

REGISTRATION NO. 333-04973

SECURITIES AND EXCHANGE COMMISSION  
WASHINGTON, D.C. 20549

AMENDMENT NO. 1

TO

FORM S-1  
REGISTRATION STATEMENT  
UNDER

THE SECURITIES ACT OF 1933

WESTELL TECHNOLOGIES, INC.  
(Exact name of registrant as specified in its charter)

<TABLE>			
<S>	<C>	<C>	
DELAWARE	3661	36-3154957	
(State or other jurisdiction of incorporation or organization)	(Primary Standard Industrial Classification Code Number)	(I.R.S. Employer Identification No.)	
</TABLE>			

101 KENDALL POINT DRIVE  
OSWEGO, ILLINOIS 60543  
(708) 820-1919  
(Address, including zip code, and telephone number, including area code, of  
registrant's principal executive offices)

GARY F. SEAMANS  
WESTELL TECHNOLOGIES, INC.  
101 KENDALL POINT DRIVE  
OSWEGO, ILLINOIS 60543  
(708) 820-1919  
(Name, address, including zip code, and telephone number, including area code,  
of agent for service)

Copies to:

<TABLE>		
<S>	<C>	
William J. Quinlan, Jr. Heidi J. Steele McDermott, Will & Emery 227 West Monroe Street Chicago, Illinois 60606-5096 (312) 372-2000	Barry E. Taylor Mark Bonham J. Robert Suffoletta Craig D. Norris Wilson Sonsini Goodrich & Rosati, P.C. 650 Page Mill Road Palo Alto, California 94304-1050 (415) 493-9300	
</TABLE>		

Approximate date of commencement of proposed sale to the public: As soon as  
practicable after the effective date of this registration statement.

If any of the securities being registered on this Form are to be offered on  
a delayed or continuous basis pursuant to Rule 415 under the Securities Act of



shall there be any sale of these securities in any State in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of any such State.

SUBJECT TO COMPLETION, DATED JUNE 20, 1996

2,540,000 SHARES  
WESTELL LOGO

CLASS A COMMON STOCK

Of the 2,540,000 shares of Class A Common Stock offered hereby, 1,665,000 shares are being sold by Westell Technologies, Inc. ("Westell" or the "Company") and 875,000 shares are being sold by the Selling Stockholders. The Company will not receive any proceeds from the sale of shares by the Selling Stockholders. See "Principal and Selling Stockholders."

The Company's Common Stock consists of Class A Common Stock and Class B Common Stock. The economic rights of each class of Common Stock are identical but the voting rights differ. Each share of Class A Common Stock entitles its holder to one vote and each share of Class B Common Stock entitles its holder to four votes. Class A Common Stock is freely transferable and Class B Common Stock is transferable only to certain transferees but is convertible into Class A Common Stock on a share-for-share basis. See "Principal and Selling Stockholders" and "Description of Capital Stock."

The Class A Common Stock is quoted on the Nasdaq National Market under the symbol "WSTL." On June 18, 1996, the last reported sale price of the Class A Common Stock on the Nasdaq National Market was \$48 1/4 per share. See "Price Range of Class A Common Stock."

SEE "RISK FACTORS" COMMENCING ON PAGE 5 FOR A DISCUSSION OF CERTAIN FACTORS THAT SHOULD BE CONSIDERED BY PROSPECTIVE PURCHASERS OF THE CLASS A COMMON STOCK OFFERED HEREBY.

-----  
THESE SECURITIES HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION NOR HAS THE SECURITIES AND EXCHANGE COMMISSION OR ANY STATE SECURITIES COMMISSION PASSED UPON THE ACCURACY OR ADEQUACY OF THIS PROSPECTUS. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.

<TABLE>  
<CAPTION>

	Price to Public	Underwriting Discount (1)	Proceeds to Company (2)	Proceeds to Selling Stockholders
<S>	<C>	<C>	<C>	<C>
Per Share.....	\$	\$	\$	\$
Total (3).....	\$	\$	\$	\$

</TABLE>

- (1) See "Underwriting" for information concerning indemnification of the Underwriters and other matters.
- (2) Before deducting expenses payable by the Company, estimated at \$450,000.
- (3) The Company and the Selling Stockholders have granted to the Underwriters a 30-day option to purchase up to an aggregate of 381,000 additional shares of Class A Common Stock solely to cover over-allotments, if any. If the Underwriters exercise this option in full, the Price to Public will total \$ , the Underwriting Discount will total \$ , the Proceeds to Company will total \$ and the Proceeds to Selling Stockholders will total \$ . See "Underwriting."

The shares of Class A Common Stock are offered by the several Underwriters named herein subject to receipt and acceptance by them and subject to their right to reject any order in whole or in part. It is expected that delivery of the certificates representing such shares will be made against payment therefor at the office of Montgomery Securities on or about \_\_\_\_\_, 1996.

-----  
MONTGOMERY SECURITIES  
COWEN & COMPANY  
PUNK, ZIEGEL & KNOELL

\_\_\_\_\_, 1996  
[Inside Front Cover]

Besides the text set forth below on this page, the inside cover of this Prospectus consists of a diagram showing the connection of copper wires and fiber cable between a telephone company's central office and a home and a skyscraper where businesses are located. At the telephone company's central office, there are boxes representing the use of Westell's Network Management products and other Westell products.

The connection between the telephone company's central office and the home is a line representing copper wire. At the home there are boxes representing the use of Westell's ADSL products. Four pictures near the home (as indicated on the diagram below) show telephone company services that are supported by Westell ADSL products. The pictures are as follows: (i) a boy using a computer for Internet access, (ii) a man working at his home with a computer representing "work at home," (iii) a boy using a television to select a video through video-on-demand, and (iv) a woman and child using a computer screen for distance learning.

The connections between the telephone company's central office and the skyscraper are three lines, two representing copper wires using Westell's ADSL and T-1 products and a fiber cable using Westell's fiber products.

Near the skyscraper there are boxes representing the use of Westell's ADSL, T-1 and fiber products.

Three pictures near the skyscraper (as indicated on the diagram below) show telephone company applications of Westell's products. The pictures are as follows: (i) a man using a computer to obtain data, (ii) a group using a television for video conferencing and (iii) a woman using a telephone.

[WESTELL LOGO]

Westell Technologies delivers a broad range of analog, digital and fiber telecommunications products used in the "last mile" of the local access network. Westell is a leading provider of products based upon Asymmetric Digital Subscriber Line ("ADSL") technology which enables interactive multimedia services over existing copper wire.

TELCO CENTRAL OFFICE

NETWORK [PHOTO] [PHOTO]  
MANAGEMENT

[PHOTO] DATA

ACCESSVISION(TM)

VIDEO SERVER

VIDEO  
CONFERENCING

[PHOTO] [PHOTO] BUSINESS

[PHOTO]

## INTERNET ACCESS

[PHOTO]

[PHOTO]

WORK AT HOME

VOICE

[PHOTO]

## VIDEO-ON-DEMAND [PHOTO]

HOME

[PHOTO] WESTELL LOGO = Westell product  
Fiber = QuadJack  
DISTANCE LEARNING ADSL = FlexCAP,  
FlexVision,  
EnVision  
T-1 = Network  
Interface Unit/  
Performance  
Monitoring  
PHOTO = Copper wire  
PHOTO = Fiber optic  
cable

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS MAY OVER-ALLOT OR EFFECT TRANSACTIONS WHICH STABILIZE OR MAINTAIN THE MARKET PRICE OF THE CLASS A COMMON STOCK OF THE COMPANY AT A LEVEL ABOVE THAT WHICH MIGHT OTHERWISE PREVAIL IN THE OPEN MARKET. SUCH STABILIZING, IF COMMENCED, MAY BE DISCONTINUED AT ANY TIME.

IN CONNECTION WITH THIS OFFERING, THE UNDERWRITERS AND SELLING GROUP MEMBERS, IF ANY, MAY ENGAGE IN PASSIVE MARKET MAKING TRANSACTIONS IN THE CLASS A COMMON STOCK OF THE COMPANY ON THE NASDAQ NATIONAL MARKET IN ACCORDANCE WITH RULE 10B-6A UNDER THE SECURITIES EXCHANGE ACT OF 1934, AS AMENDED. SEE "UNDERWRITING."

2

## PROSPECTUS SUMMARY

The following summary should be read in conjunction with, and is qualified in its entirety by, the more detailed information, including "Risk Factors" and the Consolidated Financial Statements and Notes thereto, appearing elsewhere in this Prospectus. As used in this Prospectus, the terms "Westell" and "Company" include Westell Technologies, Inc. and its subsidiaries, unless the context otherwise indicates. The discussion in this Prospectus contains forward-looking statements which include risks and uncertainties. The Company's actual results could differ materially from those discussed in this Prospectus. Factors that could cause or contribute to such differences include those discussed in the sections entitled "Risk Factors," "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business," as well as those discussed elsewhere in this Prospectus.

## THE COMPANY

Since 1980, Westell Technologies, Inc. ("Westell" or the "Company") has developed telecommunications products that address the needs of telephone companies ("telcos") to upgrade their existing network infrastructures continually in order to deliver advanced data and voice services to their customers. The Company designs, manufactures, markets and services a broad range of digital and analog products used by telcos to deliver services primarily over existing copper telephone wires that connect end users to a telco's central office (the "local access network"). The Company also markets its products and services to other telecommunications and information service providers seeking direct access to end-user customers. The Company's principal customers include all seven Regional Bell Operating Companies (the "RBOCs") as well as GTE, British Telecom and Telecom Italia. In addition, Westell sells products to several other entities, including public telephone administrations located outside the U.S., independent domestic local exchange carriers, competitive access providers, interexchange carriers and the U.S. federal government.

Westell is a leading developer and provider of broadband telecommunications access systems using an emerging technology known as Asymmetric Digital Subscriber Line ("ADSL"). ADSL systems will allow telcos to provide interactive multimedia services over existing copper wire, thus offering a more cost-effective and faster deployment alternative to fiber optic cable in the "last mile" of the local access network. ADSL systems enable interactive multimedia services such as advanced data dialtone applications, including high speed Internet access, local area network ("LAN") extension, telecommuting and medical imaging, as well as emerging video dialtone applications, including video-on-demand, distance learning, video conferencing and work at home. Currently, over 30 domestic and international telcos, including Bell Atlantic, GTE, US West Enterprise, British Telecom and Telecom Italia, are conducting technical or marketing trials for new interactive multimedia services that rely on the Company's ADSL systems.

The Company's objective is to be a global leader in providing low cost and high quality local access network products that enable telcos to meet the growing demand for service offerings based on digital technology. Westell's strategy is to leverage its leadership position in the ADSL market to capture emerging opportunities as telcos expand their interactive multimedia offerings. With over 15 years of experience in developing products for the local access network, particularly T-1 Network Interface Units ("NIUs"), the Company also intends to capitalize upon its existing customer relationships to continue to develop cost-effective and implementable intelligent network products and access systems. The Company believes that its pursuit of strategic relationships with technology leaders enables it to obtain the emerging technologies required in its product development efforts and to focus on specific product applications for its telco customers.

THE OFFERING

<TABLE>

<S>	<C>
Class A Common Stock offered by the Company.....	1,665,000 shares
Class A Common Stock offered by the Selling Stockholders.....	875,000 shares
Common Stock to be outstanding after the offering:	
Class A Common Stock.....	15,051,962 shares (1)
Class B Common Stock.....	21,253,020 shares
Total.....	36,304,982 shares
Use of proceeds.....	To purchase capital equipment and for general corporate purposes, including working capital and potential acquisitions.
Voting rights.....	The Class A Common Stock and the Class B Common Stock vote as a single class with respect to all matters submitted to a vote of stockholders, with each share of Class A Common Stock entitled to one vote and each share of Class B Common Stock entitled to four votes, except with respect to certain future issuances of Class B Common Stock and as provided by law.
Nasdaq National Market symbol.....	WSTL

</TABLE>

SUMMARY CONSOLIDATED FINANCIAL DATA  
(IN THOUSANDS, EXCEPT PER SHARE DATA)

<TABLE>  
<CAPTION>

FISCAL YEAR ENDED MARCH 31,

-----  
1992    1993    1994    1995    1996  
-----

<S>	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:					
Revenues.....	\$33,621	\$43,221	\$51,051	\$74,029	\$83,236

Gross margin.....	14,647	17,863	20,801	29,535	32,457
Operating income (loss) from continuing operations.....	4,907	2,799	(464)	(178)	(2,254)
Net income (loss).....	3,029	1,698	213	(508)	(2,075)
Net income (loss) per share (2).....	\$ 0.11	\$ 0.06	\$ 0.01	\$(0.02)	\$(0.07)
Average number of common shares outstanding (2).....	26,560	27,620	28,486	28,952	30,846

<TABLE>  
<CAPTION>

	MARCH 31, 1996	
	-----	-----
	ACTUAL	AS ADJUSTED (3)
	-----	-----
	<C>	<C>

<S>

BALANCE SHEET DATA:

Working capital.....	\$28,741	\$ 88,913
Total assets.....	64,448	124,620
Long-term debt, including current portion.....	4,427	4,427
Total stockholders' equity.....	38,985	99,157

</TABLE>

(1) Excludes (i) 2,663,426 shares of Class A Common Stock reserved for issuance pursuant to the Company's 1995 Stock Incentive Plan (the "Stock Incentive Plan"), 754,250 of which are subject to outstanding options granted at a weighted average exercise price of \$33.92 per share, and (ii) 213,532 shares reserved for issuance under the Company's Employee Stock Purchase Plan (the "Stock Purchase Plan"). See "Management -- Stock Plans."

(2) Adjusted to reflect the Stock Split (as defined below). See Notes 1 and 11 of Notes to Consolidated Financial Statements.

(3) Adjusted to give effect to the sale of 1,665,000 shares of Class A Common Stock offered by the Company hereby, based upon an assumed public offering price of \$38 1/8 per share, and the receipt and application of the net proceeds therefrom. See "Use of Proceeds" and "Capitalization."

Unless otherwise indicated, the information presented in this Prospectus (i) has been adjusted to reflect the two-for-one stock split in the form of a 100 percent stock dividend of both classes of outstanding Common Stock paid on June 7, 1996 to holders of record on May 20, 1996 (the "Stock Split"), and (ii) assumes that the Underwriters' over-allotment option is not exercised.

CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

Certain statements contained under "Management's Discussion and Analysis of Financial Condition and Results of Operations," such as those concerning future product sales and gross margins, certain statements contained under "Business," such as statements concerning the development and introduction of new products and the development of alternative Digital Subscriber Line ("DSL") technology, and other statements contained in this Prospectus regarding matters that are not historical facts are forward-looking statements (as such term is defined in the rules promulgated pursuant to the Securities Act of 1933, as amended (the "Securities Act")). Because such forward-looking statements include risks and uncertainties, actual results may differ materially from those expressed in or implied by such forward-looking statements. Factors that could cause actual results to differ materially include, but are not limited to, those discussed herein under "Risk Factors." 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.

RISK FACTORS

In addition to the other information in this Prospectus, the following factors should be considered in evaluating the Company and its business before

purchasing shares of the Class A Common Stock offered hereby.

#### RELIANCE ON EMERGING MARKET FOR ADSL TECHNOLOGY; ANTICIPATED LOSSES

The Company's future growth is substantially dependent upon whether DSL technology, particularly as it relates to ADSL systems, gains widespread commercial acceptance by telcos. Since 1992, the Company has invested, and expects to continue to invest, significant resources in the development of ADSL technology. However, the market for products using ADSL technology is only now emerging as telcos have recently begun to consider implementing ADSL technology in their networks. As a result, revenues from ADSL systems have been difficult for the Company to forecast, and the Company's overall results of operations have experienced substantial fluctuations in recent periods. The timing of orders and shipments of ADSL systems can have a significant impact on the Company's revenues and results of operations. For example, the Company's revenues increased by \$9.8 million in the fourth quarter of fiscal 1995 compared to the third quarter of fiscal 1995 due to a large shipment of ADSL systems to one customer. The Company has continued to ship ADSL systems but at a reduced level from that of the fourth quarter of fiscal 1995, which has resulted in a reduction in quarterly revenues when compared to the preceding quarter in three of the four quarters in fiscal 1996. Due to the Company's significant ongoing investment in ADSL technology, the Company anticipates losses in at least the first and second quarters of fiscal 1997. The Company's ability to achieve profitability or revenue growth in the future will depend upon market acceptance of the Company's ADSL systems and the development and market acceptance of other DSL products introduced by the Company. To date, telcos have deployed the Company's ADSL systems solely for laboratory, technical and marketing trials and have not yet begun commercial deployment. The Company is unable to predict whether such laboratory, technical and marketing trials will be successful and when commercial deployment will begin, if at all. See "Management's Discussion and Analysis of Financial Condition and Results of Operations."

The RBOCs and the Company's other customers are significantly larger than, and are able to exert a high degree of influence over, the Company. Prior to selling its products to telcos, the Company must undergo lengthy approval and purchase processes. Evaluation can take a year or more for complex products based on new technologies such as ADSL. Historically, telcos have been cautious in implementing new technologies. Telcos' deployment of ADSL technology may be prevented or delayed by a number of factors, including telcos' lengthy product approval and purchase processes, telcos' decisions to defer product orders in anticipation of new product developments, cost, regulatory barriers that prevent or restrict telcos from providing interactive multimedia services, the lack of demand for interactive multimedia services, the lack of sufficient programming for interactive multimedia services, the availability of alternative technologies, such as

5

Integrated Service Digital Network ("ISDN"), cable modems and optical fiber, and telco policies that favor the use of such alternative technologies over ADSL technology. As a result of these factors, there can be no assurance that telcos will pursue the deployment of products using ADSL technology. Even if telcos adopt policies favoring full-scale implementation of ADSL technology, there is no assurance that sales of the Company's ADSL systems will become significant or that the Company will be able to successfully introduce on a timely basis or achieve sales of ADSL systems and other products based upon DSL technology planned for future introduction. Due to increased competition, low barriers to entry, product pricing pressures and new product introductions in the Company's core Digital Signal Hierarchy Level 0 ("DS0") and Digital Signal Hierarchy Level 1 ("DS1") markets, these DS0 and DS1 product groups are not expected to generate sufficient revenues or profits to offset any losses that the Company may experience due to a lack of sales of ADSL systems and other DSL products currently under development. As a result, if telcos fail to deploy the Company's ADSL systems, and the Company therefore does not receive significant revenues from ADSL sales, then the Company's business and results of operations will be materially adversely affected and there can be no assurance that the Company will achieve profitability in the future. See "Business -- Industry Overview" and "Business -- Products."

#### FLUCTUATIONS IN QUARTERLY RESULTS; LACK OF BACKLOG

The Company has experienced, and expects to continue to experience, significant fluctuations in its quarterly results of operations. Factors which



have had an influence on and may continue to influence the Company's results of operations in a particular quarter include the size and timing of customer orders and subsequent shipments, customer order deferrals in anticipation of new products, timing of product introductions or enhancements by the Company or its competitors, market acceptance of new products, technological changes in the telecommunications industry, competitive pricing pressures, accuracy of customer forecasts of end-user demand, changes in the Company's operating expenses, personnel changes, foreign currency fluctuations, changes in the mix of products sold, quality control of products sold, disruption in sources of supply, regulatory changes, capital spending, delays of payments by customers and general economic conditions. The timing and volume of customer orders are difficult to forecast because telcos typically require prompt delivery of products and a substantial majority of the Company's sales are booked and shipped in the same quarter pursuant to nonbinding purchase agreements. As a result, the Company has a limited backlog of orders for its products and must maintain sufficient raw and finished goods inventory levels to satisfy anticipated customer demand on a timely basis. Maintaining sufficient inventory levels to assure prompt delivery of the Company's products increases the risk of inventory obsolescence and associated write-offs, which could have an adverse effect on the Company's business and results of operations.

Westell intends to continue to make significant ongoing development expenditures for new products and technologies which may adversely affect quarter to quarter results of operations. The Company's expense levels are based in part on expectations of future revenues and are relatively fixed in the short term. The Company has significantly increased, and intends to continue to increase, operating expenditures and inventory, particularly as the Company expands its operations to develop and market products based upon ADSL technology. Consequently, a shortfall in quarterly revenues due to a lack of sales of ADSL systems or otherwise would adversely affect the Company's business and results of operations in a given quarter due to the Company's inability to adjust expenses or inventory to match revenues for that quarter. In addition, while warranty returns to date have been relatively insignificant, there can be no assurance that warranty returns will not increase as the Company increases its sales of products based upon emerging technology such as its ADSL systems. Increases in warranty returns in excess of those experienced by the Company to date may have an adverse effect on the Company's quarterly results of operations. See "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business -- Manufacturing."

#### RAPID TECHNOLOGICAL CHANGE; DEPENDENCE ON NEW PRODUCTS

The markets for the Company's products are characterized by intense competition, rapid technological advances, evolving industry standards, changes in end-user requirements, frequent new product introductions and enhancements, and evolving telco service offerings. If technologies or standards applicable to the

Company's products (or telco service offerings based on the Company's products) become obsolete or fail to gain widespread commercial acceptance, then the Company's business and results of operations will be materially adversely affected. Moreover, the introduction of products embodying new technology, the emergence of new industry standards or changes in telco services could render the Company's existing products, as well as products under development, obsolete and unmarketable. The Company believes that the continued deployment of new technologies in the U.S., such as High bit-rate Digital Subscriber Line ("HDSL"), in the local access network will adversely affect demand for certain of its existing products such as NIUs, which accounted for 45.5% of the Company's revenues in fiscal 1996, and that its future success will largely depend upon its ability to continue to enhance its existing products and to successfully develop and market new products on a cost-effective and timely basis. In this regard, most of the Company's current product offerings apply primarily to the delivery of digital communications over copper wire in the local access network. While the Company has competed successfully to date by developing high performance products for transmission over copper wire, it expects that the increasing deployment of fiber and wireless broadband transmission in the local access network (each of which uses a significantly different process of delivery) will require the Company to develop new products to meet the demands of these emerging transmission media.

The Company's past sales and profitability have resulted, to a significant extent, from its ability to anticipate changes in technology, industry standards and telco service offerings, and to develop and introduce new and enhanced

products. The Company's continued ability to adapt to such changes will be a significant factor in maintaining or improving its competitive position and its prospects for growth. Due to rapid technological changes in the telecommunications industry, the RBOCs' lengthy product approval and purchase processes and the Company's reliance on third-party technology for the development of new products, however, there can be no assurance that the Company will successfully introduce new products on a timely basis or achieve sales of new products in the future. In addition, there can be no assurance that the Company will have the financial and manufacturing resources necessary to continue to successfully develop new products based on emerging technology or to otherwise successfully respond to changing technology, industry standards and telco service offerings. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business -- Industry Overview," "Business -- Products," "Business -- Research and Product Development" and "Business -- Competition."

## COMPETITION

The markets for the Company's products are intensely competitive and the Company expects competition to increase in the future, especially in the emerging ADSL market. Westell's principal competitors in the DS0 market are Adtran, Inc., Tellabs, Inc. and Teltrend, Inc. Westell's principal competitors in the DS1 market are ADC Telecommunications Inc., PairGain Technologies, Inc. and Teltrend, Inc. The Company's current competitors in the ADSL market include Alcatel Network Systems, Amati Communications Corp., AT&T Paradyne Corporation ("AT&T Paradyne"), ECI Telecom, Inc., Ericsson, LG Information and Communications, Ltd., Lucent Technologies, PairGain Technologies, Inc., Orkit Communications, Ltd. and Performance Telecom Corp. The Company expects competition in the ADSL market in the near future from numerous other companies. In addition, the Telecommunications Act of 1996 (the "Telecommunications Act") which was signed into law on February 8, 1996, permits the RBOCs to engage in manufacturing activities after the Federal Communications Commission (the "FCC") authorizes an RBOC to provide long distance services within its service territory. An RBOC must first meet specific statutory and regulatory tests demonstrating that its monopoly market for local exchange services is open to competition before it will be permitted to enter the long distance market. When these tests are met, an RBOC will be permitted to engage in manufacturing activities. Therefore, RBOCs, which are the Company's largest customers, may potentially become the Company's competitors as well. Many of the Company's competitors and potential competitors have greater financial, technological, manufacturing, marketing and human resources than the Company. Any increase in competition could reduce the Company's gross margin, require increased spending by the Company on research and development and sales and marketing, and otherwise materially adversely affect the Company's business and results of operations. See "-- Dependence on Third-Party Technology; Relationship with AT&T Paradyne."

Products that increase the efficiency of digital transmission over copper wire face competition from fiber, wireless, cable modems and other products delivering broadband digital transmission. Many telcos have

7

adopted policies that favor the deployment of fiber. To the extent that telcos choose to install fiber and other transmission media between the central office and the end user, the Company expects that demand for its copper wire-based products will decline. Telcos face competition from cable operators, new local access providers and wireless service providers that are capable of providing high speed digital transmission to end users. To the extent telcos are not successful in responding to this competition by offering high speed digital transmission, demand for ADSL systems may not develop. In addition, the deployment of certain products and technologies for copper wire may also reduce the demand for the types of products currently manufactured by the Company. Specifically, the deployment of HDSL in the U.S., which reduces telcos' need for T-1 repeaters and NIUs, may result in a decrease in demand for Westell's DS1-based products. Further, the Company believes that the domestic market for many of its DS0-based products is decreasing, and will likely continue to decrease, as high capacity digital transmission becomes less expensive and more widely deployed. See "Business -- Competition," "Business -- Marketing, Sales and Distribution" and "Business -- Government Regulation."

## DEPENDENCE ON LIMITED NUMBER OF CUSTOMERS; LENGTHY SALES CYCLES

The Company depends, and will continue to depend, on the RBOCs and other independent local exchange carriers for substantially all of its revenues. Sales

to the RBOCs accounted for 72.6%, 74.3% and 53.8% of the Company's revenues in fiscal 1994, 1995 and 1996, respectively. Consequently, the Company's future success will depend significantly upon the timeliness and size of future purchase orders from the RBOCs, the product requirements of the RBOCs, the financial and operating success of the RBOCs, and the success of the RBOCs' services that use the Company's products. Any attempt by an RBOC or other telco to seek out additional or alternative suppliers or to undertake, as permitted under applicable regulations, the internal production of products would have a material adverse effect on the Company's business and results of operations. In addition, the Company's sales to its largest customers have in the past fluctuated and in the future are expected to fluctuate significantly from quarter to quarter and year to year. The loss of such customers or the occurrence of such sales fluctuations would materially adversely affect the Company's business and results of operations. Bell Atlantic and NYNEX and Pacific Telesis and SBC Communications, respectively, have recently announced their intent to merge. The Company is unable to predict what effect either of these mergers, if completed, would have on the demand for the Company's ADSL systems or other products. See "Management's Discussion and Analysis of Financial Condition and Results of Operations," "Business -- Customers" and "Business -- Government Regulation."

The RBOCs and the Company's other customers are significantly larger than, and are able to exert a high degree of influence over, the Company. Prior to selling its products to telcos, the Company must undergo lengthy approval and purchase processes. Evaluation can take as little as a few months for products that vary slightly from existing products or up to a year or more for products based on new technologies such as ADSL. Accordingly, the Company is continually submitting successive generations of its current products as well as new products to its customers for approval. The length of the approval process can vary and is affected by a number of factors, including the complexity of the product involved, priorities of telcos, telcos' budgets and regulatory issues affecting telcos. The requirement that telcos obtain FCC approval for certain new telco services prior to their implementation has in the past delayed the approval process. There can be no assurance that such delays, if experienced in the future, will not have a material adverse effect on the Company's business and results of operations. While the Company has been successful in the past in obtaining product approvals from its customers, there can be no assurance that such approvals or that ensuing sales of such products will continue to occur. Even if demand for the Company's products is high, the RBOCs have sufficient bargaining power to demand low prices and other terms and conditions that may materially adversely affect the Company's business and results of operations. See "Business -- Marketing, Sales and Distribution."

#### DEPENDENCE ON THIRD-PARTY TECHNOLOGY; RELATIONSHIP WITH AT&T PARADYNE

Many of the Company's products incorporate technology developed and owned by third parties. Consequently, the Company must rely upon third parties to develop and introduce technologies that enhance the Company's current products and enable the Company, in turn, to develop its own products on a timely and cost-effective basis to meet changing customer needs and technological trends in the telecommunications industry. Any impairment or termination of the Company's relationship with any licensor of third-party

8

technology would force the Company to find other developers on a timely basis or develop its own technology. There can be no assurance that the Company will be able to obtain the third-party technology necessary to continue to develop and introduce new and enhanced products, that the Company will obtain third-party technology on commercially reasonable terms or that the Company will be able to replace third-party technology in the event such technology becomes unavailable, obsolete or incompatible with future versions of the Company's products. The absence, or any significant delay in the replacement, of third-party technology would have a material adverse effect on the Company's business and results of operations.

The Company's ADSL products are dependent upon a carrierless amplitude/phase modulation ("CAP") DSL technology known as GlobeSpan(TM) that the Company licenses from AT&T Paradyne. AT&T Paradyne is currently the sole provider of this CAP DSL technology and the Company currently would not be able to produce any of its ADSL systems without using this technology. The license between AT&T Paradyne and the Company (the "AT&T License"), which expires in December 2002, is nonexclusive and this technology has been licensed to numerous manufacturers. The Company has entered into cooperation and development agreements with other technology suppliers who are developing alternative DSL

technologies, such as discrete multi-tone ("DMT") DSL technology. Under one such arrangement, the Company is currently testing prototypes of an alternative DSL technology. Consequently, in the event AT&T Paradyne fails to renew the AT&T License, the Company believes that it will have sufficient access to alternative sources of DSL technology prior to December 2002 so that it will be able to continue to produce ADSL systems. However, the cancellation or failure of AT&T Paradyne to renew the AT&T License would materially adversely affect the Company's business and results of operations if other sources of DSL technology do not become readily available on similar terms or telcos elect not to deploy ADSL systems utilizing alternative DSL technologies, such as DMT DSL technology.

In addition, AT&T Paradyne has formed a business unit that develops and markets products competitive with the Company's products, such as ADSL. Although this newly-formed business unit does not affect the Company's AT&T License and is an independent unit from the business unit licensing CAP DSL technology, there can be no assurance that the formation of this business unit will not affect the Company's ability to license CAP DSL technology from AT&T Paradyne after the AT&T License expires. In addition, AT&T Corporation announced that it intends to sell AT&T Paradyne. The Company is unable to predict what effect, if any, such a sale would have on the Company's relationship with AT&T Paradyne or on AT&T Paradyne's licensing of its CAP DSL technology or future technology to the Company or others. In the event that AT&T Paradyne is sold to a competitor of the Company, the Company's ability to continue to license CAP DSL technology after December 2002 may be adversely affected. See "Business -- Proprietary Rights."

#### DEPENDENCE ON SOLE OR LIMITED SOURCE SUPPLIERS

Certain key components, such as integrated circuits and other electronic components, used in the Company's products are currently available from only one source or a limited number of suppliers. For instance, the Company currently depends on a division of Lucent Technologies (formerly known as AT&T Microelectronics) to provide critical integrated circuits used in the Company's ADSL products. The Company purchases integrated circuits from Lucent Technologies on a purchase order basis and does not have any formal supply arrangements with Lucent Technologies. In addition, certain electronic components are currently in short supply and are provided on an allocation basis to the Company and other users based upon past usage. There can be no assurance that the Company will be able to continue to obtain sufficient quantities of integrated circuits or other electronic components as required, or that such components, if obtained, will be available to the Company on commercially reasonable terms. In addition, the Company anticipates that integrated circuit production capacity and availability of certain electronic components from its suppliers may be insufficient to meet demand in the future. Integrated circuits and other electronic components are key components in most of the Company's products and are fundamental to the Company's business strategy of developing new and succeeding generations of products at reduced unit costs without compromising functionality or serviceability. In the past, however, the Company has experienced delays in the receipt of certain of its key components, such as integrated circuits, which have resulted in delays in related product deliveries. There can be no assurance that delays in key components or product deliveries will not occur in the future due to shortages

9

resulting from the limited number of suppliers, the financial or other difficulties of such suppliers, or the possible limitations in integrated circuit production capacity or electronic component availability because of significant worldwide demand for these components. The inability to obtain sufficient key components or to develop alternative sources for such components, if and as required in the future, could result in delays or reductions in product shipments, which in turn could have a material adverse effect on the Company's customer relationships and its business and results of operations. See "Business -- Manufacturing."

#### GOVERNMENT REGULATION

Federal and state regulatory agencies, including the FCC and various state public utility and service commissions, regulate most of the Company's domestic customers. While such regulation does not affect the Company directly, the effects of such regulation on the Company's customers may, in turn, adversely impact the Company's business and results of operations. For example, FCC regulatory policies affecting the availability of telco services, and other terms on which telcos conduct their business, may impede the Company's penetration of certain markets. The Telecommunications Act lifted certain

restrictions on telcos' ability to provide interactive multimedia services including video-on-demand. The Telecommunications Act establishes new regulations whereby telcos may provide various types of video services. Rules to implement these new statutory provisions are now being considered by the FCC. While the statutory and regulatory framework for telcos providing video products has become more favorable, it is uncertain at this time how this will affect telcos demand for products based upon ADSL technology. In addition, the Company's business and results of operations may also be adversely affected by the imposition of certain tariffs, duties and other import restrictions on components which the Company obtains from non-domestic suppliers, or by the imposition of export restrictions on products which the Company sells internationally. Changes in current or future laws or regulations, in the U.S. or elsewhere, could materially adversely affect the Company's business and results of operations.

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

#### POTENTIAL PRODUCT RECALLS; WARRANTY EXPENSES

The Company's products are required to meet rigorous standards imposed by its customers. Most of the Company's products carry a limited warranty ranging from two to seven years, which generally covers defects in materials or workmanship and failure to meet published specifications, but excludes damages caused by improper use and all other express or implied warranties. In the event there are material deficiencies or defects in the design or manufacture of the Company's products, the affected products could be subject to recall. For the past five fiscal years, the Company's warranty expenses have been relatively insignificant. Although the Company maintains a comprehensive quality control program, there can be no assurance that the Company's products will not suffer from defects or other deficiencies or that the Company will not experience a material product recall in the future. Complex products such as those offered by the Company may contain undetected errors or failures when first introduced or as new versions are released. Any product recall as a result of such errors or failures, and the associated negative publicity, could result in the loss of or delay in market acceptance of the Company's products and have a material adverse effect on the Company's business and results of operations. The Company's standard limited warranty for its ADSL products ranges from two to five years. Since the Company's ADSL products are new, with limited time in service, the Company cannot predict the level of warranty claims that it will experience for these products. Despite testing by the Company and its customers, there can be no assurance that existing or future products based on ADSL or other technology will not contain undetected errors or failures when first introduced or as new versions are released. Such errors or failures could result in warranty returns in excess of those historically experienced by the Company and have a material adverse effect on the Company's business and results of operations. See "Business -- Customer Service and Support."

#### RISKS DUE TO EXPANDING INTERNATIONAL OPERATIONS

International revenues represented 5.0% and 23.8% of the Company's revenues in fiscal 1995 and 1996, respectively. The Company believes that international revenues will represent a significant percentage of revenues in the future. Due to its export sales, the Company is subject to the risks of conducting business internationally, including unexpected changes in regulatory requirements, foreign currency fluctuations which could result in reduced revenues or increased operating expenses, tariffs and trade barriers, potentially longer payment cycles, difficulty in accounts receivable collection, foreign taxes, and the burdens of complying with a variety of foreign laws and telecommunications standards. The Company's contracts with its international customers are typically denominated in foreign currency and any decline in the value of such currency could have a significant impact on the Company's business and results of operations. For example, in fiscal 1996, the Company incurred a \$270,000 transaction loss on receivables due to foreign currency fluctuations. To date, the Company has not engaged in hedging with respect to its foreign currency exposure but may do so in the future. The Company also is subject to general

geopolitical risks, such as political and economic instability and changes in diplomatic and trade relationships, in connection with its international operations. In addition, the laws of certain foreign countries may not protect the Company's proprietary technology to the same extent as do the laws of the U.S. There can be no assurance that the risks associated with the Company's international operations will not materially adversely affect the Company's business and results of operations in the future or require the Company to modify significantly its current business practices. See "Business -- Customers."

#### FACTORS AFFECTING ABILITY TO MANAGE AND SUSTAIN GROWTH

Since fiscal 1992, the Company has experienced a period of rapid growth which has placed, and is expected to continue to place, a significant strain on the Company's management, operational and financial resources. The Company's growth is expected to require the addition of new management personnel and the development of additional expertise by existing management personnel. The Company's ability to manage growth effectively, particularly given the increasingly international scope of its operations, will require it to continue to implement and improve its operational, financial and management information systems, to develop the management skills of its managers and supervisors and to train, motivate and manage its employees. In addition, the Company currently manufactures most of its products internally and is in the process of developing the manufacturing capabilities necessary to supply and support large volumes of ADSL systems. As part of its strategic plan to meet the potential worldwide demand for its ADSL systems, the Company has entered into discussions to establish subcontracting relationships for the assembly of its ADSL systems and in the future may become increasingly dependent on subcontractors. There can be no assurance that the Company will be successful in increasing its manufacturing capacity in a timely and cost-effective manner or that the possible transition to subcontracting will not materially adversely affect the Company's business and results of operations. The Company's failure to effectively manage its growth would have a material adverse effect on the Company's business and results of operations.

#### PROPRIETARY TECHNOLOGY; RISK OF THIRD-PARTY CLAIMS OF INFRINGEMENT

The Company's success and future revenue growth will depend, in part, on its ability to protect trade secrets, obtain or license patents and operate without infringing on the rights of others. Although the Company regards its technology as proprietary, it currently has only one patent on such technology. The Company relies on a combination of technical leadership, trade secrets, copyright and trademark law and nondisclosure agreements to protect its unpatented proprietary know-how. There can be no assurance, however, that these measures will provide meaningful protection for the Company's trade secrets or other proprietary information. Moreover, the Company's business and results of operations may be materially adversely affected by competitors who independently develop substantially equivalent technology. In addition, the telecommunications industry is characterized by the existence of an increasing number of patents and frequent litigation based on allegations of patent and other intellectual property infringement. From time to time, the Company receives communications from third parties alleging infringement of exclusive patent, copyright and other intellectual property rights to technologies that are important to the Company. There can be no assurance that third parties will not assert infringement claims against the Company in the future, that assertions by such

11

parties will not result in costly litigation, or that the Company would prevail in any such litigation or be able to license any valid and infringed patents from third parties on commercially reasonable terms. Further, such litigation, regardless of its outcome, could result in substantial costs to and diversion of effort by the Company. Any infringement claim or other litigation against or by the Company could have a material adverse effect on the Company's business and results of operations. See "Business -- Proprietary Rights."

#### DEPENDENCE ON KEY PERSONNEL

The success of the Company is dependent, in part, on its ability to attract and retain qualified technical, marketing, sales and management personnel. Competition for such personnel is intense and the Company's inability to attract and retain additional key employees or the loss of one or more of its current key employees could materially adversely affect the Company's business and results of operations. The Company does not have employment contracts or noncompete agreements with any of its executive officers except Richard Riviere,

the Vice President of Transaction Services and President of Conference Plus, Inc., a subsidiary of the Company. Mr. Riviere has agreed not to compete with the Company for two years after the termination of his employment with the Company. There can be no assurance that the Company will be successful in hiring or retaining key personnel. See "Management."

#### EXPECTED VOLATILITY OF STOCK PRICE

The market price of the Company's Class A Common Stock has risen substantially since the Company's initial public offering in November 1995. The Class A Common Stock is quoted on the Nasdaq National Market, which market has experienced and is likely to experience in the future significant price and volume fluctuations. The trading prices of many technology stocks are at or near their historical highs and reflect price/earnings ratios substantially above historical norms. There can be no assurance that these trading prices and price/earnings ratios will be sustained. Market fluctuations may adversely affect the market price of the Company's Class A Common Stock without regard to the operating performance of the Company. In addition, the Company believes that factors such as announcements of developments related to the Company's business, fluctuations in the Company's results of operations, sales of substantial amounts of securities of the Company into the marketplace, general conditions in the telecommunications industry or the worldwide economy, an outbreak of hostilities, a shortfall in revenues or earnings compared to analysts' expectations, changes in analysts' recommendations or projections, announcements of new products by the Company or its competitors or developments in the Company's relationships with its suppliers or customers could cause the price of the Class A Common Stock to fluctuate in the future, perhaps substantially. There can be no assurance that the market price of the Company's Class A Common Stock will not experience significant fluctuations in the future, including fluctuations that are unrelated to the Company's performance. General market price declines or market volatility in the future could adversely affect the market price of the Class A Common Stock, and the current market price of the Class A Common Stock may not be indicative of future market prices.

#### SHARES ELIGIBLE FOR FUTURE SALE; REGISTRATION RIGHTS

Sales of substantial amounts of Class A Common Stock (including shares issuable upon conversion of outstanding Class B Common Stock) in the public market following this offering could adversely affect the market price of the Class A Common Stock. Upon the completion of this offering, all outstanding shares of Common Stock will be either freely tradeable in the public market or will be eligible for immediate public sale subject (i) to certain rights of first refusal held by members of the Robert C. Penny III family with respect to 19,552,938 shares held pursuant to a Voting Trust Agreement dated February 23, 1994, as amended (the "Voting Trust"), among Robert C. Penny III and Melvin J. Simon, as trustees (the "Trustees"), and members of the Penny family (as defined in the Voting Trust) and Simon family (as defined in the Voting Trust) and (ii) in the case of certain shares, to the volume and manner of sale limitations imposed by Rule 144 under the Securities Act. Holders of 24,937,806 shares have, subject to certain limited exceptions, agreed not to sell or offer to sell or otherwise dispose of the shares of Common Stock currently held by them, any options or warrants to purchase any shares of Common Stock or any securities convertible into or exchangeable for any shares of Common Stock for a period of 90 days after the date of this Prospectus without

the prior written consent of Montgomery Securities. In addition, as Trustees under the Voting Trust, beginning 90 days after the date of this Prospectus, Robert C. Penny III and Melvin J. Simon, as Trustees of the Voting Trust, are entitled to certain registration rights with respect to the 19,552,938 shares of Class A Common Stock issuable upon conversion of the Class B Common Stock held in the Voting Trust. In addition, the Company has registered an aggregate of 2,876,958 shares of Class A Common Stock reserved for issuance under the Stock Purchase Plan and the Stock Incentive Plan. The issuance of shares under the Stock Purchase Plan and the Stock Incentive Plan will result in the dilution of the voting power of the shares of Class A Common Stock purchased in this offering and could have a dilutive effect on the Company's earnings per share. See "Management -- Stock Plans," "Description of Capital Stock," "Shares Eligible for Future Sale" and "Underwriting."

#### CONTROL BY PRINCIPAL STOCKHOLDERS

The Company's capital stock consists of Class A Common Stock and Class B Common Stock. Holders of Class A Common Stock are entitled to one vote per share and holders of the Class B Common Stock are entitled to four votes per share. As Trustees of the Voting Trust, immediately following this offering, Robert C. Penny III and Melvin J. Simon will have the exclusive power to vote 53.9% of the outstanding shares of Common Stock, which constitute 78.2% of the votes entitled to be cast by the holders of the Company's Common Stock, according to the mutual determination by Messrs. Penny and Simon as to the best interests of the beneficiaries of the Voting Trust, consisting of the Penny family and the Simon family. In addition, all members of the Penny family who are beneficiaries under the Voting Trust are parties to a Stock Transfer Restriction Agreement which prohibits such beneficiaries from transferring any Common Stock or their beneficial interests in the Voting Trust acquired prior to the date of this Prospectus without first offering such Common Stock to the other members of the Penny family. Consequently, Messrs. Penny and Simon, as Trustees, will effectively control the Company and generally have sufficient voting power to elect all of the directors and to determine the outcome of any corporate transaction or other matter submitted to the stockholders for approval. Such control may have the effect of discouraging certain types of transactions involving an actual or potential change of control of the Company, including transactions in which the holders of Class A Common Stock might otherwise receive a premium for their shares over the then-current market price. See "Principal and Selling Stockholders" and "Description of Capital Stock."

#### ANTI-TAKEOVER PROVISIONS

The Company's Board of Directors has the authority to issue up to 1,000,000 shares of Preferred Stock and to determine the relative preferences, limitations and relative rights of those shares with respect to dividends, redemption, payments on liquidation, sinking fund provisions, conversion privileges and voting rights without any further vote or action by the stockholders. The rights of the holders of Class A Common Stock will be subject to, and may be adversely affected by, the rights of the holders of any Preferred Stock that may be issued in the future. While the Company has no present intention to issue shares of Preferred Stock, any such issuance could have the effect of making it more difficult for a third party to acquire control of the Company. In addition, the Company is subject to the anti-takeover provisions of Section 203 of the Delaware General Corporation Law, which could have the effect of delaying or preventing a change of control of the Company. Furthermore, certain provisions of the Company's Amended and Restated Certificate of Incorporation (the "Amended Certificate of Incorporation") and By-laws may individually or collectively have the effect of delaying or preventing changes in control or management of the Company and could have a depressive effect on the market price of the Company's Class A Common Stock. For example, the Company's Amended Certificate of Incorporation and By-laws contain provisions that limit the right of stockholders to call special stockholders meetings and require that stockholders follow an advance notification procedure for certain stockholder nominations of candidates to the Board of Directors and for new business to be conducted at stockholders meetings. See "Description of Capital Stock."

#### NO DIVIDENDS

The Company intends to retain all future earnings for use in the development of its business and does not anticipate paying any cash dividends in the foreseeable future.

#### THE COMPANY

Westell Technologies, Inc. was incorporated in Delaware on October 29, 1980 under the name "R-Com, Inc." In November 1992, the Company changed its name to "Electronic Information Technologies, Inc.," and in October 1995 the Company changed its name to "Westell Technologies, Inc." Westell is a holding company and operates through its subsidiaries. Westell, Inc., a wholly owned subsidiary of the Company (the "Operating Company"), designs, manufactures and distributes telecommunications equipment. Westell International, Inc., a wholly owned subsidiary of the Company ("Westell International"), and Westell Europe, Ltd., a wholly owned subsidiary of Westell International, market and distribute the Company's telecommunications products in international markets. Conference Plus, Inc., an 89.2%-owned subsidiary of the Company ("Conference Plus"), provides teleconferencing services. Video Conference Plus, Inc., a wholly owned subsidiary of Conference Plus, markets video teleconferencing equipment and services. The Company has a majority interest in Westell-Meridian LLC, which was established in fiscal 1996 for the purpose of developing a new corporate



facility site. Key Prestige Information Network Systems, Inc., an 88%-owned subsidiary of the Company ("KPINS"), utilizes electronic networks to process business transactions for various customers. In August 1995, the Company approved a plan for the disposition of KPINS. As used in this Prospectus, the terms "Westell" and the "Company" include Westell Technologies, Inc. and its subsidiaries, unless the context otherwise indicates. The Company's principal executive offices are located at 101 Kendall Point Drive, Oswego, Illinois 60543 and its telephone number is (708) 820-1919.

FlexCAP(R) is a registered trademark of the Company. This Prospectus also includes other tradenames and trademarks of the Company (including Information CopperHighway(TM), FlexVision(TM), InterAccess(TM), InterVision(TM), WorldVision(TM), SuperVision(TM) and EnVision(TM)) and tradenames and trademarks of other companies.

14

#### USE OF PROCEEDS

The net proceeds to the Company from the sale of the 1,665,000 shares of Class A Common Stock offered by the Company hereby, based upon an assumed public offering price of \$38 1/8 per share, after deducting the underwriting discount and estimated offering expenses, are estimated to be approximately \$60.2 million (\$65.8 million if the Underwriters' over-allotment option is exercised in full). The Company will not receive any proceeds from the sale of the shares by the Selling Stockholders.

The Company estimates that it will use approximately \$6.0 million of the net proceeds to purchase capital equipment. The Company expects to use the remaining proceeds for general corporate purposes, including working capital and possible acquisitions of businesses, technologies or products complementary to the Company's business. Although the Company may pursue acquisition opportunities in the future, there are no present understandings, commitments or agreements with respect to any such acquisitions. Pending such uses, the Company intends to invest the proceeds in short-term interest-bearing securities.

#### PRICE RANGE OF CLASS A COMMON STOCK

The Company effected its initial public offering on November 30, 1995 at a price to the public of \$6.50 per share. The Company's Class A Common Stock is quoted on the Nasdaq National Market under the symbol "WSTL." The following table sets forth for the periods indicated the high and low closing sale prices for the Class A Common Stock as reported on the Nasdaq National Market, which prices reflect the Stock Split.

<TABLE>  
<CAPTION>

	HIGH	LOW
	-----	-----
<S>	<C>	<C>
FISCAL YEAR 1996		
Third Quarter (from December 1, 1995).....	\$13 13/16	\$ 9 3/4
Fourth Quarter.....	20	9 5/8
FISCAL YEAR 1997		
First Quarter (through May 30, 1996).....	42 1/2	18 5/8

On May 30, 1996, the last reported sale price of the Class A Common Stock on the Nasdaq National Market was \$38 1/8 per share. As of May 30, 1996, there were approximately 218 holders of record of the outstanding shares of Class A Common Stock.

#### DIVIDEND POLICY

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

15

#### CAPITALIZATION

The following table sets forth the capitalization of the Company at March 31, 1996, as adjusted to reflect the sale by the Company of the 1,665,000 shares

of Class A Common Stock offered hereby and the receipt and application by the Company of the estimated net proceeds therefrom, based upon an assumed public offering price of \$38 1/8 per share, and after deducting the underwriting discount and estimated offering expenses. The capitalization information set forth in the table below is qualified by the more detailed Consolidated Financial Statements and Notes thereto appearing elsewhere in this Prospectus and should be read in conjunction with such Consolidated Financial Statements and Notes.

<TABLE>  
<CAPTION>

MARCH 31, 1996		
	ACTUAL	AS ADJUSTED
(IN THOUSANDS)		
	<C>	<C>
Current portion of long-term debt.....	\$ 1,591	\$ 1,591
Long-term debt, excluding current portion.....	\$ 2,836	\$ 2,836
Stockholders' equity:		
Class A Common Stock, \$0.01 par value per share, 43,500,000 shares authorized; 12,801,606 shares issued and outstanding, actual; and 15,051,962 shares issued and outstanding, as adjusted (1).....	128	151
Class B Common Stock, \$0.01 par value per share, 25,000,000 shares authorized; 21,838,376 shares issued and outstanding, actual; and 21,253,020 shares issued and outstanding, as adjusted.....	218	212
Preferred Stock, \$0.01 par value per share, 1,000,000 shares authorized; no shares issued and outstanding, actual; and no shares issued and outstanding, as adjusted.....	--	--
Additional paid-in capital.....	34,285	94,440
Cumulative translation adjustment.....	(59)	(59)
Retained earnings.....	4,413	4,413
 Total stockholder's equity.....	 38,985	 99,157
 Total capitalization.....	 \$41,821	 \$ 101,993

</TABLE>

(1) Excludes (i) 2,663,426 shares of Class A Common Stock reserved for issuance pursuant to the Stock Incentive Plan, 754,250 of which are subject to outstanding options granted at a weighted average exercise price of \$33.92 per share, and (ii) 213,532 shares reserved for issuance under the Stock Purchase Plan. See "Management -- Stock Plans."

16

#### SELECTED CONSOLIDATED FINANCIAL DATA

The following selected consolidated financial data as of March 31, 1992, 1993, 1994, 1995 and 1996 and for each of the five fiscal years in the period ended March 31, 1996 have been derived from the Company's Consolidated Financial Statements, which have been audited by Arthur Andersen LLP, independent public accountants. The data set forth below is qualified by reference to, and should be read in conjunction with, "Management's Discussion and Analysis of Financial Condition and Results of Operations," the Consolidated Financial Statements and the related Notes thereto and other financial information appearing elsewhere in this Prospectus.

<TABLE>  
<CAPTION>

FISCAL YEAR ENDED MARCH 31,					
	1992	1993	1994	1995	1996
(IN THOUSANDS, EXCEPT PER SHARE DATA)					
	<C>	<C>	<C>	<C>	<C>
STATEMENT OF OPERATIONS DATA:					

Revenues.....	\$33,621	\$43,221	\$51,051	\$74,029	\$83,236
Cost of goods sold.....	18,974	25,358	30,250	44,494	50,779
	-----	-----	-----	-----	-----
Gross margin.....	14,647	17,863	20,801	29,535	32,457
	-----	-----	-----	-----	-----
Operating expenses:					
Sales and marketing.....	3,839	5,688	8,068	12,169	13,744
Research and development.....	2,778	5,284	7,695	10,843	12,603
General and administrative.....	3,123	4,092	5,502	6,701	8,364
	-----	-----	-----	-----	-----
Total operating expenses.....	9,740	15,064	21,265	29,713	34,711
	-----	-----	-----	-----	-----
Operating income (loss) from continuing operations.....	4,907	2,799	(464)	(178)	(2,254)
Other income (expense), net.....	(5)	(14)	(36)	34	(226)
Interest expense.....	144	137	176	769	859
	-----	-----	-----	-----	-----
Income (loss) from continuing operations before income taxes.....	4,758	2,648	(676)	(913)	(3,339)
Provision (benefit) for income taxes.....	1,729	913	(989)	(788)	(1,886)
	-----	-----	-----	-----	-----
Income (loss) from continuing operations.....	3,029	1,735	313	(125)	(1,453)
Discontinued operations (loss).....	--	(37)	(100)	(383)	(622)
	-----	-----	-----	-----	-----
Net income (loss).....	\$ 3,029	\$ 1,698	\$ 213	\$ (508)	\$ (2,075)
	=====	=====	=====	=====	=====
Net income (loss) per share: (1)					
Continuing operations.....	\$ 0.11	\$ 0.06	\$ 0.01	\$ (0.01)	\$ (0.05)
Discontinued operations.....	--	--	(0.00)	(0.01)	(0.02)
	-----	-----	-----	-----	-----
Net income (loss) per share.....	\$ 0.11	\$ 0.06	\$ 0.01	\$ (0.02)	\$ (0.07)
	=====	=====	=====	=====	=====
Dividends declared per share.....	\$ --	\$ --	\$ --	\$ --	\$ --
Average number of common shares outstanding (1).....	26,560	27,620	28,486	28,952	30,846

</TABLE>

<TABLE>

<CAPTION>

MARCH 31,

	1992	1993	1994	1995	1996
	-----	-----	-----	-----	-----
	<C>	<C>	<C>	<C>	<C>
<S>					
BALANCE SHEET DATA:					
Working capital.....	\$ 3,971	\$ 5,137	\$ 3,053	\$ 1,280	\$ 28,741
Total assets.....	11,662	15,777	29,327	40,276	64,448
Revolving promissory notes.....	1,500	1,700	1,700	11,089	--
Long-term debt, including current portion.....	936	704	3,339	4,129	4,427
Total stockholders' equity.....	5,586	7,719	8,002	7,558	38,985

</TABLE>

(1) Adjusted to reflect the Stock Split. See Notes 1 and 11 of Notes to Consolidated Financial Statements.

MANAGEMENT'S DISCUSSION AND ANALYSIS OF  
FINANCIAL CONDITION AND RESULTS OF OPERATIONS

This Prospectus contains, in addition to historical information, forward-looking statements that include risks and uncertainties. The Company's actual results may differ significantly from the results discussed in the forward-looking statements. Factors that might cause such a difference include those discussed below, as well as those discussed elsewhere in this Prospectus. 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.

OVERVIEW

The Company commenced operations in 1980 as a provider of telecommunications network transmission products that enable advanced

telecommunications services over copper telephone wires. Until fiscal 1994, the Company derived substantially all of its revenues from its DS0 and DS1 product lines, particularly the sale of NIUs and related products, which accounted for at least 45% of revenues in each of the last three fiscal years. The Company introduced its first DSL products in fiscal 1993 and these products represented 3.9%, 20.6% and 24.4% of revenues in fiscal 1994, 1995 and 1996, respectively. The Company has also provided audio teleconferencing services since fiscal 1989 and consumer products claims processing services since fiscal 1994. Revenues from audio teleconferencing services constituted 9.2% of the Company's revenues in both fiscal 1995 and 1996. In August 1995, the Company approved a plan for the disposition of KPINS, its consumer products claims processing subsidiary, which is presented in the results of operations as a discontinued operation.

The Company's customer base is comprised primarily of the RBOCs, independent domestic local exchange carriers and public telephone administrations located outside the U.S. Due to the stringent quality specifications of its customers and the regulated environment in which its customers operate, the Company must undergo lengthy approval and procurement processes prior to selling its products. Accordingly, the Company must make significant upfront investments in product and market development prior to actual commencement of sales of new products. In late fiscal 1992, the Company significantly increased its investment in new product development based on emerging technologies, particularly ADSL, and began expanding its sales and marketing efforts to cover new product lines and planned expansion into international markets. International operations accounted for 5.0% and 23.8% of the Company's revenues in fiscal 1995 and 1996, respectively. As a result of the significant increases in research and development and sales and marketing expenses related to new product and market development, the Company's results of operations were adversely impacted in fiscal 1994, 1995 and 1996.

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 is expected to adversely affect short-term results of operations. Due to the Company's significant ongoing investment in ADSL technology, the Company anticipates losses in at least the first and second quarters of fiscal 1997. The Company believes that its future revenue growth and profitability will principally depend on its success in increasing sales of ADSL products and developing new and enhanced DS1 and other DSL products. In view of the Company's reliance on the emerging ADSL 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 DS0 products have declined in recent years as telcos continue to move from analog to digital transmission services. The Company also expects that revenues from NIU products in its DS1 product group may decline as telcos increase the use of alternative technologies such as HDSL. Failure to increase revenues from new products, whether due to lack of market acceptance, competition, technological change or otherwise, would have a material adverse effect on the Company's business and results of operations.

## RESULTS OF OPERATIONS

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

<TABLE>  
<CAPTION>

	FISCAL YEAR ENDED MARCH 31,		
	1994	1995	1996
<S>	<C>	<C>	<C>
Revenues.....	100.0%	100.0%	100.0%
Cost of goods sold.....	59.3	60.1	61.0
Gross margin.....	40.7	39.9	39.0
Operating expenses:			
Sales and marketing.....	15.8	16.4	16.5
Research and development.....	15.1	14.6	15.1
General and administrative.....	10.8	9.1	10.0

Total operating expenses.....	41.7	40.1	41.7		
Operating income (loss) from continuing operations.....	(1.0)	(0.2)	(2.7)		
Other income (expense), net.....	0.0	0.0	(0.3)		
Interest expense.....	0.3	1.0	1.0		
Income (loss) from continuing operations before income taxes....	(1.3)	(1.2)	(4.0)		
Provision (benefit) for income taxes.....	(1.9)	(1.0)	(2.3)		
Income (loss) from continuing operations.....	0.6	(0.2)	(1.7)		
Discontinued operations (loss).....	(0.2)	(0.5)	(0.8)		
Net income (loss).....	0.4%	(0.7)%	(2.5)%		

</TABLE>

#### FISCAL YEARS ENDED MARCH 31, 1994, 1995 AND 1996

**Revenues.** Revenues were \$51.1 million, \$74.0 million and \$83.2 million in fiscal 1994, 1995 and 1996, respectively. Revenues increased 45.0% from fiscal 1994 to 1995 and 12.4% from fiscal 1995 to 1996. The fiscal 1995 increase was primarily a result of a \$13.5 million increase in sales of DSL products, a \$7.5 million increase in sales of DS1 products and a \$1.4 million increase in teleconferencing revenues, which was offset in part by a \$1.3 million decline in revenues from DS0 products. The fiscal 1996 increase was primarily due to a \$5.1 million increase in DSL products reflecting shipments to two international customers and a \$3.3 million increase in DS1 product revenues.

**Gross Margin.** Gross margin decreased as a percentage of revenues from 40.7% in fiscal 1994 to 39.9% in fiscal 1995 and to 39.0% in fiscal 1996. These decreases were due to product pricing pressures and changes in product mix within the Company's DS1 and DS0 product lines. These decreases were offset in part by sales of higher margin ADSL products and an increase in teleconferencing revenues in fiscal 1995 and 1996.

**Sales and Marketing.** Sales and marketing expenses were \$8.1 million, \$12.2 million and \$13.7 million in fiscal 1994, 1995 and 1996, respectively, constituting 15.8%, 16.4% and 16.5% of revenues, respectively. These increases in sales and marketing expenses were primarily due to staff additions, in both domestic and international markets, to support and promote the Company's product lines, particularly ADSL products. 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. The Company anticipates that sales and marketing expenses will continue to increase in absolute dollars.

**Research and Development.** Research and development expenses were \$7.7 million, \$10.8 million and \$12.6 million in fiscal 1994, 1995 and 1996, respectively, constituting 15.1%, 14.6% and 15.1% of revenues, respectively. These increases in research and development expenses were due primarily to new and existing product development for ADSL and other emerging technology products and were offset in part by customer nonrecurring engineering funding of \$800,000 and \$2.6 million in fiscal 1995 and 1996, respectively. The Company believes that a continued commitment to research and development will be required for the

Company to remain competitive and anticipates that research and development costs will increase in absolute dollars.

**General and Administrative.** General and administrative expenses were \$5.5 million, \$6.7 million and \$8.4 million in fiscal 1994, 1995, and 1996 respectively, constituting 10.8%, 9.1% and 10.0% of revenues, respectively. The fiscal 1995 and fiscal 1996 increases were due primarily to continued expansion of operations in domestic and international markets. The Company anticipates that general and administrative costs will continue to increase in absolute dollars as the Company hires additional personnel.

**Interest Expense.** Interest expense was \$176,000, \$769,000 and \$859,000 for fiscal 1994, 1995 and 1996, respectively. Interest expense increased, particularly in fiscal 1995 and 1996, as a result of interest expense incurred by the Company in connection with borrowings under its revolving promissory notes to fund expanded working capital requirements and, to a lesser extent, interest incurred under capital lease obligations.

Benefit for Income Taxes. Benefit for income taxes were \$989,000, \$788,000 and \$1.9 million in fiscal 1994, 1995, and 1996, respectively. In each of these fiscal years, in addition to the tax benefit generated by the loss before income taxes, the Company was able to utilize \$724,000, \$632,000 and \$790,000, respectively, in tax credits primarily generated by increasing research and development activities. The Company has approximately \$1.8 million in income tax credit carryforwards and a \$1.9 million net operating loss carryforward that are available to offset future taxable income. The tax credit carryforwards begin to expire in 2009 and the net operating loss carryforward expires in 2011.

20

#### QUARTERLY RESULTS OF OPERATIONS

The following tables present the Company's results of operations for each of the last eight fiscal quarters and the percentage relationship of certain items to revenues for the respective periods. The Company believes that the information regarding each of these quarters is prepared on the same basis as the audited Consolidated Financial Statements of the Company appearing elsewhere in this Prospectus. In the opinion of management, all necessary adjustments (consisting only of normal recurring adjustments) have been included to present fairly the unaudited quarterly results when read in conjunction with the audited Consolidated Financial Statements of the Company and the Notes thereto appearing elsewhere in this Prospectus. These quarterly results of operations are not necessarily indicative of the results for any future period.

<TABLE>  
<CAPTION>

	QUARTER ENDED							
	FISCAL 1995				FISCAL 1996			
	JUNE 30, 1994	SEPT. 30, 1994	DEC. 31, 1994	MAR. 31, 1995	JUNE 30, 1995	SEPT. 30, 1995	DEC. 31, 1995	MAR. 31, 1996
	(IN THOUSANDS)							
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues.....	\$15,721	\$15,837	\$16,059	\$26,412	\$22,487	\$20,460	\$21,346	\$18,943
Cost of goods sold.....	8,951	9,391	9,994	16,159	12,822	12,611	13,225	12,121
Gross margin.....	6,770	6,446	6,065	10,253	9,665	7,849	8,121	6,822
Operating expenses:								
Sales and marketing....	2,525	2,866	3,169	3,609	3,685	3,428	3,671	2,960
Research and development.....	2,437	2,621	2,768	3,018	3,024	3,358	3,252	2,969
General and administrative.....	1,407	1,574	1,707	2,015	2,021	2,065	2,236	2,042
Total operating expenses.....	6,369	7,061	7,644	8,642	8,730	8,851	9,159	7,971
Operating income (loss) from continuing operations.....	401	(615)	(1,579)	1,611	935	(1,002)	(1,038)	(1,149)
Other income (expense), net.....	9	9	9	(258)	55	82	(105)	
Interest expense.....	105	152	227	285	260	261	290	48
Income (loss) from continuing operations before income taxes....	305	(758)	(1,797)	1,335	417	(1,208)	(1,246)	(1,302)
Provision (benefit) for income taxes.....	10	(403)	(805)	408	28	(586)	(617)	(711)
Income (loss) from continuing operations.....	295	(355)	(992)	927	389	(622)	(629)	(591)
Discontinued operations (loss).....	(82)	(151)	(84)	(65)	(65)	(529)	(24)	(4)
Net income (loss).....	\$ 213	\$ (506)	\$ (1,076)	\$ 862	\$ 324	\$ (1,151)	\$ (653)	\$ (595)

</TABLE>

<TABLE>  
<CAPTION>

QUARTER ENDED

	FISCAL 1995				FISCAL 1996				MAR. 31, 1996
	JUNE 30, 1994	SEPT. 30, 1994	DEC. 31, 1994	MAR. 31, 1995	JUNE 30, 1995	SEPT. 30, 1995	DEC. 31, 1995	MAR. 31, 1996	
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	
Revenues.....	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%	100.0%
Cost of goods sold.....	56.9	59.3	62.2	61.2	57.0	61.6	62.0	64.0	
Gross margin.....	43.1	40.7	37.8	38.8	43.0	38.4	38.0	36.0	
Operating expenses:									
Sales and marketing....	16.1	18.1	19.7	13.7	16.4	16.8	17.2	15.6	
Research and development.....	15.5	16.5	17.2	11.4	13.4	16.4	15.2	15.7	
General and administrative.....	8.9	9.9	10.6	7.6	9.0	10.1	10.5	10.8	
Total operating expenses.....	40.5	44.6	47.6	32.7	38.8	43.3	42.9	42.1	
Operating income (loss) from continuing operations.....	2.6	(3.9)	(9.8)	6.1	4.2	(4.9)	(4.9)	(6.1)	
Other income (expense), net.....	0.1	0.1	0.1	0.0	(1.2)	0.3	0.4	(0.6)	
Interest expense.....	0.7	1.0	1.4	1.1	1.2	1.3	1.3	0.2	
Income (loss) from continuing operations before income taxes....	2.0	(4.8)	(11.2)	5.1	1.8	(5.9)	(5.8)	(6.9)	
Provision (benefit) for income taxes.....	0.1	(2.5)	(5.0)	1.5	0.1	(2.9)	(2.9)	(3.8)	
Income (loss) from continuing operations.....	1.9	(2.2)	(6.2)	3.5	1.7	(3.0)	(2.9)	(3.1)	
Discontinued operations (loss).....	(0.5)	(1.0)	(0.5)	(0.2)	(0.3)	(2.6)	(0.1)	0.0	
Net income (loss).....	1.4 %	(3.2)%	(6.7)%	3.3%	1.4%	(5.6)%	(3.0)%	(3.1)%	

</TABLE>

The Company's revenues increased by \$9.8 million in the fourth quarter of fiscal 1995 compared to the third quarter of fiscal 1995 due to a large shipment of ADSL systems to one customer when this customer received regulatory approval for market trial deployment of ADSL systems. The Company has continued to ship ADSL systems but at a reduced level from that of the fourth quarter of fiscal 1995, which has resulted in a reduction in quarterly revenues compared to the preceding quarter in three of the four quarters in fiscal 1996. Gross margin as a percentage of revenues increased from 38.8% in the fourth quarter of fiscal 1995 to 43.0% in the first quarter of fiscal 1996 due to higher margins received on ADSL products. Gross margin as a percentage of revenues declined to 38.4%, 38.0% and 36.0% in the second, third and fourth quarters of fiscal 1996, respectively, as a result of product pricing pressures in the DS1 and DS0 product lines as well as investments in manufacturing infrastructure for anticipated ADSL production. The Company believes that its gross margin in future periods will depend on a number of factors, including market demand for the Company's ADSL products, pricing pressures, competitive technologies and manufacturing expenses. There can be no assurance that the Company will be able to increase gross margins in future periods even if its ADSL products achieve market acceptance.

Operating expenses increased during each quarter of fiscal 1995 and the first three quarters of fiscal 1996 as the Company continued to make significant investments to support anticipated revenue growth. Operating expenses decreased

in the fourth quarter of fiscal 1996 primarily as a result of nonrecurring engineering funding from third parties in the amount of \$1.1 million which offset research and development expenses. The Company expects to continue to increase operating expenses to support the development, introduction and promotion of ADSL systems and other new products. As a result of fluctuations in the timing of revenues of ADSL products and increased research and development and sales and marketing expenses, the Company currently anticipates net losses in at least the first and second quarters of fiscal 1997. In addition, the Company recorded approximately \$237,000 of compensation expense in the third quarter of fiscal 1996 as a result of the issuance of 24,624 shares of Class A Common Stock to employees of the Company. The Company also recorded a charge of approximately \$520,000, net of tax, in the second quarter of fiscal 1996 in connection with the planned disposition of KPINS.

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

Because the Company generally ships products within a short period after receipt of an order, the Company typically does not have a material backlog of unfilled orders, and revenues in any quarter are substantially dependent on orders booked in that quarter. The Company's expense levels are based in large part on anticipated future revenues and are relatively fixed in the short-term. Therefore, the Company may be unable to adjust spending in a timely manner to compensate for any unexpected shortfall of orders. Accordingly, any significant shortfall of demand in relation to the Company's expectations or any material delay of customer orders would have an almost immediate adverse impact on the Company's business and results of operations and on its ability to achieve profitability.

## LIQUIDITY AND CAPITAL RESOURCES

In November 1995, the Company effected the initial public offering of its Class A Common Stock which generated approximately \$33.3 million in corporate funding. The Company used the proceeds from the offering to repay revolving promissory bank notes of approximately \$11.1 million which primarily financed working capital. The remainder of the proceeds were invested in short term investments comprised principally of the highest grade commercial paper and government backed securities with 90-day or less maturity. As of March 31, 1996, the Company had no amounts outstanding under its secured revolving promissory notes and \$3.8 million outstanding under its equipment financing facility. As of March 31, 1996, the Company had approximately \$15.4 million available under these facilities. The revolving promissory notes and the equipment financing facility require the maintenance of a minimum cash to current maturities ratio, a current ratio and a maximum debt to net worth ratio. The Company is currently in compliance with all such covenants.

The Company's operating activities generated cash of \$3.6 million and \$6.5 million in fiscal 1994 and 1996, respectively, and used cash of \$5.3 million in fiscal 1995. Cash generated from operating activities in fiscal 1994 resulted principally from increases in customer deposits and accounts payable offset in part by increases in accounts receivable, inventory and prepaid expenses. Cash used by operations in fiscal 1995 resulted primarily from decreases in customer deposits and increases in receivables and inventory, offset in part by increases in accounts payable. Cash generated from operating activities in fiscal 1996 was



a result of decreases in receivables and inventory and an increase in customer deposits offset in part by a decrease in accounts payable.

Capital expenditures in fiscal 1994, 1995 and 1996 were \$6.1 million, \$5.2 million, and \$6.3 million, respectively. These expenditures were principally for machinery, computer and research equipment purchases. The Company expects to spend approximately \$6.0 million in fiscal 1997 for capital equipment.

In September 1995, the Company formed a limited liability company ("LLC") with a real estate developer for the purpose of developing a 16.4 acre site in Aurora, Illinois into a 173,000 square foot corporate facility to house manufacturing, engineering, sales, marketing and administration. In connection therewith, the Company currently has a 98% ownership interest in the LLC, which will gradually decrease to a 60% ownership interest as the other LLC member increases its capital contribution to the LLC by contributing its development fee for the new facility, as earned. In addition, the Company has a reimbursement obligation with respect to an irrevocable letter of credit issued for the Company's account in the amount of \$952,000, due on or before September 30, 1996, which represents the Company's capital contribution to the LLC. On September 25, 1995, the Company advanced the LLC \$1.4 million for the purchase of land. The advance is in the form of a short-term note which bears interest at the prime rate (8.25% at March 31, 1996). The note and accrued interest become due from the proceeds of the construction financing. During fiscal 1996, the LLC began construction of the new facility and as of March 31, 1996, \$3.0 million of construction costs were incurred. In September 1995, the Company also entered into a 15-year lease for the facility being developed by the LLC. Pursuant to the terms of the LLC, the Company will have the option to buy out the other investor in the LLC and thereby purchase the facility being developed by the LLC or sell its interest in the LLC.

At March 31, 1996, the Company's principal sources of liquidity were \$21.8 million of cash and cash equivalents, and \$12.8 million and \$2.6 million available under its secured revolving promissory notes and equipment borrowing facility, respectively. Borrowings under the secured revolving promissory notes and equipment borrowing facility currently bear interest at the bank's prime rate (8.25% at March 31, 1996). These revolving promissory notes are due on, and the equipment borrowing facility expires in, September 1996 and the Company anticipates that such revolving promissory notes and equipment borrowing facility will be renewed on no less favorable terms.

The Company had a deferred tax asset of approximately \$4.4 million at March 31, 1996. This deferred tax asset relates to (i) tax credit carryforwards of approximately \$1.8 million, (ii) a net operating loss carryforward of approximately \$740,000 and (iii) temporary differences between the amount of assets and liabilities for financial reporting purposes and such amounts measured by tax laws. Of such tax credit carryforwards, the first \$500,000 of credits expire in 2009 and \$321,000 of credits may be carried forward indefinitely. The net operating loss carryforward expires in 2011. The remainder of the deferred tax asset

23

relates to items deductible for financial income reporting purposes which were taxable in accordance with tax regulations. Management has not recorded a valuation allowance and believes that the deferred tax asset will be fully realized based on current estimates of future taxable income, future reversals of existing taxable temporary differences or available tax planning strategies.

The Company believes that the net proceeds from this offering, its bank lines of credit and funds generated from operations, if any, will provide adequate liquidity to meet the Company's capital and operating requirements during the twelve-month period following this offering.

#### RECENTLY ISSUED ACCOUNTING STANDARDS

During March 1995 and October 1995, respectively, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of" and SFAS No. 123, "Accounting for Stock-Based Compensation." The Company is required to adopt these standards in fiscal 1997. The Company does not anticipate that adoption of SFAS No. 121 will have a material effect on its financial statements. The Company anticipates that it will provide expanded disclosure in the footnotes to its financial statements, as prescribed by SFAS No. 123, for activity related to its stock plans.

## BUSINESS

Since 1980, Westell has developed telecommunications products that address the needs of telephone companies ("telcos") to upgrade their existing network infrastructures continually in order to deliver advanced data and voice services to their customers. The Company designs, manufactures, markets and services a broad range of digital and analog products used by telcos to deliver services primarily over existing copper telephone wires that connect end users to a telco's central office (the "local access network"). The Company also markets its products and services to other telecommunications and information service providers seeking direct access to end-user customers. The Company's principal customers include all seven Regional Bell Operating Companies (the "RBOCs") as well as GTE, British Telecom and Telecom Italia. In addition, Westell sells products to several other entities, including public telephone administrations located outside the U.S., independent domestic local exchange carriers, competitive access providers, interexchange carriers and the U.S. federal government.

Westell is a leading developer and provider of broadband telecommunications access systems using an emerging technology known as Asymmetric Digital Subscriber Line ("ADSL"). ADSL systems will allow telcos to provide interactive multimedia services over existing copper wire, thus offering a more cost-effective and faster deployment alternative to fiber optic cable in the "last mile" of the local access network. ADSL systems enable interactive multimedia services such as advanced data dialtone applications, including high speed Internet access, local area network ("LAN") extension, telecommuting and medical imaging, as well as emerging video dialtone applications, including video-on-demand, distance learning, video conferencing and work at home. Currently, over 30 domestic and international telcos, including Bell Atlantic, GTE, US West Enterprise, British Telecom and Telecom Italia, are conducting technical or marketing trials for new interactive multimedia services that rely on the Company's ADSL systems. All of these ADSL trials began in 1995 and 1996, except for the Bell Atlantic trial which commenced in 1993. The Company is unable to predict the outcome of such trials or when such trials will be completed. See "-- Marketing, Sales and Distribution."

## INDUSTRY OVERVIEW

Since the early 1980s, the telecommunications industry has experienced an increased demand for and growth in the number of services provided to end users. Not only has traditional telephone voice traffic increased, but the growth of personal computers and modems has created significant data traffic from a wide variety of services such as fax, e-mail and online access. For example, businesses with multiple locations increasingly require geographically dispersed LANs to be linked in sophisticated wide area networks ("WANs") that must handle large volumes of telecommunications traffic. In addition, the Internet has expanded beyond its traditional data transmission and file-sharing functions to offer e-mail, new data sources, commercial services, transaction processing, independent bulletin boards, the World Wide Web and voice transmission. Business and residential based end-user demand for telecommunications services is expected to continue to grow as telcos and information service providers increase their offerings of new interactive multimedia services, including data dialtone applications such as high speed Internet access, LAN extension, medical imaging and telecommuting, and video dialtone applications such as video-on-demand, distance learning, video conferencing and work at home. To handle the growing volume of data communications traffic and to provide faster and higher quality transmission, telcos and information service providers have continually upgraded the capacity and speed of their networks.

Deregulation. Deregulation of the telecommunications industry has increased the number of competitors in the local access network and has further accelerated telcos' needs to upgrade their networks and increase their telecommunications service offerings. For example, alternative access providers have deployed fiber and wireless systems for high volume data transmission to business centers and other high density metropolitan areas. As alternative access providers' costs decline and deregulation continues, alternative access providers are likely to create additional competition for telcos by developing new products and services for end users. Recent deregulation also allows interexchange carriers, information service providers and cable operators to deploy competitive services in the local access network. Currently available high speed cable modems will enable cable operators to provide data transmission services to customers in addition to standard television services. Cable operators are seeking to compete with telcos in the delivery of high speed

as well as traditional local telephone service. In addition, this trend toward continued deregulation of the telecommunications industry may further decrease the current restrictions and regulations affecting telcos' ability to provide nontraditional telco services such as video-on-demand.

**Existing Telco Infrastructure.** Traditionally, telcos have provided local access services using analog technology, which does not have the bandwidth or functionality to support the growing demand for new services over telephone wires. In contrast, digital technology permits high speed, high volume and reliable data transmission by reducing all forms of images, sounds and data to digital signals, thereby increasing the variety and bandwidth of services that can be provided in the local access network. To handle the growing demand for digital traffic, telcos have deployed broadband optical fiber in their network "backbone" interconnecting their geographically dispersed central offices. Telcos have also used fiber to interconnect their central offices to high density telecommunications traffic areas. Deployment of fiber in the local access network connecting end users to a telco's central office, however, has proven labor intensive, complicated, time consuming and expensive. Consequently, this "last mile" of the telco's network still predominantly consists of low speed analog transmission over copper wire.

Given the challenges of widespread replacement of copper wire in the local access network, telcos have turned to systems suppliers for cost-effective technology that can expand the ability of the existing copper wire infrastructure to accommodate high speed digital transmission. Digital conversion of the analog network has been built on the multiplexing format known as T-1 (E-1 in most countries outside of the U.S.). T-1/E-1 transmission utilizes a data rate of 1.544 (2.048 outside the U.S.) Megabits per second ("Mbps"), which can be aggregated or subdivided into channels to deliver data communication services tailored to specific end-user requirements.

**Existing and Emerging Technologies.** Systems suppliers have developed, and are currently developing, numerous products that have increased the quality, speed and cost-effectiveness of digital transmission over copper wire. These products include:

**ISDN.** In the early 1980s, telcos introduced basic rate Integrated Service Digital Network ("ISDN") technology, which provides digital transmission at rates up to 144 Kilobits per second ("Kbps") as well as a means to aggregate multiple channels into a single higher speed link over copper wire. Telcos have only recently begun to widely deploy basic rate ISDN technology with the emergence of nationwide standards and a decline in costs for basic rate ISDN service. The market penetration of existing basic rate ISDN technology, however, may be constrained due to its limited bandwidth, which does not allow telcos to offer advanced data and video dialtone services, its inability to provide existing telephone service over the same wire and its relatively high installation costs.

**HDSL.** In 1992, telcos introduced High bit-rate Digital Subscriber Line ("HDSL") technology, which reduces the costs of installing and upgrading T-1/E-1 service. Traditional T-1/E-1 service requires the installation of one or more mid-span repeaters for line lengths greater than 3,000 feet and the expensive and time consuming "conditioning" of copper wire. HDSL increases the non-repeated distance of T-1/E-1 transmission (1.544/2.048 Mbps) over two pairs of copper wires to approximately 12,000 feet, which reduces the need for repeaters and conditioning. As a result, telcos are deploying HDSL technology in their local access networks where the end user requires only one digital communication stream and does not require a telephone channel to run on the same wire.

**ADSL.** An emerging technology known as ADSL permits even greater digital transmission capacity over copper wire than is possible with existing HDSL and ISDN products. ADSL technology allows the simultaneous transmission of data at speeds from 1.5 to 8.0 Mbps in one direction and from 64 to 640 Kbps in the reverse direction, while also providing standard analog telephone service over a single pair of copper wires at distances of up to 18,000 feet, depending on the transmission rate. ADSL products enable telcos to provide interactive multimedia services over copper wire, such as high speed Internet access, video-on-demand, medical imaging, video conferencing and telecommuting, while simultaneously carrying traditional telephone services. A new ADSL technology called Very High Speed Digital

Subscriber Line ("VDSL") is currently being developed that will increase both the downstream and upstream data transmission capacity to up to 52.0 Mbps and 2.0 Mbps, respectively.

26

RADSL and SDSL. Products and technologies continue to be developed to expand the local access network's capability to transmit high speed digital data as well as reduce telcos' costs in providing traditional analog services. To increase utilization of broadband copper wire transmission, manufacturers are currently developing Rate Adaptive ADSL ("RADSL") systems that will automatically adjust the digital transmission rate based upon the quality of the copper telephone wire and the distance transmitted in order to maximize the digital capacity of the wire and to facilitate the installation of ADSL systems. Symmetric Digital Subscriber Line ("SDSL") technology is being designed and developed which, in contrast to current HDSL and ISDN systems, can provide both a digital and an analog channel over a single pair of copper wires.

## THE WESTELL SOLUTION

Westell designs, manufactures and markets a broad range of telecommunications products that provide its telco customers with dependable, high quality transmission systems in the local access network. The Company believes that its extensive experience in the local access network strategically positions it to identify product applications that will enhance existing telco services as well as expand telco service offerings to end users. Westell is a leading provider of ADSL systems, which allow telcos to provide high speed interactive multimedia services over existing copper wire, thus offering a cost-effective alternative to the deployment of fiber optic cable in the "last mile" of the local access network. Westell's ADSL systems also enable telcos to use their existing infrastructures to respond to competition from cable operators that may offer these services using cable modems. The Company continues to aggressively develop products based upon new technologies, such as ADSL and SDSL, as well as enhance its existing product offerings in the analog, digital and digital subscriber line ("DSL") markets. In the last decade, Westell has introduced a number of intelligent products that enable telcos to increase productivity and transmission quality over their local access networks through self-diagnostic and performance monitoring applications. For example, in 1986, Westell introduced NIUs, which provide maintenance and performance monitoring capabilities to aid telcos in the provisioning and maintenance of T-1 lines. Westell also continues to focus on the relationships that it has built with its customers during its 16-year history. Rapid technological evolution has provided the Company with an opportunity to forge strategic alliances with customers and technology suppliers in order to accelerate the time to market for new products. In addition, the Company continues to redefine its products to increase their functionality and interface capacity with other products while decreasing product costs in order to achieve mass deployment of ADSL systems and to facilitate the numerous applications of high speed digital transmission required by telcos' consumers.

## STRATEGY

Westell's objective is to be a global leader in providing low cost and high quality local access network products that enable telcos to meet the growing demand for digital service offerings. Key elements of the Company's strategy include:

**Leverage Global Leadership in ADSL Market.** The Company seeks to leverage its leadership position in the ADSL market to capture emerging global market opportunities as telcos expand their interactive multimedia, data and video dialtone services. Currently over 30 domestic and international telcos, including Bell Atlantic, GTE, US West Enterprise, British Telecom and Telecom Italia, are conducting technical or marketing trials for new services that rely on the Company's ADSL systems. The Company is currently defining broadband access systems based on RADSL and SDSL technology, which are expected to complement the Company's ADSL systems and the Company believes will have performance advantages over alternative ISDN and HDSL systems.

**Deliver Mass Market Solutions for High Speed Online and Internet Access Services.** Due to the rapid emergence and end-user interest in online information services, the Internet and the World Wide Web, the Company intends to work with telcos and information service providers to deliver advanced, high speed data dialtone solutions for these applications as well

as additional services, such as video

dialtone applications, as they become available. To facilitate mass market deployment of its ADSL systems, the Company is undertaking a program to increase the level of integration among its products and improve economies of scale. The Company seeks to expand the development of ADSL systems in the consumer market by creating ADSL software and hardware interfaces that support multiple consumer applications.

**Continue to Create Strategic Relationships and Alliances.** The Company intends to continue to forge strategic relationships and alliances with key customers and suppliers. The Company has established strategic relationships to facilitate the Company's ability to develop products that anticipate customers' product needs. For example, Westell has entered into an alliance with Microsoft Corporation whereby Westell's FlexCAP ADSL modems will be compatible with Microsoft Corporation's Windows NT(R) Server Network. In addition, Westell's relationships with technology leaders such as AT&T Paradyne and Analog Devices, Inc. enable the Company to obtain emerging technologies required in its product development. These relationships allow the Company to focus on product applications and to develop products using multiple emerging technologies.

**Maintain Core Business Strength and Develop New Products.** The Company has extensive experience in developing and marketing products for the local access network and has achieved a leading position in T-1 network interface and performance monitoring units. The Company intends to continue to capitalize upon its DS0 and DS1 product development experience and customer relationships to develop cost-effective and implementable intelligent products for the local access network. The Company is committed to developing products that are compatible with existing equipment and technologies, thereby enabling open architecture network infrastructures. Westell intends to continue to develop products in its core business, such as SmartLink, which enhance the efficiency of high speed transmission over copper wire, and QuadJack, which is one of the Company's first fiber optic products.

**Expand International Presence.** The Company devotes significant resources to expanding its international business. Many of Westell's products, including its ADSL and HDSL systems, support E-1 standards, the predominant standard for digital transmission outside of North America. Westell has offices in Canada, England and Hong Kong and a distribution and service network that supports customers in more than 40 countries. The Company intends to continue to expand its international distribution arrangements and strategic relationships in an effort to increase its international presence.

**Commitment to Product Quality, Customer Service and Low-Cost Manufacturing.** The Company benefits from a strong reputation for providing quality products and responsive service. Westell works closely with customers to provide technical consulting, maintenance and research assistance. Westell's continuous quality improvement is demonstrated by the achievement of the British Approval Board for Telecommunications production quality assurance approval, Bellcore's Customer Supplier Quality Program ("CSQP") registration and the ISO 9001 registration of its domestic operations. The Company believes that its commitment to product quality and customer service will enhance its efforts to reduce production cycle times and product costs.

## PRODUCTS

The Company offers a broad range of products that facilitate the transmission of high speed digital and analog data between a telco's central office and end-user customers. These products can be categorized into three groups: (i) products based on DSL technologies, including ADSL and HDSL systems ("DSL products"), (ii) Digital Signal Hierarchy Level 1 based products, which are used by telcos to enable high speed digital T-1 transmission at approximately 1.5 Mbps and E-1 transmission at approximately 2.0 Mbps ("DS1 products"), and (iii) Digital Signal Hierarchy Level 0 based products, which are used by telcos to deliver digital services at speeds ranging from approximately 2.4 to 64 Kbps and analog services over a 4 Kilohertz bandwidth ("DS0 products").

The prices for the products within each of the product groups of the Company vary based upon volume, customer specifications and other criteria and are subject to change due to competition among telecommunications manufacturers. The Company's DSL products command higher average sales prices than its DS0 and

DS1 products but represent fewer of the units sold by the Company. The following table sets forth the revenues from Westell's three product groups for the periods indicated:

<TABLE>  
<CAPTION>

	FISCAL YEAR ENDED MARCH 31,		
	1994	1995	1996
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
DSL products.....	\$ 1,706	\$15,235	\$20,299
DS1 products.....	31,980	40,754	44,027
DS0 products.....	10,251	8,979	9,332

DSL Products. The Company is a leading developer and provider of DSL products and transmission systems that utilize emerging ADSL technology. DSL technology is also used for HDSL and SDSL products. Products based upon ADSL technology can be used by telcos to provide interactive multimedia services, including data and video dialtone applications, while simultaneously providing traditional telephone services over existing copper wire. Products based upon ADSL technology enable telcos to deliver these interactive multimedia services more quickly and cost-effectively than deploying broadband fiber networks in the "last mile" of the local access network. The Company's revenues from HDSL products to date have not been significant.

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

<TABLE>  
<CAPTION>

PRODUCT	DESCRIPTION	APPLICATIONS	YEAR INTRODUCED
<S>	<C>	<C>	<C>
FlexCAP ADSL.....	ADSL transport system that delivers 1.5 or 2.0 Mbps of digital bandwidth to end users. Uses carrierless amplitude/phase modulation ("CAP") technology.	Interactive multimedia, video-on-demand, live broadcast, high speed Internet access and LAN interconnect, while providing simultaneous standard telephone service.	1993
InterAccess HDSL.....	HDSL system that supports 1.5 or 2.0 Mbps bi-directional services over two pairs of copper wires.	T-1 or E-1 service provisioning. Increases repeaterless distance to up to 12,000 feet over two pairs of copper wires.	1994
AccessVision.....	Network management system for DSL transport systems.	Management and control of DSL transport systems.	1995

ADSL technology permits the transmission of three communication streams of varying speeds over existing copper wire. The non-repeated transmission distances of current ADSL systems vary based upon the data rate, with a maximum distance of 18,000 feet. The first communication stream provides a one way high speed digital data transmission from a server, such as may be found on the Internet or in a stored video program network, to an end user. The second communication stream provides medium speed bi-directional digital data transmission to and from the end user which enables the end user to respond and interact with the incoming high speed data stream. The third communication stream provides traditional analog voice transmission capabilities permitting simultaneous telephone service.

Westell's FlexCAP ADSL system currently consists of (i) a high speed uni-directional digital data communication stream at rates up to 1.5 or 2.0 Mbps, (ii) a bi-directional control and digital data communication stream at rates up to 64 Kbps and (iii) a traditional analog telephone service line. This ADSL system can support high speed data applications, such as high speed

Internet access and remote LAN access, and video-on-demand services over existing telephone lines. In late calendar year 1996, Westell plans to introduce rate adaptive FlexCAP ADSL systems using RADSL technology which will increase the bi-directional capacity to up to 384 Kbps.

The Company also markets other products that facilitate telcos' incorporation of ADSL technology into their network infrastructures. Westell has worldwide distribution rights to market AccessVision, an open systems standards-based software management system that monitors and controls ADSL equipment and the

interactive services transmitted through ADSL technology, which was developed by Atlantech Technologies, Ltd. Westell's distribution rights to AccessVision expire in December 2001.

Currently over 30 telcos have purchased the Company's ADSL systems to conduct technical and marketing trials for new interactive multimedia applications. Bell Atlantic and British Telecom are in the process of connecting over 2,000 customers to Westell's FlexCAP ADSL systems. Telecom Italia has connected a total of 1,000 customers to Westell's FlexCAP ADSL systems in Rome and Milan. ADSL applications in these trials include interactive video-on-demand, music-on-demand, catalog shopping, financial services, games-on-demand, television-on-demand and long distance learning services. Internationally, Westell's ADSL systems have been purchased by telephone administrations in Australia, Belgium, Canada, Hong Kong, Italy, Norway, Singapore, South Korea, Spain, Switzerland and the United Kingdom.

The Company's HDSL systems eliminate the need for telcos to condition the copper wire and to install line repeaters for distances of up to 12,000 feet. Westell's HDSL systems also contain performance and monitoring functions with remote accessibility that may supplant the need for repeaters and NIUs. Westell currently sells its HDSL systems to the federal government and markets its InterAccess HDSL systems outside the U.S.

DS1 Products. Westell's DS1 products provide telcos with cost-effective solutions to transport, maintain and improve the reliability of T-1 services over copper and fiber lines in the local access network.

The following table sets forth a representative list of the Company's DS1 products and their applications:

<TABLE>

<CAPTION>

PRODUCT	DESCRIPTION	APPLICATION	YEAR INTRODUCED
<S> NIU.....	<C> Network Interface Unit providing for maintenance of T-1 facilities.	<C> Facilitates the maintenance of T-1 facilities to access services such as frame relay and primary rate ISDN.	1986
NIU-PM.....	Network Interface Unit with Performance Monitoring that stores information for seven days.	Facilitates the maintenance and provides performance monitoring of T-1 facilities to access services such as frame relay and primary rate ISDN.	1992
QuadJack.....	Transport system that provides transmission medium for one to four DS1 signals over fiber facilities.	Provides transport and facilitates maintenance for high speed digital circuits over fiber optic facilities.	1994
SmartLink.....	Automatic Protection System for up to 8 T-1 customer lines.	Increases the reliability of T-1 and other high speed digital facilities. Used for critical circuits such as those used to provide service to cellular telephone sites.	1995

</TABLE>

Many of the Company's DS1 products, such as its NIUs, smart line repeaters, office repeaters and T-1 maintenance service switches, function to monitor and

control the quality of digital transmission over copper wire. The Company's NIU products allow telcos to monitor transmission conditions and to detect performance problems in circuits from remote locations. All of the RBOCs and GTE have purchased the Company's NIUs. Westell also developed and co-patented with Ameritech a second generation NIU known as NIU-PM which monitors and stores information for seven days so that telcos can study and detect any irregular operations and performance of a line over time. The Company customizes its NIU products to meet customers' particular needs. Sales of NIU products represented 45.5% of the Company's revenues in fiscal 1996.

The Company's SmartLink Automatic Protection Switch system ("APS") monitors up to eight customer T-1 channels and allows telcos to provide uninterrupted service in the event of a fault of any channel. Once the APS detects a fault in one channel, it automatically places that signal on a protection channel and generates a notification alarm at the telco's central office, thereby significantly reducing network downtime and costly data interruption. APS is currently being deployed by two RBOCs and is in field trials with an additional RBOC.

Westell's QuadJack product is specifically designed to provide transmission for one to four customer T-1 signals over fiber lines, which results in a cost-effective means of providing T-1 services to small business customers who typically do not require the standard 28 or more T-1 lines that fiber-based transmission delivers to an end user.

DS0 Products. Westell's DS0 products are used by telcos to deliver digital and analog service across copper wire in the local access network at speeds ranging from approximately 2.4 to 64 Kbps for digital transmission or 4 Kiloherzt for analog transmission.

The following table sets forth a representative list of the Company's DS0 products and their applications:

<TABLE>

<CAPTION>

PRODUCT	DESCRIPTION	APPLICATION	YEAR INTRODUCED
DST.....	Data Station Termination unit providing maintenance and equalization of data transmission.	Point of sale, lottery and other analog data.	1983
Tandem.....	Provides DS0 and analog channel cross connections in tandem D4 environment.	Special services inter-office cross connections.	1987
TwinLine.....	Allows second channel to be added to a single pair of copper wires.	Business and second lines.	1994
SSTP.....	Special Services Transport Pipe employs ISDN technology to deliver multiple special services over a single pair of copper wires.	Analog data, video conferencing and digital data service.	1994
Campus Loopback Unit.....	Maintenance loopback for analog data.	Private data networks.	1995

</TABLE>

In some circumstances, analog data lines are the only practical way to add a terminal to an existing analog data network. Consequently, analog transmission is often the most economical, most easily installed or the only service available in certain locations. Westell's DST unit provides the interface between analog transmission and an end user's modem. The Company's other DS0 products include voice frequency channel units and mountings, which are used to provide dedicated analog data lines, smart repeaters, which boost analog signals, and other products which incorporate performance testing and monitoring functions designed to improve the quality of analog transmission over copper wire.

RESEARCH AND PRODUCT DEVELOPMENT

The Company believes that its future success depends on its ability to maintain its technological leadership through enhancements of its existing products and development of new products that meet customer needs. Westell works closely with its current and potential customers as part of the product development process. The Company regularly customizes products to address particular customer product needs. For the fiscal years ended March 31, 1995 and



1996, the Company recognized income of \$800,000 and \$2.6 million, respectively, for customer sponsored research and development. Research and development expenses for fiscal 1994, 1995 and 1996 were \$7.7 million, \$10.8 million and \$12.6 million, respectively. To date, all research and development costs have been charged to operating expense as incurred. From time to time, development programs are conducted by other firms under contract with the Company, and related costs are also charged to operations as incurred.

The following table sets forth some of the products under development by the Company:

<TABLE>

<CAPTION>

PRODUCT	DESCRIPTION	APPLICATIONS
<S>	<C>	<C>
SuperVision.....	Broadband access and routing platform for DSL services with ATM multiplexing.	Aggregates many DSL facilities providing efficient network backbone transport.
FlexVision ADSL.....	An ADSL transport system that delivers 1.5, 2.0 or 6.0 Mbps of digital bandwidth downstream to end users and up to 640 Kbps of bi-directional digital bandwidth. Uses CAP technology. Used in connection with SuperVision multiplexers.	Interactive multimedia, video-on-demand, live broadcast, high speed Internet access and LAN interconnect, while providing simultaneous standard telephone service.
EnVision ADSL.....	An ADSL transport system that delivers 1.5, 2.0, 6.0 or 8.0 Mbps of digital bandwidth downstream to end users and up to 640 Kbps of bi-directional digital bandwidth. Uses discrete multi-tone ("DMT") technology. Used in connection with SuperVision multiplexers.	Interactive multimedia, video-on-demand, live broadcast, high speed Internet access and LAN interconnect, while providing simultaneous standard telephone service.
RADSL.....	Rate Adaptive ADSL system that delivers 1.0 to 6.0 Mbps downstream to end users and up to 1.0 Mbps of bi-directional digital bandwidth. Uses CAP technology. Used in connection with SuperVision multiplexers or FlexCAP platforms.	Data dialtone services. Adapts transmission speed to quality of copper wire and the transmission distance.
SDSL.....	Symmetric Digital Subscriber Line. Used in connection with SuperVision multiplexers or FlexCAP platforms.	Data dialtone services over a single pair of copper wires.
FlexCAP PC Modem Card.....	ADSL PC modem card which can be installed by an end user in a compatible PC. Delivers 1.5 Mbps of digital bandwidth to end users and up to 64 Kbps of bi-directional digital bandwidth. Requires compatible ADSL systems at telco or Internet service provider.	High speed Internet access and data dialtone services while providing simultaneous standard telephone service. Complies with the Intel and Microsoft "Plug and Play" standard, so that the FlexCAP PC modem card will be automatically configured on compatible PCs.

</TABLE>

To provide a more efficient transport of individual DSL facilities over telephone networks, Westell is developing its SuperVision access multiplexer. This SuperVision system will aggregate many DSL systems into a single high speed optical link thereby facilitating the connection between copper wire digital transmission used in the local access network and the optical fiber transmission in the network "backbone." In addition, the Company announced the development of its FlexVision ADSL system that is expected to provide up to 6.0 Mbps of uni-directional bandwidth supporting multiple simultaneous video-on-demand channels of information. Westell's current ADSL systems and its FlexVision system under development are based on CAP technology. Westell is also developing its EnVision system, which will utilize DMT technology instead of CAP technology and is expected to provide up to 8.0 Mbps of downstream data and 640 Kbps of bi-directional data transmission as well as traditional telephone service.

Westell is also focusing on defining products using next generation DSL technologies such as RADSL and SDSL. RADSL will allow telcos to automatically adjust the digital transmission rate based upon the quality of the copper telephone wire and the transmission distance. This rate adaptability allows

telcos to maximize the digital capacity of copper wire and facilitates installation of ADSL systems, thereby increasing the utilization of poor quality copper telephone wires which traditionally have required extensive installation and monitoring. Unlike HDSL, SDSL will enable the transmission of both a high speed bi-directional digital data communication stream as well as analog telephone service over a single pair of copper wires. SDSL is expected to reduce telcos' costs and allow high speed bi-directional services to be introduced to end users.

The Company currently anticipates that it will introduce the products listed in the above table in late calendar year 1996 and calendar year 1997. However, there can be no assurance that the Company will be able to introduce such products as planned, and the failure of the Company to do so would have a material adverse effect on the Company's business and results of operations. In addition, there can be no assurance that the Company's future development efforts will result in commercially successful products or that the Company's

products will not be rendered obsolete by changing technology, new industry standards or new product announcements by competitors.

The Company's product development programs are carried out by engineers and engineering support personnel based in Aurora, Illinois and Cambridge, England. The Company's domestic engineering is conducted in accordance with ISO 9001, which is the international standard for quality management systems for design, manufacturing and service. The Company's research and development personnel are organized into product development teams. Each product development team is generally responsible for sustaining technical support of existing products, decreasing manufacturing costs, conceiving new products in cooperation with other groups within the Company and adapting standard products or technology to meet new customer needs. In particular, each product development team is charged with implementing the Company's engineering strategy of reducing product costs for each succeeding generation of the Company's products in an effort to be a low cost, high quality provider, without compromising functionality or serviceability. The Company believes that the key to this strategy is choosing an initial architecture for each product that enables engineering innovations to result in future cost reductions. Successful execution of this strategy also requires that the Company continue to attract and recruit highly qualified engineers.

CUSTOMERS

The Company's principal customers historically have been U.S. telcos. Since fiscal 1993, the Company has also marketed its products internationally. The Company's customers include all seven RBOCs, GTE, British Telecom and Telecom Italia. In addition, Westell sells products to several other entities, including public telephone administrations located outside the U.S., independent domestic local exchange carriers, competitive access providers, interexchange carriers and the U.S. federal government. International revenues represented approximately \$226,000, \$3.7 million and \$19.8 million of the Company's revenues in fiscal 1994, 1995 and 1996, respectively, accounting for 0.4%, 5.0% and 23.8% of the Company's revenues in such periods.

The following table lists certain customers of the Company and end users of the Company's products:

<TABLE>

<CAPTION>

DOMESTIC	INTERNATIONAL
-----	-----
<S>	<C>
Ameritech	Belgacom
Bell Atlantic	Bell Telephone of Canada
Bell South	British Telecom
GTE	Entel Chile
NYNEX	Hong Kong Telecom
Pacific Telesis	Korea Telecom
SBC Communications	Singapore Telecom
Sprint	Swiss Telecom
US West	Telecom Italia
	Telecom Malaysia
	Telefonica Spain
	Telenor
	Telestra Australia

</TABLE>

Sales to the RBOCs and British Telecom accounted for 72.6%, 74.3% and 64.9% of the Company's revenues in fiscal 1994, 1995 and 1996, respectively. The Company's future success will depend significantly upon the timeliness and size of future purchase orders from the RBOCs, the product requirements of the RBOCs, the success of the RBOCs' services that use the Company's products and the financial and operating success of these providers. Sales to Ameritech, British Telecom and U.S. West accounted for 12.0%, 11.1% and 10.4% of the Company's revenues in fiscal 1996, respectively.

#### MARKETING, SALES AND DISTRIBUTION

The Company sells its products in the U.S. principally through its domestic field sales organization. The Company markets its products internationally in over 40 countries under various distribution arrangements that include OEM agreements, technology licenses and distributors supported by partners and internationally based sales personnel. The Company's field sales organizations and distributors receive support from internal

33

marketing, sales and customer support groups. As of March 31, 1996, the Company's marketing, sales and distribution programs were conducted by 141 employees.

The Company's international operations are based in Tampa, Florida and are also conducted through business operations in Ottawa, Canada, Cambridge, England, Hong Kong and Singapore, and a distribution and service network that supports customers in more than 40 countries. The Company expects to continue to pursue international market opportunities by focusing primarily on sales of DSL products in international markets. The Company believes that there is a greater demand for DSL products in international markets compared to DS0 and DS1 products due to a growing demand in foreign countries for services such as data dialtone that require high speed digital transmission.

The RBOCs and the Company's other customers are significantly larger than, and are able to exert a high degree of influence over, the Company. Prior to selling its products to telcos, the Company must undergo lengthy approval and purchase processes. Evaluation can take as little as a few months for products that vary slightly from existing products in the local access network and a year or more for products based on new technologies such as ADSL. Accordingly, the Company is continually submitting successive generations of its current products as well as new products to its customers for approval. The length of the approval processes is affected by a number of factors, including the complexity of the product involved, the priorities of the telcos, telcos' budgets and regulatory issues affecting telcos. In addition, the requirement that telcos obtain FCC approval for certain services prior to their implementation has in the past delayed the approval processes.

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

**Laboratory Evaluation.** The product's function and performance are tested against all relevant industry standards, including those established by Bellcore.

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

**Marketing Trial.** Emerging products such as ADSL are tested for market acceptance of new services. Marketing trials usually involve a greater number of systems than technical trials because systems are deployed at several locations in the telco's network. This stage gives telcos an opportunity to establish procedures, train employees to install and maintain the new product and to obtain more feedback on the product from a wider range of operations personnel.

**Commercial Deployment.** Commercial deployment usually involves substantially greater numbers of systems and locations than the marketing trial stage. In the first phase of commercial deployment, a telco initially installs the equipment in select locations for select applications. This phase is

followed by general deployment involving greater numbers of systems and locations. General deployment does not usually mean that one supplier's product is purchased for all of the telcos' needs throughout the system as telcos often rely upon multiple suppliers to ensure that their needs can be met. Subsequent orders, if any, are generally placed under single or multi-year supply agreements that are generally not subject to minimum volume commitments.

In most international markets, there is one major telco per country with limited or few alternate carriers or independent telcos. Typically, these telcos are highly regulated, government-owned agencies that have approval and purchase processes similar to those followed by the RBOCs.

## CUSTOMER SERVICE AND SUPPORT

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

The Company's products are required to meet rigorous standards imposed by its customers. Most of the Company's products carry a limited warranty ranging from two to seven years, which generally covers defects

34

in materials or workmanship and failure to meet published specifications, but excludes damages caused by improper use and all other express or implied warranties. In the event there are material deficiencies or defects in the design or manufacture of the Company's products, the affected products could be subject to recall. For the past five fiscal years, the Company's warranty expenses have been relatively insignificant.

The Company has supply contracts with most of its major customers. These contracts typically do not establish minimum purchase commitments, and they may require the Company to accept returns of products or indemnify such customers against certain liabilities arising out of the use of the Company's products. Although, to date, the Company has not experienced any significant product returns or indemnification claims under these contracts, any such claims or returns could have a material adverse effect on the Company's business and results of operations. While the Company maintains a comprehensive quality control program, there can be no assurance that the Company's products will not suffer from defects or other deficiencies or that the Company will not experience a material product recall in the future. Complex products such as those offered by the Company may contain undetected errors or failures when first introduced or as new versions are released. Any product recall as a result of such errors or failures, and the associated negative publicity, could result in the loss of or delay in market acceptance of the Company's products and have a material adverse effect on the Company's business and results of operations. The Company's standard limited warranty for ADSL products ranges from two to five years. Since the Company's ADSL products are new, with limited time in service, the Company cannot predict the level of warranty claims that it will experience for these products. Despite testing by the Company and its customers, there can be no assurance that existing or future products based on ADSL or other technologies will not contain undetected errors or failures when first introduced or as new versions are released. Such errors or failures could result in warranty returns in excess of those historically experienced by the Company and have a material adverse effect on the Company's business and results of operations.

## MANUFACTURING

The Company purchases parts and components for its products from a number of suppliers through a worldwide sourcing program. Certain key components, such as integrated circuits and other electronic components, used in the Company's products are currently available from only one source or a limited number of suppliers. For instance, the Company currently depends on a division of Lucent Technologies (formerly known as AT&T Microelectronics) to provide critical integrated circuits used in the Company's ADSL products. In addition, certain electronic components are currently in short supply and are provided on an allocation basis to the Company and other users, based upon past usage. There can be no assurance that the Company will be able to continue to obtain sufficient quantities of integrated circuits or other electronic components as required, or that such components, if obtained, will be available to the Company on commercially reasonable terms. The Company purchases integrated circuits from

Lucent Technologies on a purchase order basis and does not have any formal supply arrangements with Lucent Technologies. The Company anticipates that integrated circuit production capacity and availability of certain electronic components of its suppliers may be insufficient to meet demand for such components in the future. Integrated circuits and electronic components are key components in all of the Company's products and are fundamental to the Company's business strategy of developing new and succeeding generations of products at reduced unit costs without compromising functionality or serviceability. In the past, however, the Company has experienced delays in the receipt of certain of its key components, such as integrated circuits, which have resulted in delays in related product deliveries. There can be no assurance that delays in key components or product deliveries will not occur in the future due to shortages resulting from the limited number of suppliers, the financial or other difficulties of such suppliers or the possible limitations in integrated circuit production capacity or electronic component availability because of significant worldwide demand for these components. The inability to obtain sufficient key components or to develop alternative sources for such components, if and as required in the future, could result in delays or reductions in product shipments, which in turn could have a material adverse effect on the Company's customer relationships and its business and results of operations.

The Company currently manufactures most of its products internally while relying on a few subcontractors in the U.S. and the United Kingdom for various assemblies. As part of its strategic plan to meet the

35

potential worldwide demand for its ADSL systems, however, the Company currently is in the process of developing the manufacturing capabilities necessary to supply and support large volumes of ADSL systems and in the future may become increasingly dependent on subcontractors. The Company has entered into discussions to establish subcontracting relationships for the assembly of its ADSL systems. A reliance on third-party subcontractors involves several risks, including the potential absence of adequate capacity and reduced control over product quality, delivery schedules, manufacturing yields and costs. Although the Company believes that alternative subcontractors or sources could be developed if necessary, the use of subcontractors could result in material delays or interruption of supply as a consequence of required re-tooling, retraining and other activities related to establishing and developing a new subcontractor or supplier relationship. Any material delays or difficulties in connection with increased manufacturing production or the use of subcontractors could have a material adverse effect on the Company's business and results of operations. There can be no assurance that the Company will be successful in increasing its manufacturing capacity in a timely and cost-effective manner or that the possible transition to subcontracting will not materially adversely affect the Company's business and results of operations.

A substantial portion of the Company's shipments in any fiscal period relate to orders for certain products received in that period. Further, a significant percentage of orders, such as NIUs, require delivery within 48 hours. To meet this demand, the Company maintains raw materials inventory and limited finished goods inventory at its manufacturing facility. In addition, the Company maintains some finished goods inventory at the customer's site pursuant to an agreement that the customer will eventually purchase such inventory. Final testing and shipment of products to customers occurs in the Company's Oswego, Illinois facilities. The Company's domestic facilities are certified pursuant to ISO 9001.

The Company's backlog for its DS1 and DS0 products at March 31, 1996 was \$2.0 million. The Company believes that because a substantial portion of customer orders for DS1 and DS0 products are filled within the quarter of receipt, the Company's backlog is not a meaningful indicator of actual revenues for these products for any succeeding period. In general, customers purchasing DSL products may reschedule orders without penalty to the customer. As a result, the quantities of the Company's products to be delivered and their delivery schedules may be revised by customers to reflect changes in their DSL product needs. Since backlog of DSL products can be rescheduled without penalty, the Company does not believe that its backlog of DSL products is a meaningful indicator of future revenues from DSL products.

## COMPETITION

The markets for the Company's products are intensely competitive and the

Company expects competition to increase in the future, especially in the emerging ADSL market. Westell's principal competitors in the DS0 market are Adtran, Inc., Tellabs, Inc. and Teltrend, Inc. Westell's principal competitors in the DS1 market are ADC Telecommunications Inc., PairGain Technologies, Inc. and Teltrend, Inc. The Company's current competitors in the ADSL market include Alcatel Network Systems, Amati Communications Corp., AT&T Paradyne, ECI Telecom, Inc., Ericsson, LG Information and Communications, Ltd., Lucent Technologies, PairGain Technologies, Inc., Orckit Communications, Ltd. and Performance Telecom Corp. The Company expects competition in the ADSL market in the near future from numerous other companies. In addition, the Telecommunications Act which was signed into law on February 8, 1996, permits the RBOCs to engage in manufacturing activities after the FCC authorizes an RBOC to provide long distance services within its service territory. An RBOC must first meet specific statutory and regulatory tests demonstrating that its monopoly market for local exchange services is open to competition before it will be permitted to enter the long distance market. When these tests are met, an RBOC will be permitted to engage in manufacturing activities. Therefore, RBOCs, which are the Company's largest customers, may potentially become the Company's competitors as well. Many of the Company's competitors and potential competitors have greater financial, technological, manufacturing, marketing and human resources than the Company. Any increase in competition could reduce the Company's gross margin, require increased spending by the Company on research and development and sales and marketing, and otherwise materially adversely affect the Company's business and results of operations.

36

Products that increase the efficiency of digital transmission over copper wire face competition from fiber, wireless, cable modems and other products delivering broadband digital transmission. Many telcos have adopted policies that favor the deployment of fiber. To the extent that telcos choose to install fiber and other transmission media between the central office and the end user, the Company expects that demand for its copper wire-based products will decline. Telcos face competition from cable operators, new local access providers and wireless service providers that are capable of providing high speed digital transmission to end users. To the extent telcos decide not to aggressively respond to this competition and fail to offer high speed digital transmission, the overall demand for ADSL products could decline. In addition, the deployment of certain products and technologies for copper wire may also reduce the demand for the types of products currently manufactured by the Company. Specifically, the deployment of HDSL in the U.S., which reduces telcos' need for T-1 repeaters and NIUs, may result in a decrease in demand for Westell's DS1-based products. Further, the Company believes that the domestic market for many of its DS0-based products is decreasing, and will likely continue to decrease, as high capacity digital transmission becomes less expensive and more widely deployed.

#### TELECONFERENCE SERVICES

Conference Plus provides operator-assisted and automatic teleconferencing services to customers throughout the U.S. The Company manages its teleconferencing services through its operations center located in Schaumburg, Illinois. Teleconferencing services allow organizations and individuals to collect and disseminate information faster, more accurately and without the associated costs of face-to-face meetings. The Company's strategy in this market is to apply its expertise as a telecommunications products manufacturer to provide cost-effective and quality teleconferencing services to satisfy the growing customer demand for these services. Conference Plus was started by the Company in October 1988, and generated \$5.4 million, \$6.8 million and \$7.7 million in revenues in fiscal 1994, 1995 and 1996, respectively.

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

#### GOVERNMENT REGULATION

The telecommunications industry, including most of the Company's customers, is subject to regulation from federal and state agencies, including the FCC and

various state public utility and service commissions. While such regulation does not affect the Company directly, the effects of such regulations on the Company's customers may, in turn, adversely impact the Company's business and results of operations. For example, FCC regulatory policies affecting the availability of telco services and other terms on which telcos conduct their business may impede the Company's penetration of certain markets. The Telecommunications Act lifted certain restrictions on telcos' ability to provide interactive multimedia services including video on demand. The Telecommunications Act establishes new regulations whereby telcos may provide various types of video services. Rules to implement these new statutory provisions are now being considered by the FCC. While the statutory and regulatory framework for telcos providing video products has become more favorable, it is uncertain at this time how this will affect telcos' demand for products based upon ADSL technology.

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

37

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

#### PROPRIETARY RIGHTS

The Company's success and future revenue growth will depend, in part, on its ability to protect trade secrets, obtain or license patents and operate without infringing on the rights of others. Although the Company regards its technology as proprietary, it has only one patent on such technology. The Company expects to seek additional patents from time to time related to its research and development activities. The Company relies on a combination of technical leadership, trade secrets, copyright and trademark law and nondisclosure agreements to protect its unpatented proprietary know-how. There can be no assurance, however, that these measures will provide meaningful protection for the Company's trade secrets or other proprietary information. Moreover, the Company's business and results of operations may be materially adversely affected by competitors who independently develop substantially equivalent technology. In addition, the laws of some foreign countries do not protect the Company's proprietary rights to the same extent as U.S. law. The telecommunications industry is also characterized by the existence of an increasing number of patents and frequent litigation based on allegations of patent and other intellectual property infringement. From time to time, the Company receives communications from third parties alleging infringement of exclusive patent, copyright and other intellectual property rights to technologies that are important to the Company. There can be no assurance that third parties will not assert infringement claims against the Company in the future, that assertions by such parties will not result in costly litigation, or that the Company would prevail in any such litigation or be able to license any valid and infringed patents from third parties on commercially reasonable terms. Further, such litigation, regardless of its outcome, could result in substantial costs to and diversion of effort by the Company. Any infringement claim or other litigation against or by the Company could have a material adverse effect on the Company's business and results of operations.

Many of the Company's products incorporate technology developed and owned by third parties. Consequently, the Company must rely upon third parties to develop and introduce technologies which enhance the Company's current products and enable the Company, in turn, to develop its own products on a timely and cost-effective basis to meet changing customer needs and technological trends in the telecommunications industry. Any impairment or termination of the Company's relationship with any licensors of third-party technology would force the Company to find other developers on a timely basis or develop its own

technology. There can be no assurance that the Company will be able to obtain the third-party technology necessary to continue to develop and introduce new and enhanced products, that the Company will obtain third-party technology on commercially reasonable terms or that the Company will be able to replace third-party technology in the event such technology becomes unavailable, obsolete or incompatible with future versions of the Company's products. The absence of or any significant delay in the replacement of third-party technology would have a material adverse effect on the Company's business and results of operations.

The Company's ADSL products are dependent upon a CAP DSL technology known as GlobeSpan(TM) that the Company licenses from AT&T Paradyne. AT&T Paradyne is currently the sole provider of this CAP DSL technology and the Company currently would not be able to produce any of its ADSL systems without using this technology. The AT&T License, which expires in December 2002, is nonexclusive and this technology has been licensed to numerous manufacturers. The Company has entered into cooperation and development agreements with other technology suppliers who are developing alternative DSL technologies, such as DMT DSL technology. Under one such arrangement, the Company is currently testing prototypes of an alternative DSL technology. Consequently, in the event AT&T Paradyne fails to renew the AT&T License, the Company believes that it will have sufficient access to alternative sources of DSL technology prior to December 2002 so that it will be able to continue to produce ADSL systems. However, the cancellation or failure of AT&T

38

Paradyne to renew the AT&T License would materially adversely affect the Company's business and results of operations if other sources of DSL technology do not become readily available on similar terms or telcos elect not to deploy ADSL systems utilizing alternative DSL technologies, such as DMT DSL technology.

In addition, AT&T Paradyne has formed a business unit that develops and markets products competitive with the Company's products, such as ADSL. Although this newly-formed business unit does not affect the Company's AT&T License and is an independent unit from the business unit licensing CAP DSL technology, there can be no assurance that the formation of this business unit will not affect the Company's ability to license CAP DSL technology from AT&T Paradyne after the AT&T License expires. In addition, AT&T Corporation announced that it intends to sell AT&T Paradyne. The Company is unable to predict what effect, if any, such a sale would have on the Company's relationship with AT&T Paradyne or on AT&T Paradyne's licensing of its CAP DSL technology or future technology to the Company or others. In the event that AT&T Paradyne is sold to a competitor of the Company, the Company's ability to continue to license CAP DSL technology after December 2002 may be adversely affected. See "Business -- Proprietary Rights."

Rapid technological evolution has resulted in the need to implement strategic alliances with customers and technology suppliers in order to accelerate the time to market for new products. Without such relationships and due to the lengthy telco product approval and purchase cycles, the technology may be obsolete by the time it is implemented. Relationships in place with companies such as AT&T Paradyne, Analog Devices, Inc., Motorola and certain customers enable the Company to develop products at the same time that the Company undergoes the product approval and purchase processes for products in development. This can result in much quicker introduction of new products while the technology is still in demand. Westell has cooperation and development relationships with Atlantech Technologies Ltd., a software development company based in Scotland, Scientific Generics, an innovative technology development company based in Cambridge, England, and Sungmi Electronics, an industry leader in the supply of high speed switching, transmission and local access systems based in Seoul, Korea.

## EMPLOYEES

As of March 31, 1996, the Company had 737 full-time employees in continuing operations and 62 full-time employees in KPINS which the Company plans to discontinue. Westell's telecommunications business had a total of 652 full-time employees, consisting of 141 in sales, marketing, distribution and service, 138 in research and development, 343 in manufacturing and 30 in administration. Conference Plus had a total of 85 full-time employees. None of the Company's employees are represented by a collective bargaining agreement nor has the Company ever experienced any work stoppage. The Company believes its relationship with its employees is good.

## PROPERTIES



The Company leases approximately 108,000 square feet of office, development and manufacturing space in facilities in Oswego, Illinois (75,000 square feet) and Aurora, Illinois (33,000 square feet), both suburbs of Chicago. The current lease for the Oswego facility expires in August 2002 but may be terminated by the Company at any time after August 1997 upon 12 months notice. The current lease for the Aurora facility expires in February 1998 but may be extended by the Company for up to two additional two-year periods. The Company also leases facilities in Schaumburg, Illinois for Conference Plus, and in Tampa, Florida and Cambridge, England for its international operations.

While the Company believes its current facilities are adequate to support its present level of operations, it believes that it will require additional space in the next two years to accommodate additional expansion of its business operations. The Company estimates that its manufacturing facilities are operating at a utilization rate of approximately 50%. In September 1995, the Company entered into an agreement with a real estate developer forming a LLC that is constructing a 173,000 square foot facility in Aurora, Illinois. The Company has entered into a 15-year lease of this facility with the LLC, which term will commence upon the substantial completion of this facility. The Company expects to move a portion of its operations to this new facility by the

39

third quarter of fiscal 1997. The Company will have the option to purchase the facility being developed by the LLC or sell its interest in the LLC. It is the Company's current intent to sell this property when construction is completed, repay any financing and lease the facility from a third party.

#### LEGAL PROCEEDINGS

The Company has been involved from time to time in litigation in the normal course of its business. In January 1995, a former officer of a Westell subsidiary filed suit against the Company in the Superior Court of the State of California alleging monetary damages suffered as a result of wrongful termination and breach of contract. The Company believes the suit is without merit and intends to contest the suit vigorously. While the outcome of this lawsuit cannot be determined with certainty, the Company does not believe that the resolution of this lawsuit will have a material adverse effect on the Company or its business and results of operations. However, a judgment against the Company of a significant amount could have a material adverse effect on the Company's liquidity and results of operations. The Company is not a party to any other litigation that would have a material adverse effect on the Company or its business and results of operations.

40

#### MANAGEMENT

##### EXECUTIVE OFFICERS AND DIRECTORS

The executive officers and directors of the Company are as follows:

<TABLE>  
<CAPTION>

NAME	AGE	POSITION
------	-----	----------

<S>	<C>	<C>
Gary F. Seamans (1).....	47	Chairman of the Board of Directors, President and Chief Executive Officer
Robert H. Gaynor (1)(2).....	72	Vice Chairman of the Board of Directors
Curtis L. Benton.....	56	Executive Vice President and Chief Administration Officer
J. William Nelson.....	43	President of U.S. Operations
Michael F. Lathrope.....	49	Senior Vice President of Product Development and Chief Technology Officer
Stephen J. Hawrysz.....	37	Vice President, Secretary, Treasurer and Chief Financial Officer
Melvin J. Simon (1)(2).....	51	Assistant Secretary, Assistant Treasurer and Director
Robert D. Faw.....	42	President of Global Operations
Marcus H. Hafner, Sr. ....	38	Vice President of Business Development
Richard P. Riviere.....	41	Vice President of Transaction Services and President of Conference Plus

Neil J. Kreitman.....	39	Senior Vice President of Global Manufacturing and Sourcing
Stefan D. Abrams (3).....	57	Director
Michael A. Brunner (3).....	62	Director
Paul A. Dwyer (3).....	62	Director
Ormand J. Wade (2).....	57	Director

(1) Member of Executive Committee.

(2) Member of Compensation Committee and Stock Incentive Committee.

(3) Member of Audit Committee.

Gary F. Seamans has served as Chairman of the Board of Directors of the Company since February 1991, as a director of the Company since February 1988 and as President and Chief Executive Officer of the Company since January 1988. Prior to joining the Company, Mr. Seamans served as Vice President of Sales and Marketing -- Midwest Division at MCI Communications, Inc. from 1984 to 1987. From 1971 to 1984, Mr. Seamans held a variety of management positions in the operations, engineering, sales, marketing, strategic planning, finance and personnel departments of AT&T.

Robert H. Gaynor has served as Vice Chairman of the Board of Directors of the Company since December 1991 and as a director of the Company since October 1990. Mr. Gaynor presently serves as Chairman of the Rockhill Workshop, an executive conference at the University of Missouri, Kansas City. From 1958 to 1986, Mr. Gaynor held a variety of executive officer positions at AT&T.

Curtis L. Benton has served as Executive Vice President since July 1993 and as Chief Administration Officer since April 1996. Mr. Benton has also served as Executive Vice President of the Operating Company since August 1992 and as Chief Operating Officer of the Company from January 1990 to April 1996.

J. William Nelson has served as President of U.S. Operations since April 1996 and as Executive Vice President and Chief Customer Satisfaction Officer of the Operating Company since July 1993. Mr. Nelson served as Senior Vice President and Chief Customer Satisfaction Officer of the Company from May 1991 to June 1993. Prior to joining the Company, Mr. Nelson held a variety of management positions, including Director of Large Account Sales and Director of Customer Service, at MCI Communications, Inc. from April 1986 to May 1991.

Michael F. Lathrope has served as Senior Vice President of Product Development and Chief Technology Officer of the Company since April 1996, Mr. Lathrope served as Vice President of Engineering and Chief Technology Officer of the Company from June 1993 to April 1996 and as Vice President of Engineering of the Company from April 1989 to June 1993.

Stephen J. Hawrysz has served as Vice President and Chief Financial Officer of the Company since July 1993, as Secretary and Treasurer of the Company since July 1995 and as Vice President and Chief Financial Officer of the Operating Company since August 1990. A Certified Public Accountant, Mr. Hawrysz served in the Audit Division of Arthur Andersen LLP, a public accounting firm, from June 1980 to November 1989, and as Assistant Controller for Wisconsin Central Transportation Corporation, a regional railroad company, from November 1989 to August 1990.

Melvin J. Simon has served as Assistant Secretary and Assistant Treasurer of the Company since July 1995 and as a Director of the Company since August 1992. From August 1992 to July 1995, Mr. Simon served as Secretary and Treasurer of the Company. A Certified Public Accountant, Mr. Simon founded and has served as President of Melvin J. Simon & Associates, Ltd., a public accounting firm, since May 1980.

Robert D. Faw has served as President of Global Operations since April 1996, as President of Westell International since February 1993 and as Chief Executive Officer of Westell International since August 1993. Mr. Faw served as

Executive Vice President, International Operations of the Company from July 1995 to April 1996. Prior to joining the Company, Mr. Faw was Director of International Operations and Business Development Director of Advanced Technologies at AT&T Paradyne from October 1981 to January 1993.

Marcus H. Hafner, Sr. has served as Vice President of Business Development since April 1996. Mr. Hafner served as Business Development Vice President of the Company from May 1995 to March 1996. Prior to joining the Company, Mr. Hafner was President and Chief Operating Officer of On-Demand Technologies, Inc., a broadband network systems provider, from April 1992 to April 1995, and a Senior Program Manager at E-Systems, Inc., an electronics company, from November 1990 to April 1992.

Richard P. Riviere has served as Vice President of Transaction Services for the Company since July 1995 and as President and Chief Executive Officer of Conference Plus since October 1988.

Neil J. Kreitman has served as Senior Vice President of Global Manufacturing and Sourcing of the Company since November 1995, and as Vice President of Operations Science of the Company since January 1995. Prior to joining the Company, Mr. Kreitman was Director of Material Management at AT&T Paradyne from May 1984 to January 1995.

Stefan D. Abrams has served as a director of the Company since February 1994. Mr. Abrams has been a Managing Director of The TCW Group, Inc., an investment management firm, since October 1992. From September 1989 to September 1992, Mr. Abrams was a Managing Director of Kidder, Peabody & Company, an investment banking firm.

Michael A. Brunner has served as a director of the Company since December 1994. From May 1985 to February 1992, Mr. Brunner served as President of AT&T Federal Systems, a division of AT&T. Mr. Brunner currently serves as a director of Concurrent Computer Corporation, a computer manufacturer, and as a director and past Chairman of the Leonard Center for Excellence in Engineering of Penn State University.

Paul A. Dwyer has served as a director of the Company since January 1996 and as a director of the Operating Company since November 1995. Mr. Dwyer has served as Vice President -- Finance of Henry Crown and Company, a private investment firm, since February 1981.

Ormand J. Wade has served as a director of the Company since December 1994. From February 1987 to December 1992, Mr. Wade served as Vice Chairman of Ameritech Corp. and from January 1982 to February 1987, as President and Chief Executive Officer of Illinois Bell Telephone Company. Mr. Wade currently serves as a director of ITW Corporation, a manufacturer of precision engineered products, Andrew Corporation, a manufacturer of microwave and peripheral equipment, and Northwestern Memorial Hospital, and as a trustee of the University of Chicago.

## DIRECTOR COMPENSATION

Directors who are not employees of the Company each receive \$20,000 per year for services rendered as directors, except Mr. Gaynor who receives \$30,000 per year as Vice Chairman. In addition, all directors may be reimbursed for certain expenses incurred in connection with attendance at Board and committee meetings. Other than with respect to reimbursement of expenses, directors who are employees of the Company do not receive additional compensation for service as a director. In connection with his election as a director of the Operating Company in November 1995, Mr. Dwyer was granted an option to purchase 89,900 shares of Class A Common Stock at an exercise price of \$6.50 per share. Mr. Dwyer's options vest at a rate of 1,872 shares per month commencing January 1, 1996.

## BOARD COMMITTEES

The Board of Directors has established three standing committees: the Audit Committee, the Compensation Committee and the Executive Committee. The Audit Committee recommends the appointment of auditors and oversees the accounting and

audit functions of the Company. The Compensation Committee determines executive officers' salaries and bonuses. The Stock Incentive Committee administers the Stock Purchase Plan and the Stock Incentive Plan. The Executive Committee has the authority to take all actions that the Board of Directors as a whole would be able to take, except as limited by applicable law.

COMPENSATION COMMITTEE INTERLOCKS AND INSIDER PARTICIPATIONS

The Compensation Committee is currently composed of Messrs. Gaynor, Wade and Simon, the Assistant Secretary and Assistant Treasurer of the Company. No interlocking relationship exists between the Company's Board of Directors or Compensation Committee and the board of directors or compensation committee of any other company, nor has any such interlocking relationship existed in the past.

Since 1984, Melvin J. Simon & Associates, Ltd. has provided accounting and other financial services to the Company. Mr. Simon, a director and the Assistant Secretary and Assistant Treasurer of the Company and a Co-Trustee of the Voting Trust, is the sole owner of Melvin J. Simon & Associates, Ltd. The Company paid Melvin J. Simon & Associates, Ltd. approximately \$88,000, \$88,000 and \$64,000 in fiscal 1994, 1995 and 1996, respectively, for its services. The Company believes that these services are provided on terms no less favorable to the Company than could be obtained from unaffiliated parties.

Pursuant to a contract that expired on January 31, 1996, Florence R. Penny, the mother of Robert C. Penny III, a Co-Trustee of the Voting Trust, and the beneficial owner of shares of Class B Common Stock held in the Voting Trust received \$63,000 per year for her services as a consultant to the Company.

The Company has granted Robert C. Penny III and Melvin J. Simon, as Trustees of the Voting Trust, certain registration rights with respect to the shares of Common Stock held in the Voting Trust. See "Shares Eligible for Future Sale."

EXECUTIVE COMPENSATION

The following table sets forth information for the fiscal years ended March 31, 1995 and 1996, with respect to all compensation paid or earned for services rendered to the Company by the Company's Chief Executive Officer and the Company's four other most highly compensated executive officers who were serving as executive officers as of March 31, 1996 (together, the "Named Executive Officers").

SUMMARY COMPENSATION TABLE

<TABLE>  
<CAPTION>

NAME AND PRINCIPAL POSITION	ANNUAL COMPENSATION		ALL OTHER		COMPENSATION (1)(2)
	FISCAL YEAR	FISCAL YEAR	SALARY	BONUS	
<S>	<C>	<C>	<C>	<C>	
Gary F. Seamans Chairman of the Board, President and Chief Executive Officer.....	1996	\$275,000	\$212,800	\$ 5,136	
	1995	253,000	231,000	3,205	
Curtis L. Benton Executive Vice President and Chief Administration Officer.....	1996	153,000	69,600	6,454	
	1995	139,000	124,382	3,162	
J. William Nelson President of U.S. Operations.....	1996	152,000	69,600	4,435	
	1995	138,000	124,790	2,707	
Michael F. Lathrope Senior Vice President of Product Development and Chief Technology Officer.....	1996	140,000	42,400	4,366	
	1995	130,000	71,896	2,395	

Robert D. Faw				
President of Global Operations.....	1996	120,000	42,000	1,845
	1995	105,000	67,500	988

</TABLE>

(1) All Other Compensation for fiscal 1996 consists of matching contributions under the Company's 401(k) Profit Sharing Plan and life insurance premiums, as follows: Mr. Seamans: \$3,570 and \$1,566, respectively; Mr. Benton: \$4,177 and \$2,277, respectively; Mr. Nelson: \$3,937 and \$498, respectively; Mr. Lathrope: \$3,910 and \$456, respectively; and, Mr. Faw: \$1,625 and \$220, respectively.

(2) The Company did not issue restricted stock or grant stock options or SARs to any of the Named Executive Officers in fiscal year 1996. At March 31, 1996, restricted stock, with a fair market value equal to \$18.50 per share, was held by Mr. Seamans (199,636 shares of Class B Common Stock valued at \$3,693,266); Mr. Benton (66,468 shares of Class A Common Stock valued at \$1,229,658); and, Mr. Faw (72,500 shares of Class A Common Stock valued at \$1,341,250). Holders of restricted stock are entitled to vote and receive all dividends, if any, paid on such shares.

## STOCK PLANS

Employee Stock Purchase Plan. The Company has reserved an aggregate of 217,950 shares of Class A Common Stock for issuance under the Company's Employee Stock Purchase Plan (the "Purchase Plan"). The Purchase Plan is intended to qualify under Section 423 of the Internal Revenue Code of 1986, as amended (the "Code"), and will permit eligible employees of the Company to purchase Class A Common Stock through payroll deductions of up to 10% (or such larger percentage up to 25%, as the Stock Incentive Committee administering the Purchase Plan may in the future determine) of their compensation, provided that no employee may purchase more than \$10,000 (or such larger amount, up to \$25,000, as the Stock Incentive Committee may, in the future, determine) worth of stock in any calendar year. The Purchase Plan has four three-month offering periods, each beginning on January 1, March 1, July 1 and September 1 of each

44

year, with the first offering period commencing on January 1, 1996. The price of Class A Common Stock purchased under the Purchase Plan will be not less than 85% of the fair market value of the Class A Common Stock on the date of purchase. The Purchase Plan will be administered by the Stock Incentive Committee. The Board will be able to amend or terminate the Purchase Plan at any time. However, the Board will not be able to, without stockholder approval, materially increase the number of shares of Class A Common Stock available for issuance or materially modify the eligibility requirements for participation or the benefits available to participants.

1995 Stock Incentive Plan. The Company has reserved an aggregate of 2,688,050 shares of Class A Common Stock for issuance under the 1995 Stock Incentive Plan (the "Stock Incentive Plan"), which may be granted to employees, officers and non-employee directors of the Company. The maximum number of shares that may be subject to benefits awarded to any participant in any fiscal year will be 200,000 shares. The Stock Incentive Plan will be administered by the Stock Incentive Committee. Members of the Committee will waive the right to participate in the Stock Incentive Plan while serving on the Committee. The Stock Incentive Plan will provide for awards, which may consist of Class A Common Stock, restricted shares of Class A Common Stock ("Restricted Shares"), nonqualified stock options and incentive stock options ("ISOs") to purchase shares of Class A Common Stock, performance awards and stock appreciation rights ("SARs").

The exercise price for options will be payable in cash. Alternatively, with the approval of the Stock Incentive Committee, all or part of the exercise price may be paid by surrendering shares already owned by the optionee, or by instructing the Company to withhold shares of Class A Common Stock otherwise issuable upon exercise of the option. The exercise price per share of Class A Common Stock for each stock option granted under the Stock Incentive Plan may not be less than 85% (100% in the case of an ISO) of the closing price for the Class A Common Stock last reported on the Nasdaq National Market on the date the stock option is granted. The market value of a share of Class A Common Stock on the date an SAR is granted will equal the base value of such SAR. Options and

SARs to be granted under the Stock Incentive Plan must be exercised within ten years from the date of grant and will generally vest in annual installments as determined by the Stock Incentive Committee. In the case of any eligible employee who owns or is deemed to own stock possessing more than 10% of the total combined voting power of all classes of stock of the Company, the exercise price of any ISOs granted under the Stock Incentive Plan may not be less than 110% of the fair market value of the Class A Common Stock on the date of grant, and the exercise period may not exceed five years from the date of grant.

The Board of Directors will be able to terminate or amend the Stock Incentive Plan at any time, except that no such action generally will be able to adversely affect any rights or obligations regarding any awards previously made under the Stock Incentive Plan without the consent of the recipient. In addition, no amendment may be effective without the prior approval of stockholders, if such approval is required for the Stock Incentive Plan to continue to comply with applicable regulations of the Securities and Exchange Commission. In the event of any changes in the capital structure of the Company, such as a stock dividend or split-up, the Board of Directors must make equitable adjustments to outstanding unexercised awards and to the provisions of the Stock Incentive Plan as it deems necessary and appropriate. If the Company becomes a party to a merger, reorganization, liquidation or similar transaction, the Board of Directors may make such arrangements it deems advisable regarding outstanding awards, such as substituting new awards for outstanding awards, assuming outstanding awards or terminating or paying for outstanding awards.

#### 401(K) PLAN

All employees of the Company who are at least 18 years of age and have been employed by the Company for at least 12 consecutive months (at least 1,000 hours of service) are eligible to participate in the Company's 401(k) Profit Sharing Plan (the "401(k) Plan"). Participants may contribute up to the lesser of 15% of their current compensation or the statutorily prescribed annual limit to the 401(k) Plan. Participant contributions are held and invested by the 401(k) Plan's trustees. The 401(k) Plan currently provides that the Company will contribute an amount not to exceed 6% of the participant's compensation for the year. In fiscal 1996, the Company made matching contributions of approximately \$229,000. In addition, the 401(k) Plan allows the

45

Company to make discretionary profit-sharing contributions to participants. Each participant's deferred salary contributions vest immediately, and Company contributions vest over a period of five years. The 401(k) Plan is intended to qualify under Section 401 of the Code so that contributions by participants to the 401(k) Plan, and income earned on plan contributions, are not taxable to participants until withdrawn from the 401(k) Plan.

#### CERTAIN TRANSACTIONS

Since 1984, Melvin J. Simon & Associates, Ltd. has provided accounting and other financial services to the Company. Mr. Simon, a director and the Assistant Secretary and Assistant Treasurer of the Company and a Co-Trustee of the Voting Trust, is the sole owner of Melvin J. Simon & Associates, Ltd. The Company paid Melvin J. Simon & Associates, Ltd. approximately \$88,000, \$88,000 and \$64,000 in fiscal 1994, 1995 and 1996, respectively, for its services. The Company believes that these services are provided on terms no less favorable to the Company than could be obtained from unaffiliated parties.

The Company has granted Robert C. Penny III and Melvin J. Simon, as Trustees of the Voting Trust, certain registration rights with respect to the shares of Common Stock held in the Voting Trust. See "Shares Eligible for Future Sale."

Pursuant to an agreement dated September 13, 1988 between the Company and Richard Riviere, the Vice President of Transaction Services of the Company and President of Conference Plus, Mr. Riviere receives an annual base salary of not less than \$75,000 during his employment with the Company. This agreement also provides Mr. Riviere with a right of first refusal with respect to the Company's interest in Conference Plus in the event the Company decides to sell such interest. In addition, after his employment with the Company terminates, Mr. Riviere has agreed not to compete with the Company for a period of two years.

Pursuant to a contract that expired on January 31, 1996, Florence R. Penny, the mother of Robert C. Penny III, a Co-Trustee of the Voting Trust, and the beneficial owner of shares of Class B Common Stock held in the Voting Trust, received \$63,000 per year for her services as a consultant to the Company.

PRINCIPAL AND SELLING STOCKHOLDERS

The following table sets forth certain information as of May 30, 1996 regarding the beneficial ownership of the Company's Common Stock by (i) each stockholder known by the Company to be the beneficial owner of more than five percent of the outstanding shares of the Company's Common Stock, (ii) each director of the Company, (iii) each Named Executive Officer, (iv) all directors and executive officers of the Company as a group and (v) each of the Selling Stockholders. Except as otherwise indicated, the Company believes that the beneficial owners of the Common Stock listed below, based on information provided by such owners, have sole investment and voting power with respect to such shares, subject to community property laws where applicable.

<TABLE>  
<CAPTION>

PRINCIPAL STOCKHOLDERS, EXECUTIVE OFFICERS AND DIRECTORS	SHARES BENEFICIALLY OWNED PRIOR TO OFFERING			SHARES BENEFICIALLY OWNED AFTER OFFERING (1)				
	PERCENT OF CLASS A	NUMBER OF CLASS A SHARES	PERCENT OF CLASS B	NUMBER OF CLASS B SHARES	PERCENT OF CLASS A	NUMBER OF CLASS A SHARES	PERCENT OF CLASS B	NUMBER OF CLASS B SHARES
Robert C. Penny III.....	--	19,929,396(3)(4)	79.7%	376,458(4)(5)	--	19,552,938	78.2%	
Melvin J. Simon.....	--	20,190,396(3)(4)(6)	80.7%	402,558(4)(5)(7)	--	19,787,838	79.1%	
Gary F. Seamans.....	130,500(8)	1,627,980	6.6%	175,848(5)(9)	117,450	1,465,182	6.0%	
Robert H. Gaynor.....	259,608	--	*	--	259,608	--	*	
Curtis L. Benton.....	818,322	--	*	81,832	736,490	--	*	
Michael F. Lathrope.....	676,280	--	*	67,628	608,652	--	*	
J. William Nelson.....	328,860	--	*	32,886	295,974	--	*	
Robert D. Faw.....	130,500	--	*	13,050	117,450	--	*	
Stephen J. Hawrysz.....	247,544(10)	--	*	22,000	225,544	--	*	
Stefan D. Abrams.....	271,860(11)	--	*	25,000(11)	246,860	--	*	
Michael A. Brunner.....	121,800	--	*	12,180	109,620	--	*	
Paul A. Dwyer.....	11,232(12)	--	*	--	11,232	--	*	
Ormand J. Wade.....	109,620	--	*	10,962	98,658	--	*	
All directors and executive officers as a group (15 persons).....	3,109,002	21,818,376	90.3%	843,944(4)(5)	2,830,414	21,253,020	87.8%	
OTHER SELLING STOCKHOLDERS								
Curtis H. Benton (13)....	78,300	--	*	7,830	70,470	--	*	
Lorinda L. Benton.....	78,300	--	*	7,830	70,470	--	*	
Robert H. Gaynor, Jr. ....	54,926(14)	--	*	5,492(15)	49,434	--	*	
Ronald Koval.....	125,440(16)	--	*	5,400	120,040	--	*	
William V. Rodey, Jr. ....	58,000(17)	--	*	4,504	53,496	--	*	

</TABLE>

\* Less than 1%

(1) Assumes that the Underwriters' over-allotment option to purchase up to 155,000 additional shares from the Company and 226,000 additional shares from the Selling Stockholders is not exercised. If the Underwriters' over-allotment option is exercised in full, Melvin J. Simon will sell an additional 13,050 shares as trustee of a trust for the benefit of Shawn F. Seamans, Gary F. Seamans' son; Gary F. Seamans will sell an additional 81,399 shares for his own account and 6,524 shares on behalf of trusts for the benefit of J. William Nelson's children; Curtis L. Benton will sell an additional 40,916 shares; Michael F. Lathrope will sell an additional

33,814 shares; J. William Nelson will sell an additional 16,443 shares; Stephen J. Hawrysz will sell an additional 1,819 shares; Stefan D. Abrams will sell an additional 10,000 shares as trustee of the Stefan D. Abrams 1996 Charitable Unitrust; Robert D. Faw will sell an additional 6,525 shares; Michael A. Brunner will sell an additional 6,090 shares; Curtis H. Benton will sell an additional 3,915 shares; and Lorinda L. Benton will sell an additional 3,915 shares.

(2) Percentage of beneficial ownership is based on 12,821,606 shares of Class A Common Stock and 21,818,376 shares of Class B Common Stock outstanding as of May 30, 1996 and 15,051,962 shares of Class A Common Stock and 21,253,020 shares of Class B Common Stock outstanding after completion of this offering.

(3) Includes 19,929,396 shares of Class B Common Stock held by Messrs. Penny and Simon as Trustees of the Voting Trust. The Trustees have joint voting and dispositive power over all shares in the Voting Trust. Messrs. Penny and Simon each disclaim beneficial ownership with respect to all shares held in the Voting Trust in which they do not have a pecuniary interest. The Voting Trust contains 6,243,874 shares held for the benefit of Mr. Penny's immediate family and 930,626 shares held for the benefit of Mr. Simon's immediate family. The address for Messrs. Penny and Simon is Melvin J. Simon & Associates, Ltd., 4343 Commerce Court, Suite 114, Lisle, Illinois 60532. See "-- Voting Trust and Stock Transfer Restriction Agreement."

47

(4) Includes the following shares to be sold hereunder: (i) 43,540 shares held by Mr. Simon as trustee of a trust for the benefit of Mr. Penny, (ii) 5,350 shares held by Florence R. Penny, Barbara J. Pruitt and Marlene D. Foskett as trustees of a trust for the benefit of Mr. Penny, (iii) 65,372 shares for Mr. Simon's own account, (iv) 26,100 shares held by Natalie Simon, Melvin J. Simon's wife, as trustee of trusts for the benefit of their children and (v) 44,768 shares held by Mr. Penny for his own account. Immediately prior to this offering, these shares are being distributed from the Voting Trust to these individuals for sale hereunder.

(5) Includes Class A Common Stock issued upon the conversion of shares of Class B Common Stock in connection with this offering.

(6) Includes 261,000 shares held in trust for the benefit of Shawn F. Seamans, Gary F. Seaman's son, for which Mr. Simon is trustee and has sole voting and dispositive power. Mr. Simon disclaims beneficial ownership of these shares.

(7) Includes 26,100 shares being sold by Mr. Simon on behalf of a trust for the benefit of Shawn F. Seamans.

(8) Represents shares held in trusts for the benefit of J. William Nelson's children for which Mr. Seamans is trustee and has sole voting and dispositive power. Mr. Seamans disclaims beneficial ownership of these shares.

(9) Includes (i) 162,798 shares being sold by Mr. Seamans for his own account and (ii) 13,050 shares being sold by Mr. Seamans on behalf of trusts for the benefit of J. William Nelson's children.

(10) Includes 17,400 shares held by Laura Hawrysz, Mr. Hawrysz's wife, as trustee of a trust for the benefit of their children.

(11) Includes 35,000 shares held by the Stefan D. Abrams 1996 Charitable Unitrust, for which Mr. Abrams is trustee, of which 25,000 shares are being sold in this offering.

(12) Includes options to purchase 11,232 shares that are exercisable within 60 days of May 31, 1996, but does not include options to purchase 78,668



shares which are not presently exercisable.

(13) Mr. Curtis H. Benton is an employee of KPINS.

(14) Includes 15,660 shares held by Robert Gaynor, Jr., as trustee of a trust for the benefit of his son.

(15) Includes (i) 3,926 shares being sold by Robert H. Gaynor, Jr. for his own account and (ii) 1,566 shares being sold by Robert H. Gaynor, Jr. on behalf of a trust for the benefit of his son.

(16) Includes 41,760 shares held by Tamara Koval, Mr. Koval's wife, as trustee of a trust for the benefit of the Koval family.

(17) Includes 13,920 shares held by Terry Rodey, Mr. Rodey's wife, as trustee of a trust for the benefit of the Rodey family.

#### VOTING TRUST AND STOCK TRANSFER RESTRICTION AGREEMENT

All Common Stock held for the benefit of members of the Penny family and the Simon family, which immediately following this offering represents 53.9% of the outstanding shares of Common Stock and 78.2% of the voting power of Westell, is held pursuant to a Voting Trust Agreement dated February 23, 1994, as amended, and is registered in the names of Robert C. Penny III and Melvin J. Simon, as Trustees. Under the Voting Trust, the Trustees have all rights of stockholders, including full voting and investment power. All decisions of the Trustees require joint approval. The beneficiaries of the Voting Trust (the "Beneficiaries") receive all cash dividends and distributions paid on the shares held in the Voting Trust. The Beneficiaries may not withdraw shares held in the Voting Trust without the consent of the Trustees. In addition, members of the Penny family may not transfer their beneficial interests in the Voting Trust without complying with the rights of first refusal described below. Beneficiaries representing 75% of the voting power of the shares held in the Voting Trust may amend the Voting Trust or remove the Trustees at any time. The Voting Trust continues until May 2015 unless earlier terminated or extended.

All members of the Penny family who are Beneficiaries under the Voting Trust are parties to a Stock Transfer Restriction Agreement with the Company (the "Stock Transfer Restriction Agreement"). The Stock Transfer Restriction Agreement prohibits, with limited exceptions, such Beneficiaries from transferring any Common Stock or their beneficial interests in the Voting Trust acquired prior to November 30, 1995 without first offering such stock or beneficial interests to the other members of the Penny family. In addition, the Company's Amended Certificate of Incorporation provides that shares of Class B Common Stock are automatically converted into shares of Class A Common Stock if they are transferred to persons other than "permitted transferees." See "Description of Capital Stock" and "Shares Eligible for Future Sale."

#### DESCRIPTION OF CAPITAL STOCK

The authorized capital stock of the Company consists of 43,500,000 shares of Class A Common Stock, 25,000,000 shares of Class B Common Stock and 1,000,000 shares of Preferred Stock, each with a par value of \$0.01 per share. After the completion of this offering, 15,051,962 shares of Class A Common Stock and 21,253,020 shares of Class B Common Stock will be issued and outstanding.

The following description of the capital stock of the Company and certain provisions of the Company's Amended Certificate of Incorporation and By-laws is a summary and is qualified in its entirety by the provisions of the Amended Certificate of Incorporation and By-laws, which have been filed as exhibits to the Company's Registration Statement, of which this Prospectus is a part.

## COMMON STOCK

**Dividends.** Holders of record of shares of Common Stock are entitled to receive such dividends when, if and as may be declared by the Board of Directors out of funds legally available for such purposes. No dividends may be declared or paid on any share of any class of Common Stock, unless such dividend, at the same rate per share, is simultaneously declared or paid on each share of the other class of Common Stock. In the case of a stock dividend or distribution, holders of Class A Common Stock are entitled to receive the same percentage dividend or distribution as holders of Class B Common Stock and vice versa, except that stock dividends and distributions shall be made in shares of Class A Common Stock to the holders of Class A Common Stock and in shares of Class B Common Stock to the holders of Class B Common Stock.

**Voting Rights.** Holders of Class A Common Stock are entitled to one vote per share and holders of Class B Common Stock are entitled to four votes per share. Holders of shares of Common Stock will vote as a single class on all matters submitted to a vote of stockholders except with respect to future issuances of Class B Common Stock and as otherwise required by law. The Amended Certificate of Incorporation provides that all issuances of Class B Common Stock must be approved by the affirmative vote of a majority of each class of Common Stock, voting separately as a class, except with respect to (i) payment of stock dividends on Class B Common Stock and (ii) a stock split, reclassification or other subdivision of the Class B Common Stock. Under Delaware law, the affirmative vote of the holders of a majority of the outstanding shares of any class of Common Stock is required to approve, among other things, a change in the designations, preferences or limitations of the shares of such class of Common Stock.

**Convertibility.** Each share of Class B Common Stock is convertible, at the option of its holder, into one share of Class A Common Stock at any time. The Class A Common Stock is not convertible into Class B Common Stock. Each share of Class B Common Stock shall automatically be converted into one share of Class A Common Stock in the event (i) such share shall be transferred (including, without limitation, by way of sale, assignment, exchange, gift, bequest, appointment or otherwise) to any person or entity other than a "Permitted Transferee" or (ii) the number of shares of Class B Common Stock outstanding at any time is equal to or less than 10% of the total number of outstanding shares of Class B Common Stock and Class A Common Stock. A "Permitted Transferee" includes (i) any other holder of Class B Common Stock, (ii) any member of the Penny family or the Simon family, (iii) Gary F. Seamans, his spouse or any of their descendants and (iv) certain other permitted transferees.

**Liquidation Rights.** Upon liquidation, dissolution or winding-up of the Company, the holders of Class A Common Stock are entitled to share ratably with the holders of Class B Common Stock in all assets available for distributions after payment in full to creditors.

**Other Provisions.** The holders of Common Stock are not entitled to preemptive or subscription rights. In any merger, consolidation or business combination, the consideration to be received per share by holders of Class A Common Stock must be identical to that received by holders of Class B Common Stock. No class of Common Stock may be subdivided, consolidated, reclassified or otherwise changed unless the other class of Common Stock concurrently is subdivided, consolidated, reclassified or otherwise changed in the same proportion and in the same manner. All outstanding shares are, and the shares of Class A Common Stock offered hereby will be upon issuance, validly issued, fully paid and nonassessable.

## PREFERRED STOCK

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

of Preferred Stock could adversely affect the voting power of holders of both classes of Common Stock and the likelihood that such holders will receive dividend payments and payments upon liquidation and could have the effect of delaying, deferring or preventing a change in control of the Company. The Company has no present plan to issue any shares of Preferred Stock.

#### LIMITATION OF LIABILITY AND INDEMNIFICATION MATTERS

The Company's Amended Certificate of Incorporation contains provisions (i) eliminating the personal liability of its directors, officers, employees and other agents for monetary damages resulting from breaches of their fiduciary duty to the fullest extent permitted by the law and (ii) indemnifying its directors and officers to the fullest extent permitted by the General Corporation Law of Delaware. These provisions in the Amended Certificate of Incorporation do not eliminate the duty of care and, in appropriate circumstances, equitable remedies such as an injunction or other forms of non-monetary relief would remain available under Delaware law. Each director will continue to be subject to liability for breach of a director's duty of loyalty to the Company or its stockholders, for acts or omissions not in good faith or involving intentional misconduct, for knowing violations of law, for any transaction from which the director derived an improper personal benefit and for improper distributions to stockholders. These provisions also do not affect a director's responsibilities under any other laws, such as the federal securities laws or state or federal environmental laws.

The Company's Amended Certificate of Incorporation and By-laws also permit it to secure insurance on behalf of any person it is required or permitted to indemnify for any liability arising out of his or her actions in such capacity, regardless of whether Delaware Law would permit indemnification. The Company maintains liability insurance for its directors and officers.

At present, except for the lawsuit described in "Business -- Legal Proceedings," there is no pending litigation or proceeding involving any director, officer, employee or agent of the Company where indemnification will be required or permitted and the Company is not aware of any other threatened litigation or proceeding that might result in a claim for such indemnification.

#### ANTITAKEOVER EFFECTS OF PROVISIONS OF AMENDED CERTIFICATE OF INCORPORATION, BY-LAWS AND DELAWARE LAW

The Company's Amended Certificate of Incorporation or By-laws, as applicable, among other things, (i) limit the right of stockholders to call special stockholders meetings, (ii) require stockholders to follow an advance notification procedure for certain stockholder nominations of candidates to the Board of Directors and for new business to be conducted at stockholders meetings, and (iii) provide that the Board of Directors, without action by the stockholders, may issue and fix the rights and preferences of shares of Preferred Stock. These provisions may have the effect of delaying, deferring or preventing a change of control of the Company without further action by the stockholders, may discourage bids for the Class A Common Stock at a premium over the market price of the Class A Common Stock, may adversely affect the market price of, and the voting and other rights of, the holders of the Class A Common Stock and could have the effect of discouraging certain attempts to acquire the Company or remove incumbent management or members of the Company's Board of Directors even if some or a majority of the Company's stockholders deemed such an attempt to be in their best interests.

The Company is subject to Section 203 of the Delaware General Corporation Law ("Section 203"). Section 203 prohibits a publicly held Delaware corporation from engaging in a "business combination" with an "interested stockholder" for a period of three years after the date of the transaction in which the person became an interested stockholder, unless (i) prior to such date, the board of directors of the corporation approves either the business combination or the transaction which resulted in the stockholder becoming an interested stockholder, (ii) upon consummation of the transaction which resulted in the stockholder becoming

an interested stockholder, the interested stockholder owns at least 85% of the outstanding voting stock (excluding certain shares held by persons who are both directors and officers of the corporation and certain employee stock plans), or (iii) on or after the consummation date, the business combination is approved by the board of directors and by the affirmative vote of at least 66 2/3% of the outstanding voting stock that is not owned by the interested stockholder. For

purposes of Section 203, a "business combination" includes, among other things, a merger, asset sale or other transaction resulting in a financial benefit to the interested stockholder, and an "interested stockholder" is generally a person who, together with affiliates and associates, owns (or within three years, owned) 15% or more of the corporation's voting stock.

#### TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Common Stock is LaSalle National Trust, N.A.

51

#### SHARES ELIGIBLE FOR FUTURE SALE

Upon completion of this offering, the Company will have outstanding 15,051,962 shares of Class A Common Stock and 21,253,020 shares of Class B Common Stock (15,303,001 shares of Class A Common Stock and 21,156,981 shares of Class B Common Stock if the Underwriters' over-allotment option is exercised in full). All outstanding shares of Class A and Class B Common Stock will either be freely tradeable in the public market or eligible for immediate public sale subject (i) in the case of 19,552,938 shares held pursuant to the Voting Trust, to certain rights of first refusal held by members of the Penny family, (ii) in the case of certain shares, to the volume and manner of sale limitations imposed by Rule 144 under the Securities Act and (iii) in the case of certain shares, the lock-up agreements described below. The Class B Common Stock is convertible on a share-for-share basis into Class A Common Stock and must be converted to effect any public sale of such stock.

In general, under Rule 144, as currently in effect, a person (or persons whose shares are aggregated) who is an affiliate of the Company or who has beneficially owned restricted securities, which are issued and sold in reliance upon exemptions from registration under the Securities Act, for at least two years is entitled to sell within any three-month period a number of shares that does not exceed the greater of 1% of the then outstanding shares of Common Stock or the average weekly trading volume in the Common Stock during the four calendar weeks preceding the filing of a notice of intent to sell. Sales under Rule 144 are also subject to certain manner-of-sale provisions, notice requirements and the availability of current public information about the Company. However, a person who is not deemed to have been an "affiliate" of the Company at any time during the three months preceding a sale, and who has beneficially owned restricted securities for at least three years, would be entitled to sell such shares under Rule 144 without regard to volume limitations, manner-of-sale provisions, notice requirements or the availability of current public information about the Company.

The Selling Stockholders and all of the directors and executive officers of the Company holding in the aggregate 24,937,806 shares of Common Stock upon completion of this offering have agreed, subject to certain limited exceptions, not to sell or offer to sell or otherwise dispose of the shares of Common Stock currently held by them, any options or warrants to purchase any shares of Common Stock or any securities convertible into or exchangeable for any shares of Common Stock for a period of 90 days after the date of this Prospectus without the prior written consent of Montgomery Securities. Montgomery Securities may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to these lock-up agreements. In addition, the Company has agreed that for a period of 90 days after the date of this Prospectus it will not, without the consent of Montgomery Securities, issue, offer, sell, grant options to purchase or otherwise dispose of any equity securities or securities convertible into or exchangeable for equity securities except for shares of Class A Common Stock offered hereby and shares issued pursuant to the Purchase Plan and the Stock Incentive Plan.

Robert C. Penny III and Melvin J. Simon, the Trustees under the Voting Trust, which holds 19,552,938 shares of Class B Common Stock, or 53.9% of the shares of Common Stock outstanding after this offering, have entered into a Registration Rights Agreement with the Company under which the Trustees have certain rights to require the Company to register the Class A Common Stock into which such shares of Class B Common Stock are convertible for sale under the

Securities Act (the "Registration Rights Agreement"). The Registration Rights Agreement grants the Trustees the right to require the Company to file three registration statements on Form S-1 and additional registration statements on Form S-3 covering sales of such shares. In addition, if the Company proposes to register any of its securities for sale under the Securities Act, the Trustees are entitled to notice of such registration and to include their shares in such registration, subject to the right of the participating underwriters to limit the number of shares owned by the Trustees included in such registration. All expenses related to such registration statements, excluding underwriting discounts, will be paid by the Company, and the Company and the Trustees have agreed to indemnify each other against certain liabilities, including liabilities under the Securities Act.

52

The Company has filed a registration statement on Form S-8 covering 2,663,426 shares of Class A Common Stock reserved for issuance under the Stock Incentive Plan and 213,532 shares of Class A Common Stock reserved for issuance under the Stock Purchase Plan. Shares of Class A Common Stock issued under the Stock Purchase Plan and the Stock Incentive Plan will be freely tradeable in the public market, subject in the case of affiliates to the amount, manner of sale, notice and public information requirements of Rule 144. See "Management -- Stock Plans."

53

#### UNDERWRITING

Montgomery Securities, Cowen & Company and Punk, Ziegel & Knoell, L.P. (the "Underwriters"), have severally agreed, subject to the terms and conditions set forth in the Underwriting Agreement, to purchase from the Company and the Selling Stockholders the number of shares of Class A Common Stock indicated below opposite their respective names at the initial public offering price less the underwriting discount set forth on the cover page of this Prospectus. The Underwriting Agreement provides that the obligations of the Underwriters are subject to certain conditions precedent and that the Underwriters are committed to purchase all of such shares, if any are purchased.

<TABLE>  
<CAPTION>

UNDERWRITER	NUMBER OF SHARES
-----	-----
<S>	<C>
Montgomery Securities.....	
Cowen & Company.....	
Punk, Ziegel & Knoell, L.P. ....	
	-----
Total.....	2,540,000
	=====

</TABLE>

The Underwriters have advised the Company that they initially propose to offer the Class A Common Stock to the public on the terms set forth on the cover page of this Prospectus. The Underwriters may allow to selected dealers a concession of not more than \$ per share, and the Underwriters may allow, and such dealers may reallow, a concession of not more than \$ per share to certain other dealers. After the offering, the offering price and other selling terms may be changed by the Underwriters. The Class A Common Stock is offered subject to receipt and acceptance by the Underwriters and to certain other conditions, including the right to reject orders in whole or in part.

The Company and the Selling Stockholders have granted an option to the Underwriters, exercisable during the 30-day period after the date of this Prospectus, to purchase up to a maximum of 155,000 and 226,000 additional shares of Class A Common Stock, respectively, to cover over-allotments, if any, at the same price per share as the initial 2,540,000 shares to be purchased by the Underwriters. To the extent the Underwriters exercise this option, each of the Underwriters will be committed, subject to certain conditions, to purchase such additional shares in approximately the same proportion as set forth in the above table. The Underwriters may purchase such shares only to cover over-allotments made in connection with this offering.

The Selling Stockholders and all of the directors and executive officers of the Company have agreed, subject to certain limited exceptions, not to sell or

offer to sell or otherwise dispose of the shares of Common Stock currently held by them, any options or warrants to purchase any shares of Common Stock or any securities convertible into or exchangeable for any shares of Common Stock for a period of 90 days after the date of this Prospectus without the prior written consent of Montgomery Securities. Montgomery Securities may, in its sole discretion and at any time without notice, release all or any portion of the securities subject to these lock-up agreements. In addition, the Company has agreed that for a period of 90 days after the date of this Prospectus it will not, without the consent of Montgomery Securities, issue, offer, sell, grant options to purchase or otherwise dispose of any equity securities or securities convertible into or exchangeable for equity securities except for shares of Class A Common Stock offered hereby and shares issued pursuant to the Purchase Plan and the Stock Incentive Plan. See "Management -- Stock Plans."

The Underwriting Agreement provides that the Company and the Selling Stockholders will indemnify the Underwriters and their controlling persons against certain liabilities, including civil liabilities under the Securities Act, or will contribute to payments the Underwriters may be required to make in respect thereof.

In connection with this offering, the Underwriters and selling group members, if any, may engage in passive market making transactions in the Class A Common Stock on the Nasdaq National Market in accordance with Rule 10b-6A under the Exchange Act. Passive market making consists of displaying bids on the Nasdaq National Market limited by the prices of independent market makers and effecting purchases limited by such prices and in response to order flow. Net purchases by a passive market maker on each day are limited in amount to a specified percentage of the passive market maker's average daily trading volume in the

54

Class A Common Stock during a specified prior period and must be discontinued when such limit is reached. Passive market making may stabilize the market price of the Class A Common Stock at a level above that which might otherwise prevail and, if commenced, may be discontinued at any time.

#### LEGAL MATTERS

The validity of the shares of Class A Common Stock offered hereby will be passed upon for the Company and the Selling Stockholders by McDermott, Will & Emery, Chicago, Illinois. Irving S. Fishman, a former director of the Company and of counsel to McDermott, Will & Emery, owns 48,720 shares of Class A Common Stock and Neal J. White, a partner at McDermott, Will & Emery, owns 1,500 shares of Class A Common Stock. Certain legal matters in connection with this offering will be passed upon for the Underwriters by Wilson Sonsini Goodrich & Rosati, Professional Corporation, Palo Alto, California. See "Principal and Selling Stockholders."

#### EXPERTS

The audited Consolidated Financial Statements and schedule of the Company included in this Prospectus and appearing in the Registration Statement (as defined below) have been audited by Arthur Andersen LLP, independent public accountants, as set forth in their report thereon appearing elsewhere herein, and are included in reliance upon the authority of such firm as experts in giving said reports.

#### AVAILABLE INFORMATION

The Company is subject to the informational requirements of the Exchange Act and in accordance therewith files reports, proxy statements and other information with the Securities and Exchange Commission (the "Commission"). Such reports, proxy statements and other information can be inspected at the public reference facilities maintained by the Commission at 450 Fifth Street N.W., Washington, D.C. 20549, and at the Commission's regional offices at 500 West Madison Street, Chicago, IL 60661, and 7 World Trade Center, New York, NY 10048. Copies of such material can also be obtained from the Public Reference Section of the Commission at 450 Fifth Street, N.W., Washington, D.C. 20549, at prescribed rates.

The Company has filed with the Commission, a Registration Statement on Form S-1 (together with all amendments, schedules and exhibits thereto, the

"Registration Statement") under the Securities Act with respect to the Class A Common Stock offered hereby. This Prospectus, which constitutes a part of the Registration Statement, does not contain all of the information set forth in the Registration Statement, certain parts of which are omitted in accordance with the rules and regulations of the Commission. For further information with respect to the Company and the Class A Common Stock offered hereby, reference is made to the Registration Statement. Statements made in this Prospectus as to the contents of any contract, agreement or other document are not necessarily complete; with respect to each such contract, agreement or other document filed as an exhibit to the Registration Statement, reference is made to the exhibit for a more complete description of the matter involved, and each such statement shall be deemed qualified in its entirety by such reference.

55

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

INDEX TO CONSOLIDATED FINANCIAL STATEMENTS

<TABLE>  
<CAPTION>

	PAGE
	----
<S>	<C>
Report of Independent Public Accountants.....	F-2
Consolidated Balance Sheets -- March 31, 1995 and 1996.....	F-3
Consolidated Statements of Operations for the years ended	
March 31, 1994, 1995 and 1996.....	F-4
Consolidated Statements of Stockholders' Equity for the years ended	
March 31, 1994, 1995 and 1996.....	F-5
Consolidated Statements of Cash Flows for the years ended	
March 31, 1994, 1995 and 1996.....	F-6
Notes to Consolidated Financial Statements.....	F-7

</TABLE>

F-1

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited the accompanying consolidated balance sheets of Westell Technologies, Inc. (a Delaware corporation) and Subsidiaries as of March 31, 1995 and 1996 and the related consolidated statements of operations, stockholders' equity and cash flows for each of the three years in the period ended March 31, 1996. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Westell Technologies, Inc. and Subsidiaries as of March 31, 1995 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended March 31, 1996, in conformity with generally accepted accounting principles.

ARTHUR ANDERSEN LLP

Chicago, Illinois  
May 21, 1996

F-2

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

## ASSETS

<TABLE>  
<CAPTION>

	MARCH 31,			
	1995	1996		
	(IN THOUSANDS)			
	<C>	<C>		
<S>				
Current assets:				
Cash and cash equivalents.....	\$ 450	\$21,789		
Accounts receivable (net of allowance of \$364,000 and \$462,000, respectively).....	12,613	10,217		
Inventories.....	14,209	10,684		
Prepaid expenses and deposits.....	609	745		
Refundable income taxes.....	195	444		
Deferred income tax asset.....	2,400	1,868		
Land and building construction held for sale.....	--	4,431		
	-----	-----		
Total current assets.....	30,476	50,178		
	-----	-----		
Property and equipment:				
Machinery and equipment.....	8,762	9,933		
Office, computer and research equipment.....	7,136	11,520		
Leasehold improvements.....	1,287	1,387		
	-----	-----		
	17,185	22,840		
Less accumulated depreciation and amortization.....	7,499	11,188		
	-----	-----		
Property and equipment, net.....	9,686	11,652		
	-----	-----		
Deferred income tax asset and other assets.....	114	2,618		
	-----	-----		
Total assets.....	\$40,276	\$64,448		
	=====	=====		

## LIABILITIES AND STOCKHOLDERS' EQUITY

Current liabilities:				
Accounts payable.....	\$ 9,383	\$ 7,643		
Accrued expenses.....	3,341	3,899		
Accrued compensation.....	3,087	2,995		
Current portion of long-term debt.....	1,332	1,591		
Revolving promissory notes.....	11,089	--		
Construction Financing.....	--	2,968		
Deferred revenue.....	964	2,341		
	-----	-----		
Total current liabilities.....	29,196	21,437		
	-----	-----		
Long-term debt.....	2,797	2,836		
	-----	-----		
Other long-term liabilities.....	525	1,040		
	-----	-----		
Deferred income taxes.....	200	150		
	-----	-----		
Commitments and contingencies				
Stockholders' equity:				
Class A common stock, par \$0.01.....	289	128		
Authorized -- 43,500,000 shares				
Issued and outstanding -- 28,928,196 at March 31, 1995 and 12,801,606 at March 31, 1996				
Class B common stock, par \$0.01.....	--	218		
Authorized -- 25,000,000 shares				
Issued and outstanding -- 21,838,376 shares at March 31, 1996				
Preferred stock, par \$0.01.....	--	--		
Authorized -- 1,000,000 shares				
Issued and outstanding -- none				
Additional paid-in capital.....	781	34,285		
Cumulative translation adjustment.....	--	(59)		
Retained earnings.....	6,488	4,413		
	-----	-----		
Total stockholders' equity.....	7,558	38,985		
	-----	-----		
Total liabilities and stockholders' equity.....	\$40,276	\$64,448		
	=====	=====		



</TABLE>

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

F-3

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

<TABLE>

<CAPTION>

	FISCAL YEAR ENDED MARCH 31,		
	1994	1995	1996
	(IN THOUSANDS, EXCEPT PER SHARE DATA)		
<S>	<C>	<C>	<C>
Revenues.....	\$51,051	\$74,029	\$83,236
Cost of goods sold.....	30,250	44,494	50,779
Gross margin.....	20,801	29,535	32,457
Operating expenses:			
Sales and marketing.....	8,068	12,169	13,744
Research and development.....	7,695	10,843	12,603
General and administrative.....	5,502	6,701	8,364
Total operating expenses.....	21,265	29,713	34,711
Operating loss from continuing operations.....	(464)	(178)	(2,254)
Other income (expense), net.....	(36)	34	(226)
Interest expense.....	176	769	859
Loss from continuing operations before taxes.....	(676)	(913)	(3,339)
Benefit for income taxes.....	(989)	(788)	(1,886)
Income (loss) from continuing operations.....	313	(125)	(1,453)
Loss from discontinued operations (net of tax benefits of \$63,000, \$243,000 and \$394,000, respectively).....	(100)	(383)	(622)
Net income (loss).....	\$ 213	\$ (508)	\$ (2,075)
Income (loss) per share:			
Continuing operations.....	\$ 0.01	\$ (0.01)	\$ (0.05)
Discontinued operations.....	(0.00)	(0.01)	(0.02)
Net income (loss) per share.....	\$ 0.01	\$ (0.02)	\$ (0.07)
Average number of common shares outstanding.....	28,486	28,952	30,846

</TABLE>

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

F-4

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY

<TABLE>

<CAPTION>

COMMON STOCK SHARES ISSUED AND OUTSTANDING		PAR VALUE	ADDITIONAL PAID-IN CAPITAL	CUMULATIVE TRANSLATION ADJUSTMENT	TOTAL RETAINED EARNINGS	STOCKHOLDERS' EQUITY
CLASS A	B	CLASS A	CLASS B			

	(IN THOUSANDS)									
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, March 31, 1993 (adjusted for 2 for 1 stock split effected June 7, 1996).....	28,304	--	\$ 283	\$ --	\$ 653	\$ --	\$ 6,783	\$ 7,719		
Net income.....	--	--	--	--	--	213	213			
Stock awards.....	624	--	6	--	64	--	--	70		
Balance, March 31, 1994.....	28,928	--	289	--	717	--	6,996	8,002		
Net loss.....	--	--	--	--	--	(508)	(508)			
Stock awards.....	--	--	--	--	64	--	--	64		
Balance, March 31, 1995.....	28,928	--	289	--	781	--	6,488	7,558		
Net loss.....	--	--	--	--	--	(2,075)	(2,075)			
Stock awards.....	--	--	--	--	68	--	--	68		
Translation adjustment.....	--	--	--	--	--	(59)	--	(59)		
Class B Stock Converted to Class A Stock.....	52	(52)	1	(1)	--	--	--	--		
Issuance of Class A Common Stock.....	5,683	--	57	--	33,203	--	--	33,260		
Shares granted under Stock Incentive Plan.....	25	--	--	--	164	--	--	164		
Shares sold under Employee Stock Purchase Plan.....	4	--	--	--	69	--	--	69		
Recapitalization.....	(21,890)	21,890	(219)	219	--	--	--	--		
Balance, March 31, 1996.....	12,802	21,838	\$ 128	\$ 218	\$ 34,285	\$(59)	\$ 4,413	\$ 38,985		

</TABLE>

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

F-5

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

<TABLE>  
<CAPTION>

	FISCAL YEAR ENDED MARCH 31,		
	1994	1995	1996
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Cash flows from operating activities:			
Net income (loss).....	\$ 213	\$ (508)	\$(2,075)
Reconciliation of net income to net cash provided by (used in) operating activities:			
Depreciation and amortization.....	1,732	3,355	4,286
Stock awards.....	70	64	232
Deferred taxes.....	(217)	(1,527)	(2,080)
Change in assets and liabilities:			
(Increase) decrease in accounts receivable.....	(3,677)	(5,642)	2,359
(Increase) decrease in inventories.....	(3,883)	(3,285)	3,509
(Increase) decrease in prepaid expenses and deposits.....	(395)	26	(136)
(Increase) decrease in refundable income taxes.....	(868)	823	(249)
Increase (decrease) in accounts payable and accrued expenses.....		3,286	6,066
Increase (decrease) in accrued compensation.....	133	1,496	(92)
Increase (decrease) in deferred revenues.....	7,179	(6,215)	1,377
Net cash provided by (used in) operating activities....	3,573	(5,347)	6,464
Cash flows from investing activities:			
Purchases of property and equipment.....	(1,535)	(4,913)	(4,529)
Proceeds from sale of equipment.....	--	263	--
Long term equipment deposit.....	(1,396)	1,396	--
(Increase) decrease in other assets.....	(38)	(75)	58
Purchase of land held for sale.....	--	--	(1,463)

Net cash used in investing activities.....	(2,969)	(3,329)	(5,934)
-----			
Cash flows from financing activities:			
Net borrowings (repayment) under revolving promissory notes....	--	9,389	(11,089)
Repayment of long-term debt and leases payable	(528)	(897)	(1,425)
Proceeds from issuance of Common Stock.....	--	--	33,329
-----			
Net cash provided by (used in) financing activities....	(528)	8,492	20,815
-----			
Effect of exchange rate changes on cash.....	--	--	(6)
Net increase (decrease) in cash and cash equivalents...	76	(184)	21,339
Cash and cash equivalents, beginning of period.....	558	634	450
-----			
Cash and cash equivalents, end of period.....	\$ 634	\$ 450	\$21,789
=====			

</TABLE>

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

F-6

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1. SUMMARY OF ACCOUNTING POLICIES:

Description of Business

Westell Technologies, Inc. (the "Company") is a holding company. Its wholly owned subsidiary, Westell, Inc., designs, manufactures and distributes telecommunications equipment which is sold primarily to major telephone companies. Westell International, Inc., a wholly owned subsidiary of the Company established in fiscal 1993, and Westell Europe, Ltd., a wholly owned subsidiary of Westell International, Inc., market and distribute the Westell, Inc. product line in international markets. Conference Plus, Inc., an 89.2%-owned subsidiary, provides teleconferencing services to various customers. Video Conference Plus, Inc., a wholly owned subsidiary of Conference Plus, Inc., markets video teleconferencing equipment and services to various customers. KeyPrestige Information Network Systems, Inc., an 88%-owned subsidiary established in fiscal 1993 ("KPINS"), utilizes electronic networks to process business transactions for various customers. The Company has a majority interest in Westell-Meridian LLC, established in fiscal 1996 for the purpose of developing a new corporate facility site (see Note 5).

Principals of Consolidation

The accompanying Consolidated Financial Statements include the accounts of the Company and its subsidiaries. All significant intercompany accounts and transactions have been eliminated in consolidation.

Cash and Cash Equivalents

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

Inventories

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

<TABLE>  
<CAPTION>

MARCH 31,	
-----	
1995	1996
-----	
(IN THOUSANDS)	

<S>	<C>	<C>
Raw materials.....	\$ 8,896	\$ 6,784
Work in process.....	1,057	845
Finished goods.....	5,256	4,205
Reserve for excess and obsolete inventory.....	(1,000)	(1,150)
	-----	-----
	\$14,209	\$10,684
	=====	=====

</TABLE>

#### Property and Equipment

Property and equipment are stated at cost. Depreciation is provided over the estimated useful lives of the assets which range from 3 to 10 years using the straight-line method for financial reporting purposes and accelerated methods for tax purposes. Leasehold improvements are amortized over the lives of the respective leases.

F-7

### WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

##### NOTE 1. SUMMARY OF ACCOUNTING POLICIES: (CONTINUED)

###### Revenue Recognition

Revenue is generally recognized upon shipment of product. On certain sales contracts, revenue is not recognized until specific customer product acceptance terms have been met.

###### Product Warranties

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

###### Deferred Revenue

Deferred revenue represents prepayments for goods or services.

###### Research and Development Costs

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

###### Supplemental Cash Flow Disclosures

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

<TABLE>

<CAPTION>

	MARCH 31,		
	1994	1995	1996
	-----	-----	-----
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Schedule of noncash investing and financing activities:			
Property purchased under equipment notes.....	\$3,165	\$1,275	\$1,581
Construction held for sale financed with construction loan.....	--	--	2,968
Property purchased under capital leases.....	--	412	142
Cash paid for:			
Interest.....	228	850	1,023
Taxes.....	32	49	419
	=====	=====	=====

</TABLE>

#### Disclosures About Fair Value of Financial Instruments

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

Cash, trade receivables and trade payables: the carrying amounts approximate fair value because of the short maturity of these items.

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

#### Use of Estimates

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

F-8

### WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

##### NOTE 1. SUMMARY OF ACCOUNTING POLICIES: (CONTINUED)

###### Foreign Currency Translation

The financial position and the results of operations of the Company's foreign subsidiary are measured using local currency as the functional currency. Assets and liabilities of this subsidiary are translated at the exchange rate in effect at the end of each period. Income statement accounts are translated at the average rate of exchange prevailing during the period. Translation adjustments arising from differences in exchange rates from period to period are included in the foreign currency translation adjustments account in stockholders' equity.

The Company recorded a transaction loss of \$270,000 in other income (expense) for fluctuations on foreign currency rates on accounts receivable in the fiscal year ended March 31, 1996.

###### Computation of Net Income (Loss) Per Share

Net income (loss) per share is computed using the weighted average number of common shares outstanding during the period. These shares have been included in the computation of net income (loss) per share. The computations for net income (loss) per share reflect the retroactive restatement for the 2-for-1 stock split in the form of a dividend to holders of record on May 20, 1996 and effected on June 7, 1996.

###### Geographic Information

The Company's financial information by geographic area was as follows for the year ended March 31, 1996:

<TABLE>

<CAPTION>

	DOMESTIC	INTERNATIONAL	TOTAL
	-----	-----	-----
	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Revenue.....	\$ 63,445	\$19,791	\$83,236
Operating income (loss) from continuing operations.....	(6,191)	3,937	(2,254)
Identifiable assets.....	57,623	6,825	64,448
	=====	=====	=====

</TABLE>

##### NOTE 2. REVOLVING PROMISSORY NOTES:

The Company has secured revolving promissory notes with a bank which enable the Company to borrow up to \$14.6 million and \$18.5 million as of March 31, 1995 and 1996, respectively, and are due on demand. The notes bear interest at the

bank's prime rate (9.0% and 8.25% at March 31, 1995 and 1996, respectively), and are secured by substantially all of the assets of the Company. At March 31, 1995 and 1996, the Company had \$11.1 million and \$0 million borrowed under the revolving notes, respectively. The Company also had an available equipment line of \$3.0 and \$6.4 million with the same bank as of March 31, 1995 and 1996, respectively. Borrowings under this line totaled \$1.8 million and \$3.8 million at March 31, 1995 and 1996, respectively, and are included as installment notes payable to a bank described in Note 3.

Subsequent to year-end, the above credit facilities were renewed to allow the Company to borrow up to \$25.0 million for working capital and equipment purchases. Under the renewed credit facilities, the Company is required to provide a guaranty of up to \$3.0 million on the construction financing procured by Westell-Meridian LLC. See Note 5.

F-9

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 3. LONG-TERM DEBT:

Long-term debt consists of the following:

<TABLE>  
<CAPTION>

	MARCH 31,	
	1995	1996
	-----	-----
	(IN THOUSANDS)	
	<C>	<C>
Note payable to Kendall County, 5%, secured by substantially all assets of the Company, due through 1998.....	\$ 131	\$ 85
Capitalized lease obligations secured by related equipment...	521	504
Installment notes payable to a bank, interest at prime, secured by substantially all assets of the Company, due through November 2000.....	3,477	3,838
	-----	-----
	4,129	4,427
Less current portion.....	1,332	1,591
	-----	-----
	\$2,797	\$2,836
	=====	=====

</TABLE>

Future maturities of long-term debt at March 31, 1996 are as follows (in thousands):

<TABLE>

	<C>
1997.....	\$1,591
1998.....	1,512
1999.....	728
2000.....	397
2001.....	199
	-----
	\$4,427
	=====

</TABLE>

NOTE 4. INCOME TAXES:

Income taxes are provided based upon income reported for financial reporting purposes using the provisions of Financial Accounting Standards Board Statement No. 109, Accounting for Income Taxes, which requires the liability method. The income tax provisions (benefits) charged to net income are summarized as follows:

<TABLE>  
<CAPTION>

	FISCAL YEAR ENDED MARCH 31,		
	1994	1995	1996
	-----	-----	-----

	(IN THOUSANDS)		
<S>	<C>	<C>	<C>
Federal:			
Current.....	\$ (669)	\$ 300	\$ --
Deferred.....	(173)	(1,161)	(1,965)
	(842)	(861)	(1,965)
State:			
Current.....	(167)	--	--
Deferred.....	(43)	(171)	(315)
	(210)	(171)	(315)
Total.....	\$ (1,052)	\$ (1,032)	\$ (2,280)

</TABLE>

The Company utilizes the flow-through method to account for tax credits. In fiscal 1994, 1995 and 1996, the Company utilized approximately \$724,000, \$632,000 and \$790,000, respectively, of tax credits.

F-10

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 4. INCOME TAXES: (CONTINUED)

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

<TABLE>  
<CAPTION>

	FISCAL YEAR ENDED MARCH 31,		
<S>	1994	1995	1996
<C>	<C>	<C>	<C>
Statutory federal income tax rate.....	(34.0)%	(34.0)%	(34.0)%
Meals and entertainment.....	2.9	5.3	1.9
State income tax, net of federal tax effect.....	(4.9)	(4.9)	(4.9)
Income tax credits utilized.....	(86.3)	(41.1)	(18.2)
Other.....	(3.1)	7.7	2.8
	(125.4)%	(67.0)%	(52.4)%

</TABLE>

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

<TABLE>  
<CAPTION>

	MARCH 31,	
<S>	1995	1996
<C>	<C>	<C>
Deferred income tax assets:		
Allowance for doubtful accounts.....	\$ 155	\$ 189
Alternative minimum tax credit.....	486	321
Research and development credit carryforward.....	500	1,501
Compensation accruals.....	260	246
Inventory reserves.....	486	617
Warranty reserve.....	407	419
Net operating loss carryforward.....	--	740
Reserve for discontinued operations.....	--	330
Other.....	306	67
	2,600	4,430

Deferred income tax liabilities:

Property and equipment.....	112	--
Other.....	288	150
	-----	-----
	400	150
	-----	-----
Net deferred income tax asset.....	\$2,200	\$4,280
	=====	=====

</TABLE>

Management has not recorded a valuation allowance because it believes that the deferred tax asset will be fully realized based on current estimates of future taxable income, future reversals of existing taxable temporary differences or available tax planning strategies.

The Company has approximately \$1.8 million in income tax credit carryforwards and a \$1.9 million net operating loss carryforward that are available to offset taxable income in the future. The tax credit carryforwards begin to expire in 2009 and the net operating loss carryforward expires in 2011.

NOTE 5. LEASE COMMITMENTS:

The Company has agreements to lease a manufacturing facility and several office facilities through 2000. In addition, the leases require the Company to pay utilities, insurance and real estate taxes on the facilities. The current manufacturing facility lease expires in 2002. The Company has the option to terminate this lease in 1997 and can purchase the facility at any time at fair market value.

F-11

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 5. LEASE COMMITMENTS: (CONTINUED)

Total minimum future rental payments at March 31, 1996 are as follows (in thousands):

<TABLE>	
<S>	<C>
1997.....	\$1,013
1998.....	840
1999.....	337
2000.....	265
2001.....	--
Thereafter.....	--
	-----
	\$2,455
	=====

</TABLE>

In September 1995, the Company entered into an agreement to form a limited liability company, Westell-Meridian LLC ("LLC"), for the purpose of developing a 16.4 acre site in Aurora, Illinois into a 173,000 square foot corporate facility to house manufacturing, engineering, sales, marketing and administration. In connection therewith, the Company currently has a 98% ownership interest in the LLC, which will gradually decrease to a 60% ownership interest as the other LLC member increases its capital contribution to the LLC by contributing its development fees for the new facility, as earned. In addition, the Company has a reimbursement obligation with respect to an irrevocable letter of credit issued for the Company's account in the amount of \$952,000, due on or before September 30, 1996, which represents the Company's capital contribution to the LLC.

In September 1995, the Company advanced the LLC \$1.4 million for the purchase of land in the form of a short-term note which bears interest at the prime rate (8.25% at March 31, 1996). The note and accrued interest become due and payable from proceeds of construction financing. This note has been eliminated in consolidation as of March 31, 1996. During fiscal 1996 the LLC began construction of the facility and as of March 31, 1996 \$3.0 million of construction costs and \$1.4 million of land are included in Land and building construction held for sale in the accompanying balance sheet. It is managements' current intention to sell its interest in this property when construction is completed, repay any financing and lease the facility from a third party.

In addition, in September 1995, the Company entered into a 15 year lease



with the LLC for the facility being developed by the LLC. Lease payments will be based upon construction costs and permanent financing arrangements and will be determined upon building completion.

NOTE 6. CAPITAL TRANSACTIONS AND STOCK RESTRICTION AGREEMENTS:

The members of the Penny family (major stockholders) have a Stock Transfer Restriction Agreement which prohibits, with limited exceptions, such members from transferring their Common Stock acquired prior to November 30, 1995, without first offering such stock to the other members of the Penny family. A total of 18,998,770 shares of Common Stock are subject to this Stock Transfer Restriction Agreement.

During fiscal 1994, common stock awards equal to 312,330 shares were granted by the Company to certain employees. The number of restricted shares vested at March 31, 1994, 1995 and 1996 for these stock awards and others previously granted was 397,565; 674,724 and 740,807 shares, respectively. The Company valued the stock awards granted during fiscal 1994 at \$1.03 per share. This valuation was based on independent appraisals done at the approximate date of the grants. Compensation expense of \$70,000, \$64,000 and \$68,000 was recognized in fiscal 1994, 1995, 1996, respectively, based on the fair market value of the shares granted. The remaining compensation expense to be recognized is \$117,000 which will be recognized through fiscal 1998 as the stock awards vest. In addition, the Company granted additional compensation to

F-12

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 6. CAPITAL TRANSACTIONS AND STOCK RESTRICTION AGREEMENTS: (CONTINUED)

reimburse certain individuals for related income taxes on stock awards granted during fiscal 1994 in the amount of \$244,000.

On May 8, 1996, the Board of Directors authorized a two-for-one stock split in the form of a dividend to be distributed on June 7, 1996, to stockholders of record on May 20, 1996. All references in the financial statements to number of shares and per share amounts of the Company's common stock have been retroactively restated to reflect the two-for-one stock split.

NOTE 7. BENEFIT PLAN:

The Company sponsors a 401(k) benefit plan (the "Plan") which covers substantially all of its employees. The Plan is a salary reduction plan which allows employees to defer up to 15% of wages subject to Internal Revenue Service allowed limits. The Plan also allows for Company discretionary contributions. The Company provided for discretionary and matching contributions to the Plan totaling \$260,000, \$161,000 and \$229,000 for fiscal 1994, 1995 and 1996, respectively.

NOTE 8. SIGNIFICANT CUSTOMERS AND CONCENTRATION OF CREDIT:

The Company's primary business relates to the design, manufacture and distribution of telecommunications equipment which is sold primarily to major telephone companies. Sales to the Company's largest customers accounted for the following percentages of revenue:

<TABLE>  
<CAPTION>

	FISCAL YEAR ENDED MARCH 31,		
	1994	1995	1996
<S>	<C>	<C>	<C>
Customer A.....	13.0%	25.0%	5.8%
Customer B.....	10.8	14.4	12.0
Customer C.....	9.7	10.5	9.9
Customer D.....	15.5	8.9	10.4
Customer E.....	10.7	7.0	6.8
Customer F.....	--	--	11.1

</TABLE>

Major telephone companies comprise a significant portion of the Company's

trade receivables. One customer represented 20.0% of the trade receivables balance at March 31, 1995 and four customers represented 51.6% of the trade receivables balance at March 31, 1996.

NOTE 9. COMMITMENTS AND CONTINGENCIES:

In January 1995, a former officer of a subsidiary of the Company filed a suit against the Company alleging damages suffered as a result of wrongful termination and breach of contract. Management believes the suit is without merit and intends to contest the suit vigorously. While the final outcome of this lawsuit cannot be determined with certainty, management believes the former officer was released for cause under the terms of an existing agreement and that the ultimate outcome will not have a material adverse effect on the Company's business and results of operations or its financial position.

NOTE 10. DISCONTINUED OPERATIONS:

Effective May 1, 1994, the Company acquired the assets of Key Prestige, Inc. ("KPI") for approximately \$200,000 in cash and assumed liabilities of approximately \$190,000. The purchase price was allocated to the assets and liabilities of KPI based on their relative fair values. Approximately \$340,000 was allocated to fixed assets and \$50,000 to a non-compete agreement. KPI was merged with Information Network Systems, Inc. to

F-13

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

NOTE 10. DISCONTINUED OPERATIONS: (CONTINUED)

form KPINS in fiscal 1995. The acquisition, which was accounted for as a purchase, was funded with proceeds from the revolving promissory notes described in Note 2.

In August 1995, the Board of Directors approved a plan for the disposition of KPINS. The net losses of KPINS have been segregated in the consolidated statements of operations as "discontinued operations." The Company intends to sell KPINS before August 31, 1996. The components of the loss from discontinued operations for the year ended March 31, 1996 are as follows:

<TABLE>

<S>	<C>
Loss from operations of KPINS for the year ended March 31, 1996 (net of tax benefits of \$65,000).....	\$102,000
Estimated loss of disposal of KPINS (net of tax benefits of \$329,000).....	520,000
	-----
Loss from discontinued operations.....	\$622,000
	=====

</TABLE>

As the Company does not expect KPINS to incur operating losses between March 31, 1996 and the anticipated date of disposal, no provision for operating losses during the phase-out period has been made.

Summarized financial information of KPINS is as follows:

<TABLE>

<CAPTION>

FISCAL YEAR ENDED MARCH  
31,  
-----  
1994    1995    1996  
-----

(IN THOUSANDS)

<S>	<C>	<C>	<C>
Revenues.....	\$138	\$3,765	\$3,263
Current assets.....	296	992	731
Net property, plant and equipment.....	77	497	301
Total liabilities, excluding intercompany payables.....	115	664	366

</TABLE>

NOTE 11. STOCK RECAPITALIZATION:

In July 1995, the Company recapitalized its common stock to increase the number of authorized shares from 14,500,000 shares of common stock to 17,400,000 shares of Class A Common Stock and 11,605,858 shares of Class B Common Stock and created Class A Common Stock with voting rights of one vote per share and Class B Common Stock with voting rights of four votes per share. On November 30, 1995, the Company filed an Amended and Restated Certificate of Incorporation that increased the amount of authorized capital stock to 43,500,000 shares of Class A Common Stock, par value \$0.01 per share, 25,000,000 shares of Class B Common Stock, par value \$0.01 per share, and 1,000,000 shares of undesignated Preferred Stock, par value \$0.01 per share, and effected a 29-for-1 stock split of the Class A and Class B Common Stock.

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

#### NOTE 12. STOCK PLANS:

In October 1995, the Company adopted a stock purchase plan that allows participating employees to purchase, through payroll deductions, shares of the Company's Class A Common Stock for 85% of the average of the high and low reported sales prices at specified dates. Under the stock purchase plan, 217,950 shares were authorized and 213,532 shares were available for future issuance at March 31, 1996.

F-14

### WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

#### NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

#### NOTE 12. STOCK PLANS: (CONTINUED)

In October 1995, the Company adopted a stock incentive plan that permits the issuance of Class A Common Stock, restricted shares of Class A Common Stock and stock options to purchase Class A Common Stock, performance awards and stock appreciation rights to selected employees, officers, consultants and non-employee directors of the Company. Under the stock incentive plan 2,688,050 shares were authorized and 2,573,526 shares were available for future issuance at March 31, 1996. During fiscal 1996, the Company granted options for 89,900 shares of Class A Common Stock, of which 5,616 shares were vested at March 31, 1996 at an exercise price of \$6.50 per share which represents fair market value at date of grant. The Company also issued 24,624 shares for stock awards under this plan in fiscal 1996. Compensation expense of \$164,000 and \$73,000 was recognized in fiscal 1996 for the stock awards and the related taxes, respectively.

On May 21, 1996, the Compensation Committee of the Board of Directors authorized the future grant of stock options to employees covering 662,850 shares of Class A Common Stock with an exercise price equal to the fair market value of the Class A Common Stock on the actual date of grant, which is expected to occur in June 1996.

F-15

[INSIDE BACK COVER]

Besides the text set forth on this page, the back cover of the Prospectus has three pictures superimposed over a picture of bundled copper wire. One picture shows a girl using a personal computer for Internet access, another picture shows a man using a personal computer for work at home and the last picture shows a black and white movie-still of a man and woman embracing available by video-on-demand through telephone companies' use of ADSL technology over existing copper wire.

[INTERNET ACCESS]  
[PHOTO]

[PHOTO]  
[VIDEO-ON-DEMAND]

[WORK AT HOME]  
[PHOTO]

[WESTELL LOGO]

ENABLING VOICE, DATA AND VIDEO APPLICATIONS  
FOR THE INFORMATION COPPERHIGHWAY(TM)

-----  
-----

No dealer, sales representative or any other person has been authorized to give any information or to make any representations in connection with this offering other than those contained in this Prospectus, and, if given or made, such information or representations must not be relied upon as having been authorized by the Company, any Selling Stockholder or any of the Underwriters. This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any securities other than the shares of Class A Common Stock to which it relates or an offer to, or a solicitation of, any person in any jurisdiction where such an offer or solicitation would be unlawful. Neither the delivery of this Prospectus nor any sale made hereunder shall, under any circumstances, create an implication that there has been no change in the affairs of the Company or that information contained herein is correct as of any time subsequent to the date hereof.

-----  
TABLE OF CONTENTS  
-----

<TABLE>  
<CAPTION>

	Page
	----
<S>	<C>
Prospectus Summary.....	3
Cautionary Statement Regarding Forward- Looking Information.....	5
Risk Factors.....	5
The Company.....	14
Use of Proceeds.....	15
Price Range of Class A Common Stock.....	15
Dividend Policy.....	15
Capitalization.....	16
Selected Consolidated Financial Data....	17
Management's Discussion and Analysis of Financial Condition and Results of Operations.....	18
Business.....	25
Management.....	41
Certain Transactions.....	46
Principal and Selling Stockholders.....	47
Description of Capital Stock.....	49

Shares Eligible for Future Sale.....	52
Underwriting.....	54
Legal Matters.....	55
Experts.....	55
Available Information.....	55
Index to Consolidated Financial Statements.....	F-1

-----  
-----  
-----  
-----

2,540,000 SHARES

WESTELL LOGO

CLASS A COMMON STOCK

-----  
PROSPECTUS  
-----

MONTGOMERY SECURITIES

COWEN & COMPANY

PUNK, ZIEGEL & KNOELL  
, 1996

-----  
-----

PART II

ITEM 13. OTHER EXPENSES OF ISSUANCE AND DISTRIBUTION.

The following are the estimated expenses of the issuance and distribution of the securities being registered, all of which will be paid by the Company. All amounts are estimated except the SEC registration fee and the NASD filing fee.

<TABLE>  
<CAPTION>  
<S>

	<C>
SEC registration fee.....	\$ 37,331
NASD filing fee.....	11,326
Nasdaq National Market fee.....	30,500
Printing expenses.....	90,000
Fees and expenses of counsel.....	150,000
Fees and expenses of accountants.....	75,000
Transfer agent and registrar fees.....	5,000
Blue sky fees and expenses.....	5,000
Miscellaneous.....	45,843
Total.....	\$450,000

</TABLE>

The Company intends to pay all expenses of registration, issuance and distribution, excluding underwriters' discounts and commissions, with respect to the shares being sold by the Selling Stockholders.

ITEM 14. INDEMNIFICATION OF DIRECTORS AND OFFICERS.

Under Delaware law, a corporation may indemnify any person who was or is a party or is threatened to be made a party to an action (other than an action by or in the right of the corporation) by reason of his service as a director or officer of the corporation, or his service, at the corporation's request, as a director, officer, employee or agent of another corporation or other enterprise, against expenses (including attorneys' fees) that are actually and reasonably incurred by him ("Expenses"), and judgments, fines and amounts paid in settlement that are actually and reasonably incurred by him, in connection with the defense or settlement of such action, provided that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interests and, with respect to any criminal action or proceeding, had no reasonable cause to believe that his conduct was unlawful. Although Delaware law permits a corporation to indemnify any person referred to

above against Expenses in connection with the defense or settlement of an action by or in the right of the corporation, provided that he acted in good faith and in a manner he reasonably believed to be in or not opposed to the corporation's best interests, if such person has been judged liable to the corporation, indemnification is only permitted to the extent that the Court of Chancery (or the court in which the action was brought) determines that, despite the adjudication of liability, such person is entitled to indemnity for such Expenses as the court deems proper. The determination as to whether a person seeking indemnification has met the required standard of conduct is to be made (1) by a majority vote of a quorum of disinterested members of the board of directors, or (2) by independent legal counsel in a written opinion, if such a quorum does not exist or if the disinterested directors so direct, or (3) by the stockholders. The General Corporation Law of the State of Delaware also provides for mandatory indemnification of any director, officer, employee or agent against Expenses to the extent such person has been successful in any proceeding covered by the statute. In addition, the General Corporation Law of the State of Delaware provides the general authorization of advancement of a director's or officer's litigation expenses in lieu of requiring the authorization of such advancement by the board of directors in specific cases, and that indemnification and advancement of expenses provided by the statute shall not be deemed exclusive of any other rights to which those seeking indemnification or advancement of expenses may be entitled under any bylaw, agreement or otherwise.

II-1

The Company's Amended and Restated Certificate of Incorporation and the Company's Amended and Restated By-laws provide for indemnification of the Company's directors, officers, employees and other agents to the fullest extent not prohibited by the Delaware law.

The Company maintains liability insurance for the benefit of its directors and officers.

Under the terms of the Underwriting Agreement, the Underwriters have agreed to indemnify, under certain conditions, the Selling Stockholders, the Company, its directors, certain of its officers and persons who control the Company within the meaning of the Securities Act of 1933, as amended (the "Securities Act") against certain liabilities.

ITEM 15. RECENT SALES OF UNREGISTERED SECURITIES.

Set forth below is information as to securities of the Company issued or sold by the Company since April 1, 1993 that were not registered under the Securities Act. All of such shares were issued pursuant to the exemption from registration provided by Section 4(2) of the Securities Act. All sales were to sophisticated investors. No underwriters were involved, and there were no underwriting discounts or commissions. The following table reflects a 29-for-1 stock split on all outstanding shares of Common Stock effected in November 1996 and a two-for-one stock split on all outstanding shares of Common Stock to be paid on June 7, 1996.

<TABLE>

<CAPTION>

DATE	NAME	SHARES	CONSIDERATION
12/31/93.....	Robert D. Faw	145,000	Past services to the Company as an employee.
12/31/93.....	Kenneth J. Hohhof	34,800	Past services to the Company as an employee.
12/31/93.....	Marianne G. Morgan	34,800	Past services to the Company as an employee.
12/31/93.....	Ormand J. Wade	121,800	Past services to the Company as a director.
12/31/93.....	Stefan D. Abrams	288,260	Past services to the Company as a director.

</TABLE>

ITEM 16. EXHIBITS AND FINANCIAL STATEMENT SCHEDULES.

(a) Exhibits:

<TABLE>

<CAPTION>

EXHIBIT NUMBER	DESCRIPTION
----------------	-------------

<C>	<S>
1.1	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation, as amended (incorporated herein by reference to Exhibit 3.2 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
3.2	Amended and Restated By-laws (incorporated herein by reference to Exhibit 3.3 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
5.1	Opinion of McDermott, Will & Emery regarding legality.
9.1	Voting Trust Agreement dated February 23, 1994, as amended (incorporated herein by reference to Exhibit 9.1 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.1	Form of Restricted Stock Award granted by the Company to its officers and directors other than Gary F. Seamans and Melvin J. Simon (incorporated herein by reference to Exhibit 10.1 to the Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.2	Restricted Stock Award granted December 17, 1991 by the Company to Gary F. Seamans (incorporated herein by reference to Exhibit 10.2 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

</TABLE>

II-2

<TABLE>

<CAPTION>

EXHIBIT NUMBER	DESCRIPTION
----------------	-------------

<C>	<S>
10.3	Form of Restricted Stock Awards granted by the Company to Gary F. Seamans and Melvin J. Simon (incorporated herein by reference to Exhibit 10.3 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.4	Stock Transfer Restriction Agreement entered into by members of the Penny family, as amended, (incorporated herein by reference to Exhibits 10.4 and 10.16 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.5	Form of Registration Rights Agreement among the Company and Robert C. Penny III and Melvin J. Simon, as trustees of the Voting Trust dated February 23, 1994 (incorporated herein by reference to Exhibit 10.5 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.6	1995 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.6 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.7	Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.7 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.8	Consulting Agreement dated July 28, 1988 between Florence Penny and Westell, Inc. (incorporated herein by reference to Exhibit 10.8 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.9	Lease Agreement dated July 15, 1986 between Kendall Point Associates, Ltd. and Westell, Inc., as amended on August 26, 1991 (incorporated herein by reference to Exhibit 10.9 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.10	Limited Liability Company Operating Agreement dated as of September 23, 1995 by Westell, Inc. and Kingstand Properties, Ltd. (incorporated herein by reference to Exhibit 10.10 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.11	Lease dated September 25, 1995 between Westell-Meridian L.L.C. and Westell, Inc. (incorporated herein by reference to Exhibit 10.11 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.12	Credit Agreement dated March 7, 1995 between the Company and Bank One Chicago, N.A. (incorporated herein by reference to Exhibit 10.12 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
+10.13	Cooperation and Development Agreement between Westell, Inc. and AT&T Paradyne Corporation, as amended and supplemented (incorporated herein by reference to Exhibits 10.13 and 10.15 to Westell Technologies, Inc.'s

Registration Statement on Form S-1, as amended, Registration No. 33-98024).

10.14 Agreement dated September 13, 1988 between Richard Riviere and Westell Technologies, Inc., as amended (incorporated herein by reference to Exhibit 10.14 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

\*+10.15 Exhibits G and H to Cooperation and Development Agreement dated March 4, 1996 between Westell Technologies, Inc. and AT&T Paradyne Corporation.

\*10.16 Credit Agreement dated April 30, 1996 between the Company and Bank One Chicago, N.A.

</TABLE>

II-3

<TABLE>

<CAPTION>

EXHIBIT NUMBER	DESCRIPTION
----------------	-------------

<C>	<S>
21.1	Subsidiaries of the Registrant (incorporated herein by reference to Exhibit 21.1 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
23.1	Consent of Arthur Andersen LLP.
23.2	Consent of McDermott, Will & Emery (included in Exhibit 5.1).
*24.1	Power of Attorney (included on signature page of the Registration Statement).
*27	Financial Data Schedule.

</TABLE>

\* Previously filed.

+ Confidential treatment granted for certain portions of this document. Certain portions of this document have been filed separately with the Securities and Exchange Commission.

++ Confidential treatment requested for certain portions of this document. Certain portions of this document have been filed separately with the Securities and Exchange Commission.

(b) Financial Statement Schedules:

Independent Auditors' Report

<TABLE>

<CAPTION>

SCHEDULE	DESCRIPTION
----------	-------------

<S>	<C>
Schedule II.....	Valuation and Qualifying Accounts

</TABLE>

ITEM 17. UNDERTAKINGS.

(a) Insofar as indemnification for liabilities arising under the Securities Act may be permitted to directors, officers and controlling persons of the Registrant pursuant to the foregoing provisions, or otherwise, the Registrant has been advised that in the opinion of the Securities and Exchange Commission such indemnification is against public policy as expressed in the Securities Act and is, therefore, unenforceable. In the event that a claim for indemnification against such liabilities (other than the payment by the Registrant of expenses incurred or paid by a director, officer or controlling person of the Registrant in the successful defense of any action, suit or proceeding) is asserted by such director, officer or controlling person in connection with the securities being registered hereunder, the Registrant will, unless in the opinion of its counsel the matter has been settled by controlling precedent, submit to a court of appropriate jurisdiction the question whether such indemnification by it is



against public policy as expressed in the Securities Act and will be governed by the final adjudication of such issue.

(b) The undersigned Registrant hereby undertakes that for purposes of determining any liability under the Securities Act, (i) the information omitted from the form of prospectus filed as part of this Registration Statement in reliance upon Rule 430A and contained in a form of prospectus filed by the Registrant pursuant to Rule 424(b)(1) or (4) or 497(h) under the Securities Act shall be deemed to be part of this Registration Statement as of the time it was declared effective and (ii) each post-effective amendment that contains a form of prospectus shall be deemed to be a new registration statement relating to the securities offered therein, and the offering of such securities at that time shall be deemed to be the initial bona fide offering thereof.

II-4

SIGNATURES

Pursuant to the requirements of the Securities Act of 1933, as amended, the registrant has duly caused this Amendment to the Registration Statement to be signed on its behalf by the undersigned, thereunto duly authorized, in Oswego, Illinois on June 19, 1996.

WESTELL TECHNOLOGIES, INC.

By /s/ GARY F. SEAMANS

-----  
Gary F. Seamans,  
Chairman of the Board of  
Directors,  
President and Chief Executive  
Officer

Pursuant to the requirements of the Securities Act of 1933, this Amendment to the Registration Statement has been signed by the following persons in the capacities indicated on June 19, 1996:

<TABLE>  
<CAPTION>  
SIGNATURE TITLE  
-----  
<C> <S>  
</TABLE>

<TABLE>  
<C> <S>  
/s/ GARY F. SEAMANS Chairman of the Board of Directors, President and Chief  
----- Executive Officer (Principal Executive Officer)  
Gary F. Seamans  
\* Vice-Chairman of the Board of Directors  
-----  
Robert H. Gaynor  
\* Assistant Secretary and Treasurer and Director  
-----  
Melvin J. Simon  
/s/ STEPHEN J. HAWRYSZ Chief Financial Officer, Vice President, Secretary and  
----- Treasurer (Principal Financial Officer and Principal  
Stephen J. Hawrysz Accounting Officer)  
\* Director  
-----  
Stefan D. Abrams  
\* Director  
-----  
Michael A. Brunner  
\* Director  
-----  
Paul A. Dwyer  
\* Director  
-----

-----  
Attorney-in-fact  
</TABLE>

II-5

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

INDEX TO FINANCIAL STATEMENT SCHEDULES

<TABLE>  
<CAPTION>

	PAGE
	----
<S>	<C>
Report of Independent Public Accountant.....	S-2
Schedule II -- Valuation and Qualifying Accounts.....	S-3

S-1

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

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

We have audited, in accordance with generally accepted auditing standards, the financial statements of Westell Technologies, Inc. and its Subsidiaries included in this Registration Statement and have issued our report thereon dated May 21, 1996. Our audit was made for the purpose of forming an opinion on the basic financial statements taken as a whole. Schedule II, Valuation and Qualifying Accounts, included herein on page S-3 is the responsibility of the Company's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

ARTHUR ANDERSEN LLP

Chicago, Illinois  
May 21, 1996

S-2

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES

SCHEDULE II -- VALUATION AND QUALIFYING ACCOUNTS  
ACCOUNTS RECEIVABLE ALLOWANCES  
(IN THOUSANDS)

<TABLE>  
<CAPTION>

	1994	1995	1996
	----	----	----
<S>	<C>	<C>	<C>
Balance at beginning of year.....	\$ 52	\$181	\$364
Provision for doubtful accounts.....	129	201	274
Provision for discounts, allowances and rebates.....	--	--	--
Write-offs of doubtful accounts, net of recoveries.....	--	18	176
Discounts, allowances and rebates taken.....	--	--	--
	----	----	----
Balance at end of year.....	\$181	\$364	\$462
	====	====	====

</TABLE>

S-3

EXHIBIT INDEX

<TABLE>

<CAPTION>

EXHIBIT NUMBER DESCRIPTION

---

<C>	<S>
1.1	Form of Underwriting Agreement.
3.1	Amended and Restated Certificate of Incorporation, as amended (incorporated herein by reference to Exhibit 3.2 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
3.2	Amended and Restated By-laws (incorporated herein by reference to Exhibit 3.3 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
5.1	Opinion of McDermott, Will & Emery regarding legality.
9.1	Voting Trust Agreement dated February 23, 1994, as amended (incorporated herein by reference to Exhibit 9.1 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.1	Form of Restricted Stock Award granted by the Company to its officers and directors other than Gary F. Seamans and Melvin J. Simon (incorporated herein by reference to Exhibit 10.1 to the Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.2	Restricted Stock Award granted December 17, 1991 by the Company to Gary F. Seamans (incorporated herein by reference to Exhibit 10.2 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.3	Form of Restricted Stock Awards granted by the Company to Gary F. Seamans and Melvin J. Simon (incorporated herein by reference to Exhibit 10.3 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.4	Stock Transfer Restriction Agreement entered into by members of the Penny family, as amended, (incorporated herein by reference to Exhibits 10.4 and 10.16 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.5	Form of Registration Rights Agreement among the Company and Robert C. Penny III and Melvin J. Simon, as trustees of the Voting Trust dated February 23, 1994 (incorporated herein by reference to Exhibit 10.5 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.6	1995 Stock Incentive Plan (incorporated herein by reference to Exhibit 10.6 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.7	Employee Stock Purchase Plan (incorporated herein by reference to Exhibit 10.7 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.8	Consulting Agreement dated July 28, 1988 between Florence Penny and Westell, Inc. (incorporated herein by reference to Exhibit 10.8 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.9	Lease Agreement dated July 15, 1986 between Kendall Point Associates, Ