Washington, D.C. 20549

FORM 8-K
CURRENT REPORT

Pursuant to Section 13 or 15 (d) of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported) April 16, 1999

WESTELL TECHNOLOGIES, INC.

(Exact name of registrant as specified in its charter)

Delaware	0-27266	36-3154957
(State or other jurisdiction of incorporation)	(Commission File Number)	(IRS Employer Identification No.)

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

(Registrant's telephone number, including area code) 800-323-6883

Item 5. Other Events.

Private Placement

On April 16, 1999, Westell Technologies, Inc. (the "Company") received a $20 million investment from funds affiliated with three investors (the "Buyers").

Pursuant to the Securities Purchase Agreement dated as of April 14, 1999 among the Company, Castle Creek Technology Partner LLC, Marshall Capital Management, Inc. and Capital Venture International, which is attached as an exhibit to this Form 8-K (the "Securities Purchase Agreement"), the Company issued and sold an aggregate of $20 million aggregate principal amount of 6% Subordinated Convertible Debentures due April 15, 2004 (the "Convertible Debentures") and warrants to purchase 909,091 shares (subject to adjustment) of the Company's Class A Common Stock, $0.01 par value, (the "Warrants"). The offer and sale of these securities in the United States was completed pursuant to the exemption from registration provided by Regulation D under the Securities Act of 1933, as amended (the "Act"). In addition to the Convertible Debentures and Warrants, and in connection with the investment, the Company and the Buyers have entered into a Registration Rights Agreement, which agreement is attached as an exhibit to this Form 8-K (the "Registration Rights Agreement").

The Convertible Debentures are convertible into the Company's Class A Common Stock, $0.01 par value. The conversion price will be the lower of (a) a periodically reset fixed price that is initially $6.372 per share, and which will reset on the 12 and 24-month anniversaries of April 16, 1999 to 105% of the initial price (provided the fixed price may not be less than $4.4604 per share), and (b) the floating market price of the Company's stock determined at time of conversion (except that the floating market price may only be imposed under specific conditions set forth in the Securities Purchase Agreement).

The Warrants are exercisable at any time before 5:00 p.m. Central Standard Time on April 15, 2004. The exercise price for the Class A Common Stock underlying the Warrants is $8.9208 per share (subject to adjustment).

Pursuant to the Registration Rights Agreement, the Company must file and

maintain with the Securities and Exchange Commission a registration statement for resale of shares acquired by the Buyers upon conversion of the debentures and exercise of the Warrants.

The foregoing description is only a summary and is qualified in its entirety by reference to the Securities Purchase Agreement, the Convertible Debentures, the Registration Rights Agreement, the Warrants and the other agreements that are attached to this Form 8-K as exhibits, and incorporated herein by reference.

The proceeds from this investment will be used for working capital and general corporate purposes.

Item 7. Financial Statements and Exhibits.

(c) Exhibits.

Exhibit No.	Description
4.1	Securities Purchase Agreement dated as of April 14, 1999 by and among Westell Technologies, Inc., Castle Creek Technology Partners LLC, Marshall Capital Management, Inc. and Capital Ventures International, as Purchasers.
4.2	Form of 6% Subordinated Convertible Debenture dated April 15, 1999 made by Westell Technologies, Inc. to the order of Castle Creek Technology Partners LLC in the amount of $9,000,000, to the order of Marshall Capital Management, Inc. in the amount of $6,000,000, and to the order of Capital Ventures International in the amount of $5,000,000.
4.3	Registration Rights Agreement dated April 15, 1999 by and among Westell Technologies, Inc., Castle Creek Technology Partners LLC, Marshall Capital Management, Inc. and Capital Ventures International.
4.4	Form of Stock Purchase Warrant dated April 15, 1999 by and among Westell Technologies, Inc., Castle Creek Technology Partners LLC (409,091 shares), Marshall Capital Management, Inc. (272,727 shares), and Capital Ventures International (227,273 shares).
4.5	Form of Subordinated Note ("Cap Debenture").
4.6	Form of Security Agreement dated April 15, 1999 executed by Westell Technologies, Inc. in favor of Castle Creek Technology Partners LLC, Marshall Capital Management, Inc. and Capital Ventures International, as Purchasers.
10.16a	Amendment to Loan and Security Agreement dated as of February 24, 1999 by and among LaSalle National Bank, Westell Technologies, Inc., Westell, Inc., Westell International, Inc. and Conference Plus, Inc.
10.16b	Second Amendment to Loan and Security Agreement dated as of April 15, 1999 by and among LaSalle National Bank, Westell Technologies, Inc., Westell, Inc., Westell International, Inc. and Conference Plus, Inc.
10.16c	Subordination Agreement dated as of April 15, 1999, by and among Castle Creek Technology Partners LLC, Marshall Capital Management, Inc., Capital Ventures International and LaSalle National Bank.
99.1	Press Release issued April 16, 1999.

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of

1934, the registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

WESTELL TECHNOLOGIES, INC.

Date: April 20, 1999 /s/ Stephen J. Hawrysz

Stephen J. Hawrysz
Vice President, Treasurer and
Chief Financial Officer

EXHIBIT INDEX

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Management, Inc., Capital Ventures International and LaSalle National Bank.

99.1 Press Release issued April 16, 1999.

EXECUTION COPY

SECURITIES PURCHASE AGREEMENT

This SECURITIES PURCHASE AGREEMENT ("Agreement") is entered into as of April 14, 1999, by and between Westell Technologies, Inc., a Delaware corporation (the "Company"), with headquarters located at 750 N. Commons Drive, Aurora, Illinois 60504, and the purchasers (each a "Purchaser" and together the "Purchasers") set forth on the execution pages hereof, with regard to the following:

RECITALS

A. The Company and Purchasers are executing and delivering this Agreement in reliance upon the exemption from securities registration afforded by the provisions of Regulation D ("Regulation D"), as promulgated by the United States Securities and Exchange Commission (the "SEC") under the Securities Act of 1933, as amended (the "Securities Act").

B. Purchasers desire to purchase, and the Company desires to issue and sell, upon the terms and conditions stated in this Agreement, (i) an amount of the Company's 6% Subordinated Convertible Debentures (the "Debentures") in the form of Exhibit A which is convertible into shares of the Company's Class A Common Stock, par value $0.01 per share (the "Class A Common Stock" and, when taken together with all other classes and series of the Company's common stock, the "Common Stock"), (ii) warrants in the form of Exhibit B (each a "Warrant" and, when taken together with all of the warrants issued hereunder, the "Warrants") entitling the holder thereof to purchase the number of shares (the "Warrant Shares") of Class A Common Stock as set forth below. The Debentures and the PIK Debentures (as defined in the Debenture) are collectively referred to herein as the "Convertible Securities". The shares of Class A Common Stock issuable upon conversion of or otherwise pursuant to the Convertible Securities are referred to herein as the "Conversion Shares." The Convertible Securities, the Warrants, the Cap Debentures (as defined in the Debenture), the Conversion Shares and the Warrant Shares are collectively referred to herein as the "Securities".

C. Contemporaneously with the execution and delivery of this Agreement, the parties hereto are executing and delivering a Registration Rights Agreement in the form attached hereto as Exhibit C (the "Registration Rights Agreement"), pursuant to which the Company has agreed to provide certain registration rights under the Securities Act, the rules and regulations promulgated thereunder and applicable state securities laws.

AGREEMENTS

NOW, THEREFORE, in consideration of their respective promises contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company and Purchasers hereby agree as follows:

ARTICLE I
PURCHASE AND SALE OF SECURITIES; SECURITY

1.1 Purchase of Debentures and Warrants. The purchase price (the "Purchase Price") to be paid by each Purchaser for the Debenture and Warrant being purchased by such Purchaser and the allocation of the Purchase Price as between such Debenture and Warrant shall be as set forth on each Purchaser's signature page.

On the date of the Closing (as defined herein), subject to the terms and the satisfaction (or waiver) of the conditions set forth in Articles VI and VII, and notwithstanding any election by the Company, the Company shall issue and sell to each Purchaser, and each Purchaser shall purchase from the Company (i) a Debenture in principal amount equal to the Purchase Price set forth below such Purchaser's name on the signature pages hereof and (ii) a Warrant entitling the holder thereof to purchase the number of Warrant Shares set forth below such Purchaser's name on the signature pages hereto. The aggregate purchase price for

the Securities purchased at the Closing shall be twenty million dollars ($20,000,000).

1.2 Form of Payment. At the Closing, each Purchaser shall pay the Purchase Price for the Purchased Securities being purchased by such Purchaser by wire transfer to the Company, in accordance with the Company's written wiring instructions, against delivery of duly executed Debentures and Warrants, and the Company shall deliver to each Purchaser such executed Debentures and Warrants against delivery of such Purchase Price from each Purchaser. The obligations in this Agreement of each Purchaser shall be separate from the obligations of each other Purchaser and shall relate solely to the Purchased Securities to be purchased by such Purchaser. The obligations of the Company with respect to each Purchaser shall be separate from the obligations of the Company to each other Purchaser and shall not be conditioned as to any Purchaser upon the performance of the obligations of any other Purchaser. At the Closing and thereafter, the Company shall cause each of its subsidiaries to enter into such security agreements and perform such obligations as are contemplated by this Agreement and such security agreements and the transactions contemplated hereby and thereby.

1.3 Closing Date. The date and time of the issuance, sale and purchase of the Securities pursuant to this Agreement shall be the later of (i) the day following the date of this Agreement and (ii) the date upon which all the conditions set forth in Articles VI and VII are satisfied or waived. The Closing shall occur at 11:00 a.m. Chicago time, at the offices of Altheimer & Gray, 10 S. Wacker Drive, Chicago, IL 60606. The date of the Closing is hereinafter referred to as the "Closing Date."

ARTICLE II
PURCHASER'S REPRESENTATIONS AND WARRANTIES

Each Purchaser represents and warrants on the date hereof, solely with respect to itself and its purchase hereunder and not with respect to any other Purchaser or the purchase hereunder by any other Purchaser (and no Purchaser shall be deemed to make or have any liability for any representation or warranty made by any other Purchaser), to the Company as set forth in this Article II. No Purchaser makes any other representations or warranties, express or implied, to the Company in connection with the transactions contemplated hereby and any and all prior representations and warranties, if any, which may have been made by a Purchaser to the Company in connection with the transactions contemplated hereby shall be deemed to have been merged in this Agreement and any such prior representations and warranties, if any, shall not survive the execution and delivery of this Agreement.

2.1 Purchase for Own Account. Purchaser is purchasing the Securities for Purchaser's own account for investment only and not with a view toward or in connection with the public resale or distribution thereof, except pursuant to sales that are exempt from the registration requirements of the Securities Act and/or sales registered under the Securities Act. Purchaser will not resell any of the Securities or any securities which may be issued upon exchange or conversion thereof except pursuant to sales that are exempt from the registration requirements of the Securities Act and/or sales registered under the Securities Act. Purchaser understands that Purchaser must bear the economic risk of this investment indefinitely, unless the Securities are registered pursuant to the Securities Act and any applicable state securities laws or an exemption from such registration is available, and that the Company has no present intention of registering any such Securities other than as contemplated by the Registration Rights Agreement. By making the representations in this Section 2.1, the Purchaser does not agree to hold any Securities for any minimum or other specific term and reserves the right to dispose of any or all of the Securities at any time in accordance with or pursuant to a registration statement or an exemption from registration under the Securities Act.

2.2 Accredited Investor Status. Purchaser is an "accredited investor" as that term is defined in Rule 501(a) of Regulation D.

2.3 Reliance on Exemptions. Purchaser understands that the Securities are being offered and sold to Purchaser in reliance upon specific exemptions from the registration requirements of the United States federal and state securities laws and that the Company is relying upon the truth and accuracy of the representations and warranties of Purchaser set forth herein in order to determine the availability of such exemptions and the eligibility of Purchaser

to acquire the Securities.

2.4 Information. Purchaser and its counsel have been furnished all materials relating to the business, finances and operations of the Company and materials relating to the offer and sale of the Securities which have been specifically requested by Purchaser. Purchaser has been afforded the opportunity to ask questions of the Company and has received what Purchaser believes to be complete and satisfactory answers to any such inquiries. Neither such materials or inquiries nor any other due diligence investigation conducted by Purchaser nor any of its representations, warranties, covenants or agreements shall modify, amend or affect Purchaser's right to rely on the Company's representations and warranties contained in Article III. Purchaser understands that Purchaser's investment in the Securities involves a high degree of risk.

2.5 Governmental Review. Purchaser understands that no United States federal or state agency or any other government or governmental agency has passed upon or made any recommendation or endorsement of the Securities or an investment therein.

2.6 Transfer or Resale. Purchaser understands that (i) except as provided in the Registration Rights Agreement, the Securities have not been and are not being registered under the Securities Act or any state securities laws, and may not be transferred unless subsequently registered thereunder or an exemption from such registration is available (which exemption the Company expressly agrees may be established as contemplated in clauses (b) and (c) of Section 5.1 hereof or as otherwise may be permissible under the Securities Act); (ii) any sale of such Securities made in reliance on Rule 144 under the Securities Act (or a successor rule) ("Rule 144") may be made only in accordance with the terms of said Rule and further, if said Rule is not applicable, any resale of such Securities without registration under the Securities Act) may require compliance with some other exemption under the Securities Act or the rules and regulations of the SEC thereunder; and (iii) neither the Company nor any other person is under any obligation to register such Securities under the Securities Act or any state securities laws or to comply with the terms and conditions of any exemption thereunder (in each case, other than pursuant to this Agreement or the Registration Rights Agreement).

2.7 Legends. Purchaser understands that, subject to Article V hereof, the certificates for the Debentures, Warrants, the Conversion Shares and the Warrant Shares will bear a restrictive legend (the "Legend") in the following form:

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS OR UNLESS OFFERED, SOLD OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS.

Except for the Legend in accordance with this Section 2.7 and Section 5.1 hereof and the legend required by the Subordination Agreement (as defined in Section 7.1), the Securities shall bear no other legend.

2.8 Authorization; Enforcement. This Agreement and the Registration Rights Agreement have been duly and validly authorized, executed and delivered on behalf of Purchaser and are valid and binding agreements of Purchaser enforceable against Purchaser in accordance with their terms.

2.9 Residency. Purchaser is a resident of the jurisdiction set forth under Purchaser's name on the signature page hereto executed by Purchaser.

ARTICLE III
REPRESENTATIONS AND WARRANTIES OF THE COMPANY

The Company represents and warrants to each Purchaser on the date hereof that, except for such exceptions which are (a) specifically disclosed in that certain disclosure letter delivered by the Company to each Purchaser concurrently with the execution and delivery of this Agreement by the Company and (b) schedules hereto numbered to conform with the applicable Sections of this Article III with respect to which such exception is being made:

3.1 Organization and Qualification. The Company and each of its subsidiaries is a corporation duly organized, validity existing and in good standing under the laws of the jurisdiction in which it is incorporated, and has the requisite corporate power and authority to own its properties and to carry on its business as now being conducted. The Company and each of its subsidiaries is duly qualified as a foreign corporation to do business and is in good standing in every jurisdiction where the failure to so qualify would have a Material Adverse Effect. "Material Adverse Effect" means any material adverse effect on (i) the business, operations, properties, financial condition, operating results or prospects of the Company and its subsidiaries, taken as a whole on a consolidated basis, (ii) the transactions contemplated hereby, (iii) the ability of the Company to perform its obligations under this Agreement, the Debentures, the Warrants or the Registration Rights Agreement (collectively, the "Investment Agreements") or (iv) the Purchaser's interest in the Securities. A "Material Adverse Effect" shall not include (i) adverse general economic conditions, (ii) adverse general industry conditions in the industry in which the Company operates or (iii) of itself, a decline in the Company's stock price.

3.2 Authorization; Enforcement. (a) The Company has the requisite corporate power and authority to (i) enter into, and perform its obligations under each of the Investment Agreements, (ii) issue, sell and perform its obligations with respect to the Debentures and the Warrants in accordance with the terms hereof and thereof, and (v) issue the Conversion Shares in accordance with the terms and conditions of the Debentures and the Warrant Shares in accordance with the terms and conditions of the Warrants; (b) the execution, delivery and performance of this Agreement and the Registration Rights Agreement by the Company and the execution and delivery of the Debentures and the Warrants, and the consummation by it of the transactions contemplated hereby and thereby (including without limitation the issuance of the Convertible Securities and the Cap Debentures and the reservation for issuance and issuance of the Shares and the Conversion Shares) have been duly authorized by all necessary corporate action and, except as set forth on Schedule 3.2 hereof, no further consent or authorization of the Company, its board of directors, or its stockholders or any other person, body or agency is required with respect to any of the transactions contemplated hereby or thereby (whether under rules of the Nasdaq National Market System ("Nasdaq"), the National Association of Securities Dealers or otherwise); (c) this Agreement, the Debentures, the Warrants and the Registration Rights Agreement have been duly executed and delivered by the Company and upon the issuance by the Company of PIK Debentures or Cap Debentures, such PIK Debentures and Cap Debentures will be duly executed and delivered by the Company; and (d) each of the Investment Agreements constitutes a legal, valid and binding obligation of the Company enforceable against the Company in accordance with their terms.

3.3 Capitalization. The capitalization of the Company as of the date of this Agreement, including the authorized capital stock, the number of shares issued and outstanding, the number of shares reserved for issuance pursuant to the Company's stock option plans, the number of shares reserved for issuance pursuant to securities (other than the Convertible Securities and the Warrants) exercisable for, or convertible into or exchangeable for any shares of Common Stock and the number of shares to be initially reserved for issuance upon conversion of the Convertible Securities and the exercise of the Warrants is set forth on Schedule 3.3. All of such outstanding shares of capital stock have been, or upon issuance will be, validly issued, fully paid and non-assessable. No shares of capital stock of the Company (including the Warrant Shares and the Conversion Shares) are subject to preemptive rights or any other similar rights of the stockholders of the Company or any liens or encumbrances. Except as disclosed in Schedule 3.3, as of the date of this Agreement, (i) there are no outstanding options, warrants, scrip, rights to subscribe for, calls or commitments of any character whatsoever relating to, or securities or rights convertible into or exercisable or exchangeable for, any shares of capital stock of the Company or any of its subsidiaries, or contracts, commitments, understandings or arrangements by which the Company or any of its subsidiaries is or may become bound to issue additional shares of capital stock of the Company or any of its subsidiaries, and (ii) there are no agreements or arrangements under which the Company or any of its subsidiaries is obligated to register the sale of any of its or their securities under the Securities Act (except the Registration Rights Agreement). The Company has furnished to Purchaser true and correct copies of the Company's Certificate of Incorporation as currently in effect ("Certificate of Incorporation"), and the Company's Bylaws as currently in effect (the "By-laws"). The Company has set forth on Schedule 3.3 all instruments and agreements (other than the Certificate of Incorporation and By-laws) governing securities convertible into or exercisable

or exchangeable for Common Stock of the Company (and the Company shall provide to Purchaser copies thereof upon the request of Purchaser). Except as set forth on Schedule 3.3, the Company has no indebtedness for borrowed money and no agreement providing for indebtedness for borrowed money. Except as disclosed on Schedule 3.3, the Company has no share purchase agreements, rights plans or agreements containing similar provisions and no agreements containing anti-dilution provisions. The Company shall provide Purchaser with a written update of this representation signed by the Company's Chief Executive Officer or Chief Financial Officer on behalf of the Company as of the date of the Closing and it shall be a condition to Purchaser's obligations at Closing that there are no material changes in such capitalization since the Company's representation on the date hereof. The Company has no subsidiaries, except as provided on Schedule 3.3. Except as set forth on Schedule 3.3, all such subsidiaries included on Schedule 3.3. are one hundred percent (100%) owned by the Company. Except as provided on Schedule 3.3, the Company has no investments, either debt or equity, in any other entity except for marketable securities. The Loan Agreement (as herein defined) as of the date of this Agreement has been delivered to Purchaser.

3.4 Issuance of Shares. The Conversion Shares and Warrant Shares are duly authorized and reserved for issuance, and, upon conversion of the Convertible Securities or exercise of the Warrants, each in accordance with the terms thereof, will be validly issued, fully paid and non-assessable, and free from all taxes, liens, claims and encumbrances and will not be subject to preemptive rights or other similar rights of stockholders of the Company. The Convertible Securities and Warrants are duly authorized and reserved for issuance, and are validly issued, fully paid and non-assessable, and free from all taxes, liens claims and encumbrances and are not and will not be subject to preemptive rights or other similar rights of stockholders of the Company. The Board of Directors of the Company (the "Board") has the right to consent to or to block pursuant to the terms of the Convertible Securities (the "Cap Debenture Election") the issuance of shares of Class A Common Stock in excess of twenty percent (20%) of the outstanding shares of Common Stock upon conversion of the Convertible Securities pursuant to the terms thereof. The Board has unanimously approved the issuance of shares of Common Stock pursuant to this Agreement, upon conversion of the Convertible Securities and upon the exercise of the Warrants pursuant to the terms thereof, including the circumstance where such conversion would, in the aggregate, require issuance in excess of twenty percent (20%) of the outstanding shares of Common Stock (the "Rule 4460(i) Authorization"). No further corporate authorization or approval (other than the authorization and approval of the Rule 4460(i) Authorization by the shareholders of the Company (the "Shareholder Approval")) is required under the rules of the Nasdaq with respect to the transaction contemplated by this Agreement, including, without limitation, the issuance of the Conversion Shares and the Warrant Shares and the inclusion thereof for trading on the Nasdaq.

3.5 No Conflicts. The execution, delivery and performance of each of the Investment Agreements, by the Company and the consummation by the Company of the transactions contemplated hereby and thereby (including the issuance and reservation for issuance, as applicable, of the PIK Debentures, the Cap Debentures, the Warrant Shares and the Conversion Shares) do not and will not (a) result in a violation of the Certificate of Incorporation or By-laws of the Company or any of its subsidiaries, (b) conflict with, or constitute a default (or an event which with notice or lapse of time or both would become a default) under, or give to others any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its subsidiaries is a party (except for such conflicts, defaults, terminations, amendments, accelerations, and cancellations as would not, individually or in the aggregate, have a Material Adverse Effect), or (c) result in a violation of any law, rule, regulation, order, judgment or decree (including, without limitation, U.S. federal and state securities laws and regulations) applicable to the Company or any of its subsidiaries, or by which any property or asset of the Company or any of its subsidiaries, is bound or affected which would have a Material Adverse Effect. Neither the Company nor any of its subsidiaries is in violation of its Certificate of Incorporation, by-laws or other organizational documents, and neither the Company nor any of its subsidiaries is in default (and no event has occurred which, with notice or lapse of time or both, would put the Company or any of its subsidiaries in default) under, nor has there occurred any event giving others (with notice or lapse of time or both) any rights of termination, amendment, acceleration or cancellation of, any agreement, indenture or instrument to which the Company or any of its subsidiaries is a party, except for possible defaults or rights as would not, individually or in the aggregate, have a Material Adverse Effect. The

business of the Company and its subsidiaries is not being conducted, and shall not be conducted so long as a Purchaser owns any of the Securities, in violation of any law, ordinance, rule, regulation, order, judgment or decree of any governmental entity, court or arbitration tribunal except for possible violations the sanctions for which either singly or in the aggregate would not have a Material Adverse Effect. The Company is not required to obtain any consent, authorization or order of, or make any filing or registration with, any court or governmental agency or any regulatory or self-regulatory agency in order for it to execute, deliver or perform any of its obligations under any of the Investment Agreements or to perform its obligations in accordance with the terms hereof or thereof. The purchase and acquisition of the Securities by the Purchaser does not violate any law, rule, regulation, order, judgment or decree applicable to the Company, or require further filing by the Company or Purchaser under such law, rule, regulation, order, judgment or decree, by virtue of the Company's business or assets (it being understood that for the purposes of this sentence, the Company is relying upon the Purchaser's representations and warranties in Article 2 hereof). The Company is not in violation of the listing requirements of Nasdaq and does not reasonably anticipate that the Common Stock will be de-listed by Nasdaq for the foreseeable future, and the Company has made all necessary filings and notifications with, and obtained all necessary approvals from, Nasdaq with respect to the transactions contemplated hereby, including, without limitation, the issuance of the Securities and the listing of the Conversion Shares and the Warrant Shares on the Nasdaq.

3.6 Registration and SEC Documents. The Common Stock is registered under Section 12 of the Securities Exchange Act of 1934, as amended (the "Exchange Act") and has been so registered since November 30, 1995. Except as disclosed in Schedule 3.6, since March 31, 1998, the Company has timely filed all reports, schedules, forms, statements and other documents required to be filed by it with the SEC pursuant to the reporting requirements of the Exchange Act (all of the foregoing filed after March 31, 1998 and all exhibits included therein and financial statements and schedules thereto and documents incorporated by reference therein, being referred to herein as the "SEC Documents"). The Company has delivered to each Purchaser true and complete copies of the SEC Documents (the SEC documents filed prior to the date hereof, the "Filed SEC Documents"). As of their respective dates, the SEC Documents complied in all material respects with the requirements of the Exchange Act and the rules and regulations of the SEC promulgated thereunder applicable to the SEC Documents, and none of the SEC Documents, at the time they were filed with the SEC, contained any untrue statement of a material fact or omitted to state a material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading. None of the statements made in any such SEC Document is, or has been, required to be updated or amended under applicable law. The financial statements of the Company included in the SEC Documents were prepared in accordance with U.S. generally accepted accounting principles, consistently applied, and the rules and regulations of the SEC during the periods involved (except (i) as may be otherwise indicated in such financial statements or the notes thereto, or (ii) in the case of unaudited interim statements, to the extent they do not include footnotes or are condensed or summary statements) and present accurately and completely the consolidated financial position of the Company and its consolidated subsidiaries as of the dates thereof and the consolidated results of their operations and cash flows for the periods then ended (subject, in the case of unaudited statements, to normal, immaterial year-end audit adjustments). Except as set forth in the financial statements of the Company included in the Filed SEC Documents, the Company has no liabilities, contingent or otherwise, other than (i) liabilities incurred subsequent to the date of such financial statements in the ordinary course of business consistent with past practice and (ii) obligations under contracts and commitments incurred in the ordinary course of business and not required under generally accepted accounting principles to be reflected in such financial statements, in each case of clause (i) and (ii) next above which, individually or in the aggregate, would not reasonably be expected to have a Material Adverse Effect. The Filed SEC Documents, as supplemented by Schedule 3.6 hereto, contain a complete and accurate list of all material undischarged written or oral contracts, agreements, leases or other instruments to which the Company or any subsidiary is a party or by which the Company or any subsidiary is bound or to which any of the properties or assets of the Company or any subsidiary is subject (each a "Contract"). None of the Company, its subsidiaries or, to the best knowledge of the Company, any of the other parties thereto, is in breach or violation of any Contract, which breach or violation relates to indebtedness for borrowed money, is with respect to an obligation in excess of twenty five thousand dollars ($25,000) or would have a Material Adverse Effect. No event, occurrence or

condition exists which, with the lapse of time, the giving of notice, or both, or the happening of any further event or condition, would become a breach or default by the Company or its subsidiaries under any Contract which breach or default would have a Material Adverse Effect.

3.7 Absence of Certain Changes. Since December 31, 1998, there has been no material adverse change and no material adverse development in the business, properties, operations, financial condition, results of operations or prospects of the Company, except as disclosed in Schedule 3.7.

3.8 Absence of Litigation. Except as disclosed in Schedule 3.8, there is no action, suit, proceeding, inquiry or investigation before or by any court, public board, governmental agency or authority, or self-regulatory organization or body pending or, to the knowledge of the Company or any of its subsidiaries, threatened against or affecting the Company, any of its subsidiaries, or any of their respective directors or officers in their capacities as such, wherein an unfavorable decision, ruling or finding could have a Material Adverse Effect or would adversely affect the transactions contemplated by this Agreement or any of the documents contemplated hereby or which would adversely affect the validity or enforceability of, or the authority or ability of the Company to perform its obligations under, this Agreement or any of such other documents. There are no facts which, if known by a potential claimant or governmental agency or authority, could give rise to a claim or proceeding which, if asserted or conducted with results unfavorable to the Company or any of its subsidiaries, could have a Material Adverse Effect.

3.9 Disclosure. No information relating to or concerning the Company set forth in this Agreement or provided to Purchaser in connection with the transactions contemplated hereby contains an untrue statement of a material fact or omits to state a material fact necessary in order to make the statements made herein or therein, in light of the circumstances under which they were made, not misleading. Except for the execution and performance of this Agreement, no material fact (within the meaning of the federal securities laws of the United States) exists with respect to the Company or any of its subsidiaries which has not been publicly disclosed.

3.10 Acknowledgment Regarding Purchaser's Purchase of the Securities. The Company acknowledges and agrees that each Purchaser is acting independently and is not acting as a financial advisor or fiduciary of the Company (or in any similar capacity) with respect to this Agreement or the transactions contemplated hereby, that this Agreement and the transaction contemplated hereby, and the relationship between each Purchaser and the Company, are "arms-length", and that, except for Purchasers' representations in Article 2 hereof, any statement made by any Purchaser, or any of its representatives or agents, in connection with this Agreement or the transactions contemplated hereby is not advice or a recommendation, is merely incidental to such Purchaser's purchase of the Securities and has not been relied upon in any way by the Company, its officers, directors or other representatives. The Company further represents to Purchaser that the Company's decision to enter into this Agreement and the transactions contemplated hereby has been based solely on an independent evaluation by the Company and its representatives.

3.11 Current Public Information. On the date hereof, the Company is currently eligible to register the resale of the Conversion Shares and Warrant Shares by the Purchasers on a registration statement on Form S-3 under the Securities Act.

3.12 No General Solicitation. Neither the Company nor any person acting on behalf of the Company has conducted any "general solicitation," as described in Rule 502(c) under Regulation D, with respect to any of the Securities being offered hereby.

3.13 No Integrated Offering. Neither the Company, nor any of its affiliates, nor any person acting on its or their behalf, has directly or indirectly made any offers or sales of any security or solicited any offers to buy any security under circumstances that would prevent the parties hereto from consummating the transactions contemplated hereby pursuant to an exemption from registration under the Securities Act pursuant to the provisions of Regulation D. The transactions contemplated hereby are exempt from the registration requirements of the Securities Act, assuming the accuracy of the representations and warranties herein contained of each Purchaser to the extent relevant for such determination.

3.14 No Brokers. The Company has taken no action which would give rise to any claim by any person for brokerage commissions, finder's fees or similar payments by Purchaser relating to this Agreement or the transactions contemplated hereby, except for dealings with Hambrecht & Quist LLC (the fees of which shall be paid in full by the Company).

3.15 Acknowledgment of Dilution. The number of Conversion Shares issuable upon conversion of the Convertible Securities and/or Warrant Shares issuable upon exercise of the Warrants may increase substantially in certain circumstances, including the circumstance wherein the trading price of the Common Stock declines. The Company's executive officers and directors have studied and fully understand the terms of this Agreement and the transactions contemplated hereby and the nature of the securities being sold hereunder and recognize that they have a potential dilutive effect. The board of directors of the Company has unanimously concluded in its good faith business judgment that the issuance of the Securities as contemplated hereby is in the best interests of the Company. The Company acknowledges that its obligation to issue Conversion Shares upon conversion of the Convertible Securities and the Warrant Shares upon exercise of the Warrants is binding upon it and enforceable regardless of the dilution that such issuance may have on the ownership interests of other stockholders.

3.16 Intellectual Property. Each of the Company and its subsidiaries owns or possesses adequate and enforceable rights to use all patents, patent applications, trademarks, trademark applications, trade names, service marks, copyrights, copyright applications, licenses, know-how (including trade secrets and other unpatented and/or unpatentable proprietary or confidential information, systems or procedures) and other similar rights and proprietary knowledge (collectively, "Intangibles ") used or necessary for the conduct of its business as now being conducted and as previously described in the Company's Annual Report on Form 10-K most recently filed and any subsequently filed reports on Form 10-Q and Form 8-K. Neither the Company nor any subsidiary of the Company infringes on or is in conflict with any right of any other person with respect to any Intangibles nor is there any claim of infringement made by a third party against or involving the Company or any of its subsidiaries, which infringement, conflict or claim, individually or in the aggregate, if the subject of an unfavorable decision, ruling or finding, would have a Material Adverse Effect.

3.17 Foreign Corrupt Practices. Neither the Company, nor any of its subsidiaries, nor any director, officer and, to the best knowledge of the Company, agent, employee or other person acting on behalf of the Company or any subsidiary has, in the course of his actions for, or on behalf of, the Company, used any corporate funds for any unlawful contribution, gift, entertainment or other unlawful expenses relating to political activity; made any direct or indirect unlawful payment to any foreign or domestic government official or employee from corporate funds; violated or is in violation of any provision of the U.S. Foreign Corrupt Practices Act of 1977, as amended; or made any bribe, rebate, payoff, influence payment, kickback or other unlawful payment to any foreign or domestic government official or employee. Without limiting the generality of the foregoing, the Company and its subsidiaries have not directly or indirectly made or agreed to make (whether or not said payment is lawful) any payment to obtain, or with respect to, sales other than usual and regular compensation to its or their employees and sales representatives with respect to such sales.

3.18 Key Employees. Each Key Employee (as defined below) is currently serving the Company in the capacity disclosed in Schedule 3.18. No Key Employee, to the best of the knowledge of the Company and its subsidiaries, is, or is now expected to be, in violation of any material term of any employment contract, confidentiality, disclosure or proprietary information agreement, non-competition agreement, or any other contract or agreement or any restrictive covenant, and the continued employment of each Key Employee does not subject the Company or any of its subsidiaries to any liability with respect to any of the foregoing matters. No Key Employee has, to the best of the knowledge of the Company and its subsidiaries, any intention to terminate or limit his employment with, or services to, the Company or any of its subsidiaries, nor is any such Key Employee subject to any constraints (e.g., litigation) which would cause such employee to be unable to devote his full time and attention to such employment or services. "Key Employee" means each of Marc Zionts, J. William Nelson, Stephen J. Hawrysz, Richard P. Reviere, Marc Hafner and William Noll.

3.19 Solvency. Immediately before and after giving effect to the

transactions contemplated by this Agreement, the Company (i) has not incurred and does not intend to incur, or believe that it will incur, debts beyond its ability to pay such debts as they become due, (ii) owns and will have assets, the fair saleable value of which is (a) greater than the total amount of its liabilities (including contingent liabilities) and (b) greater than the amount that will be required to pay the probable liabilities of its then existing debts as they become absolute and matured, and (iii) has and will have capital that is not unreasonably small in relation to its business as presently conducted and as proposed to be conducted.

3.20 Year 2000 Compliance. The information set forth in the Filed SEC Documents with respect to Year 2000-related compliance by the Company does not contain any untrue statement of a material fact or omit any material fact necessary to make the statements contained therein not misleading. Management of the Company believes in good faith that Seller's testing compliance program and contingency plan, in each case regarding Year 2000-related matters, are adequate to prevent a Material Adverse Effect.

ARTICLE IV
COVENANTS

4.1 Best Efforts. The Company shall use its best efforts timely to satisfy each of the conditions described in Articles VI and VII of this Agreement.

4.2 Securities Laws. The Company agrees to file a Form D with respect to the Securities with the SEC as required under Regulation D and to provide a copy thereof to each Purchaser on or prior to the date of the Closing. The Company agrees to file a Form 8-K disclosing this Agreement and the transactions contemplated hereby with the SEC as soon as possible, but in any event within two (2) business days following the date of Closing. Such Form 8-K shall contain as exhibits this Agreement, the form of Debenture, the form of Warrant and the Registration Rights Agreement. The Company shall, on or prior to the date of the Closing, take such action as is necessary to sell the Securities to each Purchaser in accordance with applicable securities laws of the states of the United States, and shall provide evidence of any such action so taken to each Purchaser on or prior to the date of the Closing. Without limiting any of the Company's obligations under any Investment Agreement from and after the date of the Closing, neither the Company nor any person acting on its behalf shall take any action which would adversely affect any exemptions from registration under the Securities Act with respect to the transactions contemplated hereby.

4.3 Reporting Status. So long as any Purchaser beneficially owns any of the Securities, the Company shall timely file all reports required to be filed with the SEC pursuant to the Exchange Act, and the Company shall not terminate its status as an issuer required to file reports under the Exchange Act even if the Exchange Act or the rules and regulations thereunder would permit such termination.

4.4 Use of Proceeds. The Company shall use the proceeds from the sale of the Securities for working capital and general corporate purposes; pending such uses, the Company intends to invest the proceeds in short-term interest-bearing securities.

4.5 Restriction on Issuance of Securities. (a) For a period beginning on the date hereof and ending one hundred and eighty (180) days after the date of the Closing, the Company shall not issue or agree to issue, (except (i) to Purchasers pursuant to this Agreement, the Convertible Securities or the Warrants, (ii) equity securities issued in a public offering, (iii) equity securities issued as payment for corporate acquisitions, (and issuances of convertible securities, options and rights in exchange for equivalent outstanding instruments of the other business combination party, to the extent required by its terms) (iv) shares of Class A Common Stock issued upon conversion of shares of Class B Common Stock, or (v) stock options issued to directors, officers and employees pursuant to any employee stock option, stock purchase or restricted stock plan of the Company in effect on the date hereof up to the aggregate amounts set forth on Schedule 4.5 hereto), any equity securities, any equity-like or any equity-linked securities (or any security convertible into or exercisable or exchangeable, directly or indirectly, for equity, equity-like or equity-linked securities of the Company) (each of the foregoing being a "Restricted Security"). At the Closing, the Company will deliver to each Purchaser a letter in the form of Exhibit G providing a right of

first refusal to such Purchaser with respect to future issuances of securities by the Company which occur during the period beginning six (6) months after the date of the Closing and ending twelve (12) months after the date of the Closing.

4.6 Expenses. The Company shall pay to each Castle Creek Technology Partners LLC ("CCTP"), or at its direction, at the Closing, reimbursement for the expenses incurred by it and its affiliates and advisors in connection with the negotiation, preparation, execution, and delivery of this Agreement and the other agreements and documents to be executed in connection herewith, including, without limitation, CCTP's and its affiliates' and advisors' due diligence and attorneys' fees and expenses (the "Expenses"); provided, however, that such reimbursement of Expenses shall not exceed $60,000. In addition, from time to time thereafter, upon CCTP's written request, subject to such $60,000 limit, the Company shall pay to CCTP such Expenses, if any, not so paid at the Closing and/or covered by such payment, in each case to the extent incurred by CCTP.

4.7 Information. The Company agrees to send the following reports to each Purchaser until such Purchaser transfers, assigns or sells all of its Securities: (a) within three (3) days after the filing with the SEC, a copy of its Annual Report on Form 10-K, its Quarterly Reports on Form 10-Q, any proxy statements and any Current Reports on Form 8-K; and (b) within one (1) day after release, copies of all press releases issued by the Company or any of its subsidiaries. The Company further agrees to promptly provide to any Purchaser any information with respect to the Company, its properties, or its business or Purchaser's investment as such Purchaser may reasonably request; provided, however, that if any information requested by a Purchaser from the Company contains material non-public information, the Company shall inform the Purchaser in writing that the information requested contains material non-public information and shall in no event provide the material non-public portion of such information to Purchaser without the express prior written consent of such Purchaser after being so informed.

4.8 Intentionally omitted.

4.9 Intentionally omitted.

4.10 Prospectus Delivery Requirement. Each Purchaser understands that the Securities Act may require delivery of a prospectus relating to the Class A Common Stock in connection with any sale thereof pursuant to a registration statement under the Securities Act covering the resale by such Purchaser of the Class A Common Stock being sold.

4.11 Intentional Acts or Omissions. The Company shall not intentionally perform any act which if performed, or intentionally omit to perform any act which, if omitted to be performed, would prevent or excuse the performance of this Agreement or any of the transactions contemplated hereby or the benefits intended to be secured thereby by the Purchasers (including, without limitation, pursuant to any agreements or documents obtained by the Company as a condition to any Closing hereunder).

