\$2,200	\$3,848	\$ 1,349	

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 conferencing, 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 nine-month periods ended December 31, 2000 and 2001, are as follows:

(In thousands)	Telecom Equipment	Telecom Services	Total
Three months ended December 31, 2000			
Revenues.....	\$69,465	\$ 10,406	\$ 79,871
Operating income (loss)	(20,526)	1,917	(18,609)
Depreciation and amortization.....	10,846	905	11,751
Total assets.....	377,489	21,210	398,699
Three months ended December 31, 2001			
Revenues.....	\$55,207	\$ 11,805	\$ 67,012
Operating income (loss) (1).....	(101,858)	2,953	(98,905)
Depreciation and amortization.....	10,534	1,159	11,693
Total assets.....	138,541	23,173	161,714
Nine months ended December 31, 2000			
Revenues.....	\$259,460	\$29,756	\$ 289,216
Operating income (loss).....	(38,880)	5,407	(33,473)
Depreciation and amortization.....	30,633	2,468	33,101
Total assets.....	377,489	21,210	398,699
Nine months ended December 31, 2001			
Revenues.....	151,734	37,998	189,732
Operating income (loss) (1).....	(138,269)	7,249	(131,020)
Depreciation and amortization.....	31,656	3,254	34,910
Total assets.....	138,541	23,173	161,714

(1) Operating income includes a \$1.2 million benefit was recorded in the period that related to resolution of a disputed expense in the telecom services segment.

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:

(In thousands)	Three months ended December 31,		Nine months ended December 31,	
	2000	2001	2000	2001
Operating loss	\$ (18,609)	\$ (98,905)	\$ (33,473)	\$ (131,020)
Other (income) expense, net....	(104)	259	(168)	532
Interest expense.....	1,073	1,650	1,523	4,217
Loss before tax benefit.....	\$ (19,578)	\$ (100,814)	\$ (34,828)	\$ (135,769)

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

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 \$25.5 million (\$0.40 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 December 31,		Nine months ended December 31,	
	2000	2001	2000	2001
<S>	<C>	<C>	<C>	<C>
Net loss.....	\$(19,578)	\$(100,814)	\$(35,228)	\$(135,769)
Other comprehensive income (loss)				
Foreign currency translation adjustment....		(45)	17	(207)
Comprehensive loss.....	\$(19,623)	\$(100,797)	\$(35,435)	\$(135,747)

</TABLE>

NOTE 7. INVENTORIES:

The components of inventories are as follows:

(in thousands)	March 31, 2001	December 31, 2001
Raw material	\$ 47,989	\$ 29,319
Work in process.....	26	147
Finished goods.....	51,153	20,233
Reserve for excess and obsolete inventory and net realizable value.....	(26,100)	(15,045)
	<u>\$ 73,068</u>	<u>\$ 34,654</u>

NOTE 8. GOODWILL WRITE DOWN:

Due to the restructuring the Company implemented, along with current and expected market conditions in the T-1 line repeater and low speed digital data products portion of the business acquired from Teltrend, it became apparent that the goodwill acquired with the Teltrend acquisition was impaired. In accordance with its policies, the Company completed an evaluation of the fair value of the Teltrend long-lived assets (including goodwill) during the quarter ended December 31, 2001 and reported a \$90.5 million non-cash charge to reduce the carrying value of these assets to their estimated fair value.

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 nine month periods ended December 31, 2000 with the three and nine-month periods ended December 31, 2001 by business unit.

	Three Months ended December 31,		Nine months ended December 31,	
	2000	2001	2000	2001
(in thousands)				
TAP.....	\$30,117	\$ 20,198	\$88,835	\$70,370
Broadband.....	39,348	35,009	170,625	81,364
Total equipment.....	69,465	55,207	259,460	151,734
Services.....	10,406	11,805	29,756	37,998
Total revenues.....	\$ 79,871	\$ 67,012	\$289,216	\$189,732

Westell's net revenues decreased 16% and 34% in the three and nine-month periods ended December 31, 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 nine month periods. The reduction in equipment revenue was primarily due to the decreased sales of the Company's 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 December 31, 2001 compared to periods ended December 31, 2000

Revenues. The Company's revenues decreased 16.1% from \$79.9 million in the three months ended December 31, 2000 to \$67.0 million in the three months ended December 31, 2001. This revenue decrease was primarily due to decreased

