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SAFE HARBOR STATEMENT

Certain statements contained under "Management's Discussion and Analysis of Financial Condition and Results of Operations" in this 10-Q, which are not historical facts (including, without limitation, statements about future DSL pricing, our expected cost savings, our confidence and strategies and our expectations about new and existing products, our ability to meet our cash requirements for the next twelve months, technologies, opportunities, market growth, demand and acceptance of new and existing products and future commercial deployment of the Company's products such as its DSL systems) 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 the Company's DSL 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), the effect of the Company'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 the Company's Annual Report on Form 10-K for the fiscal year ended March 31, 1999 under the section "Risk Factors". The Company 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.

<TABLE>

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS

<CAPTION>

ASSETS	March 31, 1999	June 30, 1999	
	(unaudited)		
	(in thousands)		
	<C>	<C>	
Current assets:			
Cash and cash equivalents.....	\$ 6,715	\$ 14,811	
Short term investments.....	-	-	
Accounts receivable (net of allowance of \$703,000 and \$695,000, respectively).....	14,132	16,301	
Inventories.....	10,376	11,680	
Prepaid expenses and other current assets.....	1,108	822	
Refundable income taxes.....	60	55	
Deferred income tax asset.....	1,000	1,000	
	-----	-----	
Total current assets.....	33,391	44,669	
	-----	-----	
Property and equipment:			
Machinery and equipment.....	18,561	19,809	
Office, computer and research equipment.....	18,230	17,923	
Leasehold improvements.....	2,091	2,090	
	-----	-----	
	38,882	39,822	
Less accumulated depreciation and amortization.....	25,531	27,317	

Property and equipment, net.....	13,351	12,505
Deferred income tax asset and other assets.....	17,665	19,019
Total assets.....	\$ 64,407	\$ 76,193

LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:		
Accounts payable.....	\$ 7,616	\$ 6,130
Accrued expenses.....	6,655	5,248
Accrued compensation.....	4,305	2,649
Current portion of long-term debt.....	2,189	1,853
Deferred revenue.....	413	413
Total current liabilities.....	21,178	16,293
Long-term debt.....	2,625	2,291
Other long-term liabilities.....	1,480	1,694
Commitments and contingencies		
Convertible debt (net of debt discount of \$1,000,000 as of June 30, 1999).....	-	19,000
Stockholders' equity:		
Class A common stock, par \$0.01.....	169	169
Authorized - 43,500,000 shares		
Issued and outstanding - 16,928,650 shares at March 31, 1999 and 16,950,323 shares at June 30, 1999		
Class B common stock, par \$0.01.....	195	195
Authorized - 25,000,000 shares		
Issued and outstanding - 19,527,569 shares at March 31, 1999 and 19,527,569 shares at June 30, 1999		
Preferred stock, par \$0.01.....	-	-
Authorized - 1,000,000 shares		
Issued and outstanding - none		
Additional paid-in capital.....	97,561	98,694
Cumulative translation adjustment.....	455	545
Accumulated deficit.....	(59,256)	(62,688)
Total stockholders' equity.....	39,124	36,915
Total liabilities and stockholders' equity.....	\$ 64,407	\$ 76,193

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

</TABLE>

<TABLE>

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

<CAPTION>

Three Months Ended June 30,	
1998	1999
(unaudited)	
(in thousands, except per share data)	

Equipment revenue.....	\$ 18,386	\$ 17,188
Service revenue.....	4,627	6,971
Total revenues.....	23,013	24,159
Cost of equipment sales.....	13,608	11,890

Cost of services.....	2,491	4,764
Cost of goods sold.....	16,099	16,654
Gross margin.....	6,914	7,505
Operating expenses:		
Sales and marketing.....	4,768	3,697
Research and development.....	6,132	3,597
General and administrative.....	2,991	3,240
Total operating expenses.....	13,891	10,534
Operating loss.....	(6,977)	(3,029)
Other (income) expense, net.....	(435)	24
Interest expense.....	89	379
Loss before tax benefit.....	(6,631)	(3,432)
Benefit for income taxes.....	-	-
Net loss.....	<u><u>\$ (6,631)</u></u>	<u><u>\$ (3,432)</u></u>
Net loss per basic and diluted common share...	<u><u>\$ (0.18)</u></u>	<u><u>\$ (0.09)</u></u>
Average number of basic and diluted common shares outstanding.....	<u><u>36,412</u></u>	<u><u>36,468</u></u>

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

</TABLE>

<TABLE>

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

<CAPTION>

	Three Months Ended June 30,	
	1998	1999
	(unaudited) (in thousands)	
<S>	<C>	<C>
Cash flows from operating activities:		
Net loss	\$ (6,631)	\$ (3,432)
Reconciliation of net income to net cash provided by (used in) operating activities:		
Depreciation and amortization	1,756	1,857
Stock awards	--	--
Deferred taxes	--	--
Changes in assets and liabilities:		
Increase in accounts receivable	(1,055)	(2,136)
Increase in inventory	(70)	(1,252)
Decrease in prepaid expenses and deposits	4	286
Decrease in refundable income taxes	30	5
Decrease in accounts payable and accrued expenses	(254)	(2,678)
Decrease in accrued compensation	(2,394)	(1,656)
Decrease in deferred revenues	(1)	--
Net cash used in operating activities	<u><u>(8,615)</u></u>	<u><u>(9,006)</u></u>
Cash flows from investing activities:		
Purchases of property and equipment	(2,958)	(940)
Increase in other assets	(7)	(1,425)
Increase in short term investments	(211)	--

Net cash used in investing activities	(3,176)	(2,365)
Cash flows from financing activities:		
Repayment of long-term debt and leases payable	(540)	(669)
Proceeds from issuance of convertible debt	--	19,000
Proceeds from the issuance of common stock	172	1,132
Net cash used in financing activities	(368)	19,463
Effect of exchange rate changes on cash	(3)	4
Net increase (decrease) in cash	(12,162)	8,096
Cash and cash equivalents, beginning of period	43,515	6,715
Cash and cash equivalents, end of period	\$ 31,353	\$ 14,811

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

</TABLE>

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

NOTE 1. BASIS OF PRESENTATION

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Rule 10-01 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. It is suggested that these condensed consolidated financial statements be read in conjunction with the consolidated financial statements and notes thereto included in the Company's Annual Report on Form 10-K for the year ended March 31, 1999.

In the opinion of management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's consolidated financial position and the results of operations and cash flows at June 30, 1999, and for all periods presented. The results of operations for the three month period ended June 30, 1999 are not necessarily indicative of the results that may be expected for the fiscal year ending March 31, 2000.

NOTE 2. COMPUTATION OF NET LOSS PER SHARE

The Company follows the provisions of SFAS No. 128, which requires companies to present basic and diluted earnings per share. The computation of basic earnings per share is computed using the weighted average number of common shares outstanding during the period. Diluted earnings per share includes the number of additional common shares that would have been outstanding if the dilutive potential common shares had been issued. The effect of this computation on the number of outstanding shares is antidilutive for the periods ended June 30, 1998, and 1999, and therefore the net loss per basic and diluted earnings per share are the same.

NOTE 3. RESTRUCTURING CHARGE:

The Company recognized a restructuring charge of \$1.4 million in the three months ended December 31, 1997 and \$800,000 in the three months ended March 31, 1999. These charges included personnel, facility, and certain development contract costs related to restructuring global operations. As of June 30, 1999, the Company has paid approximately \$1.2 million of the restructuring costs charged in fiscal 1998 and \$750,000 of the restructuring costs charged in fiscal 1999.