4.12 Corporate Existence. So long as any Purchaser beneficially owns any Convertible Securities or Warrants, the Company shall maintain its corporate existence, except in the event of a merger, consolidation or sale of all or substantially all of the Company's assets, as long as the surviving or successor entity in such transaction (i) assumes the Company's obligations hereunder and under the agreements and instruments entered into in connection herewith regardless of whether or not the Company would have had a sufficient number of shares of Class A Common Stock authorized and available for issuance in order to effect the conversion of all Convertible Securities outstanding as of the date of such transaction and (ii) is a publicly traded corporation whose Common Stock is listed for trading on The Nasdaq National Market or the New York Stock Exchange.

4.13 Share Authorization. The Company covenants and agrees that it shall (i) solicit by proxy the authorization and approval (the "Shareholder Approval") of the Rule 4460(i) Authorization by the stockholders of the Company and (ii) use its best efforts to obtain the Shareholder Approval at its next annual stockholder meeting, which shall not be held later than September 20, 1999.

4.14 Intentionally omitted.

4.15 Reserved Amount. On the date of the Closing and thereafter, the

Company shall have authorized and reserved and keep available for issuance not less than 8,500,000 (subject to equitable adjustment for any stock splits, stock dividends, reclassification or similar events and subject to reduction for the number of any shares of Class A Common Stock issued upon conversion of the Convertible Securities and upon the exercise of the Warrants) shares of Class A Common Stock (the " Reserved Amount") solely for the purpose of effecting the conversion of the Convertible Securities and the exercise of the Warrants. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock a sufficient number of shares of Class A Common Stock to provide for the full conversion of all Convertible Securities and the issuance of the shares of Class A Common Stock in connection therewith and the full exercise of the Warrants and the issuance of the shares of Class A Common Stock in connection therewith, in each of the foregoing cases without regard to any limitation on conversion or exercise. The Reserved Amount shall be allocated ratably among the Purchasers in accordance with the principal amount of Convertible Securities and Warrants held by them from time to time. If the Reserved Amount for any three (3) consecutive trading days (the last of such three (3) trading days being the "Authorization Trigger Date") shall be less than 175% of the number of shares of Class A Common Stock issuable upon conversion of Convertible Securities and 100% of the number of shares then issuable upon exercise of the Warrants on such trading days, the Company shall immediately notify each Purchaser of such occurrence and shall take action as soon as possible, but in any event within sixty (60) days after an Authorization Trigger Date (including, if necessary, shareholder approval to authorize the issuance of additional shares of Class A Common Stock), to increase the Reserved Amount to two hundred percent (200%) of the number of shares of Class A Common Stock then issuable upon conversion of the Convertible Securities and 100% of the number of shares then issuable upon exercise of the Warrants in each of the foregoing cases without regard to any limitation on conversion or exercise.

4.16 Additional Amounts. All payments made by the Company under or with respect to the Convertible Securities will be made free and clear of, and without withholding or deduction for or on account of, any present or future tax, duty, levy, impost, assessment or other governmental charge imposed or levied by or on behalf of any government or any political subdivision or taxing authority or agency thereof or therein (hereinafter "Taxes") unless the Company is required to withhold or deduct Taxes by law or by the interpretation or administration thereof. If the Company is so required to withhold or deduct any amount for or on account of Taxes from any payment made under or with respect to the Convertible Securities, the Company will pay such additional amounts ("Additional Amounts") as may be necessary so that the net amount received by each holder of Convertible Securities (including Additional Amounts) after such withholding or deduction will not be less than the amount such holder would have received if such Taxes had not been required to be withheld or deducted. The Company will furnish to each holder on its request certified copies of tax receipts evidencing the payment of any Taxes by the Company, in such form as provided in the normal course by the taxing authority imposing such Taxes and as are reasonably available to the Company, within 30 days after the later of the date of receipt of such evidence and the date of receipt of such request. At least 30 days prior to each date on which any payment under or with respect to the Convertible Securities is due and payable, if the Company will be obligated to pay Additional Amounts with respect to such payment (unless such obligation to pay Additional Amounts arises after the thirtieth (30th) day prior to the date on which payment under or with respect to the Convertible Securities is due and payable, in which case it shall be as promptly as possible thereafter), the Company will deliver to all holders of Convertible Securities a certificate stating the fact that such Additional Amounts will be payable and the amounts so payable. Whenever there is mentioned, in any context, the payment of principal, interest, if any, or any other amount payable under or with respect to any Convertible Securities, such mention shall be deemed to refer as well to the payment of Additional Amounts to the extent that, in such context, Additional Amounts are, were or would be payable.

4.17 Waiver of Usury Defense. To the extent permitted by applicable law, the Company agrees that it will not assert, plead (as a defense or otherwise) or in any manner whatsoever claim (and will actively resist any attempt to compel it to assert, plead or claim) in any action, suit or proceeding that the effective interest rate on the Convertible Securities violates present or future usury or other laws relating to the interest payable on any indebtedness and will not otherwise avail itself (and will actively resist any attempt to compel it to avail itself) of the benefits or advantages of any such laws.

4.18 Permanent Financing. The Company agrees to use its best efforts to obtain financing sufficient to provide for the payment or prepayment in full of the Convertible Securities, and to effect such payment or prepayment on or before the Maturity Date (as defined in the Debenture).

4.19 Further Restriction on Issuance of Securities. Except with respect to a transaction that is a Major Transaction (as defined in each of the Debenture and the Warrant and as to which the provisions of Section 8.3 of the Debenture and Section 4(e) of the Warrant shall apply), except for issuances (i) in the ordinary course of business pursuant to employee stock option and employee stock purchase plans in effect on the date hereof and (ii) up to eight and two tenths percent (8.2%) of Conference Plus, Inc. a subsidiary of the Company, to a strategic investor (provided that in each case of (i) and (ii) the Company shall at all times continue to own at least eighty percent (80%) of such subsidiary), while any Purchaser holds at least $2,500,000 principal amount of Debentures, the Company and each of its subsidiaries, without the consent of such Purchaser (it being understood and agreed that a determination with respect to such consent shall not be unreasonably delayed and any failure to consent shall be accompanied by a written description in reasonable detail setting forth the reason for so not consenting), shall not, directly or indirectly, issue or authorize for issuance, or enter into any commitment to issue, sell, transfer, distribute or otherwise dispose of any equity security of any of, or with respect to, the Company's subsidiaries, in each case, in any manner that would adversely affect in a material manner the interests of such Purchaser in the Securities.

ARTICLE V
LEGEND REMOVAL, TRANSFER, AND CERTAIN SALES

5.1 Removal of Legend. The Legend shall be removed and the Company shall issue a certificate without any legend to the holder of any Security upon which such Legend is stamped, and a certificate for a Security shall be originally issued without the Legend if (a) the sale of such Security is registered under the Securities Act, (b) such holder provides the Company with an opinion of counsel, in form, substance and scope customary for opinions of counsel in comparable transactions (the reasonable cost of which shall be borne by the Company) to the effect that a public sale or transfer of such Security may be made without registration under the Securities Act, (c) such Security can be sold pursuant to Rule 144 and a registered broker dealer provides to the Company's transfer agent and counsel copies of (i) a "will sell" letter satisfying the guidelines established by the SEC and its staff from time to time and (ii) a customary seller's representation letter with respect to such a sale to be made pursuant to Rule 144 and (iii) a Form 144 in respect of such Security executed by such holder and filed (or mailed for filing) with the SEC or (d) such Security can be sold pursuant to Rule 144(k). Each Purchaser agrees to sell all Securities, including those represented by a certificate(s) from which the Legend has been removed, or which were originally issued without the Legend, pursuant to an effective registration statement and to deliver a prospectus in connection with such sale or in compliance with an exemption from the registration requirements of the Securities Act. In the event the Legend is removed from any Security or any Security is issued without the Legend and thereafter the effectiveness of a registration statement covering the resale of such Security is suspended or a supplement or amendment thereto is required by applicable securities laws, then upon reasonable advance notice to Purchaser holding such Security, the Company may require that the Legend be placed on any such Security that cannot then be sold pursuant to an effective registration statement or Rule 144 or with respect to which the opinion referred to in clause (b) next above has not been rendered, which Legend shall be removed when such Security may be sold pursuant to an effective registration statement or Rule 144 or such holder provides the opinion with respect thereto described in clause (b) next above. In the event that a Purchaser privately transfers or otherwise privately disposes of any Security which does not contain a Legend and as to which following such transfer or other disposition the transferee is not entitled to sell such Security freely or pursuant to Rule 144 and the re-sale of such Security by such transferee is not immediately thereafter registered under the Securities Act, then, in connection with such transfer or other disposition Purchaser and such transferee shall submit such Security for re-legending applicable to such Security as held by such transferee.

5.2 Transfer Agent Instructions. The Company shall instruct its transfer agent to issue certificates, registered in the name of each Purchaser or its nominee, for the Conversion Shares or Warrant Shares in such amounts as specified from time to time by such Purchaser to the Company upon, and in

accordance with, the conversion of the Convertible Securities and the exercise of the Warrants. Such certificates shall bear a legend only in the form of the Legend and only to the extent permitted by Section 5.1 above. The Company warrants that no instruction other than such instructions referred to in this Article V, and no stop transfer instructions other than stop transfer instructions to give effect to Section 2.6 hereof in the case of the Conversion Shares or Warrant Shares prior to registration under the Securities Act, will be given by the Company to its transfer agent and that the Securities shall otherwise be freely transferable on the books and records of the Company. Nothing in this Section shall affect in any way a Purchaser's obligations and agreement set forth in Section 5.1 hereof to resell the Securities pursuant to an effective registration statement and to deliver a prospectus in connection with such sale or in compliance with an exemption from the registration requirements of applicable securities laws. Without limiting any other rights of Purchasers or obligations of the Company, if (a) a Purchaser provides the Company with an opinion of counsel, which opinion of counsel shall be in form, substance and scope customary for opinions of counsel in comparable transactions (the reasonable cost of which shall be borne by the Company), to the effect that the Securities to be sold or transferred may be sold or transferred pursuant to an exemption from registration or (b) a Purchaser transfers Securities pursuant to Rule 144, the Company shall permit the transfer, and, in the case of the Conversion Shares and Warrant Shares, promptly instruct its transfer agent to issue one or more certificates in such name and in such denomination as specified by such Purchaser in order to effect such a transfer or sale. The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to a Purchaser by vitiating the intent and purpose of the transaction contemplated hereby. Accordingly, the Company acknowledges that the remedy at law for a breach of its obligations under this Article V will be inadequate and agrees, in the event of a breach or threatened breach by the Company of the provisions of this Article V, that a Purchaser shall be entitled, in addition to all other available remedies, to an injunction restraining any breach and requiring immediate issuance and transfer, without the necessity of showing economic loss and without any bond or other security being required.

ARTICLE VI
CONDITIONS TO THE COMPANY'S OBLIGATION TO SELL

6.1 Conditions to the Company's Obligation to Sell. The obligation of the Company hereunder to issue and sell the Purchased Securities to a Purchaser at the Closing is subject to the satisfaction, as of the date of such Closing and with respect to such Purchaser, of each of the following conditions thereto, provided that these conditions are for the Company's sole benefit and may be waived by the Company at any time in its sole discretion:

(i) Such Purchaser shall have executed the signature page to this Agreement and the Registration Rights Agreement and delivered the same to the Company.

(ii) Such Purchaser shall deliver the applicable Purchase Price for the Convertible Securities and Warrants purchased at such Closing.

(iii) The representations and warranties of such Purchaser shall be true and correct as of the date when made and as of such Closing as though made at that time, and such Purchaser shall have performed, satisfied and complied in all material respects with the covenants and agreements required by this Agreement to be performed or complied with by such Purchaser at or prior to such Closing. (iv) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which restricts or prohibits the consummation of any of the transactions contemplated by this Agreement.

ARTICLE VII
CONDITIONS TO EACH PURCHASER'S OBLIGATION TO PURCHASE

7.1 Conditions to the Closing. The obligation of each Purchaser hereunder to purchase the Convertible Securities and Warrants to be purchased by it on the date of the Closing is subject to the satisfaction of each of the following conditions, provided that these conditions are for each Purchaser's sole benefit and may be waived by such Purchaser (with respect to it) at any time in such Purchaser's sole discretion:

(i) The Company shall have executed the signature page to this Agreement, the Warrant and the Registration Rights Agreement and delivered the same to Purchaser.

(ii) The Company shall have delivered duly executed Debentures (in such denominations as Purchaser shall request) being so purchased by Purchaser at the Closing.

(iii) The Class A Common Stock, including 7,251,887 shares for issuance as Conversion Shares and the Warrant Shares, shall be listed on The Nasdaq National Market or the New York Stock Exchange, subject to issuance, and trading in the Class A Common Stock shall not have been suspended by The Nasdaq National Market or the New York Stock Exchange, the SEC or other regulatory authority and no de-listing or suspension shall be reasonably likely in the judgment of Purchaser for the foreseeable future.

(iv) The representations and warranties of the Company shall be true and correct as of the date when made and as of the Closing as though made at that time and the Company shall have performed, satisfied and complied with the covenants and agreements required by this Agreement to be performed or complied with by the Company at or prior to the Closing. Purchaser shall have received a certificate, executed by the Chief Executive Officer or Chief Financial Officer of the Company, dated as of the Closing to the foregoing effect and as to such other matters as may be reasonably requested by Purchaser.

(v) No statute, rule, regulation, executive order, decree, ruling or injunction shall have been enacted, entered, promulgated or endorsed by any court or governmental authority of competent jurisdiction or any self-regulatory organization having authority over the matters contemplated hereby which prohibits the consummation of any of the transactions contemplated by this Agreement.

(vi) Purchaser shall have received the officer's certificate described in Section 3.3, dated as of the Closing.

(vii) Purchaser shall have received the opinion of the Company's counsel, dated as of the Closing, in the form attached hereto as Exhibit D.

(viii) The Company's transfer agent has agreed to act in accordance with irrevocable instructions in the form attached hereto as Exhibit E.

(ix) Purchaser shall have received the Solvency Certificate in the form of Exhibit F.

(x) The Company shall have received and delivered to Purchaser an amendment under its Loan and Security Agreement dated as of October 13, 1998 by and among LaSalle National Bank ("LaSalle"), Westell Technologies, Inc., Westell, Inc., Westell International, Inc., and Conference Plus, Inc., in the form attached as Exhibit H and, since the date of this Agreement, no other changes to that loan agreement have been made except as contemplated by clause (3) of (xvi) below.

(xi) The Company shall have delivered to each Purchaser a letter in the form of Exhibit G hereto providing a right of first refusal to such Purchaser with respect to future issuances of securities by the Company.

(xii) No event has occurred which constitutes an Event of Failure (as defined in the Debenture) or an Event of Default (as defined in the Loan Agreement), or which would constitute an Event of Failure or an Event of Default with notice or the passage of time or both which have not been cured or waived to the satisfaction of Purchaser.

(xiii) [Intentionally Deleted].

(xiv) The Company has entered into a Security Agreement with each Purchaser in the form attached hereto as Exhibit I.

(xv) [Intentionally Deleted].

(xvi) LaSalle shall have entered into a Subordination Agreement with Purchasers (the "Subordination Agreement") which shall (v)

provide for a "standstill" period of not longer than thirty (30) days following an Event of Failure during which any Purchaser shall be required to refrain from foreclosing on any collateral of the Company securing the Debentures (the "Standstill Period"), (w) permit payments to be made pursuant to Section 7.5 of the Debentures (for a period not to exceed thirty (30) days) in an amount equal to 1% per day of the aggregate principal amount on the Debentures to the extent that such payments will not result in any breach of the covenants contained in Section 6.1(b) of the Loan Agreement as in effect on the date hereof (measured as if such payments had been made at the end of the immediately preceding financial period reported to LaSalle), (x) permit payments of interest and payments of outstanding principal and interest upon maturity of the Debentures and permit payments of outstanding principal and interest upon maturity of the Cap Debentures, (y) permit payment of interest under the Debentures (including interest payments pursuant to Section 10.2 of the Debenture), Conversion Default Payments (as defined in the Debentures) pursuant to Section 6.1 of the Debentures, any required payments pursuant to Section 6.2 of the Debentures, any required payments pursuant to Section 8.9 of the Debentures, any required payments pursuant to Section 8.3 of the Debentures, any required payments pursuant to Section 1(e) of the Warrants, any required payments pursuant to Section 4(e) of the Warrants and required payments pursuant to Section 2.3 of the Registration Rights Agreement (all of the foregoing payments described in the foregoing clauses (w), (x) and (y) being referred to herein as "Permitted Payments"), in each case (1) prior to the declaration of an Event of Failure and the expiration of the Standstill Period, (2) to the extent that there has not occurred an Event of Default under the Loan Agreement (taking into account clause (z) below) and (3) to the extent such payments will not result in any breach of the covenants contained in Section 6.1(b) of the Loan Agreement as in effect on the date hereof (measured as if such payments had been made at the end of the immediately preceding financial period reported to LaSalle) and (z) contain an Agreement by LaSalle that events giving rise to Permitted Payments shall not of themselves constitute Events of Default under the Loan Agreement unless and until any such event results in a Demand Redemption Notice having been delivered under the Debenture.

ARTICLE VIII
ADDITIONAL COVENANTS

8.1 Effect. The provisions of this Article VIII will remain in effect as long as any Convertible Securities remain outstanding, except that the covenants contained in Sections 8.13, 8.15, 8.17, 8.20 and 8.25 shall not apply during such time as (i) less than five million dollars ($5,000,000) principal amount of Debentures are outstanding and (ii) no Cap Debentures are outstanding.

8.2 Definitions. For purposes of this Article VIII, the following terms shall have the indicated meaning:

"Affiliate" means (i) any shareholder of the Company or any of its subsidiaries, (ii) any corporation or any other person or entity that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the Company or any of its subsidiaries or (iii) any officer, director, trustee, partner or shareholder of any corporation or any other person or entity that directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the Company or any of its subsidiaries.

"Employee Plan" includes any pension, retirement, disability, medical, dental or other health plan, life insurance or other death benefit plan, profit sharing, deferred compensation, stock option, bonus or other incentive plan, vacation benefit plan, severance plan, or other employee benefit plan or arrangement, including, without limitation, those pension, profit-sharing and retirement plans of the Company and each of its subsidiaries and any pension plan, welfare plan, Defined Benefit Pension Plans (as defined in the Employee Retirement Income Security Act of 1974, as amended from time to time ("ERISA")) or any multi-employer plan, maintained or administered by the Company and each of its subsidiaries to which the Company or any of its subsidiaries is a party or may have any liability or by which the Company or any of its subsidiaries is bound.

"Environmental Laws" means all federal, state and local Laws (including, without limitation, the common law), statutes, ordinances, rules, regulations and other requirements (including, without limitation, administrative orders, consent agreements and conditions contained in the

applicable permits), relating to health, safety and the protection of the environment, including, without limitation, the Comprehensive Environmental Response, Compensation and Liability Act ("CERCLA"), 42 U.S.C. ss. 9601 et seq., the Resource Conservation and Recovery Act ("RCRA"), 42 U.S.C. ss. 6901 et seq., and the Clean Air Act 42. U.S.C. ss. 7401 et seq., as amended or hereafter amended.

8.3 Intentionally omitted.

8.4 Financial Information and Reporting. The Company shall cause to be furnished to the Purchasers:

(i) As soon as practicable and, in any event, within ninety (90) days after the end of each of the Company's fiscal years, beginning with the fiscal year ended March 31, 1999, a written statement of such Company's independent certificated public accountant (i) that in performing the audit such accountant has not obtained knowledge of any Event of Default or any Event of Failure, or disclosing all Events of Default or Events of Failure of which it has obtained knowledge and (ii) that such accountant is aware that the Purchasers are relying on such accountant's certification, together with a copy of the Company's 10-K, as filed with the SEC;

(ii) Without limitation, but without duplication of, obligations under 8.22 and 8.23, together with the delivery of the Company's 10-Q and 10-K required to be delivered under this Agreement, a certificate of the Company executed by an authorized officer of the Company stating whether any Event of Default or Event of Failure, or any event which, with the passage of time or giving of notice or both, would constitute such an Event of Default or Event of Failure, currently exists and is continuing and what action, if any, the Company and/or any of its subsidiaries is taking or propose to take with respect thereto;

(iii) Without limitation, but without duplication of, obligations under 8.22 and 8.23, promptly after the occurrence thereof, notice, in writing, of any Event of Default or Event of Failure, or any event which, with the passage of time or giving of notice or both, would constitute such an Event of Default or Event of Failure and what action, if any, the Company and/or any of its subsidiaries are taking or propose to take with respect thereto; and

(iv) Promptly after the occurrence thereof, a Material Adverse Effect.

8.5 Intentionally omitted.

8.6 Corporate Existence. The Company and each of its subsidiaries shall maintain and preserve their corporate existence, good standing, certificates of authority, licenses, permits, franchises, patents, trademarks, trade names, service marks, copyrights, leases and all other contracts and rights necessary or desirable to continue their operations and business as now conducted and will generally continue the substantially same lines of business as those being presently conducted and related businesses in the telecommunications area which would not have a Material Adverse Effect.

8.7 Taxes and Laws. The Company and each of its subsidiaries will pay when due all taxes, including excise taxes and duty, assessments, charges and levies imposed on the Company and each of its subsidiaries or any of their income, profits, property or assets, or which they are required to withhold and pay out, and will comply with all applicable present and future laws unless the Company or any of its affiliates is contesting in good faith, by an appropriate proceeding, the validity, amount or imposition of the above, subject to appropriate reserves, and such contest does not have or cause a Material Adverse Effect or impair the Company or any of its affiliates ability to perform any of its material obligations.

8.8 Repair and Maintenance. The Company and each of its subsidiaries will maintain all of their assets and properties in good condition and repair and in proper working order, normal wear and tear excepted as the Company deems necessary for the conduct of its business.

8.9 Intentionally omitted.

8.10 Employee Plans. The Company and each of its subsidiaries shall (i) keep in full force and effect any and all Employee Plans which are presently in existence or may, from time to time, come into existence under ERISA, and not withdraw from or terminate any such Employee Plans, unless such withdrawal or termination can be effected or such Employee Plans can be terminated without material liability to the Company and each of its subsidiaries; (ii) make contributions to all of such Employee Plans in a timely manner and in a sufficient amount to comply with the requirements of ERISA, including the minimum funding standards of Section 302 of ERISA; (iii) comply with all material requirements of ERISA which relate to such Employee Plans; (iv) notify the Purchasers immediately upon receipt by the Company or any of its subsidiaries of any notice concerning the imposition of any withdrawal liability or of the institution of any proceeding or other action which may result in the termination of any such Employee Plans or the appointment of a trustee to administer such Employee Plans; and (v) promptly advise the Purchasers of the occurrence of any Reportable Event or Prohibited Transaction that is not exempt by statute, as defined in ERISA, with respect to any such Employee Plans.

8.11 Intentionally deleted.

8.12 Environmental Matters - Indemnification. The Company and each of its subsidiaries shall take or cause to be taken all actions to comply in all material respects with the requirements of all Environmental Laws including, without limitation, all filing and reporting requirements thereof. The Company hereby agree to indemnify, hold harmless and reimburse the Purchaser for any and all loss, damage, expenses or costs of any kind or nature arising out of or incurred in connection with any prior, existing or future violations by the Company and each of its subsidiaries of any Environmental Laws.

8.13 Transfer of Assets. The Company and each of its subsidiaries shall not sell, lease, transfer or otherwise dispose of any of their assets, properties or rights, except in the ordinary course of business consistent with past practice except as permitted by the holders of Permitted Senior Indebtedness.

8.14 Intentionally deleted.

8.15 Prepayment or Modification of Indebtedness. Except for Permitted Senior Indebtedness (as defined below) the Company and each of its subsidiaries will not incur any additional indebtedness, including for purposes of this Section 8.15 any capitalized leases. Except for Permitted Senior Indebtedness, the Company and each of its subsidiaries will not (i) prepay any indebtedness for money borrowed or any indebtedness secured by any of their assets and (ii) enter into or modify any agreement as a result of which the terms of payment of any of the foregoing indebtedness are amended or modified in a manner which would accelerate its payment. "Permitted Senior Indebtedness" shall mean (i) the obligations of the Company pursuant to that certain Loan and Security Agreement dated as of October 13, 1998 by and among LaSalle National Bank, the Company, Westell, Inc., Westell International, Inc., and Conference Plus, Inc., in its form as of the date of the Closing as amended and in effect (the "Loan Agreement") and any extensions, amendments and replacements of the Loan Agreement (x) which do not increase the amount outstanding, other than increases resulting from an increase in the Company's inventory or receivables borrowing base (provided that the advance rates with respect to such inventory and receivables are no more favorable to the Company than contained in the Loan Agreement as of the date of this Agreement) and (y) which do not otherwise materially increase amounts required to be paid under the Loan Agreement as of the date of this Agreement, and which, in any event, (other than by virtue of indebtedness permitted by the foregoing clause (x)) do not affect the Purchasers or the Purchasers' interests in the Securities in any manner materially more adverse to the Purchasers than the Loan Agreement in its form as of the date of the Closing, (ii) capitalized leases of the Company in existence as of the date hereof or for Permitted Capital Expenditures (as defined in Section 8.20), (iii) existing purchase money financing and purchase money financing for Permitted Capital Expenditures and (iv) Permitted Acquisition Financing (as defined below); provided, however that the Company shall not incur any Permitted Acquisition Financing (x) during the period beginning on the date hereof and ending one hundred and eighty (180) days after the Closing, unless the Company shall have effectively waived the restrictions on conversion of the Debentures during such period contained in Section 3.7(c) of the Debentures and shall not have issued, and shall have waived its right to thereafter issue, Cap Debentures, (y) during the continuance of any Event of Failure or any event

which, with notice or the passage of time or the continuance of such event, would constitute an Event of Failure or (z) at any time that the Conversion Shares cannot then be effectively sold pursuant to an effective registration statement filed with the SEC pursuant to the Registration Rights Agreement. For purposes of this Section 8.15: the term "Permitted Acquisition Financing" means (a) Pari Passu Indebtedness (defined below) which meets the Acquisition Financing Criteria and which does not provide for maturity, under any circumstances, until following the maturity of the Debentures and (b) indebtedness that (i) is senior to the indebtedness evidenced by the Debentures, (ii) is issued to finance the acquisition of a conferencing services business which, on a pro forma basis after giving effect to the incurrence of such indebtedness, will provide the Company with an additional $100,000 per year in cash flow (a "CSB Acquisition"), and (iii) meets the Acquisition Financing Criteria; the "Acquisition Financing Criteria" with respect to indebtedness incurred to finance the acquisition by the Company of any business shall be satisfied if (i) on a pro forma historical basis (with respect to an acquisition that is not a CSB Acquisition), for the most recent 12-month period ended prior to the consummation of such acquisition, the Company's gross margin would have been greater than the actual gross margin of the Company for such prior 12-month period, (ii) on a pro forma projected basis, for the 12 month period commencing as of the consummation of such acquisition, the Company's (x) gross margin (with respect to an acquisition that is a CSB Acquisition) and earning per share would each be greater than the projected gross margin or earnings per share (with respect to any acquisition), as the case may be, of the Company for such future 12-month period in the absence of such acquisition and (y) operating expenses as a percentage of gross revenues would be less than projected operating expenses as a percentage of gross revenues for such future 12-month period in the absence of such acquisition, and (iii) such indebtedness does not cause the Company's debt to equity ratio to exceed 1:2, including as equity for these purposes any outstanding Debentures, in each case, with respect to the foregoing clauses (i) through (iii), as determined by the Board of Directors of the Company in good faith. Upon any replacement of LaSalle National Bank as senior lender, Purchasers agree to execute and deliver a subordination agreement with such replacement senior lender in substantially the same form as the Subordination Agreement. "Pari Passu Indebtedness" means indebtedness which shares equal priority as to payment and lien with the Purchasers' rights to payment and lien under the Debentures and the Security Agreement, pro rata, in the proportion that the principal amount outstanding of each of the Debentures and such pari passu indebtedness bears to the sum of the outstanding principal amount of the Debentures plus the outstanding principal amount of such indebtedness and Purchasers agree to execute and deliver any required documents which evidence the pari passu status of such liens.

8.16 Transactions with Affiliates. The Company and each of its subsidiaries will not enter into any agreement or arrangement, written or oral, directly or indirectly, with an Affiliate, or provide services or sell goods to, or for the benefit of, or pay or otherwise distribute monies, goods or other valuable consideration to, an Affiliate, except upon fair and reasonable terms no less favorable to the Company and each of its subsidiaries than terms in a comparable arm's length transaction with an unaffiliated person or entity and except for intercompany debt.

8.17 Guarantees. The Company and each of its subsidiaries shall not guarantee, assume, endorse or otherwise, in any way, become directly or contingently liable in any manner with respect to the obligations or liabilities of any other person or entity, except by endorsement of instruments or items for payment or deposit or collection and except for guarantees by the Company of indebtedness or other obligations of its subsidiaries permitted by Section 8.15 or other obligations of its subsidiaries guaranteed in the ordinary course of business consistent with past practice and which do not otherwise constitute a violation of the obligations of the Company or its subsidiaries under this Agreement or the Debentures or the Cap Debentures.

8.18 Intentionally deleted.

8.19 Intentionally deleted.

8.20 Capital Expenditures. The Company and each of its subsidiaries shall not make or incur or commit to incur aggregate capital expenditures in any fiscal year in excess of ten percent (10%) of the Company's revenues for its immediately preceding fiscal year ("Permitted Capital Expenditures").

8.21 Limitation of Agreements. Except for the Subordination Agreement,

the Company will not, and will not permit any Subsidiary to, enter into any Contract, or any amendment, modification, extension or supplement to any existing Contract, which contractually prohibits the Company from paying interest on, or principal of, the Debentures or effecting the conversion of the Debentures.

8.22 Compliance Certification. At the end of each quarter of the Company's fiscal year, the Company shall deliver to each Purchaser a certificate of an authorized financial officer of the Company regarding compliance by the Company with the covenants set forth herein and certifying that no default under this Agreement, default or Event of Default under the Loan Agreement, or default or Event of Failure under the Debentures shall have occurred and be continuing.

8.23 Notice of Breach. As promptly as practicable, and in any event not later than five business days after senior management of the Company becomes aware thereof, the Company shall provide each Purchaser with written notice of any breach by the Company of any provision of this Agreement, the Senior Indebtedness or the Debentures, including, without limitation, this Article VIII, specifying the nature of such breach and any actions proposed to be taken by the Company to cure such breach.

8.24 Intentionally deleted.

8.25 Liens. The Company shall not create or suffer to exist any Lien upon any of its property now owned or hereafter acquired, or acquire any property upon any conditional sale or other title retention device or arrangement or any purchase money security agreement, other than Permitted Liens and Liens to secure Permitted Senior Indebtedness. As used in this Agreement: (a) "Lien" means any mortgage, lien, title claim, assignment, encumbrance, security interest, adverse claim, contract of sale, restriction on use or transfer or other defect of title of any kind; and (b) "Permitted Liens" means (i) statutory Liens for Taxes not yet due; (ii) Liens of carriers, warehousemen, mechanics and materialmen incurred in the ordinary course of business for sums not yet due; (iii) Liens incurred or deposits made in the ordinary course of business in connection with workers' compensation, unemployment insurance and other types of social security; and (iv) Liens securing Permitted Senior Indebtedness.

ARTICLE IX
GOVERNING LAW; MISCELLANEOUS

9.1 Governing Law; Jurisdiction. This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in the State of New York. The parties hereto irrevocably consent to the jurisdiction of the United States federal courts located in the State of New York. The parties hereto irrevocably consent to the jurisdiction of the United States federal courts located in the state of New York and the state courts located in the County of New York in the State of New York in any suit or proceeding based on or arising under this Agreement or the transactions contemplated hereby and irrevocably agree that all claims in respect of such suit or proceeding may be determined in such courts. The Company irrevocably waives the defense of an inconvenient forum to the maintenance of such suit or proceeding. The Company further agrees that service of process upon the Company mailed by the first class mail shall be deemed in every respect effective service of process upon the Company in any suit or proceeding arising hereunder. Nothing herein shall affect Purchaser's right to serve process in any other manner permitted by law. The parties hereto agree that a final non-appealable judgment in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

9.2 Counterparts. This Agreement may be executed in two or more counterparts, including, without limitation, by facsimile transmission, all of which counterparts shall be considered one and the same agreement and shall become effective when counterparts have been signed by each party and delivered to the other party. In the event any signature page is delivered by facsimile transmission, the party using such means of delivery shall cause additional original executed signature pages to be promptly delivered to the other parties.

9.3 Headings. The headings of this Agreement are for convenience of reference and shall not form part of, or affect the interpretation of, this Agreement.

9.4 Severability. If any provision of this Agreement shall be invalid or unenforceable in any jurisdiction, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement or the validity or enforceability of this Agreement in any other jurisdiction.

9.5 Scope of Agreement; Amendments. This Agreement and the documents and instruments referenced herein contain the entire understanding of the parties with respect to the matters covered herein and therein and, except as specifically set forth herein, no Purchaser makes any representation, warranty, covenant or undertaking with respect to the transactions contemplated hereby. No provision of this Agreement may be waived other than by an instrument in writing signed by the party to be charged with enforcement and no provision of this Agreement may be amended other than by an instrument in writing signed by the Company and each Purchaser.

9.6 Notice. Any notice herein required or permitted to be given shall be in writing and may be personally served or delivered by courier or by facsimile-machine confirmed telecopy, and shall be deemed delivered at the time and date of receipt (which shall include telephone line facsimile transmission). The addresses for such communications shall be:

If to the Company:

Westell Technologies, Inc.
750 N. Commons Drive
Aurora, IL 60504
Telecopy: (630) 375-4940
Attention: Stephen J. Hawrysz

with a copy to:

Neal J. White, P.C.
McDermott, Will & Emery
227 West Monroe Street
Chicago, IL 60606
Telecopy: (312) 984-3669
Attention: (312) 984-7579

If to any Purchaser, to such address set forth under such Purchaser's name on the signature page hereto executed by such Purchaser. Each party shall provide notice to the other parties of any change in address.

9.7 Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the parties and their successors and assigns. Neither the Company nor any Purchaser shall assign this Agreement or any rights or obligations hereunder without the prior written consent of the other, which, in the case of any consent required of the Company, shall not be unreasonably withheld. Notwithstanding the foregoing, each Purchaser may assign its rights and obligations hereunder and may transfer any or all of its Securities to any of its "affiliates",as that term is defined under the Exchange Act, without the consent of the Company so long as such affiliate is an accredited investor. This provision shall not limit each Purchaser's right to transfer the Securities pursuant to the terms of this Agreement. In addition, and notwithstanding anything to the contrary contained in this Agreement, the Convertible Securities, the Warrants or the Registration Rights Agreement, the Securities may be pledged, and all rights of Purchaser under this Agreement or any other agreement or document related to the transaction contemplated hereby may be assigned, without further consent of the Company, to a bona fide pledgee in connection with a Purchaser's margin or brokerage accounts.

9.8 Third Party Beneficiaries. This Agreement is intended for the benefit of the parties hereto and their respective permitted successors and assigns and is not for the benefit of, nor may any provision hereof be enforced by, any other person.

9.9 Survival. The representations, warranties, agreements and covenants of the Company in this Agreement shall survive each and every Closing hereunder notwithstanding any due diligence investigation conducted by or on behalf of Purchaser. The Company agrees to indemnify and hold harmless each Purchaser and each of each Purchaser's officers, directors, employees, partners, agents and affiliates for loss or damage arising as a result of or related to (a) any breach by the Company of any of its representations or covenants set forth herein, or (b) any cause of action, suit or claim brought or made against such

indemnitee, other than by the Company solely for breach of this Agreement, the Warrant, the Debenture or the Registration Rights Agreement by the indemnitee or by governmental or regulatory authorities, and arising out of or resulting from the execution, delivery, performance or enforcement of this Agreement or any other instrument, document or agreement executed pursuant hereto or contemplated hereby, any transaction financed or to be financed in whole or in part, directly or indirectly, with the proceeds of the issuance of the Securities or the status of Purchaser as an investor in the Company, except to the extent that such actual loss or damage directly results from a breach by such indemnitee of this Agreement, the Warrant, the Debenture or the Registration Rights Agreement or from a violation of law. The right to indemnification shall include the right to advancement of expenses as they are incurred

9.10 Public Filings; Publicity. Immediately following execution of this Agreement, the Company shall issue a press release with respect to the transactions contemplated hereby. The Company and each Purchaser shall have the right to approve before issuance any press releases (including the foregoing press release), SEC or other filings, or any other public statements, with respect to the transactions contemplated hereby; provided, however, that the Company shall be entitled, without the prior approval of any Purchaser, to make any press release or SEC, Nasdaq, NASD or exchange filings with respect to such transactions as is required by applicable law and regulations (although each Purchaser shall (to the extent time permits) be consulted by the Company in connection with any such press release prior to its release and shall be provided with a copy thereof).

9.11 Further Assurances. Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

9.12 Remedies. No provision of this Agreement providing for any remedy to a Purchaser shall limit any remedy which would otherwise be available to such Purchaser at law or in equity. Nothing in this Agreement shall limit any rights a Purchaser may have with any applicable federal or state securities laws with respect to the investment contemplated hereby.

9.13 Directly or Indirectly. Where any provision in this Agreement refers to action to be taken by any Person, or which such Person is prohibited from taking, such provision shall be applicable whether the action in question is taken directly or indirectly by such Person.

9.14 Termination. In the event that the Closing shall not have occurred by April 16, 1999, unless the parties agree otherwise, this Agreement shall terminate; except for any material breach of this Agreement prior to the termination of this Agreement, no party shall have any liability to any other party hereunder in the event of such termination.

IN WITNESS WHEREOF, the undersigned Purchasers and the Company have caused this Agreement to be duly executed as of the date first above written.

COMPANY:

WESTELL TECHNOLOGIES, INC.

By:
Name:
Title:

PURCHASER:

CASTLE CREEK TECHNOLOGY PARTNERS LLC

By: CASTLE CREEK PARTNERS LLC
Its: Investment Manager

By:

Name: John D. Ziegelman
Title: Managing Member
Address: 77 W. Wacker, Suite 4040

Chicago, IL 60601
Telephone: (312) 499-6900
Telecopy: (312) 499-6999

Jurisdiction: Illinois

Purchase Price $9,000,000

Debenture Allocation: $8,856,818
Warrant Allocation: $143,182
Number of Warrant Shares 409,091

MARSHALL CAPITAL MANAGEMENT, INC.

By:
Name:
Title:
Address:

Attention:
Telephone:
Telecopy:

Jurisdiction: _____

Purchase Price $6,000,000

Debenture Allocation: $5,904,546
Warrant Allocation: $95,454
Number of Warrant Shares 272,727

CAPITAL VENTURES INTERNATIONAL
by HEIGHTS CAPITAL MANAGEMENT, as agent

By:
Name:
Title:
Address:

Attention:
Telephone:
Telecopy:

Jurisdiction: _____

Purchase Price $5,000,000

Debenture Allocation: $4,920,454
Warrant Allocation: $79,546
Number of Warrant Shares 227,273

SECURITIES PURCHASE AGREEMENT
SCHEDULE OF EXHIBITS AND SCHEDULES

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS, OR UNLESS OFFERED, SOLD OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS. THE INDEBTEDNESS OF THE COMPANY EVIDENCED HEREBY IS SUBJECT TO THE RIGHTS OF LASALLE NATIONAL BANK, ITS SUCCESSORS AND ASSIGNS, UNDER A SUBORDINATION AGREEMENT DATED APRIL 15, 1999.

6% SUBORDINATED CONVERTIBLE DEBENTURE

April , 1999 $

FOR VALUE RECEIVED, Westell Technologies, Inc., a Delaware corporation (hereinafter called the "Borrower" or the "Company"), hereby promises to pay in cash to the order of or registered assigns or transferees of all or any portion hereof (each a "Holder" and, collectively, "Holders") the aggregate sum of million dollars ($_____) on April 15, 2004 [fifth anniversary of issuance] (the "Scheduled Maturity Date"), and to pay interest, in arrears, on (i) the last day of June and December of each year (unless such day is not a business day, in which event on the next succeeding business day) (each, an "Interest Payment Date"), (ii) the Scheduled Maturity Date, and (iii) the date the principal amount of the Debentures shall be declared to be or shall automatically become due and payable, on the unpaid principal sum hereof outstanding at the rates per annum set forth below, from the most recent Interest Payment Date to which interest has been paid on this Debenture, or if no interest has been paid on this Debenture, from the day after the date of this Debenture (the "Issue Date") until payment in full of the principal sum hereof has been made.

The interest rate shall be the six percent (6%) per annum, but the interest rate shall be eight percent (8%) per annum if the Green Floor Price (as defined below) is or has ever been the applicable conversion price (the "Interest Rate"). Past due amounts (including interest, to the extent permitted by law) will also accrue interest at the lesser of (a) the Interest Rate plus 5% per annum and (b) the maximum rate permitted by applicable law, and will be payable on demand ("Default Interest"). Interest on this Debenture will be calculated on the basis of a 365-day year. All payments under this Debenture made in cash shall be made by wire transfer of immediately available funds in currency of the United States of America to such account as the Holders shall hereafter give to the Borrower by written notice made in accordance with the provisions of this Debenture.

At the option of the Company, interest may be paid in cash, in debentures in the form hereof ("PIK Debentures") or in shares of the Company's Class A Common Stock, par value $0.01 per share (the "Class A Common Stock" and, together with all other classes and series of the common stock of the Company, the "Common Stock"), provided, however, that the Company may not pay interest in PIK Debentures or in shares of Class A Common Stock unless (a) no Event of Failure (as defined below) (and no event which, with notice or passage of time, would constitute an Event of Failure) has occurred and is continuing, (b) the shares of Class A Common Stock issuable (whether directly or pursuant to the PIK Debentures) have been registered for resale in an appropriate and an effective registration statement under the Securities Act of 1933, as amended, available for immediate use by the Holder and such shares are qualified or exempt under applicable state securities laws so that the Holder may immediately thereafter resell such shares of Class A Common Stock, (c) the shares of

Class A Common Stock issuable (whether directly or pursuant to the PIK Debentures) are listed for trading on The Nasdaq National Market and (d) such shares of Class A Common Stock are, in the case of the PIK Debentures, reserved for issuance in accordance with the Reserved Amount (as defined below) requirement of Section 4.1 hereof. If the Company determines to pay interest in shares of Class A Common Stock or PIK Debentures, it shall be required to notify the Holder of such election at least five (5) business days prior to the applicable Interest Payment Date. The principal amount of Debentures to be issued as interest shall be equal to the dollar amount of interest due at the time of payment. The number of shares of Class A Common Stock issued as interest shall be the number determined by dividing the dollar amount of interest due by an amount equal to the average of the Closing Sale Prices of the Class A Common Stock for the five (5) business days prior to the date interest is so paid.

This 6% Subordinated Convertible Debenture is one of a duly authorized issuance of Twenty Million Dollars ($20,000,000) aggregate principal amount of Subordinated Convertible Debentures of the Company (each, a "Debenture") referred to in the Securities Purchase Agreement dated April 14, 1999 among the Company and the initial Holders (the "Securities Purchase Agreement"). The Securities Purchase Agreement contains certain additional agreements among the parties with respect to the terms of this Debenture. All such provisions are an integral part of this Debenture and are incorporated herein by reference. All terms defined in the Securities Purchase Agreement and not otherwise defined herein shall have for purposes hereof the meanings provided for therein. This Debenture is transferable and assignable to one or more purchasers (in minimum denominations of $500,000 or larger multiples of $100,000 or lesser remaining outstanding principal amounts), in accordance with the limitations set forth in the Securities Purchase Agreement.

The Company agrees, and the Holder by accepting this Debenture agrees, that the indebtedness evidenced by this Debenture and the payment of the principal thereof and interest thereon and all other amounts owing in respect thereof are subordinated in right of payment to the prior payment in full in cash of all Permitted Senior Indebtedness of the Company and that the subordination is for the benefit of the holders of Permitted Senior Indebtedness of the Company, all of the foregoing to the extent provided herein. "Permitted Senior Indebtedness" shall have the meaning ascribed thereto in the Securities Purchase Agreement under clauses (i) and (iv)(b) of the definition thereof.

If there should occur with respect to the Company any receivership, insolvency, assignment for the benefit of creditors, bankruptcy, reorganization or arrangements with creditors (whether or not pursuant to bankruptcy or other insolvency laws), sale of all or substantially all of the assets, dissolution, liquidation or any other marshaling of the assets and liabilities of the Company, or if this Debenture shall be declared due and payable solely upon the occurrence of an event of default with respect to any Permitted Senior Indebtedness, then no amount shall be paid by the Company in respect of the principal of or interest on this Debenture at the time outstanding, unless and until the principal of and interest on the Permitted Senior Indebtedness then outstanding shall be paid in full.

Subject to the provisions of the Subordination Agreement (as defined in the Securities Purchase Agreement) and the rights, if any, of the holders of Permitted Senior Indebtedness as herein provided to receive cash, securities or other properties otherwise payable or deliverable to the Holder of this Debenture, nothing contained herein shall impair, as between the Company and the Holder, the obligation of the Company, subject to the terms and conditions hereof, to pay to the Holder amounts due hereunder as and when the same become due and payable, or shall prevent the Holder of this Debenture from exercising all rights, powers and remedies otherwise provided herein or by applicable law.

Subject to the payment in full of all Permitted Senior Indebtedness and until this Debenture shall be paid in full, the Holder shall be subrogated to the rights of the holders of Permitted Senior Indebtedness (to the extent of payments or distributions previously made by the Holder to such holders of Permitted Senior Indebtedness pursuant to the Subordination

Agreement) to receive payments or distributions of assets of the Company applicable to the Permitted Senior Indebtedness. No such payments or distributions applicable to the Permitted Senior Indebtedness shall, as between the Company and its creditors, other than the holders of Permitted Senior Indebtedness and the Holder, be deemed to be a payment by the Company to or on account of this Debenture; and for the purposes of such subrogation, no payments or distributions to the holders of Permitted Senior Indebtedness to which the Holder would be entitled except for the foregoing provisions shall, as between the Company and its creditors, other than the holders of Permitted Senior Indebtedness and the Holder, be deemed to be a payment by the Company to or on account of the Permitted Senior Indebtedness.

Notwithstanding anything to the contrary, Holders may receive (i) shares of Series A Common Stock upon conversion of the Debentures, (ii) Cap Debentures issued pursuant to the Debentures, and (iii) PIK Debentures issued pursuant to the Debentures.

The obligations of Company under this Debenture, the PIK Debentures and the Cap Debentures shall be secured by a security interest and lien on all of the Company s assets (including any equity interest in its subsidiaries) subject only to the prior security interests and liens granted to the holders of Permitted Senior Indebtedness as set forth in a separate Security Agreement to be executed by the Company in favor of the Holders of such Debentures (the "Security Agreement").

ARTICLE I
REDEMPTION

1.1 Limited Right to Prepay or Redeem. Except as provided herein, this Debenture may not be prepaid or redeemed by the Company without the prior written consent of all Holders.

1.2 Redemption at Borrower's Option.

(a) At any time after the first (1st) anniversary of the date of the Closing, the Borrower shall have the right ("Redemption at Borrower's Election") to redeem, subject to the limitations herein contained, all or any portion of the then outstanding Debentures for the Optional Redemption Amount (as herein defined) which right shall be exercisable at any time during the term of this Debenture after the first (1st) anniversary of the date of the Closing by delivery of an Optional Redemption Notice in accordance with the redemption procedures set forth in this Article I. Any Redemption at Borrower's Election pursuant to this Section 1.2 shall be made ratably among Holders in proportion to the principal amount of Debentures then outstanding. Subject to the limitations on conversion contained herein, Holders may convert all or any part of their Debentures selected for prepayment hereunder into Common Stock at the Conversion Price by delivering a Notice of Conversion to the Borrower at any time prior to the Effective Time of Redemption (as herein defined). The "Optional Redemption Amount" with respect to each Debenture means one hundred fifteen percent (115%) of the face amount of the Debentures to be redeemed plus accrued and unpaid interest. In no event shall the Borrower be permitted to elect a redemption pursuant to this Article I of a principal amount of Debentures which, if all such principal amount of Debentures subject to redemption were immediately converted into Common Stock pursuant to the terms hereof, would, solely as a result of such conversion and without regard to Section 3.7(b) hereof, result in any Holder owning in excess of 4.9% of the Class A Common Stock (the "4.9% Limitation"). A Redemption at Borrower s Election shall be for not less than $2,000,000 aggregate principal amount of Debentures or such maximum

lesser amount as would not cause the 4.9% Limitation to be exceeded as to any holder of Debentures. Furthermore, prior to Shareholder Approval (as defined in the Securities Purchase Agreement), unless otherwise permitted by The Nasdaq National Market or unless the rules thereof no longer are applicable to the Company, in no event shall the Borrower be permitted to elect a redemption pursuant to this Article I of a principal amount of Debentures which, if all such principal amount of Debentures subject to redemption were immediately converted into Common Stock pursuant to the

terms hereof, would, solely as a result of such conversion and without regard to Section 3.7(a) hereof, result in any Holder owning in excess of 4.9% such Holder allocable portion of the Cap Amount.

(b) The Borrower may not deliver an Optional Redemption Notice (as defined below) to a Holder unless:

(i) on or prior to the date of delivery of such Optional Redemption Notice, the Borrower shall have deposited with an escrow agent reasonably satisfactory to such Holder, as a trust fund, cash sufficient in amount to pay all amounts to which Holders are entitled upon such prepayment pursuant to Subsection (a) of this Section 1.2, with irrevocable instructions and authority to such escrow agent to complete the prepayment thereof in accordance with this Section 1.2; and

(ii) either (I) the weighted average sale price of the Common Stock as reported by Bloomberg Financial Markets or a comparable reporting service of national reputation selected by the Company and reasonably acceptable to each initial holder of the Debentures (the "Weighted Average Sale Price") is greater than or equal to two hundred percent (200%) of the Variable Conversion Price (as defined below) then in effect for the twenty (20) consecutive trading days immediately preceding the date of delivery of such Optional Redemption Notice, or (II) the Company consolidates or merges with any other corporation or entity and the consideration being provided to the holders of Common Stock in such merger or consolidation is at least two hundred percent (200%) of the Variable Conversion Price then in effect.

Any Optional Redemption Notice delivered in accordance with this subsection (b) shall be accompanied by a statement executed by a duly authorized officer of its escrow agent, certifying the amount of funds which have been deposited with such escrow agent and that the escrow agent has been instructed and agrees to act as prepayment agent hereunder.

(c) The Borrower shall effect the Redemption at Borrower s Election under this Section 1.2 by giving prior written notice (the "Optional Redemption Notice"), which notice may only be delivered on a business day, twenty (20) business days prior to the date on which such prepayment is to become effective (the "Effective Time of Redemption") to Holders of Debentures selected for prepayment at the address and facsimile number of such Holder appearing in the Borrower's register for the Debentures. Following delivery of an Optional Redemption Notice, the Borrower may not deliver another Optional Redemption Notice prior to the Effective Time of Redemption with respect to such existing Optional Redemption Notice. The Optional Redemption Notice shall indicate the Debentures selected for prepayment and the Optional Redemption Amount. The Optional Redemption Notice shall be deemed to have been delivered to a Holder: (i) if such fax is received by such holder on or prior to 3:00 p.m. Chicago time, on the time and date of transmission of Borrower's fax; and (ii) if such fax is received by Holder after 3:00 p.m. Chicago time, on the next business day following the date of transmission of Borrower's fax; provided that, for any notice required under this subsection 1.2(c) to be valid, a copy of such notice must be sent to the Holders on the same day by overnight courier.

(d) The Optional Redemption Amount shall be paid to each Holder

whose Debentures are being prepaid at the Effective Time of Redemption; provided, however, that (i) the Borrower shall not be obligated to deliver any portion of the Optional Redemption Amount until either the Debentures being prepaid are delivered to the office of the Borrower or the escrow agent as provided in this subsection 1.2(d), or such Holder notifies the Borrower or the escrow agent that such Debentures have been lost, stolen or destroyed and delivers documentation in accordance with Section 10.10 hereof and (ii) the aggregate principal amount of Debentures of any Holder that the Borrower shall be entitled to redeem in connection with any Optional Redemption Notice shall be reduced by the aggregate principal amount of Debentures which are converted (or with respect to which a Notice

of Conversion (as defined in Section 3.1) is delivered to the Company) after delivery to such Holder of such Optional Redemption Notice and prior to the Effective Time of Redemption. Notwithstanding anything herein to the contrary, in the event that the Debentures being prepaid are not delivered to the Borrower or the escrow agent prior to the second business day following the Effective Time of Redemption, the prepayment of the Debentures pursuant to this Section 1.2 shall still be deemed effective as of the Effective Time of Redemption and the Optional Redemption Amount shall be paid to each Holder whose Debentures are being prepaid by 5:00 p.m., Chicago time, on the next business day following the date on which the Debentures are actually delivered to the Borrower or the escrow agent.

(e) If the Borrower fails to deliver the Optional Redemption Amount to the Holder on or before the Optional Redemption Date (an Optional Redemption Default), the Borrower shall pay to Holder an amount equal to:

(.24) x (D/365) x (Optional Redemption Amount)

where:

D means the number of days from the Optional Redemption Date through and including the date on which the Borrower delivers the Optional Redemption Amount to the Holder.

The payments to which Holder shall be entitled pursuant to this subparagraph (e) are referred to herein as Redemption Default Payments.

(f) In the event of any Optional Redemption Default, the Holder shall have the right (without limiting damages hereunder, the right to Redemption Default Payments or any other right or remedy), at any time prior to the Borrower s delivery of the Optional Redemption Amount to the Holder, to continue to treat the portion of this Debenture which was subject to redemption as outstanding for all purposes hereof, including conversion in accordance with the procedures set forth in Article III hereof at, however, the lowest Conversion Price in effect during the period beginning on, and including, the date of the Optional Redemption Notice which triggered the Borrower s rights pursuant to Section 1.2(a) above through and including the day shares of Class A Common Stock are delivered to the Holder upon such a conversion (assuming, for these purposes, that the Market Conversion Price is in effect). In addition, if the Borrower fails to pay an Optional Redemption Amount when due and owing, the Borrower shall thereafter forfeit its rights under this Article I to effect Redemption at Borrower s Election.

(g) Notwithstanding the provisions of this Article I, (i) during the continuance of an Event of Failure and until cured or any occurrence which would with the passage of time, the giving of notice and/or the continuance thereof result in an Event of Failure and until cured and (ii) during any Permitted Blackout (as defined in the Registration Rights Agreement dated April 15, 1999 among the Company and the initial Holders (the "Registration Rights Agreement")), the Borrower shall lose its right to Redemption at Borrower's Election.

ARTICLE II
CERTAIN DEFINITIONS

2.1 The following terms shall have the following meanings:

(a) "Bankruptcy Event" shall mean any one or more of the following: (i) the commencement of any voluntary proceeding by the Company seeking entry of an order for relief under Title 11 of the United States Code or seeking any similar or equivalent relief under any other applicable federal or state law concerning bankruptcy, insolvency, creditors' rights or any similar law; (ii) the making by the Company of a general assignment for the benefit of its creditors; (iii) the commencement of any involuntary proceeding respecting the Company seeking entry of an order for relief against the Company in a case under Title 11 of the United States Code or seeking any similar or equivalent relief under any other applicable federal or state law concerning bankruptcy, insolvency, creditors' rights or any

similar law; (iv) entry of a decree or order respecting the Company by a court having competent jurisdiction, which decree or order (x) results in the appointment of a receiver, liquidator, assignee, examiner, custodian, trustee, sequestrator (or other similar official) for the Company or for any substantial part of its property or (y) orders the winding up, liquidation, dissolution, reorganization, arrangement, adjustment, or composition of the Company or any of its debts; (v) the appointment, whether or not voluntarily by the Company, of a receiver, liquidator, assignee, examiner, custodian, trustee, sequestrator (or other similar official) for the Company or for any substantial part of its property; (vi) the failure by the Company to pay, or its admission in writing of its inability to pay, its debts generally as they become due; (vii) the exercise by any creditor of any right in connection with an interest of such creditor in any substantial part of the Company's property, including, without limitation, foreclosure upon all or any such part of the Company's property, replevin, or the exercise of any rights or remedies provided under the Uniform Commercial Code with regard thereto; (viii) the making of, or the sending of a notice of, a bulk transfer by the Company; (ix) the calling by the Company of a general meeting of its creditors or any portion of them; (x) the failure by the Company to file an answer or other pleading denying the material allegations of any proceeding described herein that is filed against it; and (xi) the consent by the Company to any of the actions, appointments, or proceedings described herein or the failure of the Company to contest in good faith any such actions, appointments, or proceedings. For purposes of this paragraph, the Company shall also refer to any material subsidiary thereof.

(b) "Closing Bid Price" means, for any security as of any date, the closing bid price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg Financial Markets or a comparable reporting service of national reputation selected by the Company and reasonably acceptable to each remaining initial Holder and, if no remaining initial Holders, the Holders of a majority of the aggregate principal amount represented by the then outstanding Debentures ("Majority Holders")(it being agreed that the consent of the Majority Holders requires the consent of each remaining initial Holder, if any) if Bloomberg Financial Markets is not then reporting closing bid prices of such security (collectively, "Bloomberg"), or if the foregoing does not apply, the last reported sale price of such security in the over-the-counter market on the electronic bulletin board of such security as reported by Bloomberg, or, if no sale price is reported for such security by Bloomberg, the average of the bid prices of any market makers for such security as reported in the "pink sheets" by the National Quotation Bureau, Inc. If the Closing Bid Price cannot be calculated for such security on such date on any of the foregoing bases, the Closing Bid Price of such security on such date shall be the fair market value as reasonably determined by an investment banking firm selected by the Company and reasonably acceptable to the Majority Holders, with the costs of such appraisal to be borne by the Company.

(c) "Closing Sale Price" means, for any security as of any date, the closing sale price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg, or if the foregoing does not apply, the last reported sale price of such security in the over-the-counter market on the electronic bulletin board of such security as reported by Bloomberg, or, if no sale price is reported for such security by Bloomberg, the average of the bid prices of any market makers for such security as reported in the "pink sheets" by the National Quotation Bureau, Inc. If the Closing Sale Price cannot be calculated for such security on such date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as reasonably determined by an investment banking firm selected by the Company and reasonably acceptable to the Majority Holders, with the costs of such appraisal to be borne by the Company.

(d) "Conversion Amount", except as otherwise provided in Section 3.3, means, (i) the portion of the principal amount of this Debenture elected by Holder to be converted (the "Selected Amount"), which amount may be all or any portion of the principal amount of this Debenture plus (ii) an amount equal to the product of (A) N divided by 365 times (B) .06 (but

.08 if the Green Floor Price is applicable) times (C) the Selected Amount.

(e) "Conversion Date" means, for any Optional Conversion, the date specified in the Notice of Conversion, or if no date is specified therein, the date the Notice of Conversion is faxed or otherwise delivered to the Company; provided, however, that the Conversion Date shall not be prior to the date of delivery (by facsimile or otherwise) of the Notice of Conversion and any Notice of Conversion delivered to the Company on a day which is not a business day shall be deemed delivered as of the next following business day.

(f) "Conversion Price" means, with respect to any Conversion Date, the lower of the Variable Conversion Price and the Market Conversion Price, each as in effect as of such date and subject to adjustment as provided herein; provided, however:

(i) so long as a Material Adverse Change (as defined below) shall not have occurred, if the average Closing Sale Price of the Class A Common Stock for the ten (10) consecutive trading days ending on the first (1st) anniversary of the date of the Closing (subject to equitable adjustment for any stock splits, stock dividends, reclassifications or similar events during the such ten (10) trading day period) equals or exceeds the one hundred fifty percent (150%) of the Variable Conversion Price (as then in effect), then thereafter (but only for so long as a Material Adverse Change shall not have occurred) the Market Conversion Price may not be used for calculation of the Conversion Price; and

(ii) during the thirty (30) business day period commencing upon the expiration of a Permitted Blackout (as defined in the Registration Rights Agreement), the Conversion Price shall mean the lesser of (x) the Conversion Price with respect to such Conversion Date as determined in accordance with the foregoing provisions of this definition and (y) the lowest Conversion Price that would have been available during the period of such Permitted Blackout as determined in accordance with the foregoing provisions of this definition.

(g) "Green Floor Price" means $4.4604, which amount equals seventy percent (70%) of the initial Variable Conversion Price, subject to adjustment as provided herein.

(h) "Market Conversion Price" means, as of any Conversion Date, the lowest average of the Closing Bid Prices of the Class A Common Stock occurring over any five (5) consecutive trading days during the ten (10) consecutive trading day period ending the day prior to the applicable Conversion Date (subject to equitable adjustment for any stock splits, stock dividends, reclassifications or similar events during the such ten (10) trading day period) subject to adjustments as provided herein.

(i) "N" means the number of days from the most recent Interest Payment Date to which interest has been paid, as if no Interest Payment Date has occurred, the day after the Issue Date to and including the Conversion Date, subject to Section 3.2 hereof, as specified in the notice of conversion in the form attached hereto (the "Notice of Conversion").

(j) "Variable Conversion Price" means $6.372, which amount is one hundred and thirty five percent (135%) of the average of the closing bid price of the Class A Common Stock for the fifteen (15) consecutive trading days ending on the second (2nd) trading day immediately preceding the date of execution of the Securities Purchase Agreement (the "Initial Variable Conversion Price"); provided that on the first (1st) anniversary of the Issue Date, the Variable Conversion Price shall be adjusted to the greater of (A) the Weighted Average Sales Price of the Class A Common Stock for the ten (10) consecutive trading days immediately preceding the date of such 1st anniversary and (B) the Green Floor Price, unless such adjustment would result in an increase in the Variable Conversion Price to a price above the Initial Variable Conversion Price hereunder, in which event, thereafter the Variable Conversion Price shall be such Initial Variable Conversion Price; provided further on the second (2nd) anniversary of the Issue Date, the

Variable Conversion Price shall be adjusted to the greater of (A) the Weighted Average Sales Price of the Class A Common Stock for the ten (10) consecutive trading days immediately preceding the date of such 2nd anniversary and (B) the Green Floor Price, unless such adjustment would result in an increase of the Variable Conversion Price to a price above the Initial Variable Conversion Price hereunder, in which event, thereafter the Variable Conversion Price shall be such Initial Variable Conversion Price. The Variable Conversion Price is subject to further adjustment as provided herein.

ARTICLE III
CONVERSION

3.1 Conversion at the Option of the Holder. Subject to the limitations on conversions contained in Section 3.7 hereof, the Holder may, at any time and from time to time, convert (an "Optional Conversion") a Conversion Amount into a number of fully paid and nonassessable shares of Class A Common Stock equal to the number determined by dividing such Conversion Amount by the Conversion Price.

3.2 Mechanics of Conversion. In order to effect an Optional Conversion, a Holder (a "Converting Holder") shall fax (or otherwise deliver) a copy of the fully executed Notice of Conversion substantially in the form of Exhibit A (the "Notice of Conversion") to the Company for the Class A Common Stock. Upon receipt by the Company of a facsimile copy of a Notice of Conversion from a Converting Holder, the Company shall immediately send, via facsimile, a confirmation to the Converting Holder stating that the Notice of Conversion has been received, the date upon which the Company expects to deliver the Class A Common Stock upon conversion and the name and telephone number of a contact person at the Company regarding the conversion. Promptly following the faxing (or other delivery) of the Notice of Conversion, the Holder shall surrender or cause to be surrendered to the Company, this Debenture, along with a copy of the Notice of Conversion.

3.3 Company's Obligations Upon Conversion.

Delivery of Common Stock. Subject to Section 3.6 hereof, upon the delivery of a Notice of Conversion, the Company shall, as soon as practicable but in any event no later than the later of (a) the day that is three business days following the Conversion Date and (b) the day that is the first business day following the date of surrender of this Debenture (or delivery of documentation in accordance with Section 10.10 hereof) (the "Delivery Period"), issue and deliver to the Converting Holder (x) that number of shares of Class A Common Stock issuable upon conversion of the portion of this Debenture being converted (the "Converted Portion") and (y) a new Debenture in the form hereof representing the balance of the principal amount hereof not being converted, if any. Delivery under this Section 3.3 may be made personally or by reputable overnight courier. The person or persons entitled to receive shares of Class A Common Stock issuable upon such conversion shall be treated for all purposes as the record holder of such shares at the close of business on the Conversion Date and such shares shall be issued and outstanding as of such date. The Company may elect (the "Cash Election") for any given calendar month to pay in cash the accrued and unpaid interest due on the date of delivery of the Notice of Conversion on the Converted Portion upon the delivery of all Notices of Conversion during such calendar month, rather than issuing shares of Class A Common Stock for such amounts; provided, however that the Company must deliver to each Holder irrevocable written notice of its Cash Election by the twentieth (20th) day of the previous calendar month.

3.4 Taxes. The Company shall pay any and all taxes (other than transfer taxes) which may be imposed with respect to the issuance and delivery of the shares of Class A Common Stock upon the conversion of this Debenture.

3.5 No Fractional Shares. No fractional shares of Class A Common Stock are to be issued upon the conversion of this Debenture, but the Company shall instead round up to the next whole number the number of shares of

Class A Common Stock to be issued upon such conversion.

3.6 Conversion Disputes. In the case of any dispute with respect to a conversion, the Company shall promptly issue such number of shares of Class A Common Stock as are not disputed in accordance with Sections 3.1 and 3.3 hereof. If such dispute only involves the calculation of the Conversion Price, the Company shall submit the disputed calculations to an independent accounting firm of national standing (acceptable to the Converting Holder) via facsimile within two (2) business days of receipt of the Notice of Conversion. The accountant shall audit the calculations and notify the Company and the Converting Holder of the results no later than two (2) business days from the date it receives the disputed calculations. The accountant's calculation shall be deemed conclusive, absent manifest error. As soon as possible thereafter, the Company shall then issue the appropriate number of shares of Class A Common Stock in accordance with Sections 3.1 and 3.3 hereof.

3.7 Limitations on Conversions. The conversion of this Debenture shall be subject to the following limitations (each of which limitations shall be applied independently):

(a) Cap Amount. Prior to Shareholder Approval, unless otherwise permitted by The Nasdaq National Market or unless the rules thereof no longer are applicable to the Company, in no event shall the total number of shares of Common Stock issued upon conversion of the Debentures and exercise of the Warrants (as defined in the Securities Purchase Agreement) exceed the maximum number of shares of Common Stock that the Company can without stockholder approval so issue pursuant to Nasdaq Rule 4460(i) (or any successor rule) (the "Cap Amount") upon the conversion of the Debentures and the exercise of the Warrants, which, as of the date of initial issuance of the Debentures and Warrants, shall be 7,291,107 shares (or any such higher number as the rules permit, it being understood and agreed that, to the extent required by Nasdaq Rule 4460(i), no shares acquired upon conversion of this Debenture or exercise of the Warrants shall be entitled to vote in such Shareholder Approval). The Cap Amount shall be allocated pro-rata to the Holders as provided in Section 10.1

hereof. A Holder s allocable portion of the Cap Amount shall be applicable to both Debentures and Warrants held by it and shall be applied to such Debentures and Warrants on the basis of the time of conversion or exercise, as the case may be, thereof.

(b) No Five Percent Holders. Notwithstanding anything to the contrary contained herein, the Debentures shall not be convertible by a Holder to the extent (but only to the extent) that, if convertible by such Holder, such Holder would beneficially own in excess of 4.9% (the "Applicable Percentage") of the shares of Class A Common Stock. To the extent the above limitation applies, the determination of whether the Debentures shall be exercisable (vis-a-vis other securities owned by Holder which contain similar limitations on conversion) and of which Debentures shall be exercisable (as among Debentures) shall be made on the basis of the earliest submission of the Debentures (vis-a-vis other securities owned by the Holder which contain similar limitations on conversion and vis a vis other Debentures), in each case subject to such aggregate percentage limitation. No prior inability to convert Debentures pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of convertibility. For the purposes of this paragraph, beneficial ownership and all determinations and calculations, including without limitation, with respect to calculations of percentage ownership, shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and Regulation 13D and G thereunder. The provisions of this paragraph may be implemented in a manner otherwise than in strict conformity with the terms of this Section with the approval of the Board of Directors of the Company and the Holder: (i) with respect to any matter to cure any ambiguity herein, to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Applicable Percentage beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such Applicable Percentage limitation; and (ii) with respect to any other

matter, with the further consent of the holders of a majority of the then outstanding shares of Class A Common Stock. For clarification, it is expressly a term of this security that the limitations contained in this Section shall apply to each successor Holder.

(c) Material Adverse Change. Notwithstanding anything to the contrary contained herein, the Debentures shall not be convertible until the earlier of (i) the one hundred eightieth (180th) day following the Issue Date, (ii) the occurrence of a Material Adverse Change (as herein defined), and (iii) an Operating Expense Reduction Failure. For the purposes of this Debenture, a "Material Adverse Change" means any change which has a material adverse effect on the business, operations, properties, financial condition, or operating results of the Company and its subsidiaries, taken as a whole on a consolidated basis; provided, however, a Material Adverse Change shall not include (i) adverse general economic conditions, (ii) adverse general industry conditions in the industry in which the Company operates or (iii) of itself: (x) a decline in the Company s stock price, (y) failure to achieve any projection or (z) failure to be awarded any particular contract. The Company shall provide prompt written notice of the occurrence of Material Adverse Change (but in any event within five (5) business days thereof). In the event that a Holder provides written notice to the Company that such Holder believes that a Material Adverse Change has occurred (a "Material Adverse Change Notice"), such notice shall be binding upon the Company unless, within five (5) business days thereafter, the Board of Directors of the Company, based on its good faith business judgement and upon advice of an investment banking firm of national standing shall dispute the occurrence of such Material Adverse Change. If the Company shall so dispute the occurrence of a Material Adverse Change, it shall, within three (3) business days after notice of such dispute by a Holder, submit such dispute to an independent investment bank of national standing (acceptable to such Holder). The investment banking firm shall determine whether the

Material Adverse Change has occurred, and notify the Company and Holder of such determination no later than ten (10) days after such submission. The investment bank s determination shall be deemed conclusive. In the event that the investment bank shall determine that a Material Adverse Change has occurred, then during the Restoration Period immediately following the resolution of such dispute the "Conversion Price" shall mean the lesser of (a) the Conversion Price determined in accordance with Section 2(f) or (b) the lowest Conversion Price that would have been available had there been no dispute by the Company as to the existence of a Material Adverse Charge. The term "Restoration Period" means a number of business days during which there exists such a dispute as to the existence of a Material Adverse Change. An Operating Expense Reduction Failure shall mean the failure of the Company to announce, by filing of a Current Report on Form 8-K by June 15, 1999, a bona fide and credible plan, adopted by the Board of Directors of the Company in its good faith business judgment, which reasonably provides for the reduction of operating expenses of the Company by $10 million over a twelve (12) month period (before giving effect to any acquisitions) and which is implemented within thirty (30) days of such announcement.

(d) Cap Debenture Election. In addition to the foregoing limitations, the Company may, upon written irrevocable notice to all Holders within ten (10) days of a Triggering Event (as defined below), elect (a "Cap Debenture Election") to exchange the Excess Debentures (as defined herein) for a twelve-month subordinated note of the Company having a face amount equal to such Excess Debentures plus accrued and unpaid interest thereon, which note shall bear interest at twelve percent (12%) per annum and contain such other terms and conditions as are reasonably requested and reasonably acceptable to Holder (a "Cap Debenture"). Such notice shall serve as binding and irrevocable notice of the Company's election to exercise the Cap Debenture Election as to all Holders, and the Company shall, within five (5) business days after such election, thereafter exchange the Excess Debentures for a Cap Debenture (but not as to any Holder prior to the occurrence of a Triggering Event as to such Holder). For purposes hereof, the "Excess Debentures" means that portion of the Debentures which, following actual submission of a Notice of Conversion by a Holder would, if converted in accordance with the terms hereof (other

than this paragraph (d)), would result in such Holder beneficially owning in excess of such Holder's Cap Portion (as defined below). For any Holder, the "Cap Portion" means such Holder's pro rata share of twenty percent (20%) of the number of outstanding shares of Common Stock at the time of the Closing, based on such Holder's initial investment in the Debentures issued at the Closing.

For purposes hereof, a "Triggering Event" shall be deemed to have occurred following actual submission of a Notice of Conversion by a Holder if the Company shall not have breached any representation, warranty, covenant or agreement made pursuant to the Investment Agreements, no Event of Failure (or event which, with notice, passage of time and/or continuation, would constitute an Event of Failure) has occurred and is continuing, and the Company has met the Solvency Condition (as defined below) and the number of shares of Class A Common Stock (the "Closing Shares") issued to such Holder upon conversion of the Debentures would, but for the Company making a Cap Debenture Election and the issuance of the Cap Debentures, equal or exceed such Holder's Cap Portion. Solvency Conditions means that the Company shall be in such financial condition as contemplated by the Solvency Certificate issued in connection with the issuance of the Debentures, as if however, the Solvency Certificate were addressing the issuance of the Cap Debentures as of the date of the Cap Debenture Election including, without limitation, the ability to so pay such Cap Debentures, and taking account of then current projections of the Company; and the Company shall have issued a new Solvency Certificate to such effect as of the date of the Cap Debenture Election.

The limitations contained in this paragraph (d) shall apply on a Holder-by-Holder basis with respect to Debentures issued to such Holder at the Closing, and any transferee Holder shall be subject to a pro rata portion of such limitation.

3.8 Intentionally omitted.

3.9 Electronic Transmission. In lieu of delivering physical certificates representing the Common Stock issuable upon conversion, provided the Borrower's escrow agent is participating in the Depository Trust Company ("DTC") Fast Automated Securities Transfer program (the FAST Program), upon request of a Holder, the Borrower shall use its reasonable best efforts to cause its escrow agent to electronically transmit the Common Stock issuable upon conversion to the Holder by crediting the account of Holder's prime broker with DTC through its Deposit Withdrawal Agent Commission system. The Borrower shall use its reasonable best efforts to participate in the FAST Program.

ARTICLE IV
RESERVATION OF SHARES OF COMMON STOCK

4.1 Reserved Amount. At the Issue Date and thereafter, the Company shall have authorized and reserved and keep available for issuance not less than 8,500,000 (subject to equitable adjustment for any stock splits, stock dividends, reclassification or similar events and subject to reduction for the number of any shares of Class A Common Stock issued upon conversion of the Convertible Securities and upon exercise of the Warrants) shares of Class A Common Stock (the "Reserved Amount") solely for the purpose of effecting the conversion of the Convertible Securities and the exercise of the Warrants. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Class A Common Stock the Reserved Amount. The Reserved Amount shall be allocated among the Holders as provided in Section 10.1 hereof. Notwithstanding anything contained herein, the Reserved Amount shall at no time exceed the Cap Amount; so long as the Reserved Amount is greater than the Cap Amount, the Reserved Amount shall equal the Cap Amount.

4.2 Increases to Reserved Amount. Without limiting any other provision of this Article IV, if a Holder's allocable portion of the Reserved Amount for any three (3) consecutive trading days (the last of such three (3) trading days being the "Authorization Trigger Date") shall be less than one hundred seventy five percent (175%) of the number of shares of Class A

Common Stock issuable upon conversion of such Holder's Debenture and 100% of the number of shares of Class A Common Stock issuable upon exercise of such Holder's Warrants on such trading days (in each case without giving effect to any limitation on conversion or exercise thereof), the Company shall immediately notify all Holders of such occurrence and shall take action as soon as possible, but in any event within sixty (60) days after an Authorization Trigger Date (including, if necessary, shareholder approval to authorize the issuance of additional shares of Class A Common Stock), to increase the Reserved Amount so that each Holder's allocable portion thereof shall equal or exceed two hundred percent (200%) of the number of shares of Class A Common Stock then issuable upon conversion of such Holder's Debenture and 100% of the number of shares of Class A Common Stock issuable upon exercise of such Holder's Warrants (in each case without giving effect to any limitation on conversion or exercise thereof).

ARTICLE V
COMPLIANCE WITH CAP AMOUNT RESTRICTIONS

Obligation to Notify. If at any time after the Issue Date the then unissued portion of any Holder s Cap Amount is less than one hundred seventy-five percent (175%) of the number of shares of Class A Common Stock then issuable upon conversion of such Holder s Debentures and exercise of such Holder s Warrants (in each case without giving effect to any limitation on conversion or exercise thereof), the Company shall immediately notify all Holders of such occurrence.

ARTICLE VI
FAILURE TO SATISFY CONVERSIONS

6.1 Conversion Default Payments. If, at any time, (x) a Holder submits a Notice of Conversion and the Company fails for any reason (other than to the extent (but only to the extent) that such failure is as a result of a dispute as to the occurrence of a Material Adverse Change as to which the provisions of Section 3.7(c) shall apply) to deliver, on or prior to the expiration of the Delivery Period for such conversion, such number of shares of Class A Common Stock to which such Holder is entitled upon such conversion, or (y) the Company provides notice (including by way of public announcement) to any Holder at any time of its intention not to issue shares of Class A Common Stock upon exercise by any Holder of its conversion rights in accordance with the terms of the Debentures (each of (x) and (y) being a "Conversion Default"), then the Company shall pay to such Holder damages in an amount equal to the product of (A) the Damages Amount times (B) D times (C) .01, where:

"D" means, with respect to clause (x), the number of days beginning and including the day after the date of the Conversion Default through and including the Cure Date with respect to such Conversion Default, and with respect to clause (y), the number of days beginning and including the date of the Conversion Default through and including the Cure Date with respect to such Conversion Default

"Damages Amount" means the Conversion Amount with respect to which such Conversion Default occurred (all outstanding principal amount of Debentures in the case of clause (y)) plus all accrued and unpaid interest thereon as of the first day of the Conversion Default.

"Cure Date" means (i) with respect to a Conversion Default described in clause (x) of its definition, the date the Company effects the conversion of the portion of this Debenture submitted for conversion and (ii) with respect to a Conversion Default described in clause (y) of its definition, the date the Company undertakes in writing to issue Class A Common Stock in satisfaction of all conversions of Debentures in accordance with their terms.

The payments to which a Holder shall be entitled pursuant to this Section 6.1 are referred to herein as "Conversion Default Payments." All Conversion Default Payments shall be paid in cash within five (5) business days of a Holder's demand therefore (which demand may be made at any time and from time to time).

6.2 Buy-In Cure. If (i) the Company fails for any reason to deliver during the Delivery Period shares of Class A Common Stock to a Holder upon a conversion of this Debenture and (ii) after the applicable Delivery Period with respect to such conversion, a Holder purchases (a "Buy-In") (in an open market transaction or otherwise) shares of Class A Common Stock to make delivery upon a sale by a Holder of the shares of Class A Common Stock (the "Sold Shares") which such Holder anticipated receiving upon such conversion, the Company shall pay such Holder (in addition to any other remedies available to Holder) the amount by which (x) such Holder's total purchase price (including brokerage commission, if any) for the shares of Class A Common Stock so purchased exceeds (y) the net proceeds received by such Holder from the sale of the Sold Shares. For example, if a Holder purchases shares of Class A Common Stock having a total purchase price of $11,000 to cover a Buy-In with respect to shares of Class A Common Stock sold for $10,000, the Company will be required to pay such Holder $1,000. A Holder shall provide the Company written notification indicating any amounts payable to Holder pursuant to this Section 6.2.

6.3 Adjustment to Conversion Price. If a Holder has not received certificates for all shares of Class A Common Stock within two business days following the expiration of the Delivery Period with respect to a

conversion of any portion of any of such Holder's Debentures, then the Variable Conversion Price shall, with respect to such conversion and thereafter, be the lesser of (i) the Variable Conversion Price on the Conversion Date specified in the Notice of Conversion which resulted in the Conversion Default and (ii) the lowest Conversion Price in effect during the period beginning on, and including, such Conversion Date through and including the Cure Date. If there shall occur a Conversion Default of the type described in clause (y) of Section 6.1 hereof, then the Variable Conversion Price with respect to any conversion thereafter shall be the lower of the Variable Conversion Price and the lowest Conversion Price in effect at any time during the period beginning on, and including, the date of the occurrence of such Conversion Default through and including the Cure Date. Simultaneously with any reduction of the Variable Conversion Price pursuant to this Section 6.3, the Green Floor shall be reduced proportionately. For purposes of this Section, the Conversion Price shall include the Market Conversion Price whether or not the Market Conversion Price is otherwise applicable. The Variable Conversion Price shall thereafter be subject to further adjustment as provided in this Debenture (including by virtue of re-application of this Section 6.3), but shall not be subject to upward adjustment.

ARTICLE VII
EVENTS OF FAILURE

7.1 Holder s Option to Demand Redemption. Upon the occurrence of an Event of Failure, each Holder shall have the right to elect at any time and from time to time to have all or any portion of such Holder s then outstanding Debentures prepaid by the Company for an amount equal to the Holder Demand Redemption Amount (as herein defined).

(a) The right of a Holder to elect prepayment shall be exercisable upon the occurrence of an Event of Failure by such Holder in its sole discretion by delivery of a Demand Redemption Notice (as herein defined) in accordance with the procedures set forth in this Article 7. Notwithstanding the exercise of such right, the Holder shall be entitled to exercise all other rights and remedies available under the provisions of this Debenture and at law or in equity.

(b) A Holder shall effect each demand for prepayment under this Article VII by giving at least two (2) business days prior written notice (the "Demand Redemption Notice") of the date on which such prepayment is to become effective (the Effective Date of Demand of Redemption), the Debentures selected for prepayment and the Holder Demand Redemption Amount to the Borrower at the address and facsimile number provided in Section 10.2, which Demand Redemption Notice shall be deemed to have been delivered on the business day after the date of transmission of Holder's fax (with a copy sent by overnight courier to the Borrower) of such notice.

(c) The Holder Demand Redemption Amount shall be paid to a Holder whose Debentures are being prepaid within one (1) business day following the Effective Date of Demand of Redemption.

(d) Promptly following the date on which the Debentures are prepaid, Holder shall (i) deliver such Debentures to the office of the Borrower or the transfer agent or notify the Borrower or the transfer agent that such Debentures have been lost, stolen or destroyed and (ii) deliver the documentation required in accordance with Section 10.10 hereof.

7.2 Holder Demand Redemption Amount. The Holder Demand Redemption Amount means (a) in the case of any Event of Failure provided in clauses (i), (m), (n), (o), (p) and (r) of Section 7.3 or a default in the cash payment of principal or interest due hereunder (a "Lesser Failure"), 1.15 times the aggregate principal amount of the Debenture for which demand is being made (the "Stated Value"), plus all accrued and unpaid interest

thereon through the date of prepayment and (b) in the case of an Event of Failure other than a Lesser Failure (a "Greater Failure"), the greater of: (i) 1.35 times the Stated Value plus all accrued and unpaid interest thereon through the date of prepayment and (ii) the product of (A) the highest price at which the Class A Common Stock is traded from the date of the Event of Failure through the date of the Effective Date of Demand of Redemption (or the most recent highest closing sale price if the Class A Common Stock is not traded between such dates) divided by the lowest Conversion Price during such period (assuming for these purposes that the Market Conversion Price is in effect, regardless of whether it is not actually in effect), and (B) the sum of the Stated Value plus all accrued and unpaid interest thereon through the date of prepayment. The Holder Demand Redemption Amount shall be reduced by the amount of any Default Alternative Payments made in respect of this Debenture pursuant to Section 7.5 (but shall not apply principal except to the extent such Default Alternative Payments exceed 35% of the principal amount upon which such Default Alternative Payments were based).

7.3 Events of Failure. An Event of Failure means any one of the following:

(a) a Conversion Default described in Section 6.1 hereof occurs and is not cured by the Company within three (3) business days after its occurrence;

(b) the Company fails, and such failure continues uncured for six (6) business days after the Company has been notified thereof in writing by a Holder, to satisfy the requirements of Section 4.1 hereof;

(c) subject to any Permitted Blackout (as defined in the Registration Rights Agreement), the Registration Statement required to be filed by the Company pursuant to the Registration Rights Agreement, has not been filed within thirty (30) business days of the Closing or has not been declared effective by the two hundred and seventieth (270th) day following the Closing or such Registration Statement, after being declared effective, cannot be utilized by the Holders of Debentures and the Warrants for the resale of all of their Registrable Securities (as defined in the Registration Rights Agreement) for a period of five (5) consecutive business days or for an aggregate of more than ten (10) days in any twelve (12) month period;

(d) the Class A Common Stock (or any portion thereof) is suspended from trading on any of, or is not listed (and authorized) for trading on any of, The Nasdaq National Market or the New York Stock Exchange for an aggregate of five (5) trading days in any nine (9) month period;

(e) the Company fails, and any such failure continues uncured for ten (10) days after the Company has been notified thereof in writing by the Holder, to remove any restrictive legend on any certificate or any shares of Class A Common Stock issued to the Holders of Debentures or Warrants upon conversion of the Debentures or exercise of the Warrants (as the case may be);

(f) the Company breaches, and such breach continues uncured for ten (10) business days after the Company has been notified thereof in writing by a Holder, any material covenant or other material term or condition of this Debenture, the Warrants, the Securities Purchase Agreement, the Security Agreement or the Registration Rights Agreement, including, without limitation, any default in payment of principal, interest or other amounts due hereunder or under the Registration Rights Agreement;

(g) any representation or warranty of the Company made herein or in any agreement, statement or certificate given in writing pursuant hereto or in connection herewith (including, without limitation, this

Debenture, the Warrants, the Securities Purchase Agreement, the Security Agreement and the Registration Rights Agreement), shall be false or misleading in any material respect when made;

(h) the Company fails to increase the Reserved Amount in accordance with Section 4.2 hereof;

(i) a Bankruptcy Event occurs;

(j) the Company provides notice to any Holder, including by way of public announcement, at any time, of its intention not to issue shares of Class A Common Stock to any Holder upon conversion in accordance with the terms of the Debentures (other than because such issuance would exceed such Holder's allocated portion of the Cap Amount);

(k) the Company's execution or performance of its obligations under this Debenture, the Warrants, the Securities Purchase Agreement or the Registration Rights Agreement (the "Documents") constitutes a breach under any existing agreement of the Company (or would cause a default or acceleration (or right of acceleration) under such existing agreement), or the Company enters into any new agreement under which performance of any material obligation under the Documents would be a breach or cause a default or acceleration (or right of acceleration) under such new agreement;

(l) the Company fails to obtain the effectiveness of any amendment to an existing registration statement within five (5) days or of any new registration statement within ten (10) days as required by the Registration Rights Agreement;

(m) an Event of Default (as defined in the Loan Agreement) (without giving effect to any waiver or indulgence by the lender which materially increases the amount required to be paid under the Loan Agreement as of the date of this Debenture), occurs or an acceleration occurs under the Loan Agreement;

(n) The Company or any of its subsidiaries (i) defaults in the payment of principal or interest on any other indebtedness of five hundred thousand dollars ($500,000) or more beyond the applicable period of grace, if any, or (ii) fails to observe or perform any covenant or agreement contained in any agreement(s) or instrument(s) relating to any other indebtedness of five hundred thousand dollars ($500,000) or more in the aggregate within any applicable grace period, or any other event shall occur, if the effect of such failure or other event is to cause the acceleration of the maturity of five hundred thousand dollars ($500,000) or more in the aggregate of such indebtedness; or five hundred thousand dollars ($500,000) or more in the aggregate of any indebtedness is required to be prepaid (other than by regularly scheduled required prepayment) in whole or in part prior to its stated maturity;

(o) The Company receives from its independent certified accounting firm in connection with its audited financial statements a "going concern" qualification or exception;

(p) a judgment which, together with other undischarged judgments against the Company, is in excess of five hundred thousand dollars ($500,000) is rendered against the Company and, within sixty (60) days

after entry thereof, such judgment is not discharged or execution thereof is not stayed pending appeal, or within sixty (60) days after the expiration of such stay, such judgment is not discharged;

(q) the Shareholder Approval required to be obtained by the Company is not effective by September 30, 1999; or

(r) an event of default under the Cap Debentures occurs.

7.4 Failure to Pay Damages Amount. The Company shall pay the Holder Demand Redemption Amount within five (5) days of receipt of a written request therefor by a Holder. In the event the Company is not able to pay all amounts due and payable with respect to all Debentures subject to Holder Demand Redemption Notices, the Company shall pay the Holders such amounts pro rata, based on the total amounts payable to such Holder relative to the total amounts payable to all Holders. During the continuance of an Event of Failure (the "Failure Period"), the Conversion Price shall mean the lowest Conversion Price at any time during the Failure Period (notwithstanding the actual Conversion Date) determined in accordance with the foregoing provisions of the definition (but assuming that for these purposes that the Market Conversion Price is in effect, regardless of whether it is not actually in effect).

7.5 Default Alternative. Upon the occurrence of a Greater Failure, a Holder may elect by written notice to the Company (a "Default Alternative Election") to forebear from requiring a prepayment of this Debenture pursuant to Section 7.1 and to receive cash payments from the Company, and if the Holder makes such election the Company shall pay to the Holder, in an amount per day equal to one (1%) percent of the outstanding principal amount of the Debenture, not to exceed one hundred thirty five percent (135%) of such outstanding amount ("Default Alternative Payment"). The delivery by a Holder of a Default Alternative Election in connection with an Event of Failure shall not preclude such Holder from subsequently exercising its rights under Section 7.1 in connection with such Event of Failure and any prior or subsequent Event of Failure. Payments may also be made under this Section 7.5 with respect to Lesser Failures up to an aggregate of one hundred fifteen percent (115%) of such outstanding amount (also a "Default Alternative Payment") as contemplated by the Subordination Agreement.

ARTICLE VIII
ADJUSTMENTS TO THE CONVERSION PRICE

The Conversion Price shall be subject to adjustment from time to time as follows:

8.1 Stock Splits, Stock Dividends, Etc. If at any time on or after the date of issuance of this Debenture, the number of outstanding shares of Class A Common Stock is increased by a stock split, stock dividend, combination, reclassification or other similar event, the Variable Conversion Price, the Market Conversion Price and the Green Floor Price shall each be proportionately reduced, or if the number of outstanding shares of Class A Common Stock is decreased by a reverse stock split, combination or reclassification of shares, or other similar event, the Variable Conversion Price, the Market Conversion Price and the Green Floor Price shall each be proportionately increased. In such event, the Company shall notify the Company's transfer agent of such change on or before the effective date thereof.

8.2 Certain Public Announcements. In the event that (i) the Company makes a public announcement that it intends to consolidate or merge with any other entity (other than a merger in which the Company is the surviving or continuing entity and its capital stock is unchanged and there is no distribution thereof) or to sell or transfer all or substantially all of the assets of the Company or (ii) any person, group or entity (including the Company) publicly announces a tender offer in connection with which such person, group or entity seeks to purchase 50% or more of the Common Stock (the date of the announcement referred to in clause (i) or (ii) of this paragraph is hereinafter referred to as the "Announcement Date"), then

the Conversion Price shall, effective upon the Announcement Date and continuing through the consummation of the proposed tender offer or transaction or the Abandonment Date (as defined below) or thirty (30) days after announcement, whichever is sooner, be equal to the lesser of (x) the Conversion Price calculated as provided in Article II hereof and (y) the Conversion Price which would have otherwise have been applicable for Conversion occurring on the Announcement Date. From and

after the Abandonment Date or the thirtieth (30th) day after announcement, as the case may be, the Conversion Price shall be determined as set forth in Article II hereof. The "Abandonment Date" means with respect to any proposed transaction or tender offer for which a public announcement as contemplated by this paragraph has been made, the date which is seven (7) trading days after the date upon which the Company (in the case of clause (i) above) or the person, group or entity (in the case of clause (ii) above) publicly announces the termination or abandonment of the proposed transaction or tender offer which causes this paragraph to become operative.

8.3 Major Transactions. If the Company shall consolidate or merge with any other corporation or entity (other than a merger in which the Company is the surviving or continuing entity and its capital stock is unchanged and unissued in such transaction (except for issuances which do not exceed 20% of the Class A Common Stock and do not result in a Change of Control)) or there shall occur any share exchange pursuant to which all of the outstanding shares of Common Stock are converted into other securities or property or any reclassification or change of the outstanding shares of Common Stock or the Company shall sell all or substantially all of its assets or there shall occur a Change of Control (each of the foregoing being a "Major Transaction"), then each Holder shall thereafter be entitled to receive consideration, in exchange for such Debenture, equal to the greater of, as determined in the sole discretion of such Holder: (i) if applicable, the number of shares of stock or securities or property of the Company, or of the entity resulting from such Major Transaction (the "Major Transaction Consideration"), to which a holder of the number of shares of Class A Common Stock delivered upon conversion of such Debenture would have been entitled upon such Major Transaction had the Holder of such Debenture exercised its right of conversion (without regard to any limitations on conversion herein or elsewhere contained) on the trading date immediately preceding the public announcement of the transaction resulting in such Major Transaction and had such Class A Common Stock been issued and outstanding and had such Holder been the holder of record of such Class A Common Stock at the time of the consummation of such Major Transaction and (ii) one hundred twenty five percent (125%) of the principal amount of this Debenture in cash; and the Company shall make lawful provision therefor as a part of such Major Transaction and shall cause the issuer of any security in such transaction which constitutes Registrable Securities under the Registration Rights Agreement to assume all of the Company obligations (provided any cash election pursuant to clause (ii) above must be made in writing to the Company within ten (10) business days following consummation of such applicable transaction (or, in the event that a Company Transaction (as defined below) occurs, within ten (10) business days following the Measurement Period (as defined below)). In the event that the Company shall merge with any other corporation in a transaction in which common stock of the surviving corporation or the parent thereof (the "Exchange Securities") is issued to the holders of Class A Common Stock in such transaction in exchange for all such Class A Common Stock, and (a) the Exchange Securities are publicly traded, (b) the average daily trading volume of the Exchange Securities during the one hundred eighty (180) day period ending on the date on which such transaction is publicly disclosed is greater than two million dollars ($2,000,000), (c) the historical one hundred (100) day volatility of the Exchange Securities during the period ending on the date on which such transaction is publicly disclosed is greater than sixty percent (60%), and (d) the market capitalization of the issuer of the Exchange Securities is not less than one hundred fifty million dollars ($150,000,000) based on the last sale price of the Exchange Securities on the date immediately before the date on which such transaction is publicly disclosed (in each case, with respect to the foregoing clauses (a) through (d), as reported by Bloomberg), then the provisions of clause (ii) of the preceding sentence shall not apply. In the event that the Company shall, in

a Major Transaction, merge with any other corporation in a transaction in which the Company is the survivor (a "Company Transaction"), the provisions of clause (ii) of the second

preceding sentence shall not apply to the extent that each of the following conditions remain true for the thirty (30) business days commencing as of the date of the consummation of such transaction (the "Measurement Period": (a) the Class A Common Stock remains publicly traded during the period, (b) the average daily trading volume of the Class A Common Stock is greater than two million dollars ($2,000,000), (c) the historical thirty (30) day volatility of the Company s Class A Common Stock is greater than sixty percent (60%), and (d) the market capitalization of the Company (including Class B Common Stock) is not less than one hundred fifty million dollars ($150,000,000) on the last day of the period (in each case, with respect to the foregoing clauses (a) through (d), as reported by Bloomberg). No sooner than ten (10) days nor later than five (5) days prior to the consummation of the Major Transaction, but not prior to the public announcement of such Major Transaction, the Company shall deliver written notice ("Notice of Major Transaction") to each Holder, which Notice of Major Transaction shall be deemed to have been delivered one (1) business day after the Company s sending such notice by telecopy (provided that the Company sends a confirming copy of such notice on the same day by overnight courier) of such Notice of Major Transaction. Such Notice of Major Transaction shall indicate the amount and type of the Major Transaction Consideration which such Holder would receive under clause (i) of this Section 8.3. If the Major Transaction Consideration which constitutes cash does not consist entirely of United States currency, such Holder may elect to receive United States currency in an amount equal to the value of the Major Transaction Consideration in lieu of the Major Transaction Consideration by delivering notice of such election to the Company within five (5) days of the Holder s receipt of the Notice of Major Transaction. As used in this Section 8.3, a "Change of Control" shall be deemed to have occurred at any time that the holders of Class B Common as of the date of the issuance of this Debenture no longer (x) have voting control of the Company s outstanding Common Stock or (y) have a material economic interest in the Company s equity.

8.4 Adjustment Due to Distribution. If the Company shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a partial liquidating dividend, by way of return of capital or otherwise (including any dividend or distribution to the Company's shareholders in cash or shares (or rights to acquire shares) of capital stock of a subsidiary) (a "Distribution") at any time, then the Holder shall be entitled, upon any conversion of this Debenture after the date of record for determining shareholders entitled to such Distribution, to receive the amount of such assets (or rights) which would have been payable to the Holder had the Holder with respect to the shares of Common Stock issuable upon such conversion and the shares of Common Stock issuable upon exercise of the Warrants (in each case without regard to any limitations on conversion or exercise herein or elsewhere contained) been the holder of such shares of Common Stock on the record date for the determination of shareholders entitled to such Distribution.

8.5 Issuance of Other Securities. If, at any time after the Closing Date the Company shall issue any securities which are convertible into or exchangeable for Common Stock ("Convertible Securities") either (i) at a conversion or exchange rate based on a discount from the market price of the Common Stock at the time of conversion or exercise or (ii) with a fixed conversion or exercise price less than the Variable Conversion Price, then, at the Holder's option: (x) in the case of clause (i), the Market Conversion Price, Variable Conversion Price and Green Floor Price in respect of any conversion of the Debentures after such issuance shall be calculated utilizing the greatest discount applicable to any such Convertible Securities; and (y) in the case of clause (ii), the Variable Conversion Price shall be reduced to such lesser conversion or exercise price and the Market Conversion Price and the Green Floor Price shall be proportionately reduced. If the Company shall issue any Convertible Securities that are convertible into or exchangeable for shares of Common Stock on a basis different from that of this Debenture, the Holder of this

Debenture may elect that the provisions to this Debenture be revised to incorporate such different provisions with respect to conversion or exchange, subject to the limitations of Section 3.7 hereof..

8.6 Purchase Rights. If the Company issues any Convertible Securities or rights to purchase stock, warrants, securities or other property (the "Purchase Rights") pro rata to the record holders of any class of Common Stock, then the Holders will be entitled to acquire, upon the terms applicable to such Purchase Rights, the aggregate Purchase Rights which each Holder could have acquired if such Holder had held the number of shares of Common Stock acquirable upon complete conversion of this Debenture (without regard to any limitations on conversion or exercise herein or elsewhere contained) immediately before the date on which a record is taken for the grant, issuance or sale of such Purchase Rights, or, if no such record is taken, the date as of which the record holders of Common Stock are to be determined for the grants, issue or sale of such Purchase Rights.

8.7 Special Adjustment. If the Company takes any actions other than by virtue of other provisions of this Article VII (excluding (i) issuance of shares in the ordinary course of business pursuant to employee stock option plans or employee stock purchase plans in effect on the date hereof, (ii) issuance of equity securities for consideration other than cash pursuant to a bona fide merger, consolidation, acquisition or similar business combination and issuance of convertible securities, options or rights in exchange for equivalent outstanding instruments of the other business combination party, and (iii) if the Market Conversion Price is then the applicable Conversion Price, the issuance of Common Stock at then market price) which would have a dilutive effect on the Holder or which would materially and adversely affect the Holder with respect to its investment in the Debenture, and if the provisions of this Article VIII are not strictly applicable to such actions or, if applicable to such actions, would not operate to equitably protect the Holder against such actions, then the Company shall promptly upon notice from a Holder appoint its independent certified public accountants to determine as promptly as practicable an appropriate adjustment to the terms hereof, including without limitation adjustments to the Variable Conversion Price, the Market Conversion Price and the Green Floor Price, or another appropriate action to so equitably protect such Holder and prevent any such dilution and any such material adverse effect, as the case may be. Following such determination, the Company shall forthwith make the adjustments or take the other actions described therein. In addition, in the event an adjustment would be required pursuant to Section 4(a) and 4(b) of the Warrant then a proportionate adjustment shall be made with respect to the Variable Conversion Price and the Green Floor Price hereunder.

8.8 Notices of Adjustment. Upon the occurrence of each adjustment or readjustment pursuant to this Article VIII, the Company, at its expense, shall promptly compute such adjustment or readjustment and prepare and furnish to each Holder a certificate setting forth such adjustment or readjustment and showing in detail the facts upon which such adjustment or readjustment is based. The Company shall, upon the written request at any time of any Holder, furnish to such Holder a like certificate setting forth (i) such adjustment or readjustment, (ii) the Conversion Price at the time in effect and (iii) the number of shares of Common Stock and the amount, if any, of other securities or property which at the time would be received upon conversion of a Debenture.

8.9 Delisting. In the event that the Common Stock of the Company is suspended from trading or is no longer listed (and authorized) for trading on The Nasdaq National Market or the New York Stock Exchange, the Conversion Price shall be reduced by ten (10%) percent of that amount calculated pursuant to Article II hereof and the Market Conversion Price shall be available for use by a Holder regardless of any other provision hereof. The Company shall also be required to pay to the Holders an amount (the "Delisting Amount") equal to the product of (i) 1.25 percent

times (ii) the outstanding principal amount of this Debenture on the date

such suspension or delisting goes into effect plus all accrued and unpaid interest thereon. Such Delisting Amount shall be due and payable to the Holders for each monthly period that the Common Stock of the Company remains suspended from trading or is no longer listed (and authorized) as specified herein.

8.10 If any Executive Officer or Director (as defined below), during the period beginning on the date of the Closing and ending on the date that is six (6) months after the registration statement required pursuant to Section 2.1 of the Registration Rights Agreement is declared effective, and while an officer or director, directly or indirectly, offers, sells, transfers, assigns, pledges, or otherwise disposes of any shares of Common Stock, or any securities directly or indirectly convertible into or exercisable or exchangeable for, or warrants, options or rights to purchase or acquire shares of Common Stock (all such securities, Options) or enter into any agreement, contract, arrangement or understanding with respect to any such offer, sale, transfer, assignment, pledge or other disposition of any Common Stock or Options (an "Executive Transfer"), then the Conversion Price shall be reduced by twenty percent (20%) of that amount calculated pursuant to Article II hereof and the Market Conversion Price shall be available for use by a Holder regardless of any other provision hereof; provided, however that an Executive Officer or Director may sell up to ten percent (10%) of his or her total holdings, calculated as of the date of the Closing, during such six-month period without triggering the adjustments of this Section 8.10. For purposes of this Section 8.10, Executive Officer or Director shall mean Marc Zionts, J. William Nelson, Stephen J. Hawrysz, Richard P. Reviere, Marc Hafner, William Noll, John Seazholtz, Paul Dwyer, Ormand Wade, Melvin Simon, Robert C. Penney III and Robert Gaynor and any individual hired by the Company after the date of this Debenture to assume the duties of any of the foregoing individuals.

ARTICLE IX
RANK; PROTECTION PROVISIONS

9.1 Participation. Each Holder shall, as a Holder of a Debenture, be entitled to dividends paid and distributions made to the holders of Common Stock to the same extent as if such Holder had fully converted the Debenture held by such Holder on the record date for such dividends or distributions into Common Stock (without regard to any limitations on conversion herein or elsewhere contained) at the Conversion Price applicable on such record date and such Common Stock had been issued on the day before such record date. Payments under the preceding sentence shall be made concurrently with the dividend or distribution to the holders of Common Stock.

9.2 Protection Provisions. The Company shall not, without first obtaining the approval of the Majority Holders and, to the extent their interests may be adversely affected, each initial Holder of Debentures: (i) alter or change the rights, preferences or privileges of any capital stock of the Company so as to affect adversely the Debentures; (ii) redeem, or declare or pay any cash dividend or distribution on, any securities of the Company ranking on liquidation junior to the Debentures; or (iii) do any act or thing not authorized or contemplated by this Debenture which would result in any taxation with respect to the Debentures under Section 305 of the Internal Revenue Code of 1986, as amended, or any comparable provision of the Internal Revenue Code as hereafter from time to time amended (or otherwise suffer to exist any taxation as a result thereof).

ARTICLE X
MISCELLANEOUS

10.1 Allocation of Cap Amount and Reserved Amount. The initial Cap Amount and Reserve Amount shall be allocated pro rata among the Holders

based on the number of Debentures and Warrants held by each Holder. Each increase to the Cap Amount or Reserved Amount shall be allocated pro rata among the Holders based on the number of Debentures and Warrants held by each Holder at the time of increase in the Cap Amount or the Reserved Amount, as the case may be. In the event a Holder shall sell or otherwise

transfer any of such Holder s Debentures or Warrants, each transferee shall be allocated a pro rata portion of such transferor s Cap Amount and Reserved Amount. Any portion of the Cap Amount or Reserved Amount which remains allocated to any person or entity which does not hold any Debentures or Warrants shall be allocated to the remaining Holders, pro rata based on the number of Debentures and Warrants then held by such Holders.

10.2 Payment of Cash; Defaults. Whenever the Company is required to make any cash payment to a Holder under this Debenture (as a Conversion Default Payment, Holder Demand Redemption Amount or otherwise), such cash payment shall be made to the Holder by the method (by certified or cashier's check or wire transfer of immediately available funds) elected by such Holder. If such payment is not delivered when due (any such amount not paid when due being a Default Amount) such Holder shall thereafter be entitled to interest on the unpaid amount at a per annum rate equal to the lower of fifteen percent (15%) or the highest interest rate permitted by applicable law until such amount is paid in full to the Holder. In addition, and notwithstanding anything to the contrary contained in this Debenture, a Holder may elect in writing to convert all or any portion of accrued Default Amounts, at any time and from time to time, into Common Stock at the lowest Conversion Price in effect during the period beginning on the date of the default with respect thereto through the cure date for such default. In the event that a Holder elects to convert all or any portion of the Default Amounts into Common Stock, the Holder shall so notify the Company on a Notice of Conversion of such portion of the Default Amounts which such Holder elects to so convert and such conversion shall be effected in accordance with the provisions of, and subject to limitations contained in, Article III hereof.

10.3 Failure or Indulgence Not Waiver. No failure or delay on the part of a Holder in the exercise of any power, right or privilege hereunder shall operate as a waiver thereof, nor shall any single or partial exercise of any such power, right or privilege preclude other or further exercise thereof or of any other right, power or privilege.

10.4 Notice. Any notice herein required or permitted to be given shall be in writing and may be personally served or delivered by courier or by confirmed telecopy and shall be deemed to have been given at the time and date of receipt (which shall include telephone line facsimile transmission). The addresses for such communications shall be:

If to the Company:

Westell Technologies, Inc.
750 N. Commons Drive
Aurora, IL 60504
Telecopy: (630) 375-4940
Attention: Stephen J. Hawrysz

with a copy to:

Neal J. White, P.C.
McDermott, Will & Emery
227 West Monroe Street
Chicago, IL 60606
Telecopy: (312) 984-3669

If to Holder:

[INSERT]

and with a copy to:

[INSERT]

If to any other Holder, to such address set forth under Holder's name on the signature page of the Securities Purchase Agreement executed by such Holder.

10.5 Amendment Provision. Except as provided in Section 3.7(b) hereof,

this Debenture and any provision hereof may only be amended by an instrument in writing signed by the Company and the Majority Holders. The term "Debenture" and all references thereto, as used throughout this instrument, shall mean this instrument as originally executed, or if later amended or supplemented, then as so amended or supplemented.

10.6 Assignability. This Debenture shall be binding upon the Company and its successors and assigns and shall inure to the benefit of each Holder and its successors and assigns. The Holder shall notify the Company upon the assignment of this Debenture.

10.7 Cost of Collection. If default or failure is made in any manner with respect to this Debenture, the Company shall pay the Holder hereof costs of collection, including reasonable attorneys' fees.

10.8 Governing Law. This Debenture shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in the State of New York. The Company irrevocably consents to the jurisdiction of the United States federal courts located in the State of New York in any suit or proceeding based on or arising under this Agreement and irrevocably agrees that all claims in respect of such suit or proceeding may be determined in such courts. The Company irrevocably waives the defense of an inconvenient forum to the maintenance of such suit or proceeding. The Company further agrees that service of process upon the Company, mailed by first class mail shall be deemed in every respect effective service of process upon the Company in any such suit or proceeding. Nothing herein shall affect each Holder's right to serve process in any other manner permitted by law. The Company agrees that a final non-appealable judgment in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

10.9 Denominations. At the request of a Holder, upon surrender of this Debenture, the Company shall promptly issue new Debentures in the aggregate outstanding principal amount hereof, in the form hereof, in such denominations as such Holder shall request.

10.10 Lost or Stolen Debentures. Upon receipt by the Company of (i) evidence of the loss, theft, destruction or mutilation of this Debenture and (ii) (y) in the case of loss, theft or destruction, or an indemnity reasonably satisfactory to the Company, or (z) in the case of mutilation, upon surrender and cancellation of this Debenture, the Company shall execute and deliver new Debentures, in the form hereof, in such denominations as a Holder may request. However, the Company shall not be obligated to reissue such lost or stolen Debentures if such Holder contemporaneously requests the Company to convert this Debenture.

10.11 Statements of Available Shares. Upon request, the Company shall deliver to a Holder a written report notifying such Holder of any occurrence which prohibits the Company from issuing Common Stock upon any such conversion. The report shall also specify (i) the total principal amount of all outstanding Debentures as of the date of the request, (ii) the total number or shares of Common Stock issued upon all conversions of Debentures through the date of the request, (iii) the total number of shares of Common Stock issued upon exercise of all Warrants through the date of the request, (iv) the total number of shares of Common Stock which are reserved for issuance upon conversion of Debentures and exercise of

Warrants as of the date of the request and (v) the total number of shares of Common Stock which may thereafter be issued by the Company upon conversion of Debentures and exercise of Warrants before the Company would exceed the Cap Amount and Reserved Amount. The Company shall, within five (5) days after delivery to the Company of a written request by any Holder, provide all of the information enumerated in clauses (i) - (v) of this Section 10.11 and, at the request of a Holder, make public disclosure thereof.

10.12 Status as Debenture Holder. Upon submission of a Notice of Conversion by Holder, the principal amount of this Debenture and the interest thereon covered thereby shall be deemed converted into shares of

Class A Common Stock and the Holder's rights as a Holder of such converted Debenture with respect thereto shall cease and terminate, excepting only the right to receive certificates for such shares of Class A Common Stock and to any remedies provided herein or otherwise available at law or in equity to Holder because of a failure by the Company to comply with the terms of this Debenture. Notwithstanding the foregoing, if Holder has not received certificates for all shares of Class A Common Stock prior to the tenth (10th) business day after the expiration of the Delivery Period with respect to a conversion for any reason, then (unless Holder otherwise elects to retain its status as a Holder of Class A Common Stock) the portion of the principal amount and interest thereon subject to such conversion shall be deemed outstanding under this Debenture, the Holder shall regain the rights of a holder of a Debenture with respect to such unconverted Debentures and the Company shall, as soon as practicable, return such unconverted Debentures to the Holder. In all cases, the Holder shall retain all of its rights and remedies (including, without limitation, (i) the right to receive Conversion Default Payments pursuant to Section 6.1 hereof to the extent required thereby for such Conversion Default and any subsequent Conversion Default and (ii) the right with respect to conversions in accordance with Section 10.2 hereof, to the extent applicable) for the Company's failure to convert this Debenture.

10.13 Ratable Payments. All payments and prepayments made by the Company with respect to the Debentures as to which more than one Holder shall be entitled shall be made ratably among all such Holders of Debentures in accordance with the principal amount of such Debentures.

10.14 Remedies, Characterizations, Other Obligations, Breaches and Injunctive Relief. The remedies provided in this Debenture shall be cumulative and in addition to all other remedies available under this Debenture, at law or in equity (including a decree of specific performance and/or other injunctive relief), no remedy contained herein shall be deemed a waiver of compliance with the provisions giving rise to such remedy and nothing herein shall limit a Holder's right to actual damages for any failure by the Company to comply with the terms of this Debenture (including, without limitation, damages incurred to effect "cover" of shares of Common Stock anticipated to be received upon a conversion hereunder but not received in accordance with the terms hereof). The Company covenants to each Holder that there shall be no characterization concerning this instrument other than as expressly provided herein. Amounts set forth or provided for herein with respect to payments, conversion and the like (and the computation thereof) shall be the amounts to be received by the Holder hereof and shall not, except as expressly provided herein, be subject to any other obligation of the Company (or the performance thereof). The Company acknowledges that a breach by it of its obligations hereunder will cause irreparable harm to the holders of the Debentures and that the remedy at law for any such breach may be inadequate. The Company therefore agrees that, in the event of any such breach or threatened breach, the Holders shall be entitled, in addition to all other available remedies, to an injunction restraining any breach, without the necessity of showing economic loss and without any bond or other security being required.

10.15 Specific Shall Not Limit General; Construction. No

specific provision contained in this Debenture shall limit or modify any more general provision contained herein. As used herein, the word "including" shall be deemed to mean "including, without limitation." This Debenture shall be deemed to be jointly drafted by the Company and all Holders and shall not be construed against any person as the drafter hereof.

* * *

IN WITNESS WHEREOF, Borrower has caused this Debenture to be signed in its name by its duly authorized officer as of the date first written above.

WESTELL TECHNOLOGIES, INC.

By:

Name:
Title:

NOTICE OF CONVERSION

The undersigned hereby irrevocably elects to convert (the Conversion) $_____ principal amount of the Debenture plus all accrued and unpaid interest on such principal amount (i.e., $_____) plus all accrued and unpaid Conversion Default Payments relating thereto (if any) (each as defined in the Debenture dated _____, 1999 (the "Debenture")), into shares of common stock ("Common Stock") of Westell Technologies, Inc. (the "Company") according to the conditions of the Debenture, as of the date written below. If securities are to be issued in the name of a person other than the undersigned, the undersigned will pay all transfer taxes payable with respect thereto. No fee will be charged to the Holder for any conversion except as provided herein.

The undersigned represents and warrants that all offers and sales by the undersigned of the securities issuable to the undersigned upon conversion of this Debenture shall be made pursuant to registration of the Common Stock under the Securities Act of 1933, as amended (the "Act"), or pursuant to an exemption from registration under the Act.

In the event of partial exercise, please reissue an appropriate Debenture(s) for the principal balance which shall not have been converted.

Conversion Date:

Applicable Conversion Price:

Amount of Conversion Default Payments to be Converted, if any:

Number of Shares of
Class A Common Stock to be Issued:

Signature:

Name:

Address:

ACKNOWLEDGED AND AGREED:

WESTELL TECHNOLOGIES, INC.

By:

Name:

Title: Date:

EXECUTION COPY

REGISTRATION RIGHTS AGREEMENT

THIS REGISTRATION RIGHTS AGREEMENT (this "Agreement"), is made as of April 15, 1999, by and among Westell Technologies, Inc., a Delaware corporation (the "Company"), with headquarters located at 750 N. Commons Drive, Aurora, Illinois 60504, and the undersigned (the "Initial Purchasers").

RECITALS

A. In connection with the Securities Purchase Agreement dated of even date herewith by and between the Company and the Initial Purchasers (the "Securities Purchase Agreement"), the Company has agreed, upon the terms and subject to the conditions contained therein, to issue and sell to the Initial Purchasers (i) an amount of the Company s 6% Subordinated Convertible Debentures (the "Debentures") in the form of Exhibit A which are convertible into shares of the Company's Class A Common Stock, par value $0.01 per share (the "Class A Common Stock" and, when taken together with all other classes and series of the Company's common stock, the "Common Stock"), (ii) warrants in the form of Exhibit B (each a "Warrant" and, when taken together with all of the warrants issued hereunder, the "Warrants")entitling the holder thereof to purchase the number of shares (the "Warrant Shares") of Class A Common Stock as set forth below. The Debentures, the PIK Debentures (as defined in the Debenture) and the Cap Debentures (as defined in the Debenture) are collectively referred to herein as the "Convertible Securities". The shares of Class A Common Stock issuable upon conversion of or otherwise pursuant to the Convertible Securities are referred to herein as the "Conversion Shares." The Convertible Securities, the Warrants, the Conversion Shares and the Warrant Shares are collectively referred to herein as the "Securities".

B. To induce the Initial Purchasers to execute and deliver the Securities Purchase Agreement, the Company has agreed to provide certain registration rights under the Securities Act of 1933, as amended, and the rules and regulations thereunder, or any similar successor statute (collectively, the "Securities Act"), and applicable state securities laws.

AGREEMENTS

NOW THEREFORE, in consideration of the premises and the mutual covenants contained herein and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Company, and the Initial Purchasers hereby agree as follows:

ARTICLE I
DEFINITIONS

1.1 Definitions. As used in this Agreement, the following terms shall have the following meanings:

(a) "Purchasers" means the Initial Purchasers and any transferees or assignees who agree to become bound by the provisions of this Agreement in accordance with Article IX hereof.

(b) "register," "registered," and "registration" refer to a registration effected by preparing and filing a Registration Statement or Statements in compliance with the Securities Act and pursuant to Rule 415 under the Securities Act or any successor rule providing for offering securities on a continuous basis ("Rule 415"), and the declaration or ordering of effectiveness of such Registration Statement by the United States Securities and Exchange Commission (the "SEC").

(c) "Registrable Securities" means the Conversion Shares (including any Conversion Shares issuable with respect to payments under

the Debentures) issued or issuable with respect to the Convertible Securities and the Warrant Shares issued or issuable with respect to the Warrants (without regard to any limitations on conversion or exercise) and any shares of capital stock issued or issuable, from time to time (with any adjustments), on or in exchange for or otherwise with respect to the Class A Common Stock or any other Registrable Securities.

(d) "Registration Statement" means a registration statement of the Company under the Securities Act pursuant to the provisions of this Agreement.

1.2 Capitalized Terms. Capitalized terms used herein and not otherwise defined herein shall have the respective meanings set forth in the Securities Purchase Agreement.

ARTICLE II
REGISTRATION

2.1 Mandatory Registration. (a) The Company shall prepare and file as soon as practicable but in any event on or prior to twenty (20) business days after the date of the Closing (a "Filing Date") with the SEC a Registration Statement on Form S-3 (or, if Form S-3 is not then available, on such form of Registration Statement as is then available to effect a registration of all of the Registrable Securities, subject to the consent of the Initial Purchasers (as determined pursuant to Section 11.10 hereof)) but initially covering the resale of only 8,500,000 (subject to equitable adjustment for any stock splits, stock dividends, reclassification or similar events) shares of Class A Common Stock, including for purposes of this subsection (a) any PIK Debentures. The Registration Statement (and each amendment or supplement thereto, and each request for acceleration of effectiveness thereof) shall be provided to (and subject to the approval of (which approval shall not be unreasonably withheld or denied)) each Initial Purchaser and its counsel at least five (5) business days (or fewer to the extent provided herein) prior to its filing or other submission. The Company shall also prepare and file such amendments to registration statements and such additional registration statements as may from time to time be required by this Agreement.

2.2 Underwritten Offering. [Intentionally Deleted].

2.3 Payments by the Company. The Company shall use its best efforts to cause each Registration Statement required to be filed pursuant to Section 2.1 hereof to become effective as soon as practicable, but in no event later than the ninetieth (90th) day following the earlier of (a) the date that such Registration Statement was filed and (b) the applicable Filing Date (the "Registration Deadline"). If (i) a Registration Statement covering the Registrable Securities required to be filed by the Company pursuant to Section 2.1 hereof is not declared effective by the SEC on or before the applicable Registration Deadline (a "Registration Failure"), or (ii) except pursuant to a Permitted Blackout (as defined below) herein, after such Registration Statement has been declared effective by the SEC, sales of all the Registrable Securities covered thereby cannot be made pursuant to such Registration Statement (by reason of a stop order or the Company's failure to update the registration statement or any other reason outside the control of the Purchasers) (a "Registration Suspension"), then the Company will make payments to the Purchasers in such amounts and at such times as shall be determined pursuant to this Section 2.3 as partial relief for the damages to the Purchasers by reason of any such delay in or reduction of their ability to sell the Registrable Securities (which remedy shall not be exclusive of any other remedies available at law or in equity). In the event of a Registration Failure, the Company shall pay to the Purchasers an amount equal to (A) the Multiplier (as defined below) times (B) the Funded Amount (as defined below) times (C) the number of months (prorated per day for

partial months) following the applicable Registration Deadline prior to the date the applicable Registration Statement filed pursuant to Section 2.1 is declared effective by the SEC. In addition, in the event of a Registration Suspension, the Company shall pay to the Purchasers an amount equal to (D) the Multiplier times (E) the Funded Amount times (F) the number of months

(prorated per day for partial months) from (x) the date on which sales of all the Registrable Securities first cannot be made to (y) the date on which sales of all such Registrable Securities can again be made. With respect to any given Registration Statement, the Funded Amount means the aggregate purchase price of the Convertible Securities and Warrants relating to the Common Stock registered (or to be registered) on such Registration Statement. Amounts to be paid pursuant to this Section 2.3 shall be paid pro rata to Purchasers based upon the number of Conversion Shares and Warrant Shares owned by them (including, for these purposes, Conversion Shares issuable upon full conversion of the Convertible Securities and Warrant Shares issuable upon full exercise of the Warrants by each Purchaser, in each case without regard to any limitations upon exercise and conversion contained therein) and shall be paid in cash. Such payments shall be made within five (5) days after the end of each period that gives rise to such obligation, provided that, if any such period extends for more than thirty (30) days, payments shall be made for each such thirty (30) day period within five (5) days after the end of such thirty (30) day period. For purposes of this Section 2.3, the "Multiplier" is equal to (a) for the first month of a Registration Failure or a Registration Suspension, 0.01; (b) for the second month of a Registration Failure or a Registration Suspension, 0.015; (c) for the third and all successive months of a Registration Failure or a Registration Suspension, 0.02. Notwithstanding the foregoing, a Registration Suspension effected by the Company pursuant to a Permitted Blackout shall not give rise to an obligation to make such payments. For purposes hereof, "Permitted Blackout" shall mean the suspension of the Registration Statement after the Effective Date upon the good faith determination by the Company's Board of Directors that a material financing, acquisition or other extraordinary corporate transaction is in the best interest of the Company and the holders of its outstanding Common Stock, and that disclosure thereof to the public would have a material adverse effect on the ability of the Company to consummate such material financing, acquisition or other extraordinary corporate transaction, all after receiving advice to such effect from a nationally recognized investment banking firm or, to the extent appropriate, the Company's counsel which has been engaged by the Company in connection with such financing, acquisition or other extraordinary corporate transaction; provided, however, that (i) no more than two (2) such Permitted Blackouts may be imposed during any period of twelve (12) consecutive months and (ii) the aggregate duration of all Permitted Blackouts during any period of twelve (12) consecutive months shall be no more than twenty (20) business days.

2.4 Piggy-Back Registrations. If at any time prior to the expiration of the Registration Period (as hereinafter defined) the Company shall file with the SEC a Registration Statement relating to an offering for its own account or the account of others under the Securities Act of any of its equity securities (other than on Form S-4 or Form S-8 or their then equivalents relating to equity securities to be issued solely in connection with any acquisition of any entity or business or equity securities issuable in connection with stock option or other employee benefit plans), then the Company shall send to each Purchaser who has a right to have Registrable Securities covered by a Registration Statement pursuant to this Agreement written notice of such determination and, if within fifteen (15) days after the date of such notice, such Purchaser shall so request in writing, the Company shall include in such Registration Statement all or any part of the Registrable Securities such Purchaser requests to be registered, except that if, in connection with any underwritten public offering for the account of the Company the managing underwriter(s) thereof shall impose a limitation on the number of shares of Common Stock which may be included in the Registration Statement

because, in such underwriter(s)' judgment, marketing or other factors dictate such limitation is necessary to facilitate public distribution, then the Company shall be obligated to include in such Registration Statement only such limited portion of the Registrable Securities with respect to which such Purchaser has requested inclusion hereunder as the underwriter shall permit. Any exclusion of Registrable Securities shall be made pro rata among the Purchasers seeking to include Registrable Securities, in proportion to the number of Registrable Securities sought to be included by such Purchasers; provided, however, that the Company shall

not exclude any Registrable Securities unless the Company has first excluded all outstanding securities, the holders of which are not entitled to inclusion of such securities in such Registration Statement or are not entitled to pro rata inclusion with the Registrable Securities; and provided, further, however, that, after giving effect to the immediately preceding proviso, any exclusion of Registrable Securities shall be made pro rata with holders of other securities having the right to include such securities in the Registration Statement. No right to registration of Registrable Securities under this Section 2.4 shall be construed to limit any registration required under Section 2.1 or 3.2 hereof. If an offering in connection with which a Purchaser is entitled to registration under this Section 2.4 is an underwritten offering, then each Purchaser whose Registrable Securities are included in such Registration Statement shall, unless otherwise agreed by the Company, offer and sell such Registrable Securities in an underwritten offering using the same underwriter or underwriters and, subject to the provisions of this Agreement, on the same terms and conditions as other shares of Common Stock included in such underwritten offering.

2.5 Eligibility for Form S-3. The Company represents and warrants that it meets the requirements for the use of Form S-3 for registration of the re-sale by the Initial Purchasers and any other Purchaser of the Registrable Securities. The Company shall file all reports required to be filed by the Company with the SEC in a timely manner and take all other actions which may be required so as to maintain such eligibility for the use of Form S-3.

ARTICLE III
OBLIGATIONS OF THE COMPANY

In connection with the registration of the Registrable Securities, the Company shall have the following obligations, including with respect to each Registration Statement required to be filed hereunder:

3.1 The Company shall prepare promptly and file with the SEC the Registration Statement required by Section 2.1, and cause such Registration Statement relating to Registrable Securities to become effective as soon as practicable after such filing, and keep the Registration Statement effective pursuant to Rule 415 and available for use at all times until such date as is the earlier of (i) the date on which all of the Registrable Securities have been sold (and no further Registrable Securities may be issued in the future) and (ii) the date on which all of the Registrable Securities (in the reasonable opinion of counsel to the Initial Purchasers) may be immediately sold to the public without registration and without restriction as to the number of Registrable Securities to be sold, whether pursuant to Rule 144 or otherwise (the "Registration Period"). The Registration Statement (including any amendments or supplements thereto and prospectuses contained therein and all documents incorporated by reference therein) shall not contain any untrue statement of a material fact or omit to state a material fact required to be stated therein, or necessary to make the statements therein not misleading.

3.2 The Company shall prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary to keep the Registration Statement effective

and available for use at all times during the Registration Period, and, during such period, comply with the provisions of the Securities Act with respect to the disposition of all Registrable Securities of the Company covered by the Registration Statement until the termination of the Registration Period or, if earlier, such time as all of such Registrable Securities have been disposed of in accordance with the intended methods of disposition by the seller or sellers thereof as set forth in the Registration Statement. In the event the number of shares available under a Registration Statement filed pursuant to this Agreement is, at any time, insufficient to cover one hundred seventy-five percent (175%) of the Registrable Securities issued or issuable upon conversion of the Convertible Securities or upon exercise of the Warrants (without giving effect to any limitations on conversion or exercise) held by any Purchaser

and required to be covered by such Registration Statement pursuant to Section 2.1, the Company shall amend, if permissible, the Registration Statement, or file a new Registration Statement (on the short form available therefor, if applicable), or both, so as to cover two hundred percent (200%) of the Registrable Securities issued or issuable to such Purchaser upon such exercise or conversion (without giving effect to any limitations on conversion or exercise), in each case, as soon as practicable, but in any event within five (5) days. The Company shall cause such amendment and/or new Registration Statement to become effective as soon as practicable following the filing thereof.

3.3 The Company shall furnish to each Purchaser whose Registrable Securities are included in the Registration Statement and its legal counsel (a) promptly after the same is prepared and publicly distributed, filed with the SEC, or received by the Company, one copy of the Registration Statement and any amendment thereto, each preliminary prospectus and prospectus and each amendment or supplement thereto, and, in the case of the Registration Statement referred to in Section 2.1, each letter written by or on behalf of the Company to the SEC or the staff of the SEC, and each item of correspondence from the SEC or the staff of the SEC, in each case relating to such Registration Statement (other than any portion, if any, thereof which contains information for which the Company has sought confidential treatment), and (b) such number of copies of a prospectus, including a preliminary prospectus, and all amendments and supplements thereto and such other documents as such Purchaser may reasonably request in order to facilitate the disposition of the Registrable Securities owned (or to be owned) by such Purchaser.

3.4 The Company shall (a) register and qualify the Registrable Securities covered by the Registration Statement under securities laws of such jurisdictions in the United States as each Purchaser who holds (or has the right to hold) Registrable Securities being offered reasonably requests, (b) prepare and file in those jurisdictions such amendments (including post-effective amendments) and supplements to such registrations and qualifications as may be necessary to maintain the effectiveness thereof and availability for use during the Registration Period, (c) take such other actions as may be necessary to maintain such registrations and qualifications in effect at all times during the Registration Period, and (d) take all other actions reasonably necessary or advisable to qualify the Registrable Securities for sale in such jurisdictions; provided, however, that the Company shall not be required in connection therewith or as a condition thereto to (i) qualify to do business in any jurisdiction where it would not otherwise be required to qualify but for this Section 3.4, (ii) subject itself to general taxation in any such jurisdiction, (iii) file a general consent to service of process in any such jurisdiction, (iv) provide any undertakings that cause the Company material expense or burden, or (v) make any change in its charter or by-laws, which in each case the board of directors of the Company determines to be contrary to the best interests of the Company and its stockholders.

3.5 [Intentionally Deleted].

3.6 As soon as practicable after becoming aware of such event, the Company shall notify (by telephone and also by facsimile and reputable overnight courier) each Purchaser of the happening of any event, of which the Company has knowledge, as a result of which the prospectus included in the Registration Statement, as then in effect, includes an untrue statement of a material fact or omission to state a material fact required to be stated therein or necessary to make the statements therein not misleading, and use its best efforts as soon as possible (but in any event within five (5) days) to prepare a supplement or amendment to the Registration Statement (and make all required filings with the SEC) to correct such untrue statement or omission, and the Company shall simultaneously (and thereafter as requested) deliver such number of copies of such supplement or amendment (or other applicable document) to each Purchaser as such Purchaser may request in writing.

3.7 The Company shall use its best efforts to prevent the issuance of any stop order or other suspension of effectiveness of a Registration Statement, and, if such an order is issued, to obtain the withdrawal of

such order at the earliest practicable time and the Company shall immediately notify by facsimile each Purchaser (at the facsimile number for such Purchaser set forth on the signature page hereto) who holds Registrable Securities being sold (or, in the event of an underwritten offering, the managing underwriters) of the issuance of such order and the resolution thereof.

3.8 The Company shall permit a counsel designated by each Initial Purchaser to review the Registration Statement and all amendments and supplements thereto a reasonable period of time prior to their filing with the SEC, and not file any document in a form to which such counsel reasonably objects.

3.9 The Company shall make generally available to its security holders as soon as practical, but not later than ninety (90) days after the close of the period covered thereby, an earnings statement (in form complying with the provisions of Rule 158 under the Securities Act) covering a twelve-month period beginning not later than the first day of the Company's fiscal quarter next following the effective date of the Registration Statement.

3.10 [Intentionally Deleted].

3.11 The Company shall make available for inspection by (i) any Purchaser and (ii) attorneys and accountants retained by any Purchaser (collectively, the "Inspectors") all pertinent financial and other records, and pertinent corporate documents and properties of the Company (collectively, the "Records"), as shall be reasonably deemed necessary by each Inspector and cause the Company's officers, directors and employees to supply all information which any Inspector may reasonably request; provided, however, that each Inspector shall hold in confidence and shall not make any disclosure (except to a Purchaser) of any Record or other information which the Company determines in good faith to be confidential, and of which determination the Inspectors are so notified in writing, unless (a) the disclosure of such Records is necessary to avoid or correct a misstatement or omission in any Registration Statement or is otherwise required to be disclosed in such Registration Statement to permit Purchaser to sell under such Registration Statement, (b) the release of such Records is ordered pursuant to a subpoena or other order from a court or government body of competent jurisdiction, or is otherwise required by applicable law or legal process or (c) the information in such Records has been made generally available to the public other than by disclosure in violation of this or any other agreement (to the knowledge of the relevant Purchaser). The Company shall not be required to disclose any confidential information in such Records to any Inspector until and unless such Inspector shall have entered into confidentiality agreements (in form and reasonable substance satisfactory to the Company) with the Company with respect thereto, substantially in the form of this Section 3.11.

Each Purchaser agrees that it shall, upon learning that disclosure of such Records is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to the Company and allow the Company, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, the Records deemed confidential. Nothing herein shall be deemed to limit a Purchaser's ability to sell Registrable Securities in a manner which is consistent with applicable laws and regulations.

3.12 The Company shall hold in confidence and not make any disclosure of information concerning a Purchaser provided to the Company unless (a) disclosure of such information is necessary to comply with federal or state securities laws, (b) the disclosure of such information is necessary to avoid or correct a misstatement or omission in any Registration Statement, (c) the release of such information is ordered pursuant to a subpoena or other order from a court or governmental body of competent jurisdiction or is otherwise required by applicable law or legal process, (d) such information has been made generally available to the public other than by disclosure in violation of this or any other agreement (to the knowledge of the Company), or (e) such Purchaser consents to the form and content of any such disclosure. The Company agrees that it shall, upon learning that

disclosure of such information concerning a Purchaser is sought in or by a court or governmental body of competent jurisdiction or through other means, give prompt notice to such Purchaser prior to making such disclosure, and allow the Purchaser, at its expense, to undertake appropriate action to prevent disclosure of, or to obtain a protective order for, such information.

3.13 From and after each Closing, the Company shall cause the listing and the continuation of listing of all the Registrable Securities related to such Closing and required to be covered by a Registration Statement on The Nasdaq National Market or the New York Stock Exchange, and cause the Registrable Securities to be quoted or listed on each additional national securities exchange or quotation system upon which the Class A Common Stock is then listed or quoted.

3.14 The Company shall provide a transfer agent and registrar, which may be a single entity, for the Registrable Securities not later than the effective date of the Registration Statement.

3.15 The Company shall cooperate with the Purchasers who hold Registrable Securities being offered and the managing underwriter or underwriters, if any, to facilitate the timely preparation and delivery of certificates (not bearing any restrictive legends) representing Registrable Securities to be offered pursuant to the Registration Statement and enable such certificates to be in such denominations or amounts, as the case may be, as the managing underwriter or underwriters, if any, or the Purchasers may reasonably request and registered in such names as the managing underwriter or underwriters, if any, or the Purchasers may request, and, within two (2) business day after a Registration Statement which includes Registrable Securities is ordered effective by the SEC, the Company shall cause legal counsel selected by the Company to deliver, to the transfer agent for the Registrable Securities (with copies to the Purchasers whose Registrable Securities are included in such Registration Statement) an opinion of such counsel in the form attached hereto as Exhibit 1.

3.16 At the request of any Purchaser, the Company shall promptly prepare and file with the SEC such amendments (including post-effective amendments) and supplements to a Registration Statement and the prospectus used in connection with the Registration Statement as may be necessary in order to change the plan of distribution set forth in such Registration Statement.

3.17 The Company shall comply with all applicable laws related to a Registration Statement and offering and sale of securities covered by the

Registration Statement and all applicable rules and regulations of governmental authorities in connection therewith (including, without limitation, the Securities Act and the Securities Exchange Act of 1934, as amended, and the rules and regulations promulgated by the Commission).

3.18 The Company shall take all such other actions as any Purchaser or the underwriters, if any, reasonably request in order to expedite or facilitate the disposition of such Registrable Securities.

3.19 From and after the date of this Agreement, the Company shall not, and shall not agree to, allow the holders of any securities of the Company (other than Purchasers with respect to Registrable Securities) to include any of their securities in any Registration Statement or any amendment or supplement thereto under Section 2.1 or 3.2 hereof without the consent of the Initial Purchasers of a majority of the Registrable Securities.

3.20 The Registration Statement shall state that it covers such indeterminate number of additional shares as may be issuable upon conversion of the Convertible Securities or exercise of the Warrants to prevent dilution resulting from stock splits, stock dividends and other similar transactions.

ARTICLE IV
OBLIGATIONS OF THE PURCHASERS

In connection with the registration of the Registrable Securities, each Purchaser shall have the following obligations:

4.1 Purchaser shall furnish to the Company such information regarding itself, the Registrable Securities held by it and the intended method of disposition of the Registrable Securities held by it as shall be required to effect the registration of such Registrable Securities. At least five (5) business days prior to the first anticipated filing date of the Registration Statement, the Company shall notify each Purchaser of the information the Company requires from each such Purchaser.

4.2 Each Purchaser, by such Purchaser's acceptance of the Registrable Securities, agrees to cooperate with the Company as reasonably requested by the Company in connection with the preparation and filing of the Registration Statements hereunder, unless such Purchaser has notified the Company in writing of such Purchaser's election to exclude all of such Purchaser's Registrable Securities from the Registration Statement.

4.3 Each Purchaser whose Registrable Securities are included in a Registration Statement understands that the Securities Act may require delivery of a prospectus relating thereto in connection with any sale thereof pursuant to such Registration Statement, and each such Purchaser shall use its reasonable efforts to comply with the applicable prospectus delivery requirements of the Securities Act in connection with any such sale.

4.4 [Intentionally Deleted].

4.5 Each Purchaser agrees that, upon receipt of written notice from the Company of the happening of any event of the kind described in Section 3.6, such Purchaser will immediately discontinue disposition of Registrable Securities pursuant to the Registration Statement covering such Registrable Securities until such Purchaser's receipt of the copies of the supplemented or amended prospectus contemplated by Section 3.6 or advice that a supplement or amendment is not required and, if so directed by the Company, such Purchaser shall deliver to the Company (at the expense of the Company) or destroy (and deliver to the Company a certificate of destruction) all copies in such Purchaser's possession (other than a limited number of permanent file copies), of the prospectus covering such Registrable Securities current at the time of receipt of

such notice. Purchaser's obligations under this paragraph shall in no way limit the Company's obligations under this Agreement or Purchaser's rights or remedies against the Company with respect to any breach or threatened breach by the Company of any such obligations.

4.6 [Intentionally Deleted].

ARTICLE V
EXPENSES OF REGISTRATION

All expenses, other than underwriting discounts and commissions, incurred in connection with registrations, filings or qualifications pursuant to Articles II and III, including, without limitation, all registration, listing and qualification fees, printers and accounting fees, the fees and disbursements of counsel for the Company, and the reasonable fees and disbursements of Inspectors selected by the Purchasers pursuant to Section 3.11, hereof shall be borne by the Company; provided, however that the Company shall be required to bear the reasonable fees and disbursements of such Inspectors only if reasonably requested by a Purchaser in writing (taking into account any applicable legal precedent and any SEC staff positions) and consented to by the Company after consultation with its counsel (which consent will not be unreasonably withheld based upon all relevant facts and circumstances and taking into account the advice of such counsel).

ARTICLE VI
INDEMNIFICATION

In the event any Registrable Securities are included in a Registration

Statement under this Agreement:

6.1 To the extent permitted by law, the Company will indemnify, hold harmless and defend (a) each Purchaser who holds such Registrable Securities, (b) each underwriter of Registrable Securities and (c) the directors, officers, partners, members, employees, agents and persons who control any Purchaser within the meaning of Section 15 of the Securities Act or Section 20 of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), if any, (each, an "Indemnified Person"), against any losses, claims, damages, liabilities or expenses (collectively, together with actions, proceedings or inquiries whether or not in any court, before any administrative body or by any regulatory or self-regulatory organization, whether commenced or threatened, in respect thereof, "Claims") to which any of them may become subject insofar as such Claims arise out of or are based upon: (i) any untrue statement or alleged untrue statement of a material fact in a Registration Statement or the omission or alleged omission to state therein a material fact required to be stated or necessary to make the statements therein not misleading, (ii) any untrue statement or alleged untrue statement of a material fact contained in any preliminary prospectus if used prior to the effective date of such Registration Statement, or contained in the final prospectus (as amended or supplemented, if the Company files any amendment thereof or supplement thereto with the SEC) or the omission or alleged omission to state therein any material fact necessary to make the statements made therein, in light of the circumstances under which the statements therein were made, not misleading, or (iii) any violation or alleged violation by the Company of the Securities Act, the Exchange Act, any other law, including, without limitation, any state securities law, or any rule or regulation thereunder relating to the offer or sale of the Registrable Securities (the matters in the foregoing clauses (i) through (iii) being, collectively, "Violations"). The Company shall reimburse each such Indemnified Person, promptly as such expenses are incurred and are due and payable, for any reasonable legal fees or other reasonable expenses incurred by them in connection with investigating or defending any such Claim. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6.1: (x) shall not apply to an Indemnified Person with respect to a Claim arising out of or

based upon a Violation which occurs in reliance upon and in conformity with information furnished in writing to the Company by such Indemnified Person expressly for use in the Registration Statement or any such amendment thereof or supplement thereto; (y) shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of the Company, which consent shall not be unreasonably withheld; and (z) with respect to any preliminary prospectus, shall not inure to the benefit of any Indemnified Person if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented, if such corrected prospectus was timely made available by the Company pursuant to Section 3.3 hereof, and the Indemnified Person was promptly advised in writing not to use the incorrect prospectus prior to the use giving rise to a Violation and such Indemnified Person, notwithstanding such advice, used it. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of the Indemnified Person and shall survive the transfer of the Registrable Securities by a Purchaser pursuant to Article IX.

6.2 In connection with any Registration Statement in which a Purchaser is participating, each such Purchaser agrees to indemnify, hold harmless and defend, to the same extent and in the same manner set forth in Section 6.1, the Company, each of its directors, each of its officers who signs the Registration Statement, its employees, agents and persons, if any, who control the Company within the meaning of Section 15 of the Securities Act or Section 20 of the Exchange Act, and any other stockholder selling securities pursuant to the Registration Statement, together with its directors, officers and members, and any person who controls such stockholder or underwriter within the meaning of the Securities Act or the Exchange Act (such an "Indemnified Party"), against any Claim to which any of them may become subject, under the Securities Act, the Exchange Act or otherwise, insofar as such Claim arises out of or is based upon any

Violation, in each case to the extent (and only to the extent) that such Violation occurs in reliance upon and in conformity with written information furnished to the Company by such Purchaser expressly for use in connection with such Registration Statement; and such Purchaser will reimburse any legal or other expenses (promptly as such expenses are incurred and are due and payable) reasonably incurred by them in connection with investigating or defending any such Claim; provided, however, that the indemnity agreement contained in this Section 6.2 shall not apply to amounts paid in settlement of any Claim if such settlement is effected without the prior written consent of such Purchaser, which consent shall not be unreasonably withheld; provided, further, however, that a Purchaser shall be liable under this Agreement (including this Section 6.2 and Article VII) for only that amount as does not exceed the net proceeds actually received by such Purchaser as a result of the sale of Registrable Securities pursuant to such Registration Statement. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of such Indemnified Party and shall survive the transfer of the Registrable Securities by a Purchaser pursuant to Article IX. Notwithstanding anything to the contrary contained herein, the indemnification agreement contained in this Section 6.2 with respect to any preliminary prospectus shall not inure to the benefit of any Indemnified Party if the untrue statement or omission of material fact contained in the preliminary prospectus was corrected on a timely basis in the prospectus, as then amended or supplemented, and the Indemnified Party failed to utilize such corrected prospectus.

6.3 Promptly after receipt by an Indemnified Person or Indemnified Party under this Article VI of notice of the commencement of any action (including any governmental action), such Indemnified Person or Indemnified Party shall, if a Claim in respect thereof is to be made against any indemnifying party under this Article VI, deliver to the indemnifying party a written notice of the commencement thereof, and the indemnifying party shall have the right to participate in, and, to the extent the indemnifying party so desires, jointly with any other

indemnifying party similarly noticed, to assume control of the defense thereof with counsel mutually satisfactory to the indemnifying party and the Indemnified Person or the Indemnified Party, as the case may be; provided, however, that such indemnifying party shall diligently pursue such defense and that such indemnifying party shall not be entitled to assume such defense and an Indemnified Person or Indemnified Party shall have the right to retain its own counsel with the fees and expenses to be paid by the indemnifying party, if the representation by such counsel of the Indemnified Person or Indemnified Party and the indemnifying party would be inappropriate due to actual or potential conflicts of interest between such Indemnified Person or Indemnified Party and any other party represented by such counsel in such proceeding or the actual or potential defendants in, or targets of, any such action include both the Indemnified Person or the Indemnified Party and any such Indemnified Person or Indemnified Party reasonably determines that there may be legal defenses available to such Indemnified Person or Indemnified Party which are different from or in addition to those available to such indemnifying party. The indemnifying party shall pay for only one separate legal counsel for the Indemnified Persons or the Indemnified Parties, as applicable, and such legal counsel shall be selected by Purchasers holding a majority-in-interest of the Registrable Securities included in the Registration Statement to which the Claim relates (with the approval of the Initial Purchasers if they hold Registrable Securities included in such Registration Statement), if the Purchasers are entitled to indemnification hereunder, or by the Company, if the Company is entitled to indemnification hereunder, as applicable. The failure to deliver written notice to the indemnifying party within a reasonable time of the commencement of any such action shall not relieve such indemnifying party of any liability to the Indemnified Person or Indemnified Party under this Article VI, except to the extent that the indemnifying party is actually prejudiced in its ability to defend such action. The indemnification required by this Article VI shall be made by periodic payments of the amount thereof during the course of the investigation or defense, as such expense, loss, damage or liability is incurred and is due and payable.

ARTICLE VII
CONTRIBUTION

To the extent any indemnification by an indemnifying party is prohibited or limited by law, the indemnifying party agrees to make the maximum contribution with respect to any amounts for which it would otherwise be liable under Article VI to the fullest extent permitted by law; provided, however, that (i) no person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any person of Registrable Securities who was not guilty of such fraudulent misrepresentation, and (ii) contribution (together with any indemnification or other obligations under this Agreement) by any seller of Registrable Securities shall be limited in amount to the net amount of proceeds received by such seller from the sale of such Registrable Securities.

ARTICLE VIII
REPORTS UNDER THE EXCHANGE ACT

With a view to making available to the Purchasers the benefits of Rule 144 promulgated under the Securities Act or any other similar rule or regulation of the SEC that may at any time permit the Purchasers to sell securities of the Company to the public without registration ("Rule 144"), the Company agrees to:

8.1 File with the SEC in a timely manner and make and keep available all reports and other documents required of the Company under the Securities Act and the Exchange Act so long as the Company remains subject to such requirements (it being understood that nothing herein shall limit the Company's obligations under Section 4.3 of the Securities Purchase Agreement) and the filing and availability of such reports and other

documents is required for the applicable provisions of Rule 144; and

8.2 Furnish to each Purchaser so long as such Purchaser holds Convertible Securities, Warrants or Registrable Securities, promptly upon request, (i) a written statement by the Company that it has complied with the reporting requirements of Rule 144, the Securities Act and the Exchange Act, (ii) a copy of the most recent annual or quarterly report of the Company and such other reports and documents so filed by the Company, and (iii) such other information as may be reasonably requested to permit the Purchasers to sell such securities pursuant to Rule 144 without registration.

ARTICLE IX
ASSIGNMENT OF REGISTRATION RIGHTS

The rights of the Purchasers hereunder, including the right to have the Company register Registrable Securities pursuant to this Agreement, shall be automatically assigned by each Purchaser to any transferee of all or any portion of the Convertible Securities or the Registrable Securities if: (a) the Purchaser agrees in writing with the transferee or assignee to assign such rights, and a copy of such agreement is furnished to the Company within a reasonable time after such assignment, (b) the Company is, within a reasonable time after such transfer or assignment, furnished with written notice of (i) the name and address of such transferee or assignee, and (ii) the securities with respect to which such registration rights are being transferred or assigned, (c) following such transfer or assignment, the further disposition of such securities by the transferee or assignee is restricted under the Securities Act or applicable state securities laws, and (d) at or before the time the Company receives the written notice contemplated by clause (ii) of this sentence, the transferee or assignee agrees in writing for the benefit of the Company to be bound by all of the provisions contained herein. The rights of a Purchaser hereunder with respect to any Registrable Securities not transferred (and not represented by Convertible Securities or Warrants transferred) shall not be assigned by virtue of the transfer of other Registrable Securities or transferred Convertible Securities or Warrants representing other Registrable Securities.

ARTICLE X
AMENDMENT OF REGISTRATION RIGHTS

Provisions of this Agreement may be amended and the observance thereof may be waived (either generally or in a particular instance and either retroactively or prospectively), only with written consent of the Company, the Initial Purchasers (but not an Initial Purchaser who no longer owns any Convertible Securities or Registrable Securities and who is not affected by such amendment or waiver) and Purchasers who hold a majority interest of the Registrable Securities. Any amendment or waiver effected in accordance with this Article X shall be binding upon each Purchaser and the Company. Notwithstanding the foregoing, no amendment or waiver shall retroactively affect any Purchaser without its comment or prospectively adversely affect any Purchaser who no longer owns any Convertible Securities, Warrants or Registrable Securities without its consent. No amendment or waiver may adversely affect one or more Purchasers or group of Purchasers vis-a-vis any other Purchaser or group of Purchasers. Neither Article VI nor Article VII hereof may be amended or waived in a manner adverse to a Purchaser without its consent. Notwithstanding anything to the contrary contained in this Article X, no amendment or waiver shall be applicable to an Initial Purchaser who does not consent in writing thereto.

ARTICLE XI
MISCELLANEOUS

11.1 A person or entity is deemed to be a holder (or a holder in interest) of Registrable Securities whenever such person or entity owns of record such Registrable Securities (or the Convertible Securities or Warrants which may be converted into or exercised for Registrable Securities). If the Company receives conflicting instructions, notices or elections from two or more persons or entities with respect to the same Registrable Securities, the Company shall act upon the basis of instructions, notice or election received from the registered owner of such Registrable Securities (or Convertible Securities or Warrants, as the case may be).

11.2 Any notices herein required or permitted to be given shall be in writing and may be personally served or delivered by courier or by machine-generated confirmed telecopy, and shall be deemed delivered at the time and date of receipt (which shall include telephone line facsimile transmission). The addresses for such communications shall be:

If to the Company:

Westell Technologies, Inc.
750 N. Commons Drive
Aurora, IL 60504
Telecopy: (630) 375-4940
Attention: Stephen J. Hawrysz

with a copy to:

Neal J. White, P.C.
McDermott, Will & Emery
227 West Monroe Street
Chicago, IL 60606
Telecopy: (312) 984-3669
Attention: (312) 984-7579

if to any Purchaser, at such address as such Purchaser, shall have provided in writing to the Company, or at such other address as each such party furnishes by notice given in accordance with this Section 11.2.

11.3 Failure of any party to exercise any right or remedy under this Agreement or otherwise, or delay by a party in exercising such right or remedy, shall not operate as a waiver thereof.

11.4 This Agreement shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to

be performed in the State of New York. The Company irrevocably consents to the jurisdiction of the federal courts located in the State of New York and the state courts of the State of New York located in the County of New York in the State of New York in any suit or proceeding based on or arising under this Agreement and irrevocably agrees that all claims in respect of such suit or proceeding may be determined in such courts. The Company irrevocably waives the defense of an inconvenient forum to the maintenance of such suit or proceeding. The parties hereto further agree that service of process upon the parties hereto mailed by first class mail shall be deemed in every respect effective service of process upon each such party in any such suit or proceeding. Nothing herein shall affect either party's right to serve process in any other manner permitted by law. The parties hereto agree that a final non-appealable judgment in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

11.5 This Agreement, the Convertible Securities, Warrants and the Securities Purchase Agreement (including all schedules and exhibits thereto and all certificates and opinions required thereby) constitute the entire agreement among the parties hereto with respect to the subject matter hereof and thereof. There are no restrictions, promises, warranties or undertakings, other than those set forth or referred to herein and therein. This Agreement, the Convertible Securities, the Warrants and the Securities Purchase Agreement supersede all prior

agreements and understandings among the parties hereto with respect to the subject matter hereof and thereof.

11.6 Subject to the requirements of Article IX hereof, this Agreement shall inure to the benefit of and be binding upon the successors and assigns of each of the parties hereto. Notwithstanding anything to the contrary contained herein, including, without limitation, Article IX, the rights of a Purchaser hereunder shall be assignable to and exercisable by a bona fide pledgee of the Registrable Securities in connection with a Purchaser s margin or brokerage accounts.

11.7 The headings in this Agreement are for convenience of reference only and shall not limit or otherwise affect the meaning hereof.

11.8 This Agreement may be executed in two or more counterparts, each of which shall be deemed an original but all of which shall constitute one and the same agreement. This Agreement, once executed by a party, may be delivered to the other party hereto, by facsimile transmission of a copy of this Agreement bearing the signature of the party so delivering this Agreement.

11.9 Each party shall do and perform, or cause to be done and performed, all such further acts and things, and shall execute and deliver all such other agreements, certificates, instruments and documents, as the other party may reasonably request in order to carry out the intent and accomplish the purposes of this Agreement and the consummation of the transactions contemplated hereby.

11.10 [Intentionally Deleted].

11.11 The initial number of Registrable Securities included on any Registration Statement shall be allocated pro rata among the Purchasers based upon the number of Registrable Securities held by each Purchaser at the time of establishment of such number. In the event a Purchaser shall sell or otherwise transfer any of such holder's Registrable Securities, each transferee shall be allocated a pro rata portion of the number of Registrable Securities included on a Registration Statement for such transferor. Any shares of Common Stock included on a Registration Statement and which remain allocated to any person or entity which does not hold any Registrable Securities shall be allocated to the remaining Purchasers, pro rata based on the number of shares of Registrable Securities then held by such Purchasers. Without implication that the contrary would otherwise be true, for purposes of this paragraph, all Convertible Securities and Warrants then outstanding shall be assumed converted into and exercised for Registrable Securities (without giving effect to any limitations on

conversion or exercise).

11.12 If any provision of this Agreement shall be invalid or unenforceable, such invalidity or unenforceability shall not affect the validity or enforceability of the remainder of this Agreement.

IN WITNESS WHEREOF, the parties have caused this Agreement to be duly executed as of the date first above written.

WESTELL TECHNOLOGIES, INC.

By:
Name:
Title:

Address:

Facsimile Number:

INITIAL PURCHASERS:

CASTLE CREEK TECHNOLOGY PARTNERS LLC

By: CASTLE CREEK PARTNERS LLC
Its: Investment Manager

By: _____
Name: John D. Ziegelman
Title: Managing Member

Address:
77 W. Wacker Drive, Suite 4040
Chicago, IL 60601
Facsimile Number:
(312) 499-6999

MARSHALL CAPITAL MANAGEMENT, INC.

By: _____
Name:
Title:

Address:
Facsimile Number:

CAPITAL VENTURES INTERNATIONAL

By: _____
Name:
Title:

Address:
Facsimile Number:

EXHIBIT 1
TO REGISTRATION
RIGHTS AGREEMENT

[Date]

[Name and address
of transfer agent]

RE: WESTELL TECHNOLOGIES, INC.

Ladies and Gentlemen:

We are counsel to Westell Technologies, Inc., a Delaware corporation (the "Company"), and we understand that [Name of Purchaser] (the "Holder") has purchased from the Company an amount of the Company s 6% Subordinated Convertible Debentures (the "Debentures") convertible into shares of the Company's Class A common stock, par value $0.01 per share (the "Common Stock"). The Debentures were purchased by the Holder pursuant to a Securities Purchase Agreement, dated as of April 14, 1999, by and among the Company and the signatories thereto (the "Agreement"). Pursuant to a Registration Rights Agreement, dated as of April 15, 1999, by and among the Company and the signatories thereto (the "Registration Rights Agreement"), the Company agreed with the Holder, among other things, to register the Registrable Securities (as that term is defined in the Registration Rights Agreement) under the Securities Act of 1933, as amended (the "Securities Act"), upon the terms provided in the Registration Rights Agreement. In connection with the Company's obligations under the Registration Rights Agreement, on April __, 1999, the Company filed a Registration Statement on Form S-_____ (File No. 333-

_____) (the "Registration Statement") with the Securities and Exchange Commission (the "SEC") relating to the Registrable Securities, which names the Holder as a selling stockholder thereunder.

[Other customary introductory and scope of examination language to be inserted]

Based on the foregoing, we are of the opinion that the Registrable Securities have been registered under the Securities Act.

[Other appropriate customary language to be included.]

Very truly yours,

cc: [Name of Purchaser]

EXHIBIT B
to Securities Purchase Agreement

VOID AFTER 5:00 P.M., CENTRAL STANDARD
TIME ON APRIL 15, 2004

THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. THE SECURITIES REPRESENTED HEREBY MAY NOT BE OFFERED OR SOLD OR OTHERWISE TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT FOR THE SECURITIES UNDER APPLICABLE SECURITIES LAWS, OR UNLESS OFFERED, SOLD OR TRANSFERRED PURSUANT TO AN AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THOSE LAWS.

Right to Purchase ____ Shares of
Class A Common Stock, par value $0.01 per share

Date: April 15, 1999

WESTELL TECHNOLOGIES, INC.
STOCK PURCHASE WARRANT

THIS CERTIFIES THAT, for value received, or its registered assigns, is entitled to purchase from Westell Technologies, Inc., a Delaware corporation (the "Company"), at any time or from time to time during the period specified in Section 2 hereof, fully paid and nonassessable shares of the Company's Class A Common Stock, par value $0.01 per share (the "Class A Common Stock" and, when taken together with all other classes and series of the common stock of the Company, the "Common Stock"), at an exercise price of $8.9208 per share (the "Exercise Price"). This Warrant is being issued pursuant to that certain Securities Purchase Agreement dated April 14, 1999 among the Company and the signatories thereto (the "Securities Purchase Agreement"). The number of shares of Class A Common Stock purchasable hereunder (the "Warrant Shares") and the Exercise Price are subject to adjustment as provided in Section 4 hereof. The term "Warrants" means this Warrant and the other warrants of the Company issued pursuant to the terms of the Securities Purchase Agreement.

The term "Closing Sale Price" means, for any security as of any date, the closing sale price of such security on the principal securities exchange or trading market where such security is listed or traded as reported by Bloomberg Financial Markets or a comparable reporting service of national reputation selected by the Company and reasonably acceptable to the holder hereof (the "Holder") if Bloomberg Financial Markets is not then reporting closing sale prices of such security (collectively, "Bloomberg"), or if the foregoing does not apply, the last reported sale price of such security in the over-the-counter market on the electronic bulletin board of such security as reported by Bloomberg, or, if no sale price is reported for such security by Bloomberg, the average of the bid prices of any market makers for such security as reported in the "pink sheets" by the National Quotation Bureau, Inc. If the Closing Sale Price cannot be calculated for such security on such date on any of the foregoing bases, the Closing Sale Price of such security on such date shall be the fair market value as reasonably determined by an investment banking firm selected by the Company and reasonably acceptable to the Holder with the costs of such appraisal to be borne by the Company.

This Warrant is subject to the following terms, provisions, and conditions:

1. Mechanics of Exercise. Subject to the provisions hereof, including, without limitation, the limitations contained in Section 8(f) hereof, this

Warrant may be exercised as follows:

(a) Manner of Exercise. This Warrant may be exercised by the Holder, in whole or in part, by the surrender of this Warrant (or evidence of loss, theft, destruction or mutilation thereof in accordance with Section 8(c) hereof), together with a completed exercise agreement in the Form of Exercise Agreement attached hereto as Exhibit 1 (the "Exercise Agreement"), to the Company at the Company's principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder), and upon (i) payment to the Company in cash, by certified or official bank check or by wire transfer for the account of the Company, of the Exercise Price for the Warrant Shares specified in the Exercise Agreement or (ii) if the Holder elects to effect a Cashless Exercise (as defined in Section 12(c) below), delivery to the Company of a written notice of an election to effect a Cashless Exercise for the Warrant Shares specified in the Exercise Agreement. The Warrant Shares so purchased shall be deemed to be issued to the Holder or Holder's designees, as the record owner of such shares, as of the date on which this Warrant shall have been surrendered, the completed Exercise Agreement shall have been delivered, and payment (or notice of an election to effect a Cashless Exercise) shall have been made for such shares as set forth above.

(b) Issuance of Certificates. Subject to Section 1(c), certificates for the Warrant Shares so purchased, representing the aggregate number of shares specified in the Exercise Agreement, shall be delivered to the Holder within a reasonable time, not exceeding three (3) business days, after this Warrant shall have been so exercised (the "Delivery Period"). The certificates so delivered shall be in such denominations as may be requested by the Holder and shall be registered in the name of Holder or such other name as shall be designated by such Holder. If this Warrant shall have been exercised only in part, then, unless this Warrant has expired, the Company shall, at its expense, at the time of delivery of such certificates, deliver to the Holder a new Warrant representing the number of shares with respect to which this Warrant shall not then have been exercised.

(c) Exercise Disputes. In the case of any dispute with respect to an exercise, the Company shall promptly issue such number of shares of Class A Common Stock as are not disputed in accordance with this Section. If such dispute involves the calculation of the Exercise Price, the Company shall submit the disputed calculations to a nationally recognized independent accounting firm (selected by the Company) via facsimile within three (3) business days of receipt of the Exercise Agreement. The accounting firm shall audit the calculations and notify the Company and the converting Holder of the results no later than two (2) business days from the date it receives the disputed calculations. The accounting firm's calculation shall be deemed conclusive, absent manifest error. The Company shall then issue the appropriate number of shares of Class A Common Stock in accordance with this Section.

(d) Fractional Shares. No fractional shares of Class A Common Stock are to be issued upon the exercise of this Warrant, but the Company shall pay a cash adjustment in respect of any fractional share which would otherwise be issuable in an amount equal to the same fraction of the Exercise Price of a share of Class A Common Stock (as determined for exercise of this Warrant into whole shares of Class A Common Stock); provided that in the event that sufficient funds are not legally available for the payment of such cash adjustment any fractional shares of Class A Common Stock shall be rounded up to the next whole number.

(e) Buy-In. If (i) the Company fails for any reason to deliver during the Delivery Period shares of Class A Common Stock to Holder upon an exercise of this Warrant and (ii) after the applicable Delivery Period

with respect to such an exercise, Holder purchases (in an open market transaction or otherwise) shares of Class A Common Stock to make delivery upon a sale by Holder of the shares of Class A Common Stock (the "Sold Shares") which Holder was entitled to receive upon such exercise (a "Buy-in"), the Company shall pay Holder (in addition to any other remedies available to Holder) the amount by which (x) Holder's total purchase price

(including brokerage commission, if any) for the shares of Class A Common Stock so purchased exceeds (y) the lesser of (A) the Exercise Price or (B) the net proceeds received by Holder from the sale of the Sold Shares. Holder shall provide the Company written notification indicating any amounts payable to Holder pursuant to this subsection.

2. Period of Exercise. This Warrant is exercisable at any time or from time to time on or after the date hereof and before 5:00 P.M., Central Standard Time on the fifth (5th) anniversary of the date hereof (the "Exercise Period").

3. Certain Agreements of the Company. The Company hereby covenants and agrees as follows:

(a) Shares to be Fully Paid. All Warrant Shares will, upon issuance in accordance with the terms of this Warrant, be validly issued, fully paid, and non-assessable and free from all taxes, liens, claims and encumbrances.

(b) Reservation of Shares. During the Exercise Period, the Company shall at all times have authorized, and reserved for the purpose of issuance upon exercise of this Warrant, a sufficient number of shares of Class A Common Stock to provide for the exercise of this Warrant.

(c) Listing. The Company shall promptly secure the listing of the shares of Class A Common Stock issuable upon exercise of this Warrant upon The Nasdaq National Market, or the New York Stock Exchange, as required by Section 4.10 of the Securities Purchase Agreement and upon each national securities exchange or automated quotation system, if any, upon which shares of Class A Common Stock are then listed or become listed and shall maintain, so long as any other shares of Class A Common Stock shall be so listed, such listing of all shares of Class A Common Stock from time to time issuable upon the exercise of this Warrant; and the Company shall so list on each such national securities exchange or automated quotation system, as the case may be, and shall maintain such listing of any other shares of capital stock of the Company issuable upon the exercise of this Warrant so long as any shares of the same class shall be listed on such national securities exchange or automated quotation system.

(d) Certain Actions Prohibited. The Company will not, by amendment of its charter or through any reorganization, transfer of assets, consolidation, merger, dissolution, issue or sale of securities, or any other voluntary action, avoid or seek to avoid the observance or performance of any of the terms to be observed or performed by it hereunder, but will at all times in good faith assist in the carrying out of all the provisions of this Warrant and in the taking of all such actions as may reasonably be requested by the Holder of this Warrant in order to protect the exercise privilege of the Holder of this Warrant, consistent with the tenor and purpose of this Warrant. Without limiting the generality of the foregoing, the Company (i) will not increase the par value of any shares of Class A Common Stock receivable upon the exercise of this Warrant above the Exercise Price then in effect, and (ii) will take all such actions as may be necessary or appropriate in order that the Company may validly and legally issue fully paid and nonassessable shares of Class A Common Stock upon the exercise of this Warrant.

4. Antidilution Provisions. During the Exercise Period, the Exercise Price and the number of Warrant Shares shall be subject to adjustment from time to time as provided in this Section 4. In the event

that any adjustment of the Exercise Price as required herein results in a fraction of a cent, such Exercise Price shall be rounded up or down to the nearest cent.

(a) Adjustment of Exercise Price and Number of Shares upon Issuance of Common Stock. Except as otherwise provided in Section 4(c) and 4(e) hereof, if and whenever after the initial issuance of this Warrant, the Company issues or sells, or in accordance with Section 4(b) hereof is deemed to have issued or sold, any shares of Common Stock for no consideration or for a consideration per share less than the Market Price

(as herein defined) on the date of issuance (a "Dilutive Issuance"), then effective immediately upon the Dilutive Issuance, the Exercise Price will be adjusted in accordance with the following formula:

E' = (E) (O + P/M) / (CSDO)

where:

E' = the adjusted Exercise Price E = the then current Exercise Price; M = the then current Market Price;

O = the number of shares of Common Stock outstanding immediately prior to the Dilutive Issuance;

P = the aggregate consideration, calculated as set forth in Section 4(b) hereof, received by the Company upon such Dilutive Issuance; and

CSDO = the total number of shares of Common Stock Deemed Outstanding (as herein defined) immediately after the Dilutive Issuance.

(b) Effect on Exercise Price of Certain Events. For purposes of determining the adjusted Exercise Price under Section 4(a) hereof, the following will be applicable:

(i) Issuance of Rights or Options. If the Company in any manner issues or grants any warrants, rights or options, whether or not immediately exercisable, to subscribe for or to purchase Common Stock or other securities exercisable, convertible into or exchangeable for Common Stock ("Convertible Securities"), but not to include the grant or exercise of any stock or options which may hereafter be granted or exercised under any employee or Director benefit plan of the Company now existing or to be implemented in the future, so long as the issuance of such stock or options is approved by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established for such purpose (such warrants, rights and options to purchase Common Stock or Convertible Securities are hereinafter referred to as "Options"), and the price per share for which Common Stock is issuable upon the exercise of such Options is less than the Market Price on the date of issuance ("Below Market Options"), then the maximum total number of shares of Common Stock issuable upon the exercise of all such Below Market Options (assuming full exercise, conversion or exchange of Convertible Securities, if applicable) will, as of the date of the issuance or grant of such Below Market Options, be deemed to be outstanding and to have been issued and sold by the Company for such price per share. For purposes of the preceding sentence, the price per share for which Common Stock is issuable upon the exercise of such Below Market Options is determined by dividing (i) the total amount, if any, received or receivable by the Company as consideration for the issuance or granting of such Below Market Options, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise of all such Below Market Options, plus, in the case of Convertible Securities issuable upon the exercise of such Below Market Options, the minimum aggregate amount of additional consideration payable upon the exercise, conversion or exchange thereof at the time such Convertible Securities first become exercisable, convertible or exchangeable, by (ii) the maximum total number of shares of Common Stock issuable upon the exercise of all such Below Market Options (assuming full conversion of Convertible Securities, if applicable). No further adjustment to the Exercise Price will be made upon the actual issuance of such Common Stock upon the exercise of such Below Market Options or upon the exercise, conversion or exchange of Convertible Securities issuable upon exercise of such Below Market Options.

(ii) Issuance of Convertible Securities.

(A) If the Company in any manner issues or sells any Convertible Securities, whether or not immediately convertible (other than where the same are issuable upon the exercise of Options) and the price per share for which Common Stock is issuable upon such exercise, conversion or

exchange (as determined pursuant to Section 4(b)(ii)(B) if applicable) is less than the Market Price on the date of issuance, then the maximum total number of shares of Common Stock issuable upon the exercise, conversion or exchange of all such Convertible Securities will, as of the date of the issuance of such Convertible Securities, be deemed to be outstanding and to have been issued and sold by the Company for such price per share. For the purposes of the preceding sentence, the price per share for which Common Stock is issuable upon such exercise, conversion or exchange is determined by dividing (i) the total amount, if any, received or receivable by the Company as consideration for the issuance or sale of all such Convertible Securities, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange thereof at the time such Convertible Securities first become exercisable, convertible or exchangeable, by (ii) the maximum total number of shares of Common Stock issuable upon the exercise, conversion or exchange of all such Convertible Securities. No further adjustment to the Exercise Price will be made upon the actual issuances of such Common Stock upon exercise, conversion or exchange of such Convertible Securities.

(B) If the Company in any manner issues or sells any Convertible Securities with a fluctuating conversion or exercise price or exchange ratio (a "Variable Rate Convertible Security"), then the price per share for which Common Stock is issuable upon such exercise, conversion or exchange for purposes of the calculation contemplated by Section 4(b)(ii)(A) shall be deemed to be the lowest price per share which would be applicable assuming that (1) all holding period and other conditions to any discounts contained in such Convertible Security have been satisfied, and (2) the Market Price on the date of issuance of such Convertible Security was 80% of the Market Price on such date (the "Assumed Variable Market Price").

(iii) Change in Option Price or Conversion Rate. Except for the grant or exercise of any stock or options which may hereafter be granted or exercised under any employee or Director benefit plan of the Company now existing or to be implemented in the future, so long as the issuance of such stock or options is approved by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established for such purpose, if there is a change at any time in (i) the amount of additional consideration payable to the Company upon the exercise of any Options; (ii) the amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange or any Convertible Securities; or (iii) the rate at which any Convertible Securities are convertible into or exchangeable for Common Stock (other than under or by reason of provisions designed to protect against dilution), the Exercise Price in effect at the time of such change will be readjusted to the Exercise Price which would have been in effect at such time had such Options or Convertible Securities still outstanding provided for such changed additional consideration or changed conversion rate, as the case may be, at the time initially granted, issued or sold.

(iv) Treatment of Expired Options and Unexercised Convertible Securities. If, in any case, the total number of shares of Common Stock issuable upon exercise of any Options or upon exercise, conversion or exchange of any Convertible Securities is not, in fact, issued and the rights to exercise such option or to exercise, convert or exchange such Convertible Securities shall have expired or terminated, the Exercise Price then in effect will be readjusted to the Exercise Price which would have been in effect at the time of such expiration or termination had such Options or Convertible Securities, to the extent outstanding immediately prior to such expiration or termination (other than in respect of the actual number of shares of Common Stock issued upon exercise or conversion thereof), never been issued.

(v) Calculation of Consideration Received. If any Common Stock, Options or Convertible Securities are issued, granted or sold for cash, the consideration received therefor for purposes of this Warrant will be the amount received by the Company therefor, before deduction of reasonable commissions, underwriting discounts or allowances or other reasonable expenses paid or incurred by the Company in connection with such

issuance, grant or sale, plus the minimum aggregate amount of additional consideration, if any, payable to the Company upon the exercise, conversion or exchange of all such Options or Convertible Securities at the time such Options or Convertible Securities first become exercisable, convertible or exchangeable. In case any Common Stock, Options or Convertible Securities are issued or sold for a consideration part or all of which shall be other than cash, the amount of the consideration other than cash received by the Company will be the fair market value of such consideration except where such consideration consists of freely-tradeable securities, in which case the amount of consideration received by the Company will be the Market Price thereof as of the date of receipt. In case any Common Stock, Options or Convertible Securities are issued in connection with any merger or consolidation in which the Company is the surviving corporation, the amount of consideration therefor will be deemed to be the fair market value of such portion of the net assets and business of the non-surviving corporation as is attributable to such Common Stock, Options or Convertible Securities, as the case may be. The fair market value of any consideration other than cash or securities will be determined in the good faith reasonable business judgment of the Board of Directors.

(vi) Exceptions to Adjustment of Exercise Price. No adjustment to the Exercise Price will be made (i) upon the exercise of any warrants, options or convertible securities issued and outstanding on the date hereof in accordance with the terms of such securities as of such date; (ii) upon the grant or exercise of any stock or options which may hereafter be granted or exercised under any employee or Director benefit plan of the Company now existing or to be implemented in the future, so long as the issuance of such stock or options is approved by a majority of the non-employee members of the Board of Directors of the Company or a majority of the members of a committee of non-employee directors established for such purpose; (iii) upon the issuance of the Common Shares (as defined in the Securities Purchase Agreement) or Warrants in accordance with terms of the Securities Purchase Agreement; or (iv) upon the exercise of the Warrants.

(c) Subdivision or Combination of Common Stock. If the Company, at any time after the initial issuance of this Warrant, subdivides (by any stock split, stock dividend, recapitalization, reorganization, reclassification or otherwise) its shares of Common Stock into a greater number of shares, then, after the date of record for effecting such subdivision, the Exercise Price in effect immediately prior to such subdivision will be proportionately reduced. If the Company, at any time after the initial issuance of this Warrant, combines (by reverse stock split, recapitalization, reorganization, reclassification or otherwise) its shares of Common Stock into a smaller number of shares, then, after the date of record for effecting such combination, the Exercise Price in effect immediately prior to such combination will be proportionately increased.

(d) Adjustment in Number of Shares. Upon each adjustment of the Exercise Price pursuant to the provisions of this Section 4, the number of shares of Common Stock issuable upon exercise of this Warrant shall be adjusted by multiplying a number equal to the Exercise Price in effect immediately prior to such adjustment by the number of shares of Common Stock issuable upon exercise of this Warrant immediately prior to such adjustment and dividing the product so obtained by the adjusted Exercise Price.

(e) Major Transactions. If the Company shall consolidate or merge with any other corporation or entity (other than a merger in which the Company is the surviving or continuing entity and its capital stock is unchanged and unissued in such transaction (except for issuances which do not exceed twenty percent (20%) of the Class A Common Stock and do not result in a Change of Control (as defined in the Debenture))) or there shall occur any share exchange pursuant to which all of the outstanding shares of Common Stock are converted into other securities or property or any reclassification or change of the outstanding shares of Common Stock or the Company shall sell all or substantially all of its assets (each of the foregoing being a "Major Transaction"), then the holder of this Warrant

may, at its option, either (a) in the event that the Common Stock remains outstanding or holders of Common Stock receive any common stock or substantially similar equity interest, in each of the foregoing cases which is publicly traded, retain this Warrant and this Warrant shall continue to apply to such Common Stock or shall apply, as nearly as practicable, to such other common stock or equity interest, as the case may be, or (b) regardless of whether (a) applies, receive consideration, in exchange for this Warrant (without payment of any exercise price hereunder), equal to the greater of, as determined in the sole discretion of such holder: (i) the number of shares of stock or securities or property of the Company, or of the entity resulting from such Major Transaction (the "Major Transaction Consideration"), to which a holder of the number of shares of Common Stock delivered upon the exercise of this Warrant (pursuant to the cashless exercise feature hereof) would have been entitled upon such Major Transaction had such holder so exercised this Warrant (without regard to any limitations on exercise herein or elsewhere contained) on the trading date immediately preceding the public announcement of the transaction resulting in such Major Transaction and had such Common Stock been issued and outstanding and had such Holder been the holder of record of such Common Stock at the time of the consummation of such Major Transaction, and (ii) cash paid by the Company in immediately available funds, in an amount equal to one hundred and twenty five percent (125%) of the Black-Scholes Amount (as defined herein) times the number of shares of Common Stock for which this Warrant was exercisable (without regard to any limitations on exercise herein contained and assuming payment of the exercise payment in cash hereunder); and the Company shall make lawful provision for the foregoing as a part of such Major Transaction and shall cause the issuer of any security in such transaction which constitutes Registrable Securities under that certain Registration Rights Agreement dated April 14, 1999 among the Company and the signatories thereto (the "Registration Rights Agreement") to assume all of the Company's obligations under the Registration Rights Agreement (provided any cash election pursuant to clause (ii) above must be made in writing to the Company within ten (10) business days following consummation of such applicable transaction (or, in the event that a Company Transaction (as defined below) occurs, within ten (10) business days following the Measurement Period (as defined below)). In the event that the Company shall consolidate or merge with any other corporation in a transaction in which common stock of the surviving corporation or the parent thereof (the "Exchange Securities") is issued to the holders of Common Stock in such transaction in exchange for all such Common Stock, and (a) the Exchange Securities are publicly traded, (b) the average daily trading volume of the Exchange Securities during the one hundred eighty

(180) day period ending on the date on which such transaction is publicly disclosed is greater than two million dollars ($2,000,000) per day, (c) the historical one hundred (100) day volatility of the Exchange Securities during the period ending on the date on which such transaction is publicly disclosed is greater than sixty percent (60%) and (d) the market capitalization of the issuer of the Exchange Securities is not less than one hundred fifty million dollars ($150,000,000) based on the last sale price of the Exchange Securities on the date immediately before the date on which such transaction is publicly disclose (in each case, with respect to the foregoing clauses (a) through (d), as reported by Bloomberg), then the provisions of clause (b) of the preceding sentence shall not apply. In the event that the Company shall, in a Major Transaction, consolidate or merge with any other corporation in a transaction in which the Company is the survivor (a "Company Transaction"), the provisions of clause (ii) of the second preceding sentence shall not apply to the extent that each of the following conditions remain true for the thirty (30) business days commencing as of the date of the consummation of such transaction (the "Measurement Period"): (a) the Class A Common Stock remains publicly traded during the period, (b) the average daily trading volume of the Class A Common Stock is greater than two million dollars ($2,000,000), (c) the historical thirty (30) day volatility of the Company's Class A Common Stock is greater than sixty percent (60%), and (d) the market capitalization of the Company (including Class B Common Stock) is not less than one hundred fifty million dollars ($150,000,000) on the last day of the period (in each case, with respect to the foregoing clauses (a) through (d), as reported by Bloomberg). No sooner than ten (10) business days nor later than five (5)

business days prior to the consummation of the Major Transaction or Common Stock Major Transaction, as the case may be (each, a "Transaction"), but not prior to the public announcement of such Transaction, the Company shall deliver written notice ("Notice of Transaction") to each holder of a Warrant, which Notice of Transaction shall be deemed to have been delivered one (1) business day after the Company's sending such notice by telecopy (provided that the Company sends a confirming copy of such notice on the same day by overnight courier) of such Notice of Transaction. Such Notice of Transaction shall indicate the amount and type of the transaction consideration which such holder of a Warrant would receive under this Section ("Transaction Consideration"). If the Transaction Consideration is cash and does not consist entirely of United States currency, such holder may elect to receive United States currency in an amount equal to the value of the Transaction Consideration in lieu of the Transaction Consideration by delivering notice of such election to the Company within five (5) business days of such holder's receipt of the Notice of Transaction.

The "Black-Scholes Amount" shall be an amount equal to 0.75 times the amount determined by calculating the "Black-Scholes" value of an option to purchase one share of Common Stock on the applicable page on the Bloomberg online page, using the following variable values: (i) the current market price of the Common Stock equal to the closing trade price on the last trading day before the date of the Notice of Transaction; (ii) volatility of the Common Stock equal to the volatility of the common Stock during the 100 trading day period preceding the date of the Notice of Transaction; (iii) a risk free rate equal to the interest rate on the United States treasury bill or treasury note with a maturity corresponding to the remaining term of this Warrant on the date of the Notice of Transaction; and (iv) an exercise price equal to the Exercise Price on the date of the Notice of the Transaction. In the event such calculation function is no longer available utilizing the Bloomberg online page, the Holder shall calculate such amount in its sole discretion using the closest available alternative mechanism and variable values to those available utilizing the Bloomberg online page for such calculation function.

(f) Distribution of Assets. In case the Company shall declare or make any distribution of its assets (or rights to acquire its assets) to holders of Common Stock as a partial liquidating dividend, by way of return of capital or otherwise (including any dividend or distribution to

the Company's shareholders of cash or shares (or rights to acquire shares) of capital stock of a subsidiary) (a "Distribution"), at any time after the initial issuance of this Warrant, then the Holder shall be entitled upon exercise of this Warrant for the purchase of any or all of the shares of Common Stock subject hereto, to receive the amount of such assets (or rights) which would have been payable to the Holder had such Holder been the holder of such shares of Common Stock on the record date for the determination of shareholders entitled to such Distribution.

(g) Notices of Adjustment. Upon the occurrence of any event which requires any adjustment of the Exercise Price, then, and in each such case, the Company shall give notice thereof to the Holder, which notice shall state the Exercise Price resulting from such adjustment and the increase or decrease in the number of Warrant Shares purchasable at such price upon exercise, setting forth in reasonable detail the method of calculation and the facts upon which such calculation is based. Such calculation shall be certified by the chief financial officer of the Company.

(h) Minimum Adjustment of Exercise Price. No adjustment of the Exercise Price shall be made in an amount of less than 1% of the Exercise Price in effect at the time such adjustment is otherwise required to be made, but any such lesser adjustment shall be carried forward and shall be made at the time and together with the next subsequent adjustment which, together with any adjustments so carried forward, shall amount to not less than 1% of such Exercise Price.

(i) No Fractional Shares. No fractional shares of Class A Common Stock are to be issued upon the exercise of this Warrant, but the Company shall pay a cash adjustment in respect of any fractional share which would otherwise be issuable in an amount equal to the same fraction of the Market

Price of a share of Class A Common Stock; provided that in the event that sufficient funds are not legally available for the payment of such cash adjustment any fractional shares of Class A Common Stock shall be rounded up to the next whole number.

(j) Other Notices. In case at any time:

(i) the Company shall declare any dividend upon the Common Stock payable in shares of stock of any class or make any other distribution to the holders of the Common Stock;

(ii) the Company shall offer for subscription pro rata to the holders of the Common Stock any additional shares of stock of any class or other rights;

(iii) there shall be any capital reorganization of the Company, or reclassification of the Common Stock, or consolidation or merger of the Company with or into, or sale of all or substantially all of its assets to, another corporation or entity; or

(iv) there shall be a voluntary or involuntary dissolution, liquidation or winding-up of the Company;

then, in each such case, the Company shall give to the Holder (a) notice of the date on which the books of the Company shall close or a record shall be taken for determining the holders of Common Stock entitled to receive any such dividend, distribution, or subscription rights or for determining the holders of Common Stock entitled to vote in respect of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up and (b) in the case of any such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation or winding-up, notice of the date (or, if not then known, a reasonable approximation thereof by the Company) when the same shall take place. Such notice shall also specify the date on which the holders of Common Stock shall be entitled to receive such dividend,

distribution, or subscription rights or to exchange their Common Stock for stock or other securities or property deliverable upon such reorganization, reclassification, consolidation, merger, sale, dissolution, liquidation, or winding-up, as the case may be. Such notice shall be given at least 30 days prior to the record date or the date on which the Company's books are closed in respect thereto, but in no event earlier than public announcement of such proposed transaction or event. Failure to give any such notice or any defect therein shall not affect the validity of the proceedings referred to in clauses (i), (ii), (iii) and (iv) above.

(k) Certain Definitions.

(i) "Common Stock Deemed Outstanding" shall mean the number of shares of Common Stock actually outstanding (not including shares of Common Stock held in the treasury of the Company), plus (x) in case of any adjustment required by Section 4(a) resulting from the issuance of any Options, the maximum total number of shares of Common Stock issuable upon the exercise of the Options for which the adjustment is required (including any Common Stock issuable upon the conversion of Convertible Securities issuable upon the exercise of such Options), and (y) in the case of any adjustment required by Section 4(a) resulting from the issuance of any Convertible Securities, the maximum total number of shares of Common Stock issuable upon the exercise, conversion or exchange of the Convertible Securities for which the adjustment is required, as of the date of issuance of such Convertible Securities, if any.

(ii) "Market Price," as of any date, (i) means the average of the Closing Sale Prices for the shares of Common Stock as reported to The Nasdaq National Market for the trading day immediately preceding such date, or (ii) if The Nasdaq National Market is not the principal trading market for the Common Stock, the average of the last reported bid prices on the principal trading market for the Common Stock during the same period, or, if there is no bid price for such period, the last reported sales price for such period, or (iii) if market value cannot be calculated as of such

date on any of the foregoing bases, the Market Price shall be the average fair market value as reasonably determined by an investment banking firm selected by the Company and reasonably acceptable to the Holders of a majority in interest of the Warrants, with the costs of the appraisal to be borne by the Company. The manner of determining the Market Price of the Common Stock set forth in the foregoing definition shall apply with respect to any other security in respect of which a determination as to market value must be made hereunder.

(iii) "Common Stock," for purposes of this Section 4, includes the Common Stock and any additional class of stock of the Company having no preference as to dividends or distributions on liquidation, provided that the shares purchasable pursuant to this Warrant shall include only Common Stock in respect of which this Warrant is exercisable, or shares resulting from any subdivision or combination of such Common Stock, or in the case of any reorganization, reclassification, consolidation, merger, or sale of the character referred to in Section 4(e) hereof, the stock or other securities or property provided for in such Section.

(l) Other Adjustments. If any Key Officers (as defined in the Securities Purchase Agreement) or any replacement of any Key Officer, during the six-month period beginning on the date that the registration statement required pursuant to Section 2.1 of the Registration Rights Agreement, and while an officer or director, directly or indirectly, offer, sell, transfer, assign, pledge, or otherwise dispose of any shares of Common Stock, or any securities directly or indirectly convertible into or exercisable or exchangeable for, or warrants, options or rights to purchase or acquire shares of Common Stock (all such securities, "Options") or enter into any agreement, contract, arrangement or understanding with respect to any such offer, sale, transfer, assignment,

pledge or other disposition of any Common Stock or Options (an "Executive Transfer"), then the Exercise Price shall be reduced by twenty percent (20%). Provided, however that a Key Officer may sell up to ten percent (10%) of his or her total holdings during such six-month period without triggering the adjustments of this Section 8.10.

5. [Intentionally omitted]

6. Issue Tax. The issuance of certificates for Warrant Shares upon the exercise of this Warrant shall be made without charge to the Holder or such shares for any issuance tax or other costs in respect thereof, provided that the Company shall not be required to pay any tax which may be payable in respect of any transfer involved in the issuance and delivery of any certificate in a name other than the Holder.

7. No Rights or Liabilities as a Shareholder. This Warrant shall not entitle the Holder to any voting rights or other rights as a shareholder of the Company. No provision of this Warrant, in the absence of affirmative action by the Holder to purchase Warrant Shares, and no mere enumeration herein of the rights or privileges of the Holder, shall give rise to any liability of the Holder for the Exercise Price or as a shareholder of the Company, whether such liability is asserted by the Company or by creditors of the Company.

8. Transfer, Exchange, Redemption and Replacement of Warrant.

a. Restriction on Transfer. This Warrant and the rights granted to the Holder are transferable, in whole or in part, upon surrender of this Warrant, together with a properly executed assignment in the Form of Assignment attached hereto as Exhibit 2, at the office or agency of the Company referred to in Section 8(e) below, provided, however, that any transfer or assignment shall be subject to the provisions of Section 5.1 and 5.2 of the Securities Purchase Agreement. Until due presentment for registration of transfer on the books of the Company, the Company may treat the registered holder hereof as the owner and holder hereof for all purposes, and the Company shall not be affected by any notice to the contrary. Notwithstanding anything to the contrary contained herein, the registration rights described in Section 9 hereof are assignable only in accordance with the provisions of the Registration Rights Agreement.

b. Warrant Exchangeable for Different Denominations. This Warrant is exchangeable, upon the surrender hereof by the Holder at the office or agency of the Company referred to in Section 8(e) below, for new Warrants, in the form hereof, of different denominations representing in the aggregate the right to purchase the number of shares of Common Stock which may be purchased hereunder, each of such new Warrants to represent the right to purchase such number of shares as shall be designated by the Holder of at the time of such surrender.

c. Replacement of Warrant. Upon receipt of evidence reasonably satisfactory to the Company of the loss, theft, destruction, or mutilation of this Warrant or, in the case of any such loss, theft, or destruction, upon delivery, of an indemnity agreement reasonably satisfactory in form and amount to the Company, or, in the case of any such mutilation, upon surrender and cancellation of this Warrant, the Company, at its expense, will execute and deliver, in lieu thereof, a new Warrants, in the form hereof, in such denominations as Holder may request.

d. Cancellation; Payment of Expenses. Upon the surrender of this Warrant in connection with any transfer, exchange, or replacement as provided in this Section 8, this Warrant shall be promptly canceled by the Company. The Company shall pay all issuance taxes (other than securities transfer taxes) and charges payable in connection with the preparation, execution, and delivery of Warrants pursuant to this Section 8.

e. Warrant Register. The Company shall maintain, at its principal executive offices (or such other office or agency of the Company as it may designate by notice to the Holder), a register for this Warrant, in which the Company shall record the name and address of the person in whose name this Warrant has been issued, as well as the name and address of each transferee and each prior owner of this Warrant.

f. Additional Restriction on Exercise or Transfer. Notwithstanding anything to the contrary contained herein, the Warrants shall not be exercisable by the Holder to the extent (but only to the extent) that, if exercisable by Holder, Holder would beneficially own in excess of 4.9% (the "Applicable Percentage") of the shares of Class A Common Stock. To the extent the above limitation applies, the determination of whether the Warrants shall be exercisable (vis-a-vis other securities owned by Holder which contain similar limitations on conversion) and of which Warrants shall be exercisable (as among Warrants) shall be made on the basis of the earliest submission of the Warrants (vis-a-vis other securities owned by the Holder which contain similar limitations on conversion and vis a vis other Warrants), in each case subject to such aggregate percentage limitation. No prior inability to exercise Warrants pursuant to this paragraph shall have any effect on the applicability of the provisions of this paragraph with respect to any subsequent determination of exercisability. For the purposes of this paragraph, beneficial ownership and all determinations and calculations, including without limitation, with respect to calculations of percentage ownership, shall be determined in accordance with Section 13(d) of the Securities Exchange Act of 1934, as amended, and Regulation 13D and G thereunder. The provisions of this paragraph may be implemented in a manner otherwise than in strict conformity with the terms of this Section 8(f) with the approval of the Board of Directors of the Company and the Holder: (i) with respect to any matter to cure any ambiguity herein, to correct this paragraph (or any portion hereof) which may be defective or inconsistent with the intended Applicable Percentage beneficial ownership limitation herein contained or to make changes or supplements necessary or desirable to properly give effect to such Applicable Percentage limitation; and (ii) with respect to any other matter, with the further consent of the holders of a majority of the then outstanding shares of Class A Common Stock. For clarification, it is expressly a term of this security that the limitations contained in this Section shall apply to each successor Holder.

9. Registration Rights. The initial holder of this Warrant (and certain assignees thereof) is entitled to the benefit of such registration rights in respect of the Warrant Shares as are set forth in the Registration Rights Agreement.

10. Notices. Any notice herein required or permitted to be given shall be in writing and may be personally served or delivered by courier or by confirmed telecopy, and shall be deemed delivered at the time and date of receipt (which shall include telephone line facsimile transmission). The addresses for such communications shall be:

If to the Company:

Westell Technologies, Inc.
750 N. Commons Drive
Aurora, IL 60504
Telecopy: (630) 375-4940
Attention: Stephen J. Hawrysz

with a copy to:

Neal J. White, P.C.
McDermott, Will & Emery
227 West Monroe Street
Chicago, IL 60606

Telecopy: (312) 984-3669
Attention: (312) 984-7579

and if to the Holder, at such address as Holder shall have provided in writing to the Company, or at such other address as each such party furnishes by notice given in accordance with this Section 10.

11. Governing Law; Jurisdiction. This Warrant shall be governed by and construed in accordance with the laws of the State of New York applicable to contracts made and to be performed in the State of New York. The Company irrevocably consents to the jurisdiction of the United States federal courts located in the State of New York and the state courts located in the County of New York in the State of New York in any suit or proceeding based on or arising under this Warrant and irrevocably agrees that all claims in respect of such suit or proceeding may be determined in such courts. The Company irrevocably waives the defense of an inconvenient forum to the maintenance of such suit or proceeding. The Company agrees that a final nonappealable judgment in any such suit or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on such judgment or in any other lawful manner.

12. Miscellaneous.

a. Amendments. This Warrant and any provision hereof may only be amended by an instrument in writing signed by the Company and the Holder.

b. Descriptive Headings. The descriptive headings of the several Sections of this Warrant are inserted for purposes of reference only, and shall not affect the meaning or construction of any of the provisions hereof.

c. Cashless Exercise. Notwithstanding anything to the contrary contained in this Warrant, this Warrant may be exercised by presentation and surrender of this Warrant to the Company at its principal executive offices with a written notice of the Holder's intention to effect a cashless exercise, including a calculation of the number of shares of Class A Common Stock to be issued upon such exercise in accordance with the terms hereof (a "Cashless Exercise"). In the event of a Cashless Exercise, in lieu of paying the Exercise Price in cash, the Holder shall surrender this Warrant for the number of shares of Class A Common Stock determined by multiplying the number of Warrant Shares to which it would otherwise be entitled by a fraction, the numerator of which shall be the difference between the then current Market Price per share of the Class A Common Stock and the Exercise Price, and the denominator of which shall be such then current Market Price per share of Class A Common Stock.

d. Assignability. This Warrant shall be binding upon the Company

and its successors and assigns and shall inure to the benefit of Holder and its successors and assigns. The Holder shall notify the Company upon the assignment of this Warrant.

IN WITNESS WHEREOF, the Company has caused this Warrant to be signed by its duly authorized officer.

Westell Technologies, Inc.

By:

Name:
Title:

FORM OF EXERCISE AGREEMENT

(To be Executed by the Holder in order to Exercise the Warrant)

The undersigned hereby irrevocably exercises the right to purchase _____ of the shares of common stock of Westell Technologies, Inc., a Delaware corporation (the "Company"), evidenced by the attached Warrant, and [herewith makes payment of the Exercise Price with respect to such shares in full/ elects to effect a Cashless Exercise pursuant to the terms of the Warrant], all in accordance with the conditions and provisions of said Warrant.

(i) The undersigned agrees not to offer, sell, transfer or otherwise dispose of any Common Stock obtained on exercise of the Warrant, except under circumstances that will not result in a violation of the Securities Act of 1933, as amended, or any state securities laws.

(ii) The undersigned requests that stock certificates for such shares be issued, and a Warrant representing any unexercised portion hereof be issued, pursuant to the Warrant in the name of the Holder (or such other person or persons indicated below) and delivered to the undersigned (or designee(s) at the address (or addresses) set forth below:

Date:

Signature of Holder

Name of Holder (Print)

Address:

FORM OF ASSIGNMENT

FOR VALUE RECEIVED, the undersigned hereby sells, assigns, and transfers all rights of the undersigned under the within Warrant, with respect to the number of shares of Common Stock covered thereby set forth hereinbelow, to:

Name of Assignee Address No. of Shares

, and hereby irrevocably constitutes and appoints _____ as agent and attorney-in-fact to transfer said Warrant on the books of the within-named corporation, with full power of substitution in the premises.

Date:_____, _____,

In the presence of

Name:

Signature:

Title of Signing Officer or Agent (if any):

Address:

Note: The above signature should correspond exactly with the name on the face of the within Warrant.

RIGHTS OF THE HOLDERS TO RECEIVE PAYMENTS HEREUNDER ARE SUBJECT TO A SUBORDINATION AGREEMENT DATED AS OF APRIL 14, 1999 (THE "SUBORDINATION AGREEMENT") BY AND AMONG THE HOLDERS LISTED ON SCHEDULE A ATTACHED HERETO AND LASALLE NATIONAL BANK ("SENIOR LENDER"). REFERENCE IS MADE TO SUCH AGREEMENT FOR A FULL STATEMENT OF THE TERMS AND CONDITIONS OF SUCH SUBORDINATION.

SUBORDINATE NOTE
FIXED RATE

Chicago, Illinois

Aggregate Principal Amount: $
(See Schedule A as to each Holder)

FOR VALUE RECEIVED, Westell Technologies, Inc., a Delaware corporation (the "DEBTOR"), hereby promises to pay to the order of [ ] or registered assigns or transferees hereof (each a "Holder" and, collectively, the "Holders") the principal sum of Dollars ($), together with interest, in the manner provided herein. All principal and interest amounts due under this Note are referred to herein as the "Obligations" and are subject to the provisions of this Note.

1. Repayment of Principal. Debtor shall pay the entire principal balance hereof and all accrued and unpaid interest thereon on or before [date which is 365 days following the date of issuance of this Note].

2. Interest on Unpaid Principal Balance. Interest shall accrue on the unpaid principal balance hereof at the rate of 12% per annum (the "Interest Rate") and all interest provided herein shall be computed on the basis of a 365-day year. Accrued interest shall be paid on each June 30 and December 30 until the entire amount due under this Note is paid (each a "Payment Date") (unless such day is not a business day, in which event on the next succeeding business day) commencing with the first Payment Date following the date of issuance of this Note. In the event an interest payment is prohibited under the terms of the Subordination Agreement, the accrued interest shall be capitalized and added to the principal balance hereof.

3. Allocation of Payments. The Debtor will pay to Holder, either by certified check or by wire transfer, in immediately available funds, to such account as Holder may specify in writing, all amounts payable to Holder in respect of the principal of, or interest on this Note, without any presentation of this Note. Each such payment, when paid, shall be applied first to the payment of interest accrued and unpaid under this Note and second to the payment or prepayment of the principal hereof. All payments hereunder shall be made to Holder at the addresses for each set forth on Schedule A attached hereto or as otherwise directed in writing by such Holder.

4. Events of Default. Upon the happening of any one or more of the following events (each, an "Event of Default"):

(1) If Debtor shall fail to pay any amount of principal or interest when due and payable under this Note within five days after any Holder gives Debtor notice of such non-payment (whether on the due date or by acceleration or otherwise), except that Debtor's failure to pay such principal or interest shall not be an Event of Default hereunder to the extent that the Holders are not entitled to receive such payment under the Subordination Agreement; provided that Debtor makes such payment as soon as the Holders are permitted to receive such payment

under such Subordination Agreement;

(2) An Event of Failure as defined in the Company's 6% Subordinated Convertible Debentures issued April 14, 1999 (the "Debentures"), shall have occurred or, if no Debentures are then outstanding, any event shall have occurred which would have been an Event of Failure under the Debentures if any Debentures were then outstanding; or

(3) A Major Transaction (as defined in the Debentures) shall have occurred, whether or not any Debentures are then outstanding;

then and at any time thereafter during the continuance of any such Event of Default: (i) Holder may, by notice to Debtor, declare the entire aggregate principal of and accrued interest on this Note to be immediately due and payable, whereupon this Note and all accrued interest will thereupon immediately become due and payable without presentment, notice, demand, protest, or further notice of any kind whatsoever, all of which are hereby expressly waived, except that upon the occurrence of an Event of Default specified in (c) above, the entire principal of and accrued interest on this Note shall automatically and immediately become due and payable without such notice and without presentment, notice, demand, or protest of any kind whatsoever, all of which are hereby expressly waived; and (ii) Holder may exercise any or all other remedies available under law or under any other agreements or instruments securing or related to this Note.