equipment revenue from the Company's TAP products of \$9.9 million when compared with the same period of the prior year. Equipment revenue from the Company's Broadband products also decreased by \$4.3 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 \$1.4 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 34.4% from \$289.2 million in the nine months ended December 31, 2000 to \$189.7 million in the nine months ended December 31, 2001. This revenue decrease was primarily due to decreased equipment revenue from the Company's Broadband products of \$89.3 million when compared with the same period of the prior year. Equipment revenue from the Company's TAP products also decreased by \$18.5 million when compared with the same nine-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 nine month period by \$8.2 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 increased from 15.4% in the three months ended December 31, 2000 to 20.0% in the three months ended December 31, 2001 and decreased from 19.0% in the nine months ended December 31, 2000 to 18.9% in the nine months ended December 31, 2001. The increased margins in the three month period ended December 31, 2001 was primarily due to improved material costs on Broadband products as well as a \$1.2 million benefit recorded in the period that related to resolution of a disputed expense in the Conference Plus Inc subsidiary. The decreased margin in the nine month period ended December 31, 2001 was 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 43.4%, or \$3.6 million, to \$4.7 million in the three months ended December 31, 2001 and decreased 32.6%, or \$7.5 million, to \$15.5 million in the nine months ended December 31, 2001 when compared to the same periods last year. The decrease in sales and marketing expenses during the three and nine 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 decreased as a percentage of revenues from 10.5% in the three months ended December 31, 2000 to 7.1% in the three months ended December 31, 2001. Sales and marketing expenses increased as a percentage of revenues from 7.9% in the nine months ended December 31, 2000 to 8.1% in the nine months ended December 31, 2001. The reduced revenue in the fiscal 2002 period was the primary cause of this percentage increase. 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 59.1%, or \$5.1 million, to \$3.5 million in the three months ended December 31, 2001 and decreased 26.0%, or \$6.1 million, to \$17.5 million in the nine months ended December 31, 2001 when compared to the same period last year. The decrease in research and development expenses during the three and nine month periods was primarily due to \$750,000 and \$1 million received from customers to fund engineering projects as well as staff reductions and spending cuts during fiscal year 2002. Research and development expenses decreased as a percentage of revenues from 10.8% in the three months ended December 31, 2000 to 5.3% in the three months ended December 31, 2001. Research and development expenses increased as a percentage of revenues from 8.2% in the nine months ended December 31, 2000 to 9.2% in the nine months ended December 31, 2001. The reduced revenue and customer funding offset in the fiscal 2002 period was the primary cause of this percentage increase. 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 6.3%, from \$5.9 million in the three months ended December 31, 2000 to \$5.6 million in the three months ended December 31, 2001. General and administrative expenses decreased 3.9%, from \$18.1 million in the nine months ended December 31, 2000 to \$17.4 million in the nine months ended December 31, 2001. General and administrative expenses increased as a percentage of revenues from 7.4% in the three months ended December 31, 2000 to 8.3% in the three months ended December 31, 2001. General and administrative expenses increased as a percentage of revenues from 6.3% in the nine months ended December 31, 2000 to 9.2% in the nine months ended December 31, 2001. The reduced revenue in the fiscal 2002 periods was the primary cause of these percentage 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.

Goodwill write down. Due to the restructuring the Company implemented, along with current and expected market conditions in the T-1 line repeater and low speed digital data products portion of the business acquired from Teltrend, it became apparent that the goodwill acquired with the Teltrend acquisition was impaired. In accordance with its policies, the Company completed an evaluation of the fair value of the Teltrend long-lived assets (including goodwill) during the quarter ended December 31, 2001 and reported a \$90.5 million non-cash charge to reduce the carrying value of these assets to their estimated fair value.

Other (income) expense, net. Other (income) expense, net was income of \$104,000 in the three months ended December 31, 2000 compared to a loss of \$259,000 in the three months ended December 31, 2001 and was income of \$168,000 in the nine months ended December 31, 2000 compared to a loss of \$532,000 in the nine months ended December 31, 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 \$1.1 million in the three months ended December 31, 2000 to \$1.7 million in the three months ended December 31, 2001 and increased from \$1.5 million in the nine months ended December 31, 2000 to \$4.2 million in the nine months ended December 31, 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 nine month periods ended December 31, 2000 and 2001. The Company provided valuation reserves for the entire benefit generated during the three and nine month periods ended December 31, 2001 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 December 31, 2001, the Company had \$6.2 million in cash and \$26.2 million outstanding under its secured revolving credit facility and approximately \$8.8 million available under the secured revolving credit 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 \$8.8 million under this facility as of December 31, 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 requires, 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 is currently in compliance with all such covenants.

The Company's operating activities generated cash of \$7.6 million in the nine months ended December 31, 2001. This resulted primarily from a loss from continuing operations of \$10.4 million (excluding depreciation, goodwill impairment and amortization) offset by decreased working capital. Working capital was affected primarily by a decrease in inventory and offset in part by an increase in accounts payable and accrued expenses.

Capital expenditures for the nine-month period ended December 31, 2001 were approximately \$7.5 million, of which \$1.4 million was funded by a capital lease. The Company expects to spend approximately \$2.5 million for the remainder of fiscal year 2002 primarily for machinery, computer and research equipment purchases.

At December 31, 2001, the Company's principle sources of liquidity were \$6.2 million of cash and the secured revolving credit facility under which the Company was eligible to borrow up to an additional \$8.8 million based upon receivables and inventory levels. To meet the Company's cash needs for fiscal year 2003 the Company is exploring various alternatives including equity or subordinated debt offerings.