The fiscal 1998 restructuring plan was to decrease costs and streamline operations related to DSL products. The fiscal 1999 restructuring plan was to further decrease costs, primarily by reducing the workforce by approximately 11%, and focus DSL sales efforts on indirect sales to the major phone companies through licensing and OEM arrangements with strategic partners. The Company

anticipates the remaining expenditures related to this restructuring reserve to occur by March 31, 2000. The Company expects cost savings of approximately \$5.0 million in fiscal 2000 related to this restructuring.

The restructuring charges and their utilization are summarized as follows:

<TABLE>

(in thousands)	Charge Utilized		Balance		Charge Utilized		Balance		Charge Utilized		Balance	
	fiscal 1998	fiscal 1998	March 31, 1998	fiscal 1998	fiscal 1999	fiscal 1999	March 31, 1999	fiscal 1999	fiscal 2000	June 30, 1999	fiscal 1999	fiscal 1999
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Employee costs.....	\$ 561	\$ 287	\$ 274	\$ 690	\$ 363	\$ 601	\$ 495	\$ 106				
Contract costs.....	736	647	89	--	--	89	--	89				
Legal & other costs.....	86	23	63	110	17	156	93	63				
Total.....	\$ 1,383	\$ 957	\$ 426	\$ 800	\$ 380	\$ 846	\$ 588	\$ 258				

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

NOTE 4. INTERIM SEGMENT INFORMATION:

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

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

Performance of these segments is evaluated utilizing revenue, operating income and total asset measurements. The accounting policies of the segments are the same as those for Westell Technologies, Inc. Segment information for the three-month periods ended June 30, 1998 and 1999, is as follows:

<TABLE>

	Telecom	Telecom	Consolidated	
	Equipment	Services	Other (a)	Total
<S>	<C>	<C>	<C>	<C>
Three months ended June 30, 1998				
Revenues.....	\$ 18,386	\$ 4,627	\$ -	\$ 23,013
Net income (loss)	(7,999)	1,022	346	(6,631)
Depreciation and amortization...	1,301	455	-	1,756
Total assets.....	78,789	10,024	-	88,813
Three months ended June 30, 1999				
Revenues.....	17,188	6,971	-	24,159
Net income (loss).....	(3,673)	644	(403)	(3,432)
Depreciation and amortization...	1,328	529	-	1,857
Total assets.....	61,682	14,511	-	76,193

a)Other represents Other income, net and interest expense for each period. The Company does not evaluate its segments based on this information.

</TABLE>

NOTE 5. FUJITSU TELECOMMUNICATIONS EUROPE LIMITED AGREEMENT:

In June 1999, the Company entered into a strategic agreement with Fujitsu Telecommunications Europe Limited ("FTEL") on DSL product development, manufacturing, and global marketing. As part of this agreement, FTEL will provide the Company with funding of certain future developments of DSL products that FTEL has expressed an interest in marketing. Additionally, employees of Westell Europe Limited ("WEL"), which is the Company's United Kingdom

operations, headquartered in Cambridge, England, became employees of FTEL. Furthermore, FTEL assumed WEL's lease of office space, purchased certain fixed assets from WEL and earned manufacturing rights. FTEL also reimbursed the Company for operating expenses incurred by WEL during the first quarter of fiscal 2000 prior to the completion of the agreement.

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

NOTE 6. SUBORDINATED SECURED CONVERTIBLE DEBENTURE PRIVATE PLACEMENT:

In April 1999, the Company completed a private place of 6% subordinated secured convertible debentures totaling \$20 million. The conversion price of the debentures is the lower of (a) a periodically reset fixed price, which is initially \$6.372 per share and which will reset on April 16, 2000 and April 16, 2001 to the ten day average market price then in effect (provided that the fixed price may not be less than \$4.4604 or greater than \$6.372 per share), and (b) the floating market price of our Class A Common Stock at time of conversion (except that the floating market price may only be imposed under specific conditions set forth in the securities purchase agreement under which the debentures were sold). The reset fixed price can not fall below \$4.4604 or be greater than \$6.372 per share. In addition, under the terms of the debentures, additional shares are issuable due to anti-dilution price protection provisions and/or if the Company enters into certain major transactions (such as the sale of substantially all of our assets, a merger or a change in actual voting control). In connection with the financing, the Company issued five-year warrants for approximately 909,000 shares of Class A Common stock at an exercise price equal to \$8.921 per share, which is approximately 140% of the initial conversion price of the debentures.

NOTE 7. EVENT SUBSEQUENT TO JUNE 30, 1999:

Commitments and Contingencies

Subsequent to the quarter ended June 30, 1999, the Company has committed to sell binding purchase orders for ADSL products from customers priced below anticipated production costs. The Company anticipates recognizing an estimated loss of \$975,000 in the quarter ended September 1999 relating to these orders. The Company could continue to record losses on ADSL product sales if management enters into similar sales arrangements prior to achieving manufacturing cost reductions of ADSL products through (i) obtaining more cost effective DSL chipsets, (ii) product design efficiencies and (iii) economies related to volume production.

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

OF OPERATION

OVERVIEW

Westell Technologies, Inc. ("Westell" or the "Company") derives most of its revenues from the sale of telecommunications equipment that enable telecommunications services over copper telephone wires. The Company offers a broad range of products that facilitate the transmission of high-speed digital and analog data between a telephone company's central office and end-user customers. The Company's service revenues are derived from audio, multi port video and multi media teleconferencing services from the Company's Conference Plus, Inc. subsidiary.

The Company has historically used the following three product categories in its discussion of equipment revenue:

- o DSL PRODUCTS: products based on DSL technologies;
- o T-1 OR DS1 PRODUCTS: products used by telephone companies to enable digital T-1 transmission at approximately 1.5 megabits per second and E-1 transmission at approximately 2.0 megabits per second; and
- o TRADITIONAL OR DS0 PRODUCTS: products used by telephone companies to deliver digital services at speeds ranging from approximately 2.4 to 64 kilobits per second and traditional analog services with 4 kilohertz

bandwidth.

Below is a table that compares equipment revenue for the quarter ended June 30, 1998 with the quarter ended June 30, 1999 by product type:

(in thousands)	June 30, 1998	June 30, 1999
DSL products.....	\$ 3,396	\$ 1,988
T-1 or DS1 products.....	13,291	13,699
Traditional or DS0 products..	1,011	690
Other equipment.....	688	811
Total equipment.....	\$ 18,386	\$ 17,188

To better reflect the current business model, beginning for the quarter ended June 30, 1999, Westell has decided to use the following new product groupings in its discussion of its equipment revenue:

- o HIGH CAPACITY ("HiCAP"): Products that maintain, repair and monitor circuits used over copper telephone wires in the portion of the phone companies' network connecting the central office with the customers' locations (the "Local Loop"). Products include all of Westell's traditional or DS0 products such as its analog products and a portion of Westell's T-1 or DS1 products which include Network Interface Unit ("NIU") products.
- o TRANSPORT SYSTEMS: Products that contain components that are located both in the phone companies' central offices and customers' locations, creating integrated systems. Products include Westell's DSL product called Supervision, a system comprised of modems and central office shelves and electronics that enable high-speed transmission over copper telephone lines. The Transport Systems business unit also provides SmartLink(TM), a back-up system for wireless or cellular providers, and LinkReach(TM), a joint effort with Lucent to enable high-speed transmission over certain Lucent products.
- o CUSTOMER PREMISE EQUIPMENT ("CPE"): Products that provide high-speed DSL modems that are located at the customers' premises. These products include Westell's WireSpeed(TM) modems that are designed to hook up to single or multiple personal computers and to provide high-speed access.

Below is a table that compares equipment revenue for the quarter ended June 30, 1998 with the quarter ended June 30, 1999 by new product groupings:

(in thousands)	June 30, 1998	June 30, 1999
HiCAP.....	\$ 14,544	\$ 13,824
Transport Systems.....	2,654	2,189
CPE.....	1,188	1,175
Total equipment.....	\$ 18,386	\$ 17,188

Westell's net revenues increased 5.0% in the three months ended June 30, 1999 when compared to the same period last year due to a 50.7% increase in services revenue which was partially offset by a 6.5% decrease in equipment revenue. The increase in service revenue was a result of increased teleconference call minutes. The equipment revenue decrease was a result of decreased unit sales and average sales prices by each of the Company's new product groups due to changes in product mix and competitive pricing pressures. Historically, revenue from DS1 and DS0 products now reported in the Company's new HiCAP product group provided the majority of the Company's revenue.

The Company expects to continue to evaluate new product opportunities and engage in extensive research and development activities. This will require the Company to continue to invest heavily in research and development and sales and marketing, which could adversely affect short-term results of operations. Due to the Company's significant ongoing investment in DSL technology, the Company anticipates losses in at least each of the fiscal 2000 quarters. The Company believes that its future revenue growth and profitability will principally depend on its success in increasing sales of DSL products and developing new and enhanced T-1 and other DSL products. The market for DSL products continues to be increasingly competitive. This has caused the Company to offer its DSL products at prices below current production costs (i.e., forward pricing of DSL products). For instance, subsequent to June 30, 1999, the Company received DSL orders from an international and a domestic customer priced below anticipated production costs. The Company anticipates recognizing an estimated loss of \$975,000 in the quarter ended September 30, 1999. Management

believes that manufacturing costs will decrease when (i) more cost-effective chipsets are available, (ii) product design efficiencies are obtained, and (iii) economies of scale are obtained related to increased volume. The Company could continue to record losses on DSL product sales prior to achieving cost-effective chipsets, product design efficiencies and economies related to volume production that would have a material adverse effect on the Company's business and results of operations.

In the current fiscal year, the majority of the DSL revenue has been generated by shipments of DSL systems used in trials for data applications (i.e., Internet access and work at home) due to the growth in users accessing the World Wide Web through the Internet and the need to increase transmission speed when accessing local area networks and downloading large text graphics and video files. In view of the Company's reliance on the emerging DSL market for growth and the unpredictability of orders and subsequent revenues, the Company believes that period to period comparisons of its financial results are not necessarily meaningful and should not be relied upon as an indication of future performance. Revenues from the Company's analog products (traditional or DSO products) have declined in recent years as telephone companies continue to move from analog to digital transmission services. The Company also expects that revenues from Network Interface Unit ("NIU") products in its new HiCAP product group (a T-1/DS1 product) may decline as telephone companies increase the use of alternative technologies such as HDSL. Failure to increase revenues from new products, whether due to lack of market acceptance, competition, pricing pressures, technological change or otherwise, would have a material adverse effect on the Company's business and results of operations.

RESULTS OF OPERATIONS - Period ended June 30, 1999 compared to period ended June 30, 1998

Revenues. The Company's revenues increased 5.0%, from \$23.0 million in the three months ended June 30, 1998 to \$24.2 million in the three months ended June 30, 1999. This revenue increase was primarily due to increased teleconference service revenue of \$2.3 million offset in part by a decrease in equipment revenue of \$1.2 million. The increased teleconference service revenue reflects an increase in call minutes at the Company's subsidiary Conference Plus, Inc. The decreased equipment revenue was due primarily to overall unit volume product sale decreases in the HiCAP and Transport Systems product groups offset in part by higher average sale prices for products in these product groups. Revenue from the CPE product group decreased by \$13,000 due to a decrease in average per unit prices resulting from the Company's aggressive marketing of DSL modems in the three months ended June 30, 1999 when compared with the same period of the prior year.

Gross Margin. Gross margin as a percentage of revenue increased from 30.0% in the three months ended June 30, 1998 to 31.1% in the three months ended June 30, 1999. This increase in gross margin was primarily due to product mix changes and product cost integration in the HiCAP and Transport systems product groups and increased service revenues. These increases were partially offset by continued aggressive pricing of the DSL modems in customer trials by the CPE product group to capture and stimulate market activity.

Sales and Marketing. Sales and marketing expenses decreased 22.5%, from \$4.8 million in the three months ended June 30, 1998 to \$3.7 million in the three months ended June 30, 1999. Sales and marketing expenses decreased as a percentage of revenues from 20.7% in the three months ended June 30, 1998 to 15.3% in the three months ended June 30, 1999. This decrease in sales and marketing expenses was primarily due to cost reductions resulting from management's initiatives undertaken late last fiscal year to streamline DSL sales and marketing. Additional cost savings in the current fiscal year were due to the elimination of costs related to the Company's Westell Europe Limited ("WEL") operations. See Note 5 for further discussion. The Company believes that continued investment in sales and marketing will be required to expand its product lines, bring new products to market and service customers.

Research and Development. Research and development expenses decreased 41.3%, from \$6.1 million in the three months ended June 30, 1998 to \$3.6 million in the three months ended June 30, 1999. Research and development expenses decreased as a percentage of revenues from 26.6% in the three months ended June 30, 1998 to 14.9% in the three months ended June 30, 1999. This decrease in research and development expenses was primarily due to the absence of costs related to the Company's WEL operations. See Note 5 for further discussion. Additional cost savings in the current fiscal year are due to cost reductions resulting from management's initiatives undertaken late last fiscal year. Additionally, the Company received \$700,000 from customers to fund on-going engineering projects

during the three months ended June 30, 1999, which was offset against research and development expenses. The Company believes that a continued commitment to research and development will be required for the Company to remain competitive.

General and Administrative. General and administrative expenses increased 8.3%, from \$3.0 million in the three months ended June 30, 1998 to \$3.2 million in the three months ended June 30, 1999. General and administrative expenses increased as a percentage of revenues from 13.0% in the three months ended June 30, 1998 to 13.4% in the three months ended June 30, 1999. The general and administrative expenses were up slightly from the same quarter last year due to expenses related to the implementation of a new integrated computer system in addition to incurring legal expenses related to the strategic agreement between Fujitsu Telecommunications Europe Limited and the Company. These increases in expense were offset in part by cost savings in the current fiscal year due to the absence of costs related to the Company's WEL operations. See Note 5 for further discussion.

Other (income) expense, net. Other (income) expense, net decreased from income of \$435,000 in the three months ended June 30, 1998 to an expense of \$24,000 in the three months ended June 30, 1999. The expense for the period was primarily due to approximately \$160,000 in expense from unrealized losses due to the impact of fluctuation of foreign currency on intercompany payables and was offset in part by interest income earned on temporary cash investments made as a result of investing available funds.

RESULTS OF OPERATIONS - continued

Interest expense. Interest expense increased from \$89,000 in the three months ended June 30, 1998 to \$379,000 in the three months ended June 30, 1999. The interest expense during the current period is a result of interest incurred on the Company's 6% Subordinated Secured convertible debentures due April 15, 2004 and Warrants to purchase 909,091 shares of Class A Common Stock at an exercise price of \$8.9208 per share and net obligations outstanding during the period under promissory notes and equipment borrowings.