5. Exchange. Holder may, by written request (a "Solvency Confirmation Request") deliver to Debtor from time to time, request confirmation from Debtor that Debtor continues to meet the Solvency Conditions (as defined in the Debenture). Within five (5) business days of receipt of a Solvency Confirmation Request (the "Confirmation Date") either (a) if Debtor continues to meet the Solvency Conditions, this Note shall remain outstanding and Debtor shall deliver to the Holder a certificate of the chief financial officer of Debtor certifying that Debtor continues to meet the Solvency Conditions or (b) if Debtor no longer continues to meet the Solvency Conditions, this Note shall, at the option of Holder, be exchanged for, and Debtor shall deliver to Holder, a debenture identical to the Debenture (a "New Debenture") except that the New Debenture (i) shall provide for a Conversion Price at all times that is equal to the lower of the Variable Conversion Price (assuming for this purpose that such Variable Conversion Price shall be deemed to be the lower of the Variable Conversion Price under the Debenture and the average of the closing bid prices of the Class A Common Stock for the five (5) trading days immediately preceding the Solvency Confirmation Request) and the Market Conversion Price, (ii) shall be dated the Confirmation Date, (iii) shall have a principal amount equal to the principal amount and amount of accrued and unpaid interest on the Note as of the Confirmation Date and (iv) shall not allow for the issuance of Cap Debentures (all such capitalized equal terms to have the meanings ascribed to them in the Debenture). Holder shall also have the right to exchange this Note for a new Debenture at any time following the occurrence of an Event of Default as described in Section 4(a) hereof.

6. General. Interests in this Note are transferrable only by written notice to Debtor, and this Note shall be duly endorsed as to such interest or accompanied by a written instrument or transfer executed by the registered Holder. Payment of principal or interest on this Note shall be made only to or upon order of the registered Holders. Upon transfer of any interest in this Note as provided above, Debtor shall issue a new Schedule A to this Note, registered in the name of the then current Holders and transferee (subject to compliance with any applicable federal or state securities laws, rules or regulations).

7. Debtor hereby:

(1) waives diligence, presentment, demand for payment, notice of dishonor, notice of non-payment, protest, notice of protest, and any and all other demand in connection with the delivery, acceptance, performance, default or enforcement of this Note;

(2) waives the benefit of any statute of limitations to the

maximum extent permitted by law with respect to any action to enforce or otherwise related to this Note;

(3) agrees that Holder shall have the right, without notice, to grant any extension of time for payment of any indebtedness evidenced by this Note or any other indulgence or forbearance whatsoever;

(4) agrees that no failure on the part of Holder to exercise any power, right or privilege hereunder, or to insist upon prompt compliance with the terms of this Note shall constitute a waiver of that power, right or privilege; and

(5) agrees that the acceptance at any time by Holder of any past due amounts shall not be deemed to be a waiver of the requirement to make prompt payment when due of any other amounts then or hereafter due and payable hereunder.

8. Upon delivery of an affidavit in a form reasonably satisfactory to Debtor from the Holder or its agent as to the loss, theft, destruction or mutilation of this Note, and upon receipt of indemnity reasonably satisfactory to Debtor from Holder, or in the case of mutilation hereof, upon surrender of the mutilated Note, Debtor will make and deliver a new Note of like tenor in lieu of this Note and containing the same legend as herein.

9. This Note shall be governed in all respects by the laws of the State of Illinois. Debtor covenants, and by the acceptance of this Note, Holder also covenants, that each irrevocably (a) waives, to the fullest extent permitted by law, any and all right to trial by jury in any legal proceeding arising out of this Note or any of the transactions contemplated hereby, (b) submits to the personal jurisdiction of the state courts located in Chicago, Illinois or, if the United States District Courts would otherwise have jurisdiction, the United States District Court located in Chicago, Illinois, and (c) waives any and all personal rights under the law of any jurisdiction to object on any basis (including, without limitation, inconvenience of forum) to jurisdiction or venue within the State of Illinois.

10. In the event that Debtor defaults in payment of any Obligation due hereunder, Debtor shall pay all Holders' out-of-pocket collection costs, including without limitation reasonable attorneys' fees and legal costs, whether or not any suit or enforcement proceeding is commenced.

11. This Subordinate Note is secured by a lien on certain assets of Debtor granted pursuant to that certain Security Agreement dated as of April 14, 1999

WESTELL TECHNOLOGIES, INC.

By:

Name:
Title:

SCHEDULE A TO SUBORDINATE NOTE
DATED _____, ___ IN THE AGGREGATE
PRINCIPAL AMOUNT OF $

NOTEHOLDERS	PRINCIPAL AMOUNT OF NOTE	PERCENTAGE INTEREST IN AGGREGATE PRINCIPAL AMOUNT OF SUBORDINATE NOTES	ADDRESS FOR PAYMENT
[NAME OF HOLDER]			

[NAME OF HOLDER]

[NAME OF HOLDER]

TOTAL $_____ 100%

SECURITY AGREEMENT

THIS SECURITY AGREEMENT ("Agreement") dated as of April 14, 1999 is entered into by Westell Technologies, Inc., a Delaware corporation ("Company"), Westell, Inc., an Illinois corporation and Westell International, Inc., a Delaware corporation (collectively, the "Debtors" and each individually a "Debtor"), and Castle Creek Technology Partners LLC ("Secured Party").

Recitals:

A. Company has entered into a certain Securities Purchase Agreement of even date herewith between Company and Secured Party, pursuant to which Secured Party has agreed, subject to the terms and conditions thereof, to purchase a certain 6% Subordinated Convertible Debenture of even date (as amended, restated or otherwise modified and in effect from time to time the "Debenture").

B. It is a condition precedent to the purchase of the Debenture that Debtors shall have granted the security interest contemplated by this Agreement.

NOW, THEREFORE, in consideration of the premises and to induce Secured Party to purchase the Debenture and to make the Loans to Company thereunder, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties agree as follows:

1. Definitions. Capitalized terms used herein without definition are used herein as defined in the Debenture. In addition, the following terms shall have the following meanings:

"Accounts" shall mean any "account," as such term is defined in the Uniform Commercial Code.

"Account Debtor" shall mean the Person who is or may be obligated to any Debtor under, with respect to or on account of an Account, an Instrument, a General Intangible or other Collateral.

"Chattel Paper" shall mean any "chattel paper," as such term is defined in the Uniform Commercial Code.

"Collateral" is defined in Section 2 hereof.

"Contracts" shall mean all contracts, undertakings or other agreements (other than rights evidenced by Chattel Paper, Documents or Instruments) in or under which any Debtor may now or hereafter have any right, title or interest, including, without limitation, with respect to an Account, any agreement relating to the terms of payment or the terms of performance thereof.

"Copyrights" shall mean any of each Debtor's copyrights, rights and interests in copyrights, works protectable by copyrights, copyright registrations and copyright applications, including, without limitation, the copyright registrations and applications listed on Schedule 3 attached hereto, and all renewals of any of the foregoing, all income, royalties, damages and payments now or hereafter due or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

"Documents" shall mean any "documents," as such term is defined in the Uniform Commercial Code.

"Equipment" shall mean any "equipment," as such term is defined

in the Uniform Commercial Code and shall include fixtures, motor vehicles, tractors, trailers and other like property, whether or not the title thereto is governed by a certificate of title or ownership.

"Event of Default" means an Event of Failure under the Debenture after expiration of any cure periods.

"General Intangibles" shall mean any "general intangibles," as such term is defined in the Uniform Commercial Code and shall include, without limitation, all right, title and interest in or under any Contract, drawings, materials and records, claims, literary rights, goodwill, rights of performance, Copyrights, Trademarks, patents, warranties, rights under insurance policies and rights of indemnification.

"Goods" shall mean any "goods," as such term is defined in the Uniform Commercial Code.

"Instruments" shall mean any "instrument," as such term is defined in the Uniform Commercial Code and shall include, without limitation, promissory notes, drafts, bills of exchange, trade acceptances, letters of credit and Chattel Paper.

"Inventory" shall mean any "inventory," as such term is defined in the Uniform Commercial Code.

"Investment Property" shall mean any "investment property," as such term is defined in the Uniform Commercial Code, other than shares or other equity interests of non-U.S. subsidiaries.

"LaSalle" means LaSalle National Bank or its successors or assigns or replacements of holders of Permitted Senior Indebtedness under clause (i) of the definition of such Permitted Senior Indebtedness.

"Obligations" shall mean all obligations of the Company under the Debenture, the PIK Debentures and the Cap Debenture including, without limitations, the Company's obligation to pay principal and interest and to redeem the Debentures.

"Patents" shall mean any of each Debtor's patents and patent applications, including, without limitation, the inventions and improvements described and claimed therein, all patentable inventions and those patents and patent applications listed on Schedule 4 attached hereto, and the reissues, divisions, continuation, renewals, extensions and continuations-in-part of any of the foregoing, and all income, royalties, damages and payments now or hereafter due or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

"Permitted Senior Indebtedness" shall have the meaning given to it in the Securities Purchase Agreement.

"Proceeds" shall mean "proceeds," as such term is defined in the Uniform Commercial Code and shall include, without limitation, (a) any and all proceeds of any insurance, indemnity, warranty or guaranty payable with respect to any of the Collateral, (b) any and all payments, in any form whatsoever, made or due and payable from time to time in connection with any confiscation, condemnation, seizure or forfeiture of all or any part of the Collateral by any governmental authority, and (c) any and all other amounts from time to time paid or payable under, in respect of or in connection with any of the Collateral.

"Subordination Agreement" means that certain Subordination Agreement between Secured Party and LaSalle National Bank of even date herewith and any successor subordination agreement executed by Secured

Party and LaSalle.

"Trademarks" shall mean any of each Debtor's trademarks, trade

names, corporate names, company names, business names, fictitious business names, trade styles, service marks, logos, other business identifiers, prints and labels on which any of the foregoing have appeared or appear, all registrations and recordings thereof, and all applications in connection therewith, including, without limitation, the trademarks and applications listed on Schedule 5 attached hereto and renewals thereof, and all income, royalties, damages and payments now or hereafter due or payable under or with respect to any of the foregoing, including, without limitation, damages and payments for past, present and future infringements of any of the foregoing and the right to sue for past, present and future infringements of any of the foregoing.

"Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect from time to time in the State of Illinois; provided, however, if, by reason of mandatory provisions of law, the attachment, perfection or priority of Secured Party's security interest in any Collateral is governed by the Uniform Commercial Code as in effect in a jurisdiction other than the State of Illinois, the term "Uniform Commercial Code" shall mean the Uniform Commercial Code as in effect in such other jurisdiction for purposes of the provisions hereof relating to such attachment, perfection or priority and for purposes of definitions related to such provisions.

2. Grant of Security Interest. As collateral security for the prompt payment, performance and observance in full of the Obligations, each Debtor hereby pledges and grants to Secured Party, a Lien on and security interest in and to all of such Debtor's right, title and interest in the following property and interests in property, whether now owned or hereafter acquired by such Debtor and wherever located (collectively, the "Collateral"):

(a) all Accounts;

(b) all Inventory;

(c) all General Intangibles;

(d) all Instruments, together with all payments thereon or thereunder;

(e) all Equipment;

(f) all Documents;

(g) all Contracts;
(h) all Goods;

(i) all Investment Property including without limitation all shares of stock in Westell, Inc. and Westell International, Inc., but except shares of stock of Conference Plus, Inc.;

(j) all bank and depositary accounts maintained by each Debtor, all funds on deposit therein, all investments arising out of such funds, all claims thereunder or in connection therewith, and all cash, securities, rights and other property at any time and from time to time received, receivable or otherwise distributed in respect of such accounts;

(k) all other tangible and intangible property of Debtor, including without limitation, all Proceeds, products, accessions, rents, profits, income, benefits, substitutions, additions and replacement of and to any of the property described in this Section 2 including, without limitation, any proceeds of insurance thereon and all rights, claims and benefits against any Person relating thereto) and all books,

correspondence files, records, invoices and other papers, including, without limitation, all tapes, cards, computer runs, computer programs, computer files and other papers, documents and records in the possession or under the control of each Debtor or any computer bureau or service company from time to time acting for each Debtor.

3. Representations, Warranties and Covenants of Debtor. Each Debtor represents and warrants to, and covenants with, Secured Party as follows:

(a) Debtor is and will be the owner of the Collateral and no Lien other than Liens securing Permitted Senior Indebtedness and liens that are Permitted Liens under the Loan Agreement pertaining to Permitted Senior Indebtedness exists or will exist upon such Collateral at any time.

(b) This Agreement is effective to create in favor of Secured Party a valid security interest in and Lien upon all of Debtor's right, title and interest in and to the Collateral and, upon the filing of appropriate Uniform Commercial Code financing statements in the jurisdictions listed on Schedule 1 attached hereto, such security interest will be duly perfected in all of the Collateral (other than Instruments not constituting Chattel Paper, Investment Property, deposit accounts and cash and Patents and Trademarks), and upon delivery of the Instruments and Investment Property to LaSalle, duly endorsed by Debtor or accompanied by appropriate instruments of transfer duly executed by Debtor, the security interest in the Instruments will be duly perfected in accordance with the provisions of the Subordination Agreement.

(c) All of the Equipment, Inventory and Goods are located at the places specified on Schedule 1 attached hereto. Except as disclosed on Schedule 1, none of the Collateral is in the possession of any bailee, warehouseman, processor or consignee. The chief place of business, chief executive office and the office where Debtor keeps its books and records are located at the place specified on Schedule 1. Debtor does not do business and has not done business under any trade name or fictitious business name except as disclosed on Schedule 2 attached hereto.

(d) All information heretofore, herein or hereafter furnished to Secured Party by or on behalf of Debtor with respect to the Collateral is and will be accurate and complete in all material respects.

4. Agreements of Debtor. Subject to the provisions of the Subordination Agreement and to Debtors' agreement under Security Agreement pertaining to the Permitted Senior Indebtedness Debtor hereby agrees with Secured Party as follows:

(a) Delivery of Instruments. Instruments shall be held by LaSalle, and Secured Party's interest therein shall be governed by the provisions of the Subordination Agreement (or other intercreditor letter as to Collateral held by LaSalle).

(b) Other Documents and Actions. Debtors shall give, execute, deliver, file or record any financing statement, notice, instrument, agreement or other document that may be necessary or desirable in the reasonable judgment of Secured Party to create, preserve, perfect or validate the security interest granted pursuant hereto or to enable Secured Party to exercise and enforce the rights of Secured Party hereunder with respect to such security interest.

(c) Books and Records. Debtors shall maintain at their own cost and expense complete and accurate books and records of the Collateral, including, without limitation, a record of all payments received and all credits granted with respect to the Collateral and all other dealings with the Collateral. Upon the occurrence and during the continuation of any Event of Default, Debtors shall deliver any such books

and records, or true and correct copies thereof, to Secured Party at any time on demand. Debtors shall permit any representative of Secured Party to inspect such books and records at any time during reasonable business hours and shall provide photocopies thereof at Debtors' expense to Secured Party upon the request of Secured Party.

(d) Notice to Account Debtors; Verification. (i) Upon the occurrence and during the continuance of any Event of Default, upon request of Secured Party, Debtors shall promptly notify (and each Debtor hereby authorizes Secured Party so to notify) each Account Debtor in respect of any Accounts or Instruments that such Collateral has been assigned to Secured Party and that any payments due or to become due in respect of such

Collateral are to be made directly to the party having a senior lien on a security interest in such collateral, and (ii) Secured Party shall have the right at any time or times to make direct verification with the Account Debtors of any and all of the Accounts.

(e) Intellectual Property. If any Debtor shall (i) obtain rights to any patentable inventions, Copyrights, Patents or Trademarks not listed on Schedule 3, 4 or 5, or (ii) become entitled to the benefit of any Copyrights, Patents or Trademarks or any improvements on any Patent, the provisions of this Agreement shall automatically apply thereto and Debtor shall give Secured Party prompt written notice thereof. Each Debtor hereby authorizes Secured Party to modify this Agreement by amending Schedules 3, 4 and 5, as applicable, to include any such Copyrights, Patents and Trademarks.

(f) Further Identification of Collateral. Each Debtor shall, when and as often as reasonably requested by Secured Party, furnish to Secured Party, statements and schedules further identifying and describing the Collateral and such other reports in connection with the Collateral as Secured Party may reasonably request, all in reasonable detail.

(g) Investment Property. The Investment Property will be held by LaSalle, and Secured Party's interest therein shall be governed by the provisions of the Subordination Agreement (or other intercreditor letter as to Collateral held by LaSalle).

(h) Compliance with Loan Documents. Each Debtor shall comply with the provisions of the Loan Documents applicable to the Collateral, including, without limitation, maintenance of insurance, restrictions on dispositions and providing Secured Party the right to inspections with respect to the Collateral.

(i) Other Liens. Each Debtor shall not create, permit or suffer to exist, and shall defend the Collateral against and take such other action as is necessary to remove, any Lien on the Collateral except Permitted Liens, and shall defend the right, title and interest of Secured Party in and to the Collateral and in and to all Proceeds thereof against the claims and demands of all Persons whatsoever.

(j) Preservation of Rights. Whether or not any Event of Default has occurred or is continuing, Secured Party may, but shall not be required to, take any actions Secured Party reasonably deems necessary or appropriate to preserve any Collateral or any rights against third parties to any of the Collateral, including obtaining insurance on the Collateral at any time when Debtors has failed to do so, and each Debtor shall promptly pay, or reimburse Secured Party for, all expenses incurred in connection therewith.

(k) Changes in Name; Location. Each Debtor shall notify Secured Party promptly in writing prior to any change in Debtor's name, identity or corporate structure or the proposed use by such Debtor of any trade name or fictitious business name other than any such name set forth on Schedule 2 attached hereto. Each Debtor shall keep the Collateral at the locations specified in any Schedule 1 and shall give Secured Party 30

days' prior written notice of any change in any Debtor's chief place of business or of any new location for any of the Collateral.

(l) Intentionally Omitted

(m) Collection of Accounts. Until notice from Secured Party to the contrary, given at any time after the occurrence and during the continuance of any Event of Default, each Debtor shall, at its own expense, endeavor to collect all amounts due with respect to any of the Accounts and shall take such action with respect to such collection as such Debtor may deem advisable.

(n) Proceeds of Collateral. Subject to the provisions of the Subordination Agreement, upon demand therefor by Secured Party at any time following the occurrence and during the continuance of any Event of

Default, each Debtor shall, forthwith upon receipt, transmit and deliver to Secured Party, in the form received, all cash, checks, drafts and other instruments or writings for the payment of money which may be received by Debtor at any time in payment or otherwise as proceeds of any Collateral. Any such items which may be so received by such Debtors shall not be commingled by Debtors with any of its other funds or property but, until delivery to Secured Party, shall be held separate and apart from such other funds and property and in trust for Secured Party.

5. Remedies. Subject to the rights of any holders of Permitted Senior Indebtedness, and pursuant to the provisions of the Subordination Agreement, during the period during which an Event of Default shall have occurred and be continuing:

(a) Secured Party shall have, in addition to other rights and remedies provided for herein or otherwise available to it, all of the rights and remedies of a Secured Party upon default under the Uniform Commercial Code (whether or not the Uniform Commercial Code applies to the affected Collateral) and Lender may, without notice, demand or legal process of any kind except as may be required by law, at any time or times (i) enter any Debtor's premises and take physical possession of the Collateral and maintain such possession on such Debtor's premises, at no cost to Lender, or remove the Collateral or any part thereof to such other place or places as Secured Party may desire, (ii) require any Debtor to, and such Debtor hereby agrees to, assemble the Collateral as directed by Secured Party and make it available to Secured Party at a place to be designated by Secured Party which is reasonably convenient to Secured Party and such Debtor and (iii) without notice except as specified below, sell, lease, assign, grant an option or options to purchase or otherwise dispose of the Collateral or any part thereof at public or private sale, at any exchange, broker's board or at any of the offices of Secured Party or elsewhere, for cash, on credit or for future delivery, and upon such other terms as Secured Party may deem commercially reasonable. Each Debtor agrees that, to the extent notice of sale shall be required by law, at least 10 days' notice to such Debtor of the time and place of any public sale or the time after which any private sale is to be made shall constitute reasonable notification. Secured Party shall not be obligated to make any sale of Collateral regardless of notice of sale having been given. Secured Party may adjourn any public or private sale from time to time by announcement at the time and place fixed therefor and such sale may, without further notice, be made at the time and place to which it was so adjourned;

(b) Secured Party may make any reasonable compromise or settlement deemed desirable with respect to any of the Collateral and may extend the time of payment, arrange for payment in installments or otherwise modify the terms of, any of the Collateral; and

(c) Secured Party may, in the name of Secured Party or in the name of Debtor or otherwise, demand, sue for, collect or receive any money or property at any time payable or receivable on account of or in exchange

for any of the Collateral, but shall be under no obligation to do so.

6. Deficiency; Application of Proceeds. If the proceeds of sale, collection or other realization of or upon the Collateral are insufficient to cover the costs and expenses of such realization and the payment in full of the Obligations, Company shall remain liable for any deficiency. Subject to the provisions of the Subordination Agreement, the proceeds of any collection, sale or other realization of all or any part of the Collateral shall be applied: first, to payment of all expenses payable or reimbursable by Company under the Debenture; second, to payment of all accrued unpaid interest on the Debenture; third, to payment of principal of the Debenture; fourth, to payment of any other amounts owing constituting Obligations; and last, any remainder shall be for the account of and paid to Company.

7. Power of Attorney. Subject to the provisions of the Subordination Agreement, each Debtor hereby irrevocably constitutes and appoints Secured Party, with full power of substitution, as its true and lawful attorney-in-fact with full irrevocable power and authority in the place and stead of Debtor and in the name of Debtor or in its own name, from time to

time in the discretion of Secured Party, for the purpose of carrying out the terms of this Agreement, to take any and all appropriate action and to execute and deliver any and all documents and instruments which may be necessary or desirable to accomplish the purposes of this Agreement and, without limiting the generality of the foregoing, hereby gives Secured Party the power and right, on behalf of Debtor, without notice to or assent by Debtor, to do the following upon the occurrence and during the continuance of an Event of Default:

(a) to ask, demand, collect, receive and acquittance and receipts for any and all moneys due and to become due under any Collateral and, in the name of Debtor or its own name or otherwise, to take possession of and endorse and collect any checks, drafts, notices acceptances or other Instruments for the payment of moneys due under any Collateral and to file any claim or to take any other action or proceeding in any court of law or equity or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such moneys due under any Collateral whenever payable and to file any claim or to take any other action or proceeding or otherwise deemed appropriate by Secured Party for the purpose of collecting any and all such moneys due under any Collateral;

(b) to pay or discharge charges or Liens levied or placed on or threatened against the Collateral, other than Permitted Liens, to effect any insurance required by the terms of the Credit Agreement and to pay all or any part of the premiums therefor;

(c) to direct any party liable for any payment under any of the Collateral to make payment of any and all moneys due and to become due thereunder directly to Secured Party or as Secured Party may direct, and to receive payment of and receipt for any and all moneys, claims and other amounts due and to become due in respect of or arising out of any Collateral;

(d) to sign and indorse any invoices, drafts against debtors, assignments, verifications and notices in connection with Accounts and other Documents constituting or relating to the Collateral;

(e) to commence and prosecute any suits, actions or proceedings to collect the Collateral or any part thereof and to enforce any other right in respect of any Collateral;

(f) to defend any suit, action or proceeding brought against Debtor with respect to any Collateral;

(g) to settle, compromise or adjust any such suit, action or proceeding as it relates to the Collateral and, in connection therewith, to give such discharges or releases as Secured Party may deem appropriate;

(h) to communicate in its own name with any party to any Contract with regard to the assignment of the right, title and interest of Debtor in and under the Contracts hereunder and other matters relating thereto;

(i) to execute, in connection with any sale of Collateral provided for in Section 5 hereof, any endorsements, assignments or other instruments of conveyance or transfer with respect to the Collateral; and

(j) generally to sell, transfer, pledge, make any agreement with respect to or otherwise deal with any of the Collateral as fully and completely as though Secured Party were the absolute owner thereof for all purposes and to do, at Secured Party's option and at Debtor's expense, at any time or from time to time, all acts and things which Secured Party reasonably deems necessary to protect, preserve or realize upon the Collateral and Secured Party's Lien therein, in order to effect the intent of this Agreement, all as fully and effectively as Debtor might do.

Each Debtor hereby ratifies, to the extent permitted by law, all actions that such attorneys lawfully take or cause to be taken by virtue hereof. The power of attorney granted hereunder is a power coupled with an interest and shall be irrevocable until the Obligations are indefeasibly paid in

full and the Debenture, the PIK Debenture and the Cap Debentures are terminated.

8. Termination. This Agreement and the Liens and security interests granted hereunder shall not terminate until the termination of the Debenture, the PIK Debenture and the Cap Debentures and the full and complete performance and indefeasible satisfaction of all Obligations (regardless of whether the Debenture, the PIK Debenture and the Cap Debentures shall have earlier terminated); provided, however, that Debtors may sell Collateral free and clear of the Lien and securities interests granted herein if (i) such sale is permitted by the holders of the Permitted Senior Indebtedness and (ii) such sale is a bona fide sale made to a third party that is not an affiliate of any Debtor or a holder of Permitted Senior Indebtedness. Upon the termination of this Agreement, Secured Party shall forthwith cause to be assigned, transferred and delivered free and clear of the Lien created herein, against receipt but without any recourse, warranty or representation whatsoever, any remaining Collateral to or on the order of Debtor.

9. Further Assurances. At any time and from time to time, upon the request of Secured Party, and at the sole expense of Debtors, each Debtor shall promptly and duly execute and deliver any and all such further instruments, documents and agreements and take such further actions as Secured Party may reasonably require in order for Secured Party to obtain the full benefits of this Agreement, including, without limitation, using Debtor's best efforts to secure all consents and approvals necessary or appropriate for the assignment to Secured Party of any Collateral held by Debtors or in which each Debtors has any rights not heretofore assigned, the filing of any financing or continuation statements under the Uniform Commercial Code with respect to the Liens and security interests granted hereby, transferring Collateral to LaSalle's possession if a security interest in such Collateral can be perfected by possession, placing the interest of Secured Party as lienholder on the certificate of title of any motor vehicle and obtaining waivers of liens from landlords and mortgagees. Each Debtor further hereby authorizes Secured Party to file any such financing or continuation statement without the signature of Debtor to the extent permitted by law.

10. Limitation on Duty of Secured Party. The powers conferred on Secured Party under this Agreement are solely to protect the Secured Party's interest in the Collateral and shall not impose any duty upon it to exercise any such powers. Except for the safe custody of any Collateral in its possession and the accounting for moneys actually received by it hereunder, Secured Party shall have no duty as to any of the Collateral. Secured Party shall be accountable only for amounts that it actually receives as a result of the exercise of such powers and neither Secured Party nor any of their respective officers, directors, employees or agents shall be responsible to Debtor for any act or failure to act, except for gross negligence or willful misconduct. Without limiting the foregoing, Secured Party shall be deemed to have exercised reasonable care in the custody and preservation of the Collateral in its possession if such Collateral is accorded treatment substantially equivalent to that which Secured Party, in its individual capacity, accords its own property consisting of the type of Collateral involved, it being understood and agreed that Secured Party shall have no responsibility for taking any necessary steps, other than steps taken in accordance with the standard of care set forth above, to preserve rights against any Person with respect to any Collateral.

11. Debtor to Remain Liable. Without limiting the generality of Section 10, Secured Party shall have no obligation or liability under any Contract or license by reason of or arising out of this Agreement or the granting to Secured Party of a security interest therein or assignment thereof or the receipt by Secured Party of any payment relating to any Contract or licence hereto, nor shall Secured Party be required or obligated in any manner to perform or fulfill any of the obligations of Debtor under or pursuant to any Contract or license, or to make any payment or to make any inquiry as to the nature or the sufficiency of any payment received by it or the sufficiency of any performance by any party under any

Contract or license, or to present or file any claim, or to take any action to collect or enforce any performance or the payment of any amount which may have been assigned to it or to which it may be entitled at any time or times.

12. Miscellaneous.

(a) No Waiver. No failure on the part of Secured Party to exercise, and no course of dealing with respect to, and no delay in exercising, any right, power or remedy hereunder shall operate as a waiver thereof, nor shall any single or partial exercise by Secured Party of any right, power or remedy hereunder preclude any other or further exercise thereof or the exercise of any other right, power or remedy. The rights and remedies hereunder provided are cumulative and may be exercised singly or concurrently, and are not exclusive of any rights and remedies provided by law.

(b) Governing Law. This Agreement shall be governed by and construed in accordance with the laws of the State of Illinois, without giving effect to the choice of law principles thereof.

(c) Notices. All notices, demands and requests that any party is required or elects to give to any other party shall be given in accordance with the provisions of the Debenture.

(d) Amendments. The terms of this Agreement may be waived, altered or amended only by an instrument in writing duly executed by Debtor and Secured Party.

(e) Successors and Assigns. This Agreement shall be binding upon and inure to the benefit of the respective successors and assigns of each of the parties hereto, provided, that Debtor shall not assign or transfer its rights hereunder without the prior written consent of Secured Party.

(f) Counterparts; Headings. This Agreement may be executed in any number of counterparts, all of which together shall constitute one and the same instrument. The headings in this Agreement are for convenience

of reference only and shall not alter or otherwise affect the meaning hereof.

(g) Severability. If any provision hereof is invalid or unenforceable in any jurisdiction, then, to the fullest extent permitted by law, the other provisions hereof shall remain in full force and effect in such jurisdiction and shall be liberally construed in favor of Secured Party in order to carry out the intentions of the parties hereto as nearly as may be possible, and the invalidity or unenforceability of any provision in any jurisdiction shall not affect the validity or enforceability of such provision in any other jurisdiction.

(h) Other Documents. This Agreement supplements the Debenture and nothing in this Agreement shall be deemed to limit or supersede the rights granted to Secured Party in any Debenture. If any item of Collateral hereunder also constitutes collateral granted to Secured Party under any other mortgage, agreement or instrument, in the event of any conflict between the provisions of this Agreement and the provision of such other mortgage, agreement or instrument, the provision or provisions selected by Secured Party shall control with respect to such Collateral. In the event of any conflict between any provision of this Agreement and any provision of the Debenture, the provisions of the Debenture shall control to the extent of such inconsistency.

(i) Other Debentures. The Debenture is one of a duly authorized issuance of _____ Dollars ($_____) aggregate principal amount of Subordinated Convertible Debentures of the Company referred to in the Securities Purchase Agreement dated April 14, 1999, among the Company and the initial Holders, each of which shall be secured by the Collateral. The lien and securities interests held by the Holders of each of the series of Debentures shall be held pro-rata regardless of the time of perfection or attachment of the Security interests.

13. SUBMISSION TO JURISDICTION. EACH DEBTOR HEREBY IRREVOCABLY SUBMITS TO THE NON-EXCLUSIVE JURISDICTION OF ANY UNITED STATES FEDERAL OR ILLINOIS STATE COURT SITTING IN COOK COUNTY, ILLINOIS IN ANY ACTION OR PROCEEDING ARISING OUT OF OR RELATING TO THIS AGREEMENT AND IRREVOCABLY AGREES THAT ALL CLAIMS IN RESPECT OF SUCH ACTION OR PROCEEDING MAY BE HEARD AND DETERMINED IN ANY SUCH COURT AND IRREVOCABLY WAIVES ANY OBJECTION IT MAY NOW OR HEREAFTER HAVE AS TO THE VENUE OF ANY SUCH SUIT, ACTION OR PROCEEDING BROUGHT IN SUCH A COURT OR THAT SUCH COURT IS AN INCONVENIENT FORUM. NOTHING HEREIN SHALL LIMIT THE RIGHT OF SECURED PARTY TO BRING PROCEEDINGS AGAINST DEBTOR IN THE COURTS OF ANY OTHER JURISDICTION. ANY JUDICIAL PROCEEDING BY ANY DEBTOR AGAINST SECURED PARTY OR ANY AFFILIATE THEREOF INVOLVING, DIRECTLY OR INDIRECTLY, ANY MATTER IN ANY WAY ARISING OUT OF, RELATED TO, OR CONNECTION WITH THIS AGREEMENT SHALL BE BROUGHT ONLY IN A COURT SITTING IN COOK COUNTY, ILLINOIS.

14. WAIVER OF JURY TRIAL. EACH DEBTOR AND SECURED PARTY EACH WAIVE THEIR RESPECTIVE RIGHTS TO A TRIAL BY JURY OF ANY CLAIM OR CAUSE OF ACTION BASED UPON OR ARISING OUT OF OR RELATED TO THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, IN ANY ACTION, PROCEEDING OR OTHER LITIGATION OF ANY TYPE BROUGHT BY ANY OF THE PARTIES AGAINST ANY OTHER PARTY OR PARTIES, WHETHER WITH RESPECT TO CONTRACT CLAIMS, TORT CLAIMS OR OTHERWISE. DEBT, LENDERS AND SECURED PARTY EACH AGREE THAT ANY SUCH CLAIM OR CAUSE OF ACTION SHALL BE TRIED BY A COURT TRIAL WITHOUT A JURY. WITHOUT LIMITING THE FOREGOING, THE PARTIES FURTHER AGREE THAT THEIR RESPECTIVE RIGHT TO A TRIAL BY JURY IS WAIVED BY OPERATION OF THIS SECTION AS TO ANY ACTION, COUNTERCLAIM OR OTHER PROCEEDING WHICH SEEKS, IN WHOLE OR IN PART, TO CHALLENGE THE VALIDITY OR ENFORCEABILITY OF THIS AGREEMENT OR THE OTHER LOAN DOCUMENTS OR ANY PROVISION HEREOF OR THEREOF. THIS WAIVER SHALL APPLY TO ANY SUBSEQUENT AMENDMENTS, RENEWALS, SUPPLEMENTS OR MODIFICATIONS TO THIS AGREEMENT.

* * * * *

IN WITNESS WHEREOF, the parties have caused this Security Agreement to be duly executed and delivered as of the date first written above.

DEBTORS:

WESTELL TECHNOLOGIES, INC.

By:

Name:
Title:

WESTELL INC.

By:

Name:
Title:

WESTELL INTERNATIONAL, INC.

By:

Name:
Title:

SECURED PARTY

By:

Name:
Title:

SCHEDULE 1

FILING JURISDICTIONS AND COLLATERAL LOCATIONS

FILING JURISDICTIONS

COLLATERAL LOCATIONS

SCHEDULE 2

NAMES

SCHEDULE 3

COPYRIGHTS

SCHEDULE 4

PATENTS

SCHEDULE 5

TRADEMARKS

TRADEMARK REGISTRATIONS

FEDERAL TRADEMARKS

Mark	Registration No.	Date

STATE TRADEMARKS

Mark	Registration No.	Date

TRADEMARK APPLICATIONS

Mark	Trademark Application No.	Date Applied

AMENDMENT TO
LOAN AND SECURITY AGREEMENT

THIS AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") is made as of February 24, 1999 by and between LASALLE NATIONAL BANK, its successors and assigns ("Bank"), WESTELL TECHNOLOGIES, INC. ("WTI"), WESTELL, INC. ("Westell"), WESTELL INTERNATIONAL, INC. ("International"), AND CONFERENCE PLUS, INC. ("CPI"; WTI, Westell, International, and CPI are collectively referred to herein as "Borrowers").

BACKGROUND

A. Bank and Borrowers are parties to a Loan and Security Agreement dated as of October 13, 1998 (the "Loan Agreement"), pursuant to which Bank has made loans and advances to Borrowers.

B. Borrowers have informed Bank that CPI has implemented a stock option plan (the "Stock Option Plan") pursuant to which it has authorized the granting of options to purchase up to 6,500 shares in the aggregate of its common stock to certain of its key employees, and actually granted 6,250 options in accordance with the Stock Option Plan.

C. Borrowers have requested that the parties enter into this Amendment in order to make certain modifications to the Loan Agreement in connection with the Stock Option Plan.

D. Borrowers have also informed Bank that they were in violation of their maximum aggregate year-to-date net loss covenant for the nine-month reporting period ended December 31, 1998 and have requested that Bank waive such violation and any Events of Default created thereby, and have also requested that Bank amend their financial covenants.

E. Bank is agreeable to making such modifications and granting such waiver on the terms and conditions contained herein.

F. Terms used herein but not defined herein shall have the same meanings assigned to them in the Loan Agreement.

CLAUSES

NOW, THEREFORE, in consideration of the premises set forth above and the mutual promises contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which hereby are acknowledged, Borrowers and Bank agree as follows:

SECTION 1 Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

1.1 Section 1.1 of the Loan Agreement is hereby amended by inserting the following new definition in its appropriate alphabetical position:

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

1.2 Section 5.16 is hereby amended by inserting the phrase ",except in connection with the Stock Option Plan" in the twenty first line thereof after the word "Borrower".

1.3 Section 6.1(b) of the Loan Agreement is hereby amended and restated in its entirety as follows:

"6.1 (b) Financial Covenants. The Borrowers shall maintain:

(i) a maximum aggregate year-to-date (net loss)/ minimum net income (exclusive of extraordinary income and losses) for the interim periods ending on the dates set forth below in the amounts set forth below;

End of Period	(Net Loss)/Net Income
3/31/99	($35,000,000)
6/30/99	($5,000,000)
9/30/99	($5,000,000)
12/31/99	($3,000,000)
3/31/00	$1,000,000
6/30/00	$1,000,000
9/30/00	$2,000,000
12/31/00	$3,000,000
3/31/01	$4,000,000
6/30/01	$1,000,000
9/30/01	$2,000,000
12/31/01	$3,000,000
3/31/02	$4,000,000
6/30/02	$1,000,000

(ii) at all times, a Leverage Ratio of not more than 1.35:1.0, measured on a monthly basis; and

(iii) at all times, a Current Ratio of not less than 1.45:1, measured on a monthly basis."

1.4 Section 6.2(e) of the Loan Agreement is hereby amended by inserting the following at the end thereof: ", and in accordance with the terms of the Stock Option Plan requiring the redemption by CPI of the shares of its stock under the circumstances set forth therein".

1.5 Section 6.2 of the Loan Agreement is hereby amended by inserting the following new Section 6.2(p) at the end thereof:

"6.2 (p) Ownership of CPI. WTI shall at all times own, beneficially and of record at least fifty-one percent (51%) of the issued and outstanding stock of CPI."

1.6 Schedule 5.16 of the Loan Agreement is hereby amended and restated in its entirety in the form of Exhibit A hereto.

SECTION 2 Waiver. Bank hereby waives Borrowers' failure to be in compliance with their Maximum Aggregate Year-to-Date Net Loss covenant as of December 31, 1998 as evidenced by a waiver letter dated February 11, 1999, and any Events of Default created thereby solely as of December 31, 1998. This shall be a limited waiver and shall not constitute a waiver of any subsequent violations whether of a different or like nature, nor shall it constitute a course of conduct or dealing

SECTION 3 Representations and Warranties. To induce Bank to amend the Loan Agreement and consider making future loans thereunder, the Borrowers represent and warrant to Bank that:

3.1 Compliance with Loan Agreement. On the date hereof, Borrowers are in compliance with all of the terms and provisions set forth in the Loan Agreement (as modified by this Amendment) and no Event of Default specified in Section 7 of the Loan Agreement nor any event which, upon notice or lapse of time, or both, would constitute such an Event of Default, has occurred.

3.2 Representations and Warranties. On the date hereof, the representations and warranties and covenants set forth in Sections 5 and 6 of 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 warranties and covenants expressly related to an earlier date, except as disclosed to the Bank on January 19, 1999 that the cumulative net loss at December 31, 1998 exceeded $28,000,000 by $2,500,000

due to unanticipated forward pricing of DSL Systems.

3.3 Corporate Authority. Borrowers have full power and authority to enter into this Amendment, to make the borrowings under the Loan Agreement as amended by this Amendment, and to incur and perform the obligations provided for under the Loan Agreement and this Amendment, 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.

3.4 Amendment as Binding Agreement. This Amendment constitutes the valid and legally binding obligation of Borrowers, fully enforceable against Borrowers, in accordance with its terms.

3.5 No Conflicting Agreements. The execution and performance by Borrowers of this Agreement will not (i) violate any provision of law, any order of any court or other agency of government, or the Articles of Incorporation or By-Laws of Borrowers, or (ii) violate any indenture, contract, agreement or other instrument to which any Borrower is a party, or by which its property is bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, contract, agreement or other instrument or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of any Borrower.

SECTION 4 Condition Precedent. The agreement by Bank to amend the Loan Agreement is subject to the following condition precedent:

4.1 Corporate Authority. Borrowers shall have provided to Bank certified copies of the unanimous written consent of their Boards of Directors authorizing the execution, delivery and performance by the Borrowers of this Amendment and the agreements, instruments and documents executed in connection herewith.

SECTION 5 General Provisions.

5.1 Except as amended by this Amendment, the terms and provisions of the Loan Agreement shall remain in full force and effect and are in all other respects ratified and confirmed.

5.2 This Amendment shall be construed in accordance with and governed by the laws of the State of Illinois.

5.3 This Amendment may be executed in any number of counterparts.

5.4 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 (whether or not any borrowings under the Loan Agreement as amended shall be consummated), including, without limitation, the reasonable fees and expenses 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.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, the Borrowers have caused this Amendment to be duly executed by their duly authorized officers and Bank has caused

this Amendment to be executed by its duly authorized officer, all as of the day and year first above written.

WESTELL TECHNOLOGIES, INC.
a Delaware corporation

By:
Title:

WESTELL, INC.
a Delaware corporation

By:
Title:

WESTELL INTERNATIONAL, INC.
a Delaware corporation

By:
Title:

CONFERENCE PLUS, INC.
an Illinois corporation

By:
Title:

LASALLE NATIONAL BANK

By:
Title:

Exhibit A to Amendment

Schedule 5.16

See attached.

SECOND AMENDMENT TO
LOAN AND SECURITY AGREEMENT

THIS SECOND AMENDMENT TO LOAN AND SECURITY AGREEMENT (this "Amendment") is made as of April __, 1999 by and between LASALLE NATIONAL BANK, its successors and assigns ("Bank"), WESTELL TECHNOLOGIES, INC. ("WTI"), WESTELL, INC. ("Westell"), WESTELL INTERNATIONAL, INC. ("International"), AND CONFERENCE PLUS, INC. ("CPI"). WTI, Westell, International and CPI are collectively referred to herein as "Borrowers".

BACKGROUND

A. Bank and Borrowers are parties to a Loan and Security Agreement dated as of October 13, 1998, as amended as of February 24, 1999 (the "Loan Agreement"), pursuant to which Bank has made loans and advances to Borrowers.

B. Borrowers have informed Bank that WTI desires to enter into a Securities Purchase Agreement (the "SPA") with certain "Purchasers" (as defined in the SPA) and, in conjunction therewith (i) to sell and issue to Purchasers certain "Debentures" and "Warrants" (both as defined in the SPA), and (ii) to enter into a Registration Rights Agreement (as defined in the SPA) with Purchasers. Borrowers jointly and severally represent and warrant to Bank that they have attached hereto, as Exhibit A, true and correct copies of the SPA, the Warrants, the Debentures and the Registration Rights Agreement (as well as any other documents or instruments being executed and/or issued in connection therewith).

C. Borrowers have agreed, as an inducement to Bank entering into this Amendment, that the obligations of Borrowers to Purchasers under the SPA and related documents, as well as any security granted to Purchasers by Borrowers with respect thereto, shall be subject, subordinate and junior to the Obligations as set forth in the form of Subordination Agreement attached hereto as Exhibit B (the "Subordination Agreement").

D. Borrowers have requested that the parties enter into this Amendment in order to make certain modifications to the Loan Agreement in connection with the execution of the Subordinate Documents (as defined in the Subordination Agreement).

E. Borrowers have also requested that Bank amend certain of the financial covenants set forth in the Loan Agreement.

F. Bank is agreeable to making such modifications on the terms and conditions contained herein.

G. Terms used herein but not defined herein shall have the same meanings assigned to them in the Loan Agreement.

CLAUSES

NOW, THEREFORE, in consideration of the premises set forth above and the mutual promises contained in this Amendment, and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, Borrowers and Bank agree as follows:

SECTION 1 Amendments to Loan Agreement. The Loan Agreement is hereby amended as follows:

1.1 Section 1.1 of the Loan Agreement is hereby amended by inserting the following new definitions in their appropriate alphabetical position:

"'Debentures' means those certain 6% Subordinated Convertible Debentures dated April , 1999 issued by WTI to Purchasers in the aggregate principal amount of $20,000,000."

"'SPA' means that certain Securities Purchase Agreement dated as of

April , 1999 between WTI and Purchasers."

"'Purchasers' means Castle Creek Technology Partners LLC, Marshall Capital Management, Inc., and Capital Ventures International.

"'Registration Rights Agreement' means that certain Registration Rights Agreement dated April , 1999 between WTI and Purchasers."

"'Subordination Agreement' means that certain Subordination Agreement dated April , 1999 by Purchasers in favor of the Bank."

"'Warrants' means those certain Stock Purchase Warrants dated April , 1999 issued by WTI to Purchasers."

1.2 The definition of "Permitted Liens" is hereby amended by adding the following new clause (viii):

"(viii) liens granted to Purchasers in the personal property assets of WTI, Westell and International to secure (and only secure) the obligations of WTI under the Debentures and which are subject, subordinate and junior to the rights of Bank in and to the Collateral pursuant to the Subordination Agreement."

1.3 Section 6.1(b) of the Loan Agreement is hereby amended and restated in its entirety as follows:

"6.1 (b) Financial Covenants. Borrowers shall maintain:

(i) a maximum aggregate fiscal year-to-date (net loss)/ minimum net income (exclusive of extraordinary income and losses) for the interim periods ending on the dates set forth below in the amounts set forth below;

End of Period	(Net Loss)/Net Income
3/31/99	($35,000,000)
6/30/99	($ 5,000,000)
9/30/99	($ 7,000,000)
12/31/99	($ 7,500,000)
3/31/00	($ 9,000,000)
6/30/00	($ 1,000,000)
9/30/00	($ 1,500,000)
12/31/00	($ 2,000,000)
3/31/01	($ 2,000,000)
6/30/01	$ 1,000,000
9/30/01	$ 2,000,000
12/31/01	$ 3,000,000
3/31/02	$ 4,000,000
6/30/02	$1,000,000

(ii) at all times, a Leverage Ratio of not more than 1.2:1.0, measured on a monthly basis; and

(iii) at all times, a Current Ratio of not less than 1.8:1.0, measured on a monthly basis."

1.4 Section 6.1(c) of the Loan Agreement is hereby amended by inserting the following clause (xv) at the end thereof:

"(xv) All information and notices provided or given by any Borrowers or any of their Affiliates to Purchasers, simultaneously with the transmittal thereof to Purchasers."

1.5 Section 7.6 of the Loan Agreement is hereby amended and restated in its entirety as follows:

"7.6 Material Agreements. If: (a) any Borrower defaults, or a default or an event of default occurs, under or in the performance of any material agreement, document or instrument, whether for borrowed money or otherwise, and such default, breach, or event of default continues beyond any applicable grace period thereunder and the effect of which

shall be to cause the holder of such obligation, agreement, document or instrument, or the person to whom such obligation is owed to cause such obligation to become due prior to its stated maturity or otherwise accelerated; or (b) there occurs an Event of Failure under any of the Debentures and any "Holder" (as such term is defined in the Debentures) delivers to WTI a "Demand Redemption Notice" (as such term is defined in the Debentures) in accordance with the terms and provisions of the Debentures."

1.6 Schedule 5.16 of the Loan Agreement is hereby amended and restated in its entirety in the form of Exhibit C hereto.

SECTION 2 Approval. Bank hereby approves (a) WTI's entering into the SPA and the Registration Rights Agreement, and (b) WTI's issuance of the Debentures and the Warrants. Such approval, however, does not extend to any actions, transactions, circumstances or events which may occur or transpire after the date hereof pursuant to, under or in connection with any of the foregoing documents and which may constitute breaches, failures or defaults under the Loan Agreement.

SECTION 3 Representations and Warranties. To induce Bank to amend the Loan Agreement and consider making future loans thereunder, Borrowers jointly and severally represent and warrant to Bank that:

3.1 Compliance with Loan Agreement. On the date hereof, Borrowers are in compliance with all of the terms and provisions set forth in the Loan Agreement (as modified by this Amendment) and no Event of Default specified in Article VII of the Loan Agreement (as modified by this Amendment) nor any event which, upon notice or lapse of time, or both, would constitute such an Event of Default, has occurred.

3.2 Representations and Warranties. On the date hereof, the representations and warranties and covenants set forth in Articles V and VI of 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 warranties and covenants expressly related to an earlier date.

3.3 Corporate Authority. Borrowers have full power and authority to enter into this Amendment, to make the borrowings under the Loan Agreement as amended by this Amendment, and to incur and perform the obligations provided for under the Loan Agreement and this Amendment, 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.

3.4 Amendment as Binding Agreement. This Amendment constitutes the valid and legally binding obligation of Borrowers, and is fully enforceable against Borrowers in accordance with its terms.

3.5 No Conflicting Agreements. The execution and performance by Borrowers of this Agreement will not (i) violate any provision of law, any order of any court or other agency of government, or the Articles of Incorporation or By-Laws of any Borrowers, or (ii) violate any indenture, contract, agreement or other instrument to which any Borrower is a party, or by which its property is bound, or be in conflict with, result in a breach of or constitute (with due notice and/or lapse of time) a default under any such indenture, contract, agreement or other instrument or result in the creation or imposition of any lien, charge or encumbrance of any nature whatsoever upon any of the property or assets of any Borrower.

SECTION 4 Conditions Precedent. The agreement by Bank to amend the

Loan Agreement is subject to the following conditions precedent:

4.1 Corporate Authority. Borrowers shall have provided to Bank certified copies of the unanimous written consent of their respective Boards of Directors authorizing the execution, delivery and performance by Borrowers of this Amendment and the agreements, instruments and documents executed in connection herewith.

4.2 Subordination Agreement. Borrowers and Purchasers shall have executed and delivered to Bank the Subordination Agreement.

4.3 Stock Pledge Agreement. WTI shall have executed and delivered to Bank a Stock Pledge Agreement satisfactory to Bank in form and substance, granting to Bank a lien on and security interest in all of the issued and outstanding shares of Westell, International, and Schoolhouse Interactive, Inc.

SECTION 5 General Provisions.

5.1 Except as amended by this Amendment, the terms and provisions of the Loan Agreement shall remain in full force and effect and are in all other respects ratified and confirmed.

5.2 This Amendment shall be construed in accordance with and governed by the laws of the State of Illinois.

5.3 This Amendment may be executed in any number of counterparts.

5.4 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 (whether or not any borrowings under the Loan Agreement as amended shall be consummated), including, without limitation, the reasonable fees and expenses 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.

(Remainder of page intentionally left blank)

IN WITNESS WHEREOF, Borrowers have caused this Amendment to be duly executed by their duly authorized officers and Bank has caused this Amendment to be executed by its duly authorized officer, all as of the day and year first above written.

WESTELL INTERNATIONAL, INC.
a Delaware corporation

By:
Title:

WESTELL TECHNOLOGIES, INC.
a Delaware corporation

By:
Title:

CONFERENCE PLUS, INC.
an Illinois corporation

By:
Title:

WESTELL, INC.
a Delaware corporation

By:
Title:

LASALLE NATIONAL BANK

By:
Title:

SUBORDINATION AGREEMENT

This Subordination Agreement ("Agreement"), dated as of April 15, 1999, is entered into by and between Castle Creek Technology Partners LLC, Marshall Capital Management, Inc., and Capital Ventures International (all such entities collectively, the "Holders", and individually, a "Holder") and LaSalle National Bank, a national banking association, and its successors and assigns (the "Bank").

W I T N E S S E T H:

WHEREAS, the Holders desire to enter into a Securities Purchase Agreement, (the "SPA") with Westell Technologies, Inc., a Delaware corporation ("WTI") and various other documents and instruments in conjunction therewith (collectively with the SPA, the "Subordinate Documents"), including certain 6% Subordinated Convertible Debentures issued by WTI (each, a "Debenture" and collectively, the "Debenture"), a Stock Purchase Warrant ("Warrant") and a Registration Rights Agreement (the "Registration Rights Agreement"). Each Holder represents and warrants that it has attached hereto, as Exhibit A, true and correct copies of all the Subordinate Documents.

WHEREAS, WTI, Westell, Inc., Westell International, Inc. (collectively, the "Pledging Borrowers") and Conference Plus, Inc. (Conference Plus, together with the Pledging Borrowers, collectively, the "Borrowers") and the Bank are parties to that certain Loan and Security Agreement dated as of October 13, 1998 (as the same was amended by Amendments to Loan and Security Agreement dated as of February 24, 1999 and April 15, 1999, and as the same may be amended, modified or restated from time to time hereafter, the "Loan Agreement"), pursuant to which the Bank has made and may continue to make loans and advances to the Borrowers and issue letters of credit for the account of the Borrowers ("Letters of Credit"). Capitalized terms not otherwise defined herein shall have the meanings ascribed to them in the Loan Agreement.

WHEREAS, the Loan Agreement provides that the Subordinate Documents may only be executed, delivered and/or issued if this Subordination Agreement is executed for the benefit of the Bank.

NOW, THEREFORE, for good and valuable consideration, receipt and sufficiency of which are hereby acknowledged by the Holders, and in order to induce the Bank to continue to make loans and issue Letters of Credit under the Loan Agreement, and to better secure the Bank in respect of the foregoing, each Holder individually and severally agrees with the Bank as hereinafter set forth.

1. Standby; Subordination. Except for "Permitted Payments" (as hereinafter defined) and for the exercise of rights as set forth in Section 4 hereof, all "Subordinated Debt" (as defined below) is hereby subordinated to all the "Senior Debt" (as defined below), and each Holder agrees that the Holder will not ask, demand, sue for, take or receive from any of the Borrowers, by setoff or in any other manner, the whole or any part of any monies which may now or hereafter be owing by any of the Borrowers, including without limitation, monies owing by WTI under any of the Subordinate Documents, or any successor or assign of any of the Borrowers, including, without limitation, a receiver, trustee or debtor in possession (the term "Borrowers" hereinafter shall include any such successor or assign of any of the Borrowers), to any Holders or be owing by any other person, firm, partnership or corporation for the benefit of any of the Borrowers, including, without limitation, the taking of any negotiable instruments evidencing such amounts (all such indebtedness, obligations and liabilities being hereinafter referred to as the "Subordinated Debt"), unless and until all Obligations, whether now existing or hereafter arising, including, without limitation, the undrawn face amount of all Letters of Credit, shall have been fully paid and

satisfied with interest (all such Obligations, indebtedness and liabilities of the Borrowers to the Bank are hereinafter referred to as the "Senior Debt"), and all obligations of the Bank existing pursuant to the Loan Agreement to advance funds have been terminated; provided, however, that notwithstanding anything in this Agreement to the contrary, Holders may at all times (A) receive, retain and take action to obtain (i) shares of Series A Common Stock upon conversion of the Debentures, as interest on the Debentures or otherwise in accordance with the terms of the Debentures, (ii) Cap Debentures (as defined in the Debentures) issued pursuant to the Debentures, and Debentures in exchange for the Cap Debentures, in accordance with the terms of the Cap Debentures and (iii) PIK Debentures (as defined in the Debentures) issued pursuant to the Debentures, and Holder shall not be deemed to have transferred to the Bank any rights or agreed to take any actions with respect to the foregoing; and (B) Holders may seek specific enforcement of WTI's nonmonetary obligations under the Subordinate Documents (subject however, to Section 4 with respect to Collateral).

2. Permitted Payments. Any other terms and provisions of this Agreement regarding payment of the Subordinated Debt notwithstanding, the Holders shall be entitled to accept from WTI and retain for their own account the following payments (collectively, the "Permitted Payments"):

(i) payments to be made pursuant to Section 7.5 of the Debentures (for a period not to exceed thirty (30) days and in an amount equal to one percent (1%) per day of the aggregate principal amount on the Debentures);

(ii) payments of principal and accrued and unpaid interest on the Debentures on their "Scheduled Maturity Date" (as such term is defined in the Debenture);

(iii) payments of principal and accrued and unpaid interest on the Cap Debentures on the maturity of the Cap Debentures in accordance with their terms;

(iv) payments of interest under the Debentures (including interest payments pursuant to Section 10.2 of the Debenture); and

(v) Conversion Default Payments (as defined in the Debenture), pursuant to Section 6.1 of the Debentures, any required payments pursuant to Section 6.2 of the Debentures, any required payments pursuant to Section 8.3 of the Debentures, any required payments pursuant to Section 8.9 of the Debentures, any required payments pursuant to Section 2.3 of the Registration Rights Agreement, and any required payments pursuant to Sections 1(e) and 4(e) of the Warrant,

in each case (a) if no Event of Default has occurred and is continuing under the Loan Agreement, (b) if the making of such Permitted Payment would not result in a breach of any of the covenants contained in Section 6.1(b) of the Loan Agreement as in effect on the date hereof and measured as if such payments had been made at the end of the immediately preceding calendar month, and (c) if prior to the delivery of a "Demand Redemption Notice" (as such term is defined in the Debentures) (collectively, the circumstances described in clauses (a), (b) and (c) are sometimes referred to as a "Payment Blockage Event"). No Payment Blockage Event shall have occurred under clauses (a) or (b) above until the receipt of notice by the Holders of the occurrence of a Payment Blockage Event described in clause (a) or (b). Further, notwithstanding the foregoing, so long as no Payment Blockage Event would be caused by any such resumed payment, then WTI may resume making to the Holders and Holders may resume accepting from WTI, the Permitted Payments as and when such payments are due and payable in the ordinary course under the Subordinate Documents, and further, as provided below, payments missed during the occurrence of a Payment Blockage Event, may be resumed upon the earlier to occur of the following:

(i) the date on which no Payment Blockage Event is occurring; and

(ii) unless Bank has accelerated the maturity of the Obligations under the Loan Agreement, or there has a occurred a "Bankruptcy Event" (as

such term is defined in the Debenture), the date that is sixty (60) calendar days after the occurrence of the most recent Payment Blockage Event.

In the event that subsequent to a Payment Blockage Event or the resumption of payments to the Holders as provided above, Bank accelerates the maturity of the Obligations, then WTI shall not pay and the Holders shall not accept further payments of the Subordinated Debt until the Senior Debt is paid in full or such acceleration is rescinded by Bank. For purposes of clarification, it is expressly agreed by Bank that neither Permitted Payments nor any of the events giving rise thereto shall constitute, of themselves, Events of Default under the Loan Agreement.

3. Lien Priority.

(a) The Holders hereby acknowledge and agree that Borrowers have granted to Bank an unconditional and continuing security interest in all of Borrowers' assets and property (collectively, the "Bank Liens") and that the Bank Liens are and will be senior to the lien of the Holders. Bank hereby acknowledges that Pledging Borrowers have granted to Holders a junior lien on and security interest in all of Pledging Borrowers' assets and property (the "Holder Liens").

(b) Irrespective of the time or order of attachment or perfection of the Holder Liens and the Bank Liens, or the recording or filing of any deeds of trust, financing statements or other documents or instruments related thereto, with respect to the assets of Borrowers, the Holder Liens thereon in all respects and at all times are and will be subject, subordinate and junior to the Bank Liens thereon to the extent of the Senior Debt. Holders shall not contest the existence, validity, perfection or priority of the Bank Liens and shall hold any Collateral coming into their possession, as agents on behalf of Bank for purposes of perfecting the Bank Liens.

4. Standstill. Except as expressly provided in this Section 4, until all of the Senior Debt is fully paid (unconditionally and indefeasibly) and all obligations of the Bank to advance funds to the Borrower under the Loan Agreement have been terminated, the Holder will not take any action to enforce any rights or remedies under any of the Subordinate Documents other than (to the extent appropriate) declaring an Event of Failure under the Debenture and accelerating the Subordinated Debt by delivering a Demand Redemption Notice. Without limiting the generality of the foregoing, this standstill agreement includes, without, limitation, any rights the Holders may have to exercise setoff, to initiate or otherwise prosecute any litigation, arbitration, or mediation of any sort, to commence foreclosure proceedings, to exercise self-help remedies or to participate in the commencement of any involuntary bankruptcy or other similar proceedings with respect to the Pledging Borrowers or any of their assets, but shall not prohibit Holders from filing proofs of claim with respect to the Subordinated Debt in any insolvency proceeding of Pledging Borrowers. Notwithstanding the foregoing, so long as Bank has not accelerated the maturity of the Obligations and initiated enforcement action against Borrowers within thirty (30) days following notice from the Holders to the holders of the Senior Debt of an Event of Failure under the Debenture with respect to which the Holder has delivered a Demand Redemption Notice, Holders may, upon the expiration of thirty (30) days following notice from the Holders to the holders of such Senior Debt of an Event of Failure under the Debenture with respect to which the Holder has delivered a Demand Redemption Notice, initiate and take enforcement under the Subordinate Documents consistent with the following provisions of this Section 4. In

addition, if Bank has accelerated the maturity of the Obligations and initiated enforcement action against Borrowers within such thirty (30) day period, but after such thirty day period ceases to be pursuing enforcement actions in a manner which, in its reasonable determination, is intended to result in realization on the Collateral, then Holders may initiate and take enforcement under the Subordinate Documents consistent with the following provisions of this Section 4. If any Holder takes any remedial actions under the Subordinate Documents, as permitted by this Section 4, then such

actions must nevertheless be consistent with and remain subject to the provisions of Section 3 hereof (Lien Priority) and Section 6 (Bank's Priority; Grant of Authority to the Bank) and Section 7 (Payments Received by the Holders). If Bank declares any Event of Default, which also constitutes an Event of Failure under the Subordinate Documents, and Bank subsequently waives such Event of Default, then, to the extent that such default does not constitute a "Greater Failure" (as such term is defined in the Debenture), the Holder shall rescind any Holder Demand Redemption Notice, but may receive the Default Alternative Payment under Section 7.5 of the Debenture. If at any time, Bank accelerates the maturity of the Obligations, initiates, and is pursuing enforcement actions in a manner which, in its reasonable determination, is intended to result in realization on the Collateral, then the Holders shall, if any Holders have initiated enforcement action to realize on the Collateral as permitted by this Section 4, cease such action; provided, that such Holder may intervene in any legal proceedings instituted by Bank against Pledging Borrowers and shall cooperate with Bank in the enforcement of Bank's rights and remedies. Nothing contained in this Section 4 or otherwise in this Agreement shall prohibit a Holder from pursuing and obtaining for its benefit injunctive or equitable relief (except with respect to the Collateral) or a judgement on account of any Subordinated Debt, provided that no monetary judgement may be enforced except in accordance with this Section 4.

5. Subordinated Debt Owed Only to the Holders. Each Holder individually and severally warrants and represents to the Bank that, as of the date hereof, the Holder has not previously assigned any interest in the Subordinated Debt issued to such Holder, including, without limitation, any Subordinated Debt evidenced by any of the Subordinate Documents, held by such Holder or any security interest in connection therewith, that no other party owns an interest in any Subordinated Debt issued to such Holder or security therefor (whether as joint holders of Subordinated Debt, participants or otherwise) and that the entire Subordinated Debt issued to such Holder is owing only to such holder. Each Holder individually and severally covenants that the entire Subordinated Debt issued to such Holder shall continue to be owing only to such the Holder and all security therefor, if any, shall continue to be held solely for the benefit of such Holder unless assigned expressly subject to the terms of this Agreement.

6. Bank's Priority; Grant of Authority to the Bank. In the event of any distribution, division, or application, partial or complete, voluntary or involuntary, by operation of law or otherwise, of all or any part of the assets of any of the Borrowers or any of the proceeds thereof to the creditors of any of the Borrowers or readjustment of the Senior Debt and Subordinated Debt of any of the Borrowers, whether by reason of liquidation, bankruptcy, arrangement, receivership, assignment for the benefit of creditors or any other action or proceeding involving the readjustment of all or any part of the Subordinated Debt, or the application of any assets of any of the Borrowers to the payment or liquidation thereof, or upon the dissolution or other winding up of any Borrower's businesses, or upon the sale of all or substantially all of any Borrower's assets, then and in such event (i) the Bank shall be entitled to receive payment in full of any and all of the Senior Debt prior to the payment of all or any part of the Subordinated Debt and (ii) any payment or distribution of any kind or character, whether in cash, securities (other than stock of WTI and securities subordinated to the Bank consistent with the terms hereof) or other property, which shall be

payable or deliverable upon or with respect to any or all of the Subordinated Debt shall be paid or delivered directly to the Bank for application on any of the Senior Debt, due or not due, until such Senior Debt shall have first been fully paid and satisfied, prior to the payment of the Subordinated Debt. In order to enable the Bank to enforce its rights hereunder in any of the aforesaid actions or proceedings, the Bank is hereby irrevocably authorized and empowered, in its discretion, to make and present for and on behalf of the undersigned such proofs of claims against any of the Borrowers on account of any of the Subordinated Debt as the Bank may deem expedient or proper and to vote such proofs of claims in any such proceeding and to receive and collect any and all dividends or other payments or disbursements made thereon in whatever form the same may be paid or issued, and to apply the same on account of any of the Senior Debt.

The Holders irrevocably authorize and empower the Bank, upon any Holder's failure to take such action within thirty (30) days of written request by the Bank, to demand, sue for, collect and receive each of the aforesaid payments and distributions and give acquittance therefor and to file claims and take such other actions in the Bank's own name or in the name of any of the Holders or otherwise, as the Bank may deem necessary or advisable for the enforcement of this Agreement; and the Holders will execute and deliver to the Bank such powers of attorney, assignments and other instruments or documents, including notes and stock certificates (together with such assignments or endorsements as the Bank shall deem necessary), as may be requested by the Bank in order to enable the Bank, upon any Holder's failure to act after notice as provided above, to enforce any and all claims upon or with respect to any or all of the Subordinated Debt and thereafter to collect and receive any and all payments and distributions which may be payable or deliverable at any time upon or with respect to the Subordinated Debt, all for the Bank's own benefit. Following payment in full of the Senior Debt, the Bank will remit to the Holders all dividends or other payments or distributions paid to and held by the Bank in excess of the Senior Debt.

7. Payments Received by the Holders. Should any payment or distribution or security or instrument or proceeds thereof be received by a Holder upon or with respect to any of the Subordinated Debt prior to the satisfaction of all of the Senior Debt and termination of all obligations of the Bank to make advances under the Loan Agreement, such Holder shall receive and hold the same in trust, as trustee, for the benefit of the Bank and shall forthwith deliver the same to the Bank in precisely the form received (except for the endorsement or assignment of the Holder where necessary), for application on any of the Senior Debt, due or not due, and, until so delivered, the same shall be held in trust by the Holder as the property of the Bank. In the event of the failure of any of the Holders to make any such endorsement or assignment to the Bank, the Bank, or any of its officers or employees, are hereby irrevocably authorized to make the same.

8. Amendment of Subordinate Documents; Assignment of Claims. The Holders agree that until the Senior Debt has been paid in full and satisfied and all obligations of the Bank to make further advances to the Borrower under the Loan Agreement have been terminated, the Holders will not suffer or permit any amendment or modification of any of the Subordinate Documents without the prior written consent of the Bank, and the Holders will not directly or indirectly assign or transfer to others any claim any of the Holders have or may have against any of the Borrowers unless such assignment or transfer is made expressly subject to this Agreement.

9. Continuing Nature of Subordination; Conflicts. This Agreement shall be effective and may not be terminated or otherwise revoked by any of the Holders until the entire Senior Debt shall have been fully discharged and all obligations of the Bank to make further advances to the Borrower have been terminated. This is a continuing agreement of subordination and the Bank may continue, at any time and without notice to any of the Holders, to extend credit or other financial accommodations and

loan monies to or for the benefit of the Borrowers on the faith hereof and in accordance with the terms set forth herein. No obligation of any of the Holders hereunder shall be affected by the insolvency or dissolution of or the written revocation of this Agreement by any of the Holders or any other subordinator, pledgor, endorser, or guarantor, if any. Nothing herein affect the underlying obligations of the Borrowers to the Bank or to the Holders.

10. Additional Agreements Between the Bank and the Borrowers. The Bank, at any time and from time to time, may enter into such agreement or agreements with any of the Borrowers as the Bank may deem proper, extending the time of payment of or renewing or otherwise altering the terms of all or any of the Senior Debt or affecting the security underlying any or all of the Senior Debt, and may exchange, sell, release, surrender or otherwise deal with any such security, without in any way thereby impairing or affecting this Agreement. The foregoing notwithstanding, Bank shall not

make additional loans or increase the amount outstanding under the Loan Agreement unless (i) any such increases result from an increase in Borrowers' inventory or receivables borrowing base (provided that the advance rates with respect to such inventory or receivables are no more favorable to Borrowers than those contained in the Loan Agreement as of the date of this Agreement) and which, in any event, do not affect any Holder or the Holder's interests in the Debentures in any manner materially more adverse to the Holders than the Loan Agreement in existence on the date hereof or (ii) such additional loans satisfy the criteria set forth in Section 8.15 of the SPA.

11. Legend on Subordinate Documents Evidence of Subordinated Debt. The Debentures and any other writing now existing or hereafter executed which serves to evidence any of the Subordinated Debt shall have stamped or typewritten across the face thereof the following legend: "The indebtedness of the Company evidenced hereby is subject to the rights of LaSalle National Bank, its successors and assigns, under a Subordination Agreement dated April __ 1999."

12. Holders' Waivers. All of the Senior Debt shall be deemed to have been made or incurred in reliance upon this Agreement. The Holders expressly waive all notice of the acceptance by the Bank of the subordination and other provisions of this Agreement and all other notices not specifically required pursuant to the terms of this Agreement whatsoever, and the Holders expressly waive reliance by the Bank upon the subordination and other agreements as herein provided. The Holders agree that the Bank has not made any warranties or representations with respect to the due execution, legality, validity, completeness or enforceability of the Loan Agreement, or the collectibility of the Senior Debt, that the Bank shall be entitled to manage and supervise its respective loans to the Borrowers in accordance with applicable law and its respective usual practices, modified from time to time as it deems appropriate under the circumstances, without regard to the existence of any rights that the Holders may now or hereafter have in or to any of the assets of the Borrowers, and that the Bank shall not have any liability to any of the Holders for, and waive any claim which any of the Holders may now or hereafter have against the Bank arising out of (i) any and all actions which the Bank, in good faith, takes or omits to take (including, without limitation, actions with respect to the creation, perfection or continuation of liens or security interest in the Collateral and other security for the Senior Debt, actions with respect to the occurrence of an Event of Default, actions with respect to the foreclosure upon, sale, release, or depreciation of, or failure to realize upon, any of the Collateral and actions with respect to the collection of any claim for all or any part of the Senior Debt from any account debtor, guarantor or any other party with respect to the Loan Agreement or any other agreement related thereto or to the collection of the Senior Debt or the valuation, use, protection or release of the Collateral and/or other security for the Obligations), (ii) the Bank's election, in any proceeding instituted under Chapter 11 of Title 11 of the United States Code (11 U.S.C. Section 101 et seq.)

(the "Bankruptcy Code"), of the application of Section 1111(b)(2) of the Bankruptcy Code, and/or (iii) any borrowing or grant of a security interest under Section 364 of the Bankruptcy Code to any of the Borrowers, as debtor in possession.

13. Bank's Waivers. No waiver shall be deemed to be made by the Bank of any of its rights hereunder, unless the same shall be in writing signed on behalf of the Bank, and each waiver, if any, shall be a waiver only with respect to the specific instance involved and shall in no way impair the rights of the Bank or the obligations of the Holders to the Bank in any other respect at any other time.

14. Information Concerning Financial Condition of Borrowers. The parties hereby assume responsibility for keeping themselves informed of the financial condition of the Borrowers, any and all endorsers and any and all guarantors of the Senior Debt and Subordinated Debt and of all other circumstances bearing upon the risk of nonpayment of the Senior Debt and/or Subordinated Debt that diligent inquiry would reveal, and hereby agree that

they shall have no duty to advise each other of information known to them regarding such condition or any such circumstances. In the event either the Bank or any Holder, in its sole discretion, undertakes, at any time or from time to time, to provide any such information to the other parties hereto, it shall not be under any obligation (i) to provide any such information to the other parties on any subsequent occasion or (ii) to undertake any investigation not a part of its respective regular business routine and shall be under no obligation to disclose any information which, pursuant to accepted or reasonable commercial finance practices, it wishes to maintain confidential. The Holders hereby agree that all payments received by the Bank may be applied, reversed, and reapplied, in whole or in part, to any of the Senior Debt, as the Bank, in its sole discretion, deems appropriate and assents to any extension or postponement of the time of payment of the Senior Debt or to any other indulgence with respect thereto, to any substitution, exchange or release of collateral which may at any time secure the Senior Debt and to the addition or release of any other party or person primarily or secondarily liable therefor.

15. Notice. The undersigned and the Bank shall promptly provide each other copies of any notices of default provided to the Borrowers under the Subordinate Documents or the Loan Agreement, in the manner specified in the Loan Agreement, addressed to the Bank and to the Holders at the address set forth below their respective signatures hereto.

16. Governing Law. This Agreement has been delivered and accepted at and shall be deemed to have been made at Chicago, Illinois, and shall be interpreted, and the rights and obligations of the parties hereto determined, in accordance with the laws and decisions of the State of Illinois, shall be immediately binding upon the Holders and their successors and assigns, and shall inure to the benefit of the respective successors and assigns of the Bank.

17. Consent to Service. The Holders expressly submit and consent to the jurisdiction of any state or federal court located within Cook County, Illinois in any action, suit or proceeding commenced therein in connection with or with respect to this Agreement and waive any objection to venue in connection therewith. The Holders hereby waive personal service of any and all process or papers issued or served in connection with the foregoing and agree that service of such process or papers may be made by registered or certified mail, postage prepaid, return receipt requested, directed to the Holders as set forth below.

18. Waiver of Jury Trial. THE BANK AND THE HOLDERS HEREBY KNOWINGLY, VOLUNTARILY, AND INTENTIONALLY WAIVE ANY RIGHTS THEY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION BASED HEREON, OR ARISING OUT OF, UNDER, IN CONNECTION WITH, OR RELATING TO THIS AGREEMENT, OR ANY OTHER LOAN DOCUMENT, OR ANY COURSE OF CONDUCT, COURSE OF DEALING, STATEMENTS (WHETHER VERBAL OR WRITTEN), OR ACTIONS OF THE BANK OR THE HOLDERS. THIS PROVISION IS A MATERIAL INDUCEMENT FOR THE BANK TO ENTER INTO THIS AGREEMENT AND TO CONSENT TO THE EXECUTION OF THE SUBORDINATE DOCUMENTS AND THE INCURRENCE OF THE SUBORDINATED DEBT.

19. Section Titles. The section titles contained in this Agreement are and shall be without substantive meaning or content of any kind whatsoever and are not a part of the agreement among the parties hereto.

20. Authority. Each Holder hereby individually and severally warrants and represents that it has full power and authority to grant the subordination evidenced hereby.

21. Counterparts. This Agreement may be executed in any number of counterparts, each of which shall be deemed to be an original, but all of which together shall constitute one and the same instrument.

[SIGNATURE PAGE(S) AND EXHIBITS, IF ANY, FOLLOW THIS PAGE]

IN WITNESS WHEREOF, this instrument has been executed as of this ___ day of April, 1999.

CASTLE CREEK TECHNOLOGY PARTNERS LLC

By: Castle Creek Partners LLC
Its: Investment Manager

By:

Name: John D. Ziegelman
Title: Managing Member
Address: 77 West Wacker, Suite 4040
Chicago, Illinois 60601
Telephone: 312-499-6900
Telecopy: 312-499-6999

MARSHALL CAPITAL MANAGEMENT, INC.

By:

Name:
Title:
Address: c/o Credit Suisse First Boston
11 Madison Avenue, Third Floor
New York, NY 10010
Telephone:
Telecopy:

CAPITAL VENTURES INTERNATIONAL

By:

Name:
Title:
Address: c/o Heights Capital Management
425 California Street, Suite 1100
San Francisco, California 94104
Telephone:
Telecopy:

Acknowledged and Accepted
as of this ___ day of
April, 1999

LASALLE NATIONAL BANK

By:

ACKNOWLEDGMENT AND AGREEMENT

The undersigned companies hereby jointly and severally accept and acknowledge receipt of a copy of the foregoing Subordination Agreement as of this ___ day of April, 1999, and jointly and severally agree that they will not pay any of the "Subordinated Debt" (as defined in the foregoing Agreement) or grant any security therefor, except as the foregoing Agreement expressly provides. In the event of any breach by any of the undersigned of any of the provisions herein or of the foregoing Agreement, all of the "Senior Debt" (as defined in the foregoing Agreement) shall, without presentment, demand, protest or notice of any kind, become immediately due and payable, unless the Bank shall otherwise elect in writing. The undersigned further jointly and severally agree that the terms

of this Agreement shall not give any of the undersigned any substantive rights vis-s-vis the Bank or the subordinating creditor(s) named above, other than pursuant to the Loan Agreement and the Subordinate Documents.

WESTELL, INC. WESTELL TECHNOLOGIES, INC.

By: By:
Title: Title:

WESTELL INTERNATIONAL, INC. CONFERENCE PLUS, INC.

By: By:
Title: Title:

LOGO

FOR IMMEDIATE RELEASE

For additional information, contact:
Investors:

Bruce R. Albelda
Westell, Inc.
630.375.4125
balbelda@westell.com
Press and Trade:

Brad Wills
Brad Wills & Associates, Inc.
Wills Public Relations
888.670.7080 x 407
bwillis@wills-pr.com

WESTELL ISSUES $20 MILLION SUBORDINATED CONVERTIBLE DEBENTURES

Group Includes Credit Suisse First Boston Affiliate, Castle Creek Technology Partners and Susquehanna Financial Group

AURORA, ILLINOIS... (April 15, 1999) ...Westell Technologies, Inc. (NASDAQ: WSTL) announced today that it has completed a subordinated convertible debenture private placement totaling $20 million. The private placement was led by Castle Creek Technology Partners LLC and included Marshall Capital Management, Inc., an affiliate of Credit Suisse First Boston Corp., and Susequehanna Financial Group. Hambrecht & Quist served as the Company's placement agent on this transaction.

"This investment strengthens our financial position, increases our flexibility and enhances our ability to capitalize on our strategic initiatives," stated Stephen Hawrysz, Westell's Chief Financial Officer. "We are pleased to have the support of such outstanding firms and look forward to a long and mutually rewarding relationship."

The five-year, 6% subordinated debenture is convertible into Westell's Class A Common stock at a conversion price equal to $6.37 (135% of the 15 day average closing bid price through the second day prior to executing definitive documentation). In certain cases, the conversion price is subject to adjustment at twelve and twenty-four months after closing and in certain circumstances, the debentures may be convertible at market price. In connection with the financing, Westell issued five-year warrants for approximately 909,000 shares of Class A Common Stock at an exercise price equal to 140% of the initial conversion price of the debentures.

The securities issued in the private placement have not been registered under the Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or an applicable exemption from registration requirements.

Westell Technologies, Inc, headquartered in Aurora, Illinois, is a holding company for Westell, Inc. and Conference Plus, Inc. Westell, Inc. manufactures and licenses DSL systems and valued added CPE, and manufactures telecommunications access products. Conference Plus, Inc. is a multi-point telecommunications service bureau specializing in audio teleconferencing, multi-point video conferencing, broadcast fax, and IP multimedia conferencing services. Additional information can be obtained by visiting Westell's Web site at http://www.westell.com.

"Safe Harbor" statement under the Private Securities Litigation Reform Act of 1995:

Certain statements contained herein including, without limitation, strengthens our financial position, increases our flexibility and enhances our ability to capitalize on our strategic initiatives are forward looking

statements that involve risks and uncertainties. These risks include, but are not limited to, product demand and market acceptance risks (including

the future commercial acceptance of Westell's ADSL systems by telephone companies and other customers), the impact of competitive products and technologies (such as cable modems and fiber optic cable), competitive pricing pressures, product development, excess and obsolete inventory due to new product development, commercialization and technological delays or difficulties (including delays or difficulties in developing, producing, testing and selling new products and technologies, such as ADSL systems), the effect of Westell's accounting policies, the effect of economic conditions and trade, legal, social, and economic risks (such as import, licensing and trade restrictions) and other risks more fully described in Westell's Annual Report on Form 10-K for the fiscal year ended March 31, 1998 under the section "Risk Factors". Westell undertakes no obligation to release publicly the result of any revisions to these forward looking statements that may be made to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events.

-End-