The Company had a deferred tax asset of approximately \$80.5 million at December 31, 2001. The net operating loss carryforward begins to expire in 2012. Realization of deferred tax assets associated with the Company's future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration. Although realization of the deferred tax asset is not assured as the Company has incurred operating losses for the 1999, 2000 and 2001 fiscal years, management believes that it is more likely than not that it will generate taxable income sufficient to realize a portion of the tax benefit. A portion of these deferred tax assets are expected to be utilized, prior to their expiration, through a tax planning strategy available to the Company. Management will continue to periodically assess whether it remains more likely than not that the deferred tax asset will be realized. If the tax planning strategy is not sufficient to generate taxable income to recover the deferred tax benefit recorded, an increase in the valuation allowance will be required through a charge to the income tax provision. However, if the Company achieves sufficient profitability or has available additional tax planning strategies to utilize a greater portion of the deferred tax asset, an income tax benefit would be recorded to decrease the valuation allowance.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

RESULTS OF OPERATIONS - continued

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 December 31, 2001, the net balance in the cumulative foreign currency translation adjustment account, which is a component of stockholders' equity, was an unrealized loss of \$12,000.

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%) of the average interest rate on the Company's debt. If such an increase occurred, the Company would incur approximately \$375,000 per annum in additional interest expense based on the average debt borrowed during the twelve months ended December 31, 2001. The Company does not feel such additional expense is significant.

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

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. Bergh v. Westell Technologies, Inc., et al., No. 00 C 6735 (filed October 27, 2000);
2. Llanes v. Westell Technologies, Inc., et al., No. 00 C 6780 (filed October 30, 2000);
3. Lefkowitz v. Westell Technologies, Inc., et al., No. 00 C 6881 (filed November 2, 2000);
4. Seplov v. Westell Technologies, Inc., et al., No. 00 C 7019 (filed November 7, 2000);
5. Greif v. Westell Technologies, Inc., et al., No. 00 C 7046 (filed November 8, 2000);
6. Feinstein v. Westell Technologies, Inc., et al., No. 00C7247 (filed November 16, 2000);
7. Abdelnour v. Westell Technologies, Inc., et al., No. 00C7308 (filed November 20, 2000);
8. PAS Mgmt. & Consulting Serv., Inc. v. Westell Technologies, Inc., et al., No. 00C7605 (filed December 4, 2000);
9. Hoffman v. Westell Technologies, Inc., et al., No. 00C7624 (filed December 4, 2000);
10. Barton v. Westell Technologies, Inc., et al., No. 00C7765 (filed December 12, 2000); and
1. Schumaster v. Westell Technologies, Inc., et al., No. 00C7991 (filed December 26, 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 inflating the price of Westell stock in the second quarter of fiscal 2001. The cases generally allege that the defendants reassured analysts that Westell's sales were on track to meet forecasts for the second quarter of fiscal 2001, when they knew that

Westell was experiencing a substantial shortfall in second quarter modem sales due to decreased orders from a major customer. 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, the federal district court for the Northern District of Illinois consolidated these cases into one two-count complaint, captioned *In re Westell Technologies, Inc.*, No 00 C 6735 (filed February 1, 2001). The case is set for trial on November 3, 2003.

Certain of 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. Zions, et al., No. 18647 (filed January 26, 2001);
3. Dollens v. Zions, et al., No. 18533 NC (filed December 4, 2000); and
4. Rothchild v. Zions, et al., No. 01LK259.

On December 4, 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 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 appointed Dollens and Vukovich as lead plaintiffs. On January 15, 2002, defendants filed a motion to dismiss the consolidated derivative action. There has been no ruling yet on the motion to dismiss. The case is set for trial on November 3, 2003.

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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, which was dismissed on January 15, 2002. 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 cannot guarantee that we will be meritorious in any of the lawsuits described above. 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 recorded a \$700,000 one-time charge to earnings resulting from these settlements.

ITEM 4. OTHER EVENTS

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Exhibit 3.1 Amended and Restated Certificate of Incorporation, as amended.

ITEM 5. EXHIBITS AND REPORTS ON FORM 8-K

None.

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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: February 14, 2002

By: E. VAN CULLENS

E. VAN CULLENS
Chief Executive Officer

By: NICHOLAS C. HINDMAN

NICHOLAS C. HINDMAN
Chief Financial Officer

THIRD AMENDMENT
TO THE
AMENDED AND RESTATED
CERTIFICATE OF INCORPORATION
OF
WESTELL TECHNOLOGIES, INC.

The Amended and Restated Certificate of Incorporation of Westell Technologies, Inc. (the "Corporation") was filed in the office of the Secretary of State of Delaware on November 28, 1995 and was amended by a First Amendment on April 12, 1999 and a Second Amendment on March 17, 2000. This Third Amendment to the Amended and Restated Certificate of Incorporation increases the number of authorized shares of the Class A Common Stock of the Corporation as adopted by the Corporation's Board of Directors and approved by its stockholders at a special meeting in accordance with Section 242 of the General Corporation Law of Delaware.

The first paragraph of Article FIFTH of the Amended and Restated Certificate of Incorporation is hereby amended and restated as follows:

"FIFTH: The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is One Hundred Thirty-Five Million (135,000,000) of which One Hundred Nine Million (109,000,000) shares shall be shares of Class A Common Stock (the "Class A Common Stock") with a par value of \$0.01 per share; Twenty Five Million (25,000,000) shares shall be shares of Class B Common Stock (the "Class B Common Stock") with a par value of \$0.01 per share; and One Million (1,000,000) shares shall be shares of Preferred Stock (the "Preferred Stock") with a par value of \$0.01 per share."

The numbered paragraphs (1) through (17) of Article FIFTH shall remain unchanged.

IN WITNESS WHEREOF, the Corporation has caused this Third Amendment to the Amended and Restated Certificate of Incorporation to be signed by its duly authorized officer this 5th day of November, 2001.

WESTELL TECHNOLOGIES, INC.

/s/ Nicholas C. Hindman
Name: Nicholas C. Hindman, Sr.
Title: Senior Vice President &
Secretary

SECOND AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
WESTELL TECHNOLOGIES, INC.

The Amended and Restated Certificate of Incorporation of Westell Technologies, Inc. (the "Corporation") was filed in the office of the Secretary of State of Delaware on November 28, 1995 and was amended by a First Amendment on April 12, 1999. This Second Amendment to the Amended and Restated Certificate of Incorporation increases the number of authorized shares of the Class A Common Stock of the Corporation as adopted by the Corporation's Board of Directors and approved by its stockholders at a special meeting in accordance with Section 242 of the General Corporation Law of Delaware.

The first paragraph of Article FIFTH of the Amended and Restated Certificate of Incorporation is hereby amended and restated as follows:

"FIFTH: The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is One Hundred Eleven Million (111,000,000) of which Eighty Five Million (85,000,000) shares shall be shares of Class A Common Stock (the "Class A Common Stock") with a par value of \$0.01 per share; Twenty Five Million (25,000,000) shares shall be shares of Class B Common Stock (the "Class B Common Stock") with a par value of \$0.01 per share; and One Million (1,000,000) shares shall be shares of Preferred Stock (the "Preferred Stock") with a par value of \$0.01 per share."

The numbered paragraphs (1) through (17) of Article FIFTH shall remain unchanged.

IN WITNESS WHEREOF, the Corporation has caused this Second Amendment to the Amended and Restated Certificate of Incorporation to be signed by its duly authorized officer this 17th day of March, 2000.

WESTELL TECHNOLOGIES, INC.

/s/ J. William Nelson

J. William Nelson
President

FIRST AMENDMENT
TO THE
AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF
WESTELL TECHNOLOGIES, INC.

The Amended and Restated Certificate of Incorporation of the Corporation was filed in the office of the Secretary of State of Delaware on November 28, 1995. This First Amendment to the Amended and Restated Certificate of Incorporation increases the number of authorized shares of the Class A Common Stock of Corporation as approved by written consent of the shareholders in accordance with Sections 228 and 242 of the General Corporation Law of Delaware.

The first paragraph of Article FIFTH of the Amended and Restated Certificate of Incorporation is hereby amended and restated as follows:

"FIFTH: The total number of shares of all classes of capital stock which the corporation shall have the authority to issue is Ninety One Million Five Hundred Thousand (91,500,000) of which Sixty Five Million Five Hundred Thousand (65,500,000) shares shall be shares of Class A Common Stock (the "Class A Common Stock") with a par value of \$0.01 per share; Twenty Five Million (25,000,000) shares shall be shares of Class B Common Stock (the "Class B Common Stock") with a par value of \$0.01 per share; and One Million (1,000,000) shares shall be shares of Preferred Stock (the "Preferred Stock") with a par value of \$0.01 per share."

The numbered paragraphs (1) through (17) of Article FIFTH shall remain unchanged.

IN WITNESS WHEREOF, the Corporation has caused this First Amendment to the Amended and Restated Certificate of Incorporation to be signed by its duly authorized officers this ____ day of March, 1999.

WESTELL TECHNOLOGIES, INC.

Stephen J. Hawrysz
Vice President

AMENDED AND RESTATED CERTIFICATE OF INCORPORATION
OF

WESTELL TECHNOLOGIES, INC.

The original Certificate of Incorporation was filed with the Secretary of State of Delaware on October 29, 1980 under the name R-COM, INC. An amendment was filed on November 17, 1992 changing its name to Electronic Information Technologies, Inc., and an amendment was filed October 30, 1995 changing its name to Westell Technologies, Inc. This Amended and Restated Certificate of Incorporation restates and integrates the original Certificate of Incorporation and all amendments thereto, and includes amendments adopted by the board of directors and stockholders of Westell Technologies, Inc. as part of this Amendment and Restatement on August 9, 1995 and October 27, 1995 respectively. This Amended and Restated Certificate of Incorporation was duly adopted in accordance with the applicable provisions of Sections 242 and 245 of the General Corporation Law of Delaware and shall become effective upon filing with the Secretary of State of the State of Delaware.

FIRST: The name of the corporation is Westell Technologies, Inc.

SECOND: The period of existence of the corporation is perpetual.

THIRD: Its registered office in the State of Delaware is located at 1209 Orange Street, City of Wilmington, County of New Castle, and The Corporation Trust Company is the registered agent at such address.

FOURTH: The nature of the business and the objects and purposes to be transacted, promoted and carried on are to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FIFTH: The total number of shares of all classes of capital stock which the corporation shall have authority to issue is Sixty Nine Million Five Hundred Thousand (69,500,000) of which Forty Three Million Five Hundred Thousand (43,500,000) shares shall be shares of Class A Common Stock (the "Class A Common Stock") with a par value of \$0.01 per share; Twenty Five Million (25,000,000) shares shall be shares of Class B Common Stock (the "Class B Common Stock") with a par value of \$0.01 per share; and One Million (1,000,000) shares shall be shares of Preferred Stock (the "Preferred Stock") with a par value of \$0.01 per share.

(1) Common Stock. Class A Common Stock and Class B Common Stock shall be identical in all respects and shall have equal rights and privileges, except as otherwise provided in this Article FIFTH.

(2) Dividends on Common Stock. Dividends may be paid on either or both the Class A Common Stock and Class B Common Stock as and when declared by the Board of Directors of the corporation out of any funds of the corporation legally available for the payment of dividends, except that so long as any shares of Class A Common Stock are outstanding:

(a) No dividend (other than a dividend payable in shares of the corporation in the manner provided in subparagraph (2)(b) below) shall be declared or paid upon either class of common stock unless such dividend, at the same rate per share, is simultaneously declared and paid upon both classes of common stock.

(b) Stock dividends declared and paid on Class A Common Stock shall be payable solely in shares of Class A Common Stock and stock dividends declared and paid on Class B Common Stock shall be payable solely in shares of Class B Common Stock. No stock dividend may be declared or paid on the Class A Common Stock unless a stock dividend payable in shares of Class B Common Stock, proportionately on a per-share basis, is simultaneously declared and paid on the Class B Common Stock. No stock dividend may be declared or paid on the Class B Common Stock unless a stock dividend payable in shares of Class A Common Stock, proportionately on a per-share basis, is simultaneously declared and paid on the Class A Common Stock.

(3) Treatment of Common Stock on Liquidation. The holders of both Class A Common Stock and Class B Common Stock shall be entitled to share ratably upon any liquidation, dissolution or winding up of the affairs of the corporation (voluntary or involuntary) in all assets of the corporation. Neither

the consolidation nor the merger of the corporation with or into another corporation or corporations, nor a reorganization of the corporation alone, nor the sale or transfer by the corporation of all or any part of its assets, shall be deemed to be a liquidation, dissolution or winding up of the corporation for the purposes of this subparagraph (3).

(4) Voting Rights of Common Stock. Except in cases where pursuant to the Delaware General Corporation Law, the holders of shares of Class A Common Stock and Class B Common Stock shall be entitled to vote as separate classes, they shall vote together as a single class, provided that the holders of shares of Class A Common Stock shall have one (1) vote per share of Class A Common Stock held and the holders of shares of Class B Common Stock shall have four (4) votes per share of Class B Common Stock held. Without limiting the generality of the foregoing, the number of authorized shares of Class A Common Stock may be increased or decreased (but not below the number of shares of Class A Common Stock then outstanding) by the affirmative vote of the holders of shares possessing a majority of the votes represented by the outstanding shares of Class A Common Stock and Class B Common Stock voting as a single class as aforesaid. Whenever such holders are entitled pursuant to the Delaware General Corporation Law to vote as separate classes, holders of Class A Common Stock voting as a separate class shall be entitled to one (1) vote per share of Class A Common Stock held and holders of Class B Common Stock voting as a separate class shall be entitled to four (4) votes per share of Class B Common Stock held.

(5) Transfer of Class B Common Stock. No person holding shares of Class B Common Stock (hereinafter called a "Class B Holder") may transfer, and the corporation shall not register the transfer of, such shares of Class B Common Stock, whether by sale, assignment, exchange, gift, bequest, appointment or otherwise, except to a "Permitted Transferee" of such Class B Holder.

(a) The term "Permitted Transferee" shall mean:

i) Florence Penny or any of her descendants or their spouses;

ii) Melvin J. Simon, his spouse, or any of their descendants;

iii) Gary F. Seamans, his spouse, or any of their descendants;

iv) any trust, including a voting trust, established for the primary benefit of any person (or persons) who is a Permitted Transferee under (i), (ii) or (iii) above;

v) the guardian of a disabled or adjudicated incompetent Class B Holder or Permitted Transferee;

vi) the Executor or Administrator of the estate of a deceased Class B Holder;

vii) any partnership or corporation in which all record and beneficial owners of all equity interests are Permitted Transferees; and

viii) any other Class B Holder.

(b) If any shares of Class B Common Stock are acquired by any person who is not a Permitted Transferee, all shares of Class B Common Stock then held by such person shall be deemed without further act on anyone's part to be converted into shares of Class A Common Stock, and stock certificates formerly representing such shares of Class B Common Stock shall thereupon and thereafter be deemed to represent the like number of shares of Class A Common Stock.

(c) Notwithstanding anything to the contrary set forth herein, any Class B Holder may pledge such Holder's shares of Class B Common Stock to a pledgee pursuant to a bona fide pledge of such shares as collateral security for indebtedness due to the pledgee, provided that such shares shall not be transferred to or registered in the name of the pledgee, and shall remain subject to the provisions of this subparagraph (5). In the event of foreclosure or other similar action by the pledgee, such pledged shares of Class B Common Stock (i) may be transferred to the pledgee if the pledgee is a Permitted Transferee; or (ii) converted into shares of Class A Common Stock and transferred to

the pledgee if the pledgee is not a Permitted Transferee.

(d) For purposes of this subparagraph (5):

i) The relationship of any person that is derived by or through legal adoption shall be considered a natural one.

ii) Each joint owner of shares of Class B Common Stock shall be considered a "Class B Holder" of such shares.

iii) A minor for whom shares of Class B Common Stock are held pursuant to a Uniform Gift to Minors Act or similar law shall be considered a Class B Holder of such shares.

iv) Unless otherwise specified, the term "person" means both natural persons and legal entities.

(e) Shares of Class B Common Stock shall be registered in the names of the beneficial owners thereof and not in "street" or "nominee" name. For this purpose, a "beneficial owner" of any shares of Class B Common Stock shall mean a person who, or an entity which, possesses the power, either singly or jointly, to direct the voting or disposition of such shares. The corporation shall note, or cause to be noted on the certificates for shares of Class B Common Stock, the existence of the restrictions on transfer and registration of transfer imposed by this subparagraph (5).

(6) Optional Conversion of Class B Common Stock.

(a) Each share of Class B Common Stock may at any time be converted, at the option of the holder thereof, into one fully paid and nonassessable (unless otherwise provided in the Delaware General Corporation Law, as from time to time in effect) share of Class A Common Stock. Such right shall be exercised by the surrender of the certificate representing such shares of Class B Common Stock to be converted at the office of the corporation or its transfer agent (the "Transfer Agent") during normal business hours accompanied by a written notice of the election by the holder thereof to convert and (if so required by the corporation or the Transfer Agent) an instrument of transfer, in form satisfactory to the corporation and the Transfer Agent, duly executed by such holder or his duly authorized attorney, together with any funds in the amount of any applicable transfer tax (unless provision satisfactory to the corporation is otherwise made therefor), if required pursuant to subparagraph (6)(c), below.

(b) As promptly as practical after the surrender for conversion of a certificate representing shares of Class B Common Stock in the manner provided in subparagraph (6)(a) above and the payment of funds in any amount required by the provisions of subparagraphs (6)(a) and (6)(c), the corporation will deliver or cause to be delivered at its office or at the office of the Transfer Agent to or upon the written order of the holder of such certificate, a certificate or certificates representing the number of fully paid and nonassessable (except as may be otherwise provided in the Delaware General Corporation Law, as from time to time in effect) shares of Class A Common Stock issuable upon such conversion, issued in such name or names as such holder may direct. Such conversion shall be deemed to have been made immediately prior to the close of business on the date of the surrender of the certificate representing shares of Class B Common Stock and all rights of the holder of such shares of Class B Common Stock as such holder shall cease at such time and the person or persons in whose name or names the certificate or certificates representing the shares of Class A Common Stock are to be issued shall be treated for all purposes as having become the record holder or holders of such shares of Class A Common Stock at such time; provided, however, that any such surrender and payment on any date when the stock transfer books of the corporation shall be closed shall constitute a transfer to the person or persons in whose name or names the certificate or certificates representing shares of Class A Common Stock are to be issued as the recordholder or holders thereof for all purposes effective immediately prior to the close of business on the next succeeding day on which such stock transfer books are open.

(c) The issuance of certificates for shares of Class A Common Stock upon conversion of shares of Class B Common Stock shall be made without charge for any stamp or similar tax in respect to such issuance. However, if any such certificate is to be issued in a name other than that of the holder of the share or shares of Class B Common Stock converted, the person or persons requesting the issuance thereof shall pay to the corporation the amount of any tax which may be payable in respect of any transfer involved in such issuance, or shall establish to the satisfaction of the corporation that any such tax has been paid.

(7) Mandatory Conversion of Class B Common Stock. Should the number of shares of Class B Common Stock issued and outstanding at any time be equal to or less than 10% of the total number of shares of Class A and Class B Common Stock issued and outstanding at such time, then, without further act, each share of Class B Common Stock shall be converted to one share of Class A Common Stock, and stock certificates formerly representing outstanding shares of Class B Common Stock shall thereupon and thereafter be deemed to represent a like number of shares of Class A Common Stock, and any outstanding right to receive Class B Common Stock shall automatically become the right to receive a like number of shares of Class A Common Stock.

(8) Repurchases of Common Stock. Subject to any applicable provisions of this Article FIFTH, the corporation may at any time or from time to time purchase or otherwise acquire shares of its common stock of either class in any manner now or hereafter permitted by law, publicly or privately, or pursuant to any agreement.

(9) Subdivision or Combination of Common Stock. The shares of common stock of either class shall not be subdivided by a stock split, reclassification or otherwise or combined by reverse stock split, reclassification or otherwise unless, at the same time, the shares of common stock of both classes are proportionately, on a per share basis, so subdivided or combined.

(10) Covenant to Reserve Class A Common Stock. The corporation covenants that it will at all times reserve and keep available, solely for the purpose of issuance upon conversion of the outstanding shares of Class B Common Stock, such number of shares of Class A Common Stock as shall be issuable upon the conversion of all such outstanding shares, provided that nothing contained herein shall be construed to preclude the corporation from satisfying its obligations with respect to the conversion of the outstanding shares of Class B Common Stock by delivery of shares of Class A Common Stock which are held in the treasury of the corporation. The corporation covenants that if any shares of Class A Common Stock, required to be reserved for purposes of conversion hereunder, require registration with or approval of any governmental authority under any federal or state law before such shares of Class A Common Stock may be issued upon conversion, the corporation will use reasonable efforts to cause such shares to be duly registered or approved, as the case may be. The corporation covenants that all shares of Class A Common Stock which shall be issued upon conversion of shares of Class B Common Stock, will, upon issue, be fully paid and nonassessable and not entitled to any preemptive rights.

(11) Treatment of Common Stock on Consolidation or Merger. In the event of a merger or consolidation of the corporation with or into another entity (whether or not the corporation is the surviving entity), the holders of each class of common stock shall be entitled to receive the same per share consideration as the per share consideration, if any, received by any holder of each other class of common stock in such merger or consolidation.

(12) Limitation on Issuance of Class B Common Stock. Following the initial issuance of shares of Class B Common Stock pursuant to the Amended and Restated Certificate of Incorporation filed on July 10, 1995, such Class B Common Stock shall be issued by the corporation only (a) in payment of a stock dividend on then outstanding shares of Class B Common Stock as provided in subparagraph (2)(b); or (b) in connection with a stock split, reclassification or other subdivision of then outstanding shares of Class B Common Stock as provided in subparagraph (9), unless such further issuance shall have been approved by the holders of a majority of the voting power of the shares of Class A Common Stock and Class B Common Stock, each voting separately as a class.

(13) Status of Reacquired Class B Common Stock. Shares of Class B Common Stock converted, exchanged, purchased, retired or surrendered to

the corporation, or which have been issued and reacquired by the corporation in any manner, shall, upon compliance with any applicable provisions of the Delaware General Corporation Law, have the status of authorized and unissued shares of Class B Common Stock and may be reissued subject to the protective conditions or restrictions of subparagraph (12) above.

(14) Preferred Stock. The Preferred Stock shall be entitled to such preferences in the distribution of dividends and assets, and shall be divided into such series, as the Board of Directors of the corporation shall determine, with full authority in the Board of Directors to determine, prior to issuance, from time to time, the relative preferences, limitations and relative rights of the shares of any series of Preferred Stock, with respect to dividends, redemption, payments on liquidation, sinking fund provisions, conversion privileges and voting rights.

(15) Issuance of Stock. Except as provided in subparagraph (12) above, shares of capital stock of the corporation may be issued by the corporation from time to time in such amounts and proportions and for such consideration (not less than the par value thereof in the case of capital stock having par value) as may be fixed and determined from time to time by the Board of Directors and as shall be permitted by law. No holder of shares of the capital stock of the corporation shall be entitled to any preemptive right to subscribe to any new or additional shares of capital stock of the corporation or securities convertible into shares of capital stock, whether now or hereafter authorized.

(16) Unclaimed Dividends. Any and all right, title, interest and claim in or to any dividends declared by the corporation, whether in cash, stock or otherwise, which are unclaimed by the stockholder entitled thereto for a period of six years after the close of business on the payment date, shall be and be deemed to be extinguished and abandoned; and such unclaimed dividends in the possession of the corporation, its transfer agents or other agents or depositories, shall at such time become the absolute property of the corporation, free and clear of any and all claims of any persons whatsoever.

(17) Affidavits. The corporation may, in connection with preparing a list of stockholders entitled to vote at any meeting of stockholders, or as a condition to the transfer or the registration of Class B Common Stock on the corporation's books, require the furnishing of such affidavits or other proof as it, in its sole discretion, deems necessary to establish that any person is the beneficial owner of shares of Class B Common Stock or is a Permitted Transferee.

SIXTH: The number of directors constituting the board of directors shall be fixed from time to time by or in the manner provided in the By-laws, and may be increased or decreased as therein provided, provided that no decrease in the number of directors shall have the effect of shortening the term of any incumbent director.

SEVENTH: A member of the corporation's Board of Directors shall not be personally liable to the corporation or its stockholders for monetary damages for a breach of fiduciary duty as a director, except for liability of the director (i) for any breach of the director's duty of loyalty to the corporation or its stockholders, (ii) for acts or omissions not in good faith or which involve intentional misconduct or a knowing violation of law, (iii) under Section 174 of the Delaware General Corporation Law, relating to the payment of unlawful dividends or unlawful stock repurchases or redemptions, or (iv) for any transaction from which the director derived an improper personal benefit. If the Delaware General Corporation Law is amended after approval by the stockholders of this Article to authorize corporate action further eliminating or limiting the personal liability of directors, then the liability of a director of the corporation shall be eliminated or limited to the fullest extent permitted by the Delaware General Corporation Law, as so amended. Any repeal or modification of this Article by the stockholders of the corporation shall not adversely affect any right or protection of a director of the corporation existing at the time of such repeal or modification.

EIGHTH: A. Right to Indemnification. Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in

any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee or agent of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to an employee benefit plan (hereinafter an "indemnitee"), whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such indemnitee in connection therewith and such indemnification shall continue as to an indemnitee who has ceased to be a director, officer, employee or agent and shall inure to the benefit of the indemnitee's heirs, executors and administrators; provided, however, that, except as provided in paragraph B hereof with respect to proceedings to enforce rights to indemnification, the corporation shall indemnify any such indemnitee in connection with a proceeding (or part thereof) initiated by such indemnitee only if such proceeding (or part thereof) was authorized by the Board of Directors of the corporation. The right to indemnification conferred in this Article shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition (hereinafter an "advancement of expenses"), provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by an indemnitee in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such indemnitee, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking (hereinafter an "undertaking"), by or on behalf of such indemnitee, to repay all amounts so advanced if it shall ultimately be determined by final judicial decision from which there is no further right to appeal (hereinafter a "final adjudication") that such indemnitee is not entitled to be indemnified for such expenses under this Article or otherwise.

B. Right of Indemnitee to Bring Suit. If a claim under paragraph A of this Article is not paid in full by the corporation within sixty days after a written claim has been received by the corporation, except in the case of a claim for an advancement of expenses, in which case the applicable period shall be twenty days, the indemnitee may at any time thereafter bring suit against the corporation to recover the unpaid amount of the claim. If successful in whole or in part in any such suit, or in a suit brought by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the indemnitee shall be entitled to be paid also the expense of prosecuting or defending such suit. In (i) any suit brought by the indemnitee to enforce a right to indemnification hereunder (but not in a suit brought by the indemnitee to enforce a right to an advancement of expenses) it shall be a defense that, and (ii) in any suit by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking the corporation shall be entitled to recover such expenses upon final adjudication that, the indemnitee has not met the applicable standard of conduct set forth in the Delaware General Corporation Law. Neither the failure of the corporation (including its Board of Directors, independent legal counsel, or its stockholders) to have made a determination prior to the commencement of such suit that indemnification of the indemnitee is proper in the circumstances because the indemnitee has met the applicable standard of conduct set forth in the Delaware General Corporation Law, nor an actual determination by the corporation (including its Board of Directors, independent legal counsel, or its stockholders) that the indemnitee has not met the applicable standard of conduct, shall create a presumption that the indemnitee has not met the applicable standard of conduct or, in the case of such a suit brought by the indemnitee, be a defense to such suit. In any suit brought by the indemnitee to enforce a right to indemnification or to an advancement of expenses hereunder, or by the corporation to recover an advancement of expenses pursuant to the terms of an undertaking, the burden of proving that the indemnitee is not entitled to be indemnified, or to such advancement of expenses, under this Article or otherwise shall be on the corporation.

C. Non-Exclusivity of Rights. The rights of indemnification and to the advancement of expenses conferred in this Article shall not be exclusive of any other right which any person may have or hereafter acquire under any statute, this Amended and Restated Certificate of Incorporation, by-law, agreement, vote of stockholders or disinterested directors or otherwise.

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

E. Indemnification of Employees and Agents of the Corporation. The corporation may, to the extent authorized from time to time by the Board of Directors, grant rights to indemnification, and to the advancement of expenses, to any employee or agent of the corporation to the fullest extent of the provisions of this Article with respect to the indemnification and advancement of expenses of directors and officers of the corporation.

NINTH: A. Stockholder Nomination of a Director Candidate and Introduction of New Business. Advance notice of stockholder nominations for the election of directors and of new business to be brought by stockholders before any meeting of the stockholders of the corporation shall be given in the manner provided by the By-laws of the corporation.

B. Special Meetings of Stockholders. Special meetings of the stockholders, for any purpose or purposes (except to the extent otherwise provided by law or this Amended and Restated Certificate of Incorporation), may only be called by the Chairman of the Board, the President, a majority of the Board of Directors then in office or stockholders owning at least a majority of the voting power represented by all of the issued and outstanding capital stock of the corporation.

C. Written Consent by Stockholders Without a Meeting. Except as otherwise specified in this Amended and Restated Certificate of Incorporation, any corporate action upon which a vote of stockholders is required or permitted under the Delaware General Corporation Law, this Amended and Restated Certificate of Incorporation or the By-laws of the corporation may be taken without a meeting, without prior notice and without a vote of stockholders, if stockholders holding stock entitled to vote upon the action, and having not less than the minimum number of votes that would be necessary to authorize and take such action at a meeting at which all shares entitled to vote thereon were present and voted, shall consent in writing to such corporate action being taken. Prompt notice of the taking of the corporate action without a meeting by less than unanimous consent shall be given to those stockholders entitled to vote who have not consented in writing to the action.

TENTH: A. By-laws. The Board of Directors of the corporation is authorized to adopt, amend or repeal the By-laws of the corporation, subject to applicable law and any applicable provisions in any resolution of the Board of Directors, except that any By-law provision adopted by the stockholders amending the By-laws after their initial adoption may be amended or repealed only by the holders of Class A and Class B Common Stock possessing not less than a majority of the votes represented by the outstanding Class A and Class B Common Stock of the corporation, voting as a single class.

B. Ballots in the Election of Directors. Elections of directors need not be by written ballot unless the By-laws of the corporation shall so provide.

C. Location of Books. The books of the corporation may be kept at such place within or without the State of Delaware as the By-laws of the corporation may provide or as may be designated from time to time by the Board of Directors of the corporation.