Benefit for income taxes. There was no Benefit for income taxes recorded for both three month periods ended June 30, 1998 and 1999. As in each quarter of fiscal 1999, the Company provided a valuation reserve for the entire benefit generated during the current quarter of \$1.3 million since the resulting gross deferred tax asset would have exceeded the value of tax planning strategies available to the Company. The Company will evaluate on a quarterly basis its ability to record a benefit for income taxes in relation to the value of tax planning strategies available in relation to the resulting gross deferred asset.

LIQUIDITY AND CAPITAL RESOURCES

In April 1999, the Company completed a private placement of its convertible debentures and warrants for an aggregate of \$20 million with net proceeds after legal and other expenses being \$19.0 million. As of June 30, 1999, the Company had \$14.8 million in cash and cash equivalents consisting primarily of federal government agency instruments and the highest rated grade corporate commercial paper.

The Company's operating activities used cash of approximately \$9.0 million in the three months ended June 30, 1999. This primarily resulted from a loss from continuing operations before income, increases in accounts receivable and inventory and decreases in accounts payable, accrued expenses and accrued compensation.

Capital expenditures for the three month period ended June 30, 1999 were approximately \$940,000, all of which was funded by available cash. The Company expects to spend approximately \$5.0 million for the remainder of fiscal year 2000 related to capital equipment expenditures.

At June 30, 1999, the Company's principle sources of liquidity were \$14.8 million of cash and cash equivalents and a secured credit facility that the Company may borrow up to \$14.7 million based upon receivables and inventory levels and up to an additional \$5.0 million under a secured equipment line of credit. Cash and cash equivalents, anticipated funds from operations, along with available credit lines and other resources, are expected to be sufficient to meet cash requirements for the next twelve months. Cash in excess of operating requirements will continue to be invested on a short term basis in federal government agency instruments and the highest rated grade commercial paper.

As discussed in Note 7, the Company has committed to sell binding purchase orders for ADSL products from customers priced below anticipated

production costs subsequent to the quarter ended June 30, 1999. The expected loss on these forward priced orders is \$975,000. The Company expects to ship these products during the second and third quarters of fiscal 2000 and expects to record a reserve in the quarter ended September 30, 1999 for losses on forward priced commitments that have not been shipped. These losses will affect results of operations in the quarter ended September 30, 1999 and will impact liquidity during the second and third quarters of fiscal 2000 as the materials are purchased and the products are manufactured. The Company could continue to record losses on ADSL product sales if management enters into similar sales arrangements prior to achieving manufacturing cost reductions of ADSL products through (i) obtaining more cost effective DSL chipsets, (ii) product design efficiencies and (iii) economies related to volume production. The Company can not estimate the amounts of possible future forward priced orders or their subsequent effect on liquidity.

The Company has approximately \$4.6 million in income tax credit carryforwards and a tax benefit of \$28.6 million related to a net operating loss carryforward that is available to offset taxable income in the future. The tax credit carryforwards begin to expire in 2008 and the net operating loss carryforward begins to expire in 2012.

Realization of deferred tax assets associated with the Company's future

deductible temporary differences, net operating loss carryforwards and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration. Although realization of the deferred tax asset is not assured and the Company has incurred operating losses for the 1996, 1997, 1998, and 1999 fiscal years, management believes that it is more likely than not that it will generate taxable income sufficient to realize the recorded tax benefit associated with future temporary differences, NOL carryforwards and tax credit carryforwards prior to their expiration through a tax planning strategy available to the Company. Management has determined that the strategy is not sufficient to realize all of the deferred tax assets available to the Company and as such, has recorded a valuation allowance of \$16.5 million. On a quarterly basis, management will assess whether it remains more likely than not that the recorded deferred tax asset will be realized. If the tax planning strategy is not sufficient to generate taxable income to recover the deferred tax benefit recorded, an increase in the valuation allowance will be required through a charge to the income tax provision. However, if the Company achieves sufficient profitability or has available additional tax planning strategies to utilize a greater portion of the deferred tax asset, an income tax benefit would be recorded to decrease the valuation allowance.

YEAR 2000 COMPLIANCE ISSUE

The Company has determined that it is required to modify and/or replace portions of its software systems so that they will properly utilize dates beyond December 31, 1999 (the "year 2000 compliance"). The Company believes that with software upgrades and modifications and with the conversion to new software, the impact of the year 2000 on its computer systems can be mitigated. However, if the upgrades, modifications and conversions are not made, or are not made in a timely manner, the year 2000 could have a material adverse impact on the Company's operations. The implementation of the plan to remediate the Company's Information Technology ("IT") systems, which included efforts to mitigate the impact that the year 2000 will have on the Company, was substantially completed as of March 31, 1999 (the "Project").

The Project included upgrading system software, hardware and processes that are not exclusively related to year 2000 compliance. The Project utilized both internal and external resources. The Company has a full-time manager dedicated to the Project as well as addressing other year 2000 compliance issues. The Project cost for the Company is estimated to be \$1.8 million. These costs are expensed as incurred, except for approximately \$800,000 that was capitalized unrelated to year 2000 compliance. The Company has expensed approximately \$300,000 related this Project, as of March 31, 1999 with the remaining \$700,000 to be expensed over the next two years as operating lease payments come due. The upgrading of system software, hardware and processes was essentially completed as of March 31, 1999, as planned and within previous cost estimates.

The Company has assessed how the year 2000 will impact both internal and external non-IT systems including product compliance, machinery and equipment, engineering support systems and tools, human resource data bases, payroll processing, banking systems, benefit plan third party administrators, and customer systems and vendor compliance. The Company has made an assessment

that products produced by the Company, and systems used by the Company to manufacture products, are year 2000 compliant; however, the Company is currently testing its products and manufacturing systems to assure that year 2000 issues have been entirely addressed. The Company is continuing to question customers and vendors to determine whether their systems and products are year 2000 compliant. The Company has received sufficient information from a majority of its customers and vendors that year 2000 compliance of customers or vendors will not materially impact the Company's operations. The Company expects to complete the assessment of the impact of vendor and/or customer year 2000 compliance deficiency by October 31, 1999. The Company has completed its assessment of year 2000 compliance of its engineering support systems and automated engineering tools. The engineering systems and tools utilized by the Company that are integral to product development schedules are upgraded annually through license renewals. The current upgrades of the engineering support systems and automated engineering tools are year 2000 compliant.

The Company has completed its testing of year 2000 compliance of the engineering systems and tools. Management believes that year 2000 compliance will not have a significant impact on the Company's development schedules. The Company's human resource database and the payroll processing systems have been evaluated for year 2000 compliance and must be upgraded in order to be year 2000 compliant. The cost of this upgrade will not be significant and the Company anticipates that this upgrade will be completed by October 31, 1999. The Company has received confirmation that its primary banks and its benefit plan third party administrators systems are or will be year 2000 compliant.

The Company believes that it is proactive in assessing the impact that the year 2000 will have on both its internal and external IT and non-IT systems. Where material and where feasible, the cost of year 2000 compliance has been quantified. The Company is at varying stages of evaluating the impacts of the year 2000 on its business and its results of operations. The Company believes that its actions, evaluations and processes currently undertaken are sufficient to assess and mitigate the impacts that the year 2000 will have on the Company. However, since the evaluations described above are, at this time, not complete, the Company may discover ways in which the lack of year 2000 compliance, whether by the Company or by third parties, could materially affect the Company's operations.

The Company has developed a contingency plan to address the effects that the year 2000 may have on its operations. Management believes that its actions, evaluations and processes should provide sufficient time to address the year 2000 risks as they are revealed. Risks related to customer year 2000 noncompliance are not within the Company's control, however, and therefore, the noncompliance of customer systems may materially adversely impact the Company's operations. Year 2000 compliance of the Company's vendors is also not within the control of the Company. However, the Company believes that it will have sufficient time to mitigate vendor year 2000 noncompliance and replace such vendors with vendors that are year 2000 compliant due to the general availability of electrical component material contained in the Company's products.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

Westell is subject to certain market risks, including foreign currency and interest rates. The Company has foreign subsidiaries in Canada and Ireland that develop and sell products and services in those respective countries. The Company is exposed to potential gains and losses from foreign currency fluctuation affecting net investments and earnings denominated in foreign currencies. After the sale of Westell's European subsidiary in June 1999, the Company's future primary exposure is to changes in exchange rates for the U.S. Dollar versus the Canadian dollar and the Irish pound.

In fiscal 1999, the net change in the cumulative foreign currency translation adjustments account, which is a component of stockholders' equity, was an unrealized gain of \$455,000. The Company also recorded a transaction gain of \$284,000 for fiscal 1998 and a transaction loss of \$729,000 for fiscal 1999 in Other income (expense) for fluctuations on foreign currency rates on intercompany accounts anticipated by management to be settled in the foreseeable future.

As of June 30, 1999, the net change in the cumulative foreign currency translation adjustments account, which is a component of stockholders' equity, was an unrealized gain of \$545,000. The Company also recorded a transaction loss

of \$160,000 for the quarter ended June 30, 1999 in Other income (expense) for fluctuations on foreign currency rates on intercompany accounts anticipated by management to be settled in the foreseeable future.

The Company does not have significant exposure to interest rate risk related to its debt obligations, primarily U.S. Dollar denominated. The Company's market risk is the potential loss arising from adverse changes in interest rates. As further described in Note 2 of the Company's 10-K for the period ended March 31, 1999, the Company's debt consists primarily of a floating-rate bank line-of credit. Market risk is estimated as the potential decrease in pretax earnings resulting from a hypothetical increase in interest rates of 10% (i.e. from approximately 8% to approximately 18%) average interest rate on the Company's debt. If such an increase occurred, the Company would incur approximately \$450,000 per annum in additional interest expense based on the average debt borrowed during the twelve months ended March 31, 1999. The Company does not feel such additional expense is significant.

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

PART II. OTHER INFORMATION

ITEM 2. CHANGES IN SECURITIES AND USE OF PROCEEDS

On April 16, 1999, the Company issued in a private placement \$20,000,000 aggregate principal amount of the 6% Subordinated Secured convertible debentures due April 15, 2004 and Warrants to purchase 909,091 shares of Class A Common Stock at an exercise price of \$8.9208 per share. Gross proceeds to the Company pursuant to the private placement were \$20,000,000. The Company entered into the private placement to raise capital for operating activities, and currently intends to use the proceeds of the financing for working capital, purchases of capital equipment and to pay the costs of the private placement.

Assuming no limitations on the conversion of the convertible debentures and exercise of the Warrants, the convertible debentures are currently convertible into approximately 3,138,732 shares of Class A Common Stock, and the Warrants are exercisable for 909,091 shares of Class A Common Stock, or 4,047,823 shares of Class A Common Stock in the aggregate. Currently, unless the Company's stockholders approve the issuance of class A common stock upon conversion of the convertible debentures and the warrants, the number of shares of Class A Common Stock issuable upon conversion of the convertible debentures and the exercise of Warrants is limited to an aggregate of 7,291,107 shares. The Company agreed in connection with the private placement to use its best efforts to seek this stockholder approval.

The rights, preferences and privileges of the outstanding convertible debentures are summarized as follows:

RATE

The convertible debentures accrue interest at the rate of 6% per year, but the interest rate of the convertible debentures shall increase to 8% per year if the conversion price for the convertible debentures at any time is equal to or less than \$4.4604 per share. Interest payments are payable in cash and may be paid in convertible debentures or Class A Common Stock at the Company's option if (a) no Event of Failure (as described below) has occurred or is continuing, (b) the resale registration statement is effective and available for use by the holders of the Convertible Debenture, (c) the Class A Common Stock is listed on the Nasdaq National Market, and (d) a sufficient amount of shares of Class A Common Stock are available for conversion of the convertible debentures. The number of shares of Class A Common Stock issued as interest shall be determined by dividing the interest amount by the average of the Class A Common Stock closing price for each of the five business days prior to the interest payment date.

CONVERSION PRICE

The convertible debentures are convertible into shares of Class A Common Stock at the election of the holder after September 16, 1999. The conversion price is the lower of:

- (a) the variable conversion price, which is initially \$6.372 per share, but will be adjusted on April 16, 2000 and April 16, 2001 to

be the greater of (i) the weighted average sales price of the Class A Common Stock for the ten trading days immediately preceding the adjustment date and (ii) \$4.4604; and

(b) the floating market price of our Class A Common Stock at time of conversion which is calculated by taking the lowest average of the Class A Common Stock closing bid price over any five consecutive trading days during the ten trading day period ending the day immediately prior to the conversion date.

The variable conversion price can not be less than \$4.4604 or greater than \$6.372 per share. If the ten day average closing sale price of the Class A Common Stock on April 16, 2000 is \$9.5625 or greater, then the market conversion price may not be used after that date to determine the conversion price as long as certain events materially adverse to the Company have not occurred. The conversion price will also be adjusted to the benefit of the holders of the convertible debentures during the period in which the Company has restricted the use of the resale registration statement registering the convertible debentures and warrants.

If the Company is suspended from trading or is no longer listed on the Nasdaq National Market or is not listed on the New York Stock Exchange, then (i)

the conversion price shall be reduced by 10% and the market conversion price shall be available for use in calculating the conversion price, and (ii) as long as the suspension or delisting continues, the Company will make monthly payments to the holders equal to 1.25% times the outstanding principal amount of the convertible debentures plus accrued and unpaid interest.

REGISTRATION RIGHTS

In connection with the sale and issuance of the convertible debentures and Warrants, the Company filed a resale registration statement on Form S-3 to permit the public sale of shares of Class A Common Stock issuable upon conversion of the convertible debentures and upon exercise of the Warrants. This resale registration statement must remain effective until the earlier of (i) the date that all Class A Common Stock issuable upon conversion of the convertible debentures or upon exercise of the Warrants has been sold pursuant to the resale registration statement or (ii) the date that all Class A Common Stock issuable upon conversion of the convertible debentures or upon exercise of the Warrants may be immediately sold to the public without registration and without regard to the amount to be sold by the holder of such securities.

REDEMPTION AT COMPANY'S OPTION

If after April 16, 2000 the weighted average sales price of the Class A Common Stock is equal to or greater than 200% of the average variable conversion price over a specified time period, then the Company may redeem the convertible debentures at a price equal to 115% of the face amount of the convertible debentures plus accrued and unpaid interest. Upon receipt of a redemption notice from the Company, the holders of convertible debentures may convert all or any of their convertible debentures at the conversion price then in effect. The Company may not redeem the convertible debentures under certain circumstances, including during any "Event of Failure" described below or if such redemption would cause a holder of convertible debentures to own in excess of 4.9% of the Class A Common Stock, assuming that all convertible debentures were converted prior to the redemption by the holders.

Upon satisfaction of certain conditions, the Company may elect to exchange convertible debentures for which conversion has been requested for debentures with the same face amount but which accrue interest at a rate of 12% per annum and mature one year from issuance. The amount that can be exchanged is equal the amount of convertible debentures held by the holder requesting conversion that represents such holder's pro rata amount that is convertible into the portion of Class A Common Stock issuable upon conversion of the convertible debentures that exceeds 20% of the outstanding voting power of the Company.

REDEMPTION AT HOLDER'S OPTION

Upon the occurrence of certain "Events of Failure," (i) the convertible debentures are redeemable at the election of the holders of the convertible debentures; or (ii) the holder may demand the Company pay damages equal to 1% of the outstanding principal amount of the convertible debentures for each day of the Event of Failure (but not to exceed 135% of the outstanding amount).

The redemption price shall equal \$1,150 for each Convertible Debenture being redeemed, plus accrued and unpaid interest, if certain "Events of Failure" occur, including the following (i) the Company becomes bankrupt or suffers certain other bankruptcy events, (ii) an event of default occurs under the Company's existing loan agreements with LaSalle National Bank (the "Loan Agreement"), (iii) the Company breaches any agreement with respect to indebtedness of \$500,000 or more, (iv) the Company's accountants deliver a "going concern" qualification or exception with respect to the Company's financial statements, (v) the Company suffers a \$500,000 judgment that is not discharged within sixty days, or (vi) an event of default occurs under the debentures issued by the Company in exchange for the convertible debentures.

For other "Events of Failure," the redemption price shall equal the greater of (i) \$1,350 for each Convertible Debenture being redeemed plus accrued and unpaid interest, or (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 to the redemption divided by the lowest conversion price in effect during such period (assuming the market conversion price is in effect) and (B) the principal amount of the convertible debentures plus accrued and unpaid interest. Such other "Events of Failure" include: (i) the Company's failure to deliver in a timely manner Class A Common Stock upon submission by such investors of a notice of conversion, (ii) the Company fails to reserve the amount of Class A Common Stock required under the terms of the convertible debentures, (iii) the resale

registration statement is not declared effective by the SEC or cannot otherwise be used by the holders of the convertible debentures for certain time periods or is not amended as required under the terms of the private placement documents, (iv) the Class A Common Stock is suspended from trading on the Nasdaq National Market for five days in any nine (9) month period; (v) the Company's failure to remove restrictive legends on its Common Stock when required pursuant to the private placement documents, (vi) the Company commits an uncured breach of a material provision of any private placement document, (vii) any representation or warranty of the Company made in any of the private placement documents is false or misleading in any material respect, (viii) the Company's announcement of its intention not to issue Class A Common Stock upon conversion of the convertible debentures or exercise of the warrants, (ix) the Company's material breach, as a result of performance under the private placement documents, of any agreement to which it is or becomes a party, and (x) the Company's failure to obtain stockholder approval to issue more than 20% of the voting power of the Company on conversion of the convertible debentures and upon exercise of the Warrants.

SUBORDINATED SECURITY INTEREST

The convertible debentures are subordinate in right of cash payments to certain permitted senior indebtedness of the Company. "Permitted Senior Indebtedness" includes: (i) the obligations of the Company pursuant to the Loan Agreement and certain extensions, amendments and replacements of the Loan Agreement, (ii) capitalized leases of the Company in existence as of the date hereof or for certain capital expenditures permitted under the private placement documents, (iii) existing purchase money financing and purchase money financing for certain capital expenditures and (iv) financing for certain acquisitions permitted under the private placement documents. The convertible debentures are secured by substantially all of the assets of the Company, except its shares of Conference Plus.

PROTECTIVE PROVISIONS

The Company has agreed that it will not, without the consent of a majority of the holders of the convertible debentures, (i) alter or change the rights of any capital stock so as to adversely affect the convertible debentures, (ii) redeem or declare or pay any cash dividend on any common stock or other securities junior to the convertible debentures, or (iii) do any act not contemplated by the terms of the convertible debentures that would result in any taxation under Section 305 of the Internal Revenue Code of 1986, as amended.

The conversion price shall also be adjusted to the benefit of the holders if certain events or transactions occur, including the following: (i) the announcement by the Company of certain types of sales of the Company, or an announcement of a merger or a tender offer for 50% or more of the Common Stock of the Company, (ii) the Company declares a dividend or makes a distribution of assets, Common Stock or other securities, (iii) the Company issues securities that are convertible into or exchangeable for Class A Common Stock at a conversion price based upon a discount from the market price of the Class A Common Stock or the variable conversion price then in effect, (v) a sale by any executive officer or director of more than 10% of their Class A Common Stock

during the six month period commencing on the date that the resale registration statement is declared effective, (vi) the Company restricts the use of the resale registration statement, and (vii) certain other transactions that would have a dilutive effect on the convertible debentures or materially and adversely affect an investment in the convertible debentures.

CHANGE OF CONTROL

If the Company merges into, sells substantially all of its assets to, or incurs a change of control with respect to, a company meeting certain market liquidity and similar tests, then the holders of the Convertible Debentures shall receive the consideration they would have received in such transaction had they converted their convertible debentures the day before the public announcement of the merger. The Company is, however, permitted to acquire other companies without having to provide special consideration to the holders of the convertible debentures if the Company does not issue more than 20% of its Common Stock as merger consideration. If the Company merges into, sells substantially all of its assets to, or incurs a change of control with respect to, a company that does not meet certain market liquidity and similar tests, then the holders shall have the option, in lieu of the consideration set forth above, of receiving 125% of the principal amount of the convertible debentures in cash. The holders of the warrants are entitled to similar rights in the event of the Company's merger or consolidation with another company and would have the right

to receive approximately 94% of the Black Scholes valuation of the Warrants.

WARRANTS

The Warrants are exercisable until April 16, 2004. The exercise price for the Class A Common Stock underlying the Warrants is \$8.9208 per share (subject to adjustment). If the Company merges or consolidates with any other company, the Warrant holders are entitled to similar choices as to the consideration they will receive in such transaction as the holders of the convertible debentures or retain the Warrants which would then become exercisable for the new company's common stock. In addition, the number of shares issuable upon exercise of the Warrants is subject to anti-dilution adjustment if the Company sells Common Stock or securities convertible into or exercisable for Common Stock (excluding certain issuances such as Common Stock issued under employee, director or consultant benefit plans) at a price per share less than the market price.

STOCKHOLDER APPROVAL

The issuance of the Company's Class A Common Stock upon conversion of the convertible debentures and upon exercise of the Warrants that is in excess of 7,291,107 shares is subject to stockholder approval pursuant to the rules of the NASD. Rule 4460(i)(1)(D) of the National Association of Securities Dealers (the "20% Rule") requires companies that are listed on the Nasdaq National Market to obtain stockholder approval prior to issuing common stock (or securities convertible into or exercisable for common stock) in a private financing at a price less than the market value of the common stock, where the amount of common stock to be issued exceeds 20% of either the common stock outstanding or voting power outstanding immediately prior to the issuance.

Because the conversion rate of the convertible debentures will vary with the trading price of the Class A Common Stock, the number of shares of Class A Common Stock issuable upon conversion of convertible debentures and upon exercise of the Warrants may exceed 7,291,107 shares. If stockholder approval for the exercise of class A common stock upon the conversion of the convertible debentures and the exercise of the warrants is not obtained, then the Company will be prohibited by the 20% Rule from issuing 20% or more of its Class A Common Stock in connection with the private placement. If the stockholder approval is not granted, then the Company will be obligated to redeem all convertible debentures at a price equal to a cash payment equal to the greater of (i) \$1,350 plus accrued and unpaid interest; or (ii) a predetermined redemption formula based on the average of the closing bid prices for the Company's Class A Common Stock. See "--Redemption at Holders Option."

FURTHER INFORMATION

The terms of the convertible debentures and warrants are complex and are only briefly summarized in this Form 10-Q. Further information concerning the rights, preferences and terms of the convertible debentures and Warrants is contained in the Company's Current Report on Form 8-K and exhibits thereto filed with the Securities and Exchange Commission on April 20, 1999, which may be viewed in the public reading rooms maintained by the Commission at Securities

Exchange Commission, Public Reference Branch, Stop 1-2, 450 Fifth Street, NW, Washington, DC, 20549-1004, or viewed on the web site maintained by the SEC at <http://www.sec.gov>.

ITEM 5. OTHER EVENTS

None.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

- a) The following documents are furnished as an exhibit and numbered pursuant to Item 601 of regulation S-K:

Exhibit 3.1: Restated Certificate of Incorporation, as amended (incorporated herein by reference to Exhibit 3.1 to the Company's Registration Statement on Form S-3 (SEC File No. 333-79407), as amended.

Exhibit 3.2: Amended and Restated Bylaws of the Company.

Exhibit 27: Financial Data Schedule

- b) The following two Form 8-Ks were filed in the quarter ended June 30, 1999:

- 1) an "Item 5" Form 8-K was filed on April 20, 1999 disclosing the Company's issuance of the convertible debentures and the warrants, and
- 2) An "Item 5" Form 8-K was filed on June 14, 1999 which disclosed Westell's agreement with Fujitsu Telecom Europe Limited described above.

SIGNATURES

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

WESTELL TECHNOLOGIES, INC.

(Registrant)

DATE: August 13, 1999

By: ROBERT H. GAYNOR

ROBERT H. GAYNOR
Chairman of the Board of Directors
and Chief Executive Officer

By: NICHOLAS C. HINDMAN

NICHOLAS C. HINDMAN
Interim Chief Financial Officer

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

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

ARTICLE I
OFFICES

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

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

ARTICLE II
MEETINGS OF STOCKHOLDERS

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

Section 2. Time of Annual Meeting. Annual meetings of stockholders shall be held on the second Wednesday in August if not a legal holiday, and if a legal holiday, then on the next business day following, at 10:00 a.m., or at such other date and time as shall be designated from time to time by the board of directors and stated in the notice of the meeting, at which the stockholders shall elect directors to succeed those whose terms then expire and transact such other business as may properly be brought before the meeting. No stockholder shall have cumulative voting rights.

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

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

any purpose germane to the meeting, during ordinary business hours, for a period of at least ten days prior to the meeting, either at a place within the city

where the meeting is to be held, which place shall be specified in the notice of the meeting, or if not so specified at the place where the meeting is to be held. The list shall also be produced and kept at the time and place of the meeting during the whole time thereof, and may be inspected by any stockholder who is present.

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

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

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

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

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

Section 10. Voting Rights. Except to the extent required by statute or the certificate of incorporation, holders of Class A Common Stock and Class B Common Stock shall vote together as a single class, each holder of Class A Common Stock shall at every meeting of the stockholders be entitled to one vote in person or by proxy for each share of Class A Common Stock held by such stockholder, and each holder of Class B Common Stock shall at every meeting of the stockholders be entitled to four votes in person or by proxy for each share

of Class B Common Stock held by such stockholder, but no proxy shall be voted on after three years from its date, unless the proxy provides for a longer period.

ARTICLE III

DIRECTORS

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

Section 2. Vacancies. Vacancies and newly created directorships resulting from any increase in the authorized number of directors may be filled by a majority of the directors then in office, though less than a quorum, or by a sole remaining director, and the directors so chosen shall hold office until the next annual election and until their successors are duly elected and shall qualify, unless sooner displaced. If there are no directors in office, then an election of directors may be held in the manner provided by statute.

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

MEETINGS OF THE BOARD OF DIRECTORS

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

Section 5. Regular Meetings. A regular meeting of the board of directors shall be held without other notice than this by-law, immediately

after, and at the same place as, the annual meeting of stockholders. The board of directors may provide, by resolution, the time and place, either within or without the State of Delaware, for the holding of additional regular meetings without other notice than such resolution.

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

Section 7. Quorum. At all meetings of the board, a majority of directors shall constitute a quorum for the transaction of business and the act of a majority of the directors present at any meeting at which there is a quorum shall be the act of the board of directors, except as may be otherwise specifically provided by statute or by the certificate of incorporation. If a quorum shall not be present at any meeting of the board of directors, the directors present thereat may adjourn the meeting from time to time, without notice other than announcement at the meeting, until a quorum shall be present.

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

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

Section 10. Informal Action. Unless otherwise restricted by the certificate of incorporation or these by-laws, any action required or permitted to be taken at any meeting of the board of directors or of any committee thereof may be taken without a meeting, if all members of the board or committee, as the case may be, consent thereto in writing, and the writing or writings are filed with the minutes of proceedings of the board or committee.

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

COMMITTEES OF DIRECTORS

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

COMPENSATION OF DIRECTORS

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

ARTICLE IV

NOTICES

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

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

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

ARTICLE V

OFFICERS

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

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

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

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

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

Section 6. Office of the Chairman. The office of the chairman shall consist of the chairman of the board and such other officers as the board shall designate from time to time as members of the office of the chairman. The chairman of the board shall be the chief executive officer of the corporation. The chairman of the board shall have executive authority to see that all orders and resolutions of the board of directors are carried into effect and, subject to the control vested in the board of directors by statute, by the certificate

of incorporation or by these by-laws, shall administer and be responsible for the overall management of the business and affairs of the corporation. The chairman of the board shall preside at all meetings of the shareholders and of the board of directors, and in general shall perform all duties incident to the office of the chairman of the board and such other duties as from time to time may be assigned to the chairman of the board by the board of directors. The chairman of the board shall execute bonds, mortgages and other contracts requiring a seal, under the seal of the corporation, except where required or permitted by law to be otherwise signed and executed and except where the signing and execution thereof shall be expressly delegated by the board of directors to some other officer or agent of the corporation. Other members of the office of the chairman shall have the duties attendant to the other offices that they hold, and any other powers and duties as the board may from time to time prescribe. In the absence of the chairman of the board or in the event of the chairman of the board's inability or refusal to act, the other members of the office of the chairman shall perform the duties of the chairman of the

board, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman of the board.

Section 7. The Vice-Chairman of the Board. The vice-chairman of the board, if one is elected, shall perform such duties and have such powers as the chief executive officer or the board of directors may from time to time prescribe.

Section 8. The President. The president, if one is elected, shall have such duties and have such powers as the board of directors may from time to time prescribe.

Section 9. The Vice-Presidents. In the absence of all of the members of the office of the chairman or in the event of the absence or inability or refusal to act of all of the members of the office of the chairman, then that vice-president who is not a member of the office of the chairman (or in the event that there be more than one other vice-president who is not a member of the office of the chairman, then any executive vice-president who is not a member of the office of the chairman and then the other vice-president or vice-presidents in the order designated, or in the absence of any designation, then in the order of their election) shall perform the duties of the chairman, and when so acting, shall have all the powers of and be subject to all the restrictions upon the chairman of the board. The vice-presidents shall perform such other duties and have such other powers as the chief executive officer or the board of directors may from time to time prescribe.

Section 10. The Secretary. The secretary shall attend all meetings of the board of directors and all meetings of the stockholders and record all the proceedings of the meetings of the corporation and of the board of directors in a book to be kept for that purpose and shall perform like duties for the standing committees when required. He shall give, or cause to be given, notice of all meetings of the stockholders and special meetings of the board of directors, and shall perform such other duties as may be prescribed by the board of directors or the chief executive officer, under whose supervision he shall be. He shall have custody of the corporate seal of the corporation and he, or an assistant secretary, shall have authority to affix the same to any instrument requiring it and when so affixed, it may be attested by his signature or by the

signature of an assistant secretary. The board of directors may give general authority to any other officer to affix the seal of the corporation and to attest the affixing by his signature.

Section 11. The Assistant Secretary. The assistant secretary, or if there be more than one, the assistant secretaries in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the secretary or in the event of his inability or refusal to act, perform the duties and exercise the powers of the secretary and shall perform such other duties and have such other powers as the chief executive officer or the board of directors may from time to time prescribe.

Section 12. The Treasurer. The treasurer shall have the custody of the corporate funds and securities and shall keep full and accurate accounts of receipts and disbursements in books belonging to the corporation and shall deposit all moneys and other valuable effects in the name and to the credit of the corporation in such depositories as may be designated by the board of directors. He shall disburse the funds of the corporation as may be ordered by the board of directors, taking proper vouchers for such disbursements, and shall render to the chairman of the board, the president and the board of directors, at its regular meetings, or when the board of directors so requires, an account of all his transactions as treasurer and of the financial condition of the corporation. If required by the board of directors, he shall give the corporation a bond (which shall be renewed every six years) in the sum and with such surety or sureties as shall be satisfactory to the board of directors for the faithful performance of the duties of his office and for the restoration to the corporation, in the case of his death, resignation, retirement or removal from office, of all books, papers, vouchers, money and other property of whatever kind in his possession or under his control belonging to the corporation.

Section 13. The Assistant Treasurer. The assistant treasurer, or if there shall be more than one, the assistant treasurers in the order determined by the board of directors (or if there be no such determination, then in the order of their election), shall, in the absence of the treasurer or in the event of his inability or refusal to act, perform the duties and exercise the powers of the treasurer and shall perform such other duties and have such other powers as the chief executive officer or the board of directors may from time to time prescribe.

ARTICLE VI

CERTIFICATES OF STOCK, TRANSFERS, AND RECORD DATES

Section 1. Form of Certificates. Every holder of stock in the corporation shall be entitled to have a certificate, signed by, or in the name of the corporation by, the board of directors, or the chairman of the board or the president or a vice-president and the treasurer or an assistant treasurer, or the secretary or an assistant secretary of the corporation, certifying the number of shares owned by him in the corporation. If the corporation shall be authorized to issue more than one class of stock or more than one series of any class, the powers, designation, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or

rights shall be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, provided that, except as otherwise provided in Section 202 of the Delaware General Corporation Law, in lieu of the foregoing requirements, there may be set forth in full or summarized on the face or back of the certificate which the corporation shall issue to represent such class or series of stock, a statement that the corporation will furnish without charge to each stockholder who so requests the powers, designations, preferences and relative, participating, optional or other special rights of each class of stock or series thereof and the qualifications, limitations or restrictions of such preferences and/or rights.

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

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

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

Section 5. Fixing Record Date. In order that the corporation

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

to vote at a meeting of stockholders shall apply to any adjournment of the meeting; provided, however, that the board of directors may fix a new record date for the adjourned meeting.

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

ARTICLE VII

GENERAL PROVISIONS

Section 1. Dividends. Dividends upon the capital stock of the corporation, subject to the provisions of the certificate of incorporation, if any, may be declared by the board of directors at any regular or special meeting, pursuant to law. Dividends may be paid in cash, in property, or in shares of the corporation's capital stock, subject to the provisions of the certificate of incorporation. Before payment of any dividend, there may be set aside out of any funds of the corporation available for dividends such sum or sums as the directors from time to time, in their absolute discretion, think proper as a reserve or reserves to meet contingencies, or for equalizing dividends, or for repairing or maintaining any property of the corporation, or for such other purpose as the directors, in their absolute discretion, think proper, and the directors may modify or abolish any such reserve in the manner in which it was created.

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

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

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

Section 5. Stock in Other Corporations. Shares of any other corporation which may from time to time be held by this corporation may be represented and voted at any meeting of shareholders of such corporation by the chairman of the board, president or vice-president, or by any proxy appointed in writing by the chairman of the board, president or a vice-president of the corporation, or by any other person or persons thereunto authorized by the board of directors. Shares represented by certificates standing in the name of the corporation may be endorsed for sale or transfer in the name of the corporation by the chairman of the board, president or any vice-president or by any other

officer or officers thereunto authorized by the board of directors. Shares belonging to the corporation need not stand in the name of the corporation, but may be held for the benefit of the corporation in the individual name of the treasurer or of any other nominee designated for that purpose by the board of directors.

ARTICLE VIII

INDEMNIFICATION

Section 1. Indemnification. (a) Each person who was or is made a party or is threatened to be made a party to or is otherwise involved in any action, suit or proceeding, whether civil, criminal, administrative or investigative (hereinafter a "proceeding"), by reason of the fact that he or she is or was a director or officer of the corporation or is or was serving at the request of the corporation as a director, officer, employee, agent or fiduciary of another corporation or of a partnership, joint venture, trust or other enterprise, including service with respect to employee benefit plans, whether the basis of such proceeding is alleged action in an official capacity as a director, officer, employee or agent or in any other capacity while serving as a director, officer, employee or agent, shall be indemnified and held harmless by the corporation to the fullest extent authorized by the Delaware General Corporation Law, as the same exists or may hereafter be amended (but, in the case of any such amendment, only to the extent that such amendment permits the corporation to provide broader indemnification rights than such law permitted the corporation to provide prior to such amendment), against all expense, liability and loss (including attorneys' fees, judgments, fines, ERISA excise taxes or penalties and amounts paid in settlement) reasonably incurred or suffered by such person in connection therewith and such indemnification shall continue as to a person who has ceased to be a director, officer, employee or agent and shall inure to the benefit of his or her heirs, executors and administrators; provided, however, that, except as provided in paragraph (B) of Article EIGHTH of the corporation's certificate of incorporation with respect to proceedings to enforce rights to indemnification, the corporation shall indemnify any such person in connection with a proceeding (or part thereof) initiated by such person only if such proceeding (or part thereof) was authorized by the board of directors of the corporation. The right to indemnification conferred in this Section shall be a contract right and shall include the right to be paid by the corporation the expenses incurred in defending any such proceeding in advance of its final disposition; provided, however, that, if the Delaware General Corporation Law requires, an advancement of expenses incurred by a person in his or her capacity as a director or officer (and not in any other capacity in which service was or is rendered by such person, including, without limitation, service to an employee benefit plan) shall be made only upon delivery to the corporation of an undertaking, by or on behalf of such director or officer, to repay all amounts so advanced if it shall ultimately be determined that the director or officer is not entitled to be indemnified under this Section or otherwise. The corporation may, by action of its board of directors, grant rights to indemnification, and to the advancement of expenses, to employees and agents of the corporation to the fullest extent and with the same scope and effect as the foregoing indemnification of, and advancement of expenses to, directors and officers.

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

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

(d) Any amendment, repeal or modification of any provision of this Section by the stockholders or the directors of the corporation shall not

adversely affect any right or protection of a director or officer of the corporation existing at the time of such amendment, repeal or modification.

ARTICLE IX

AMENDMENTS

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

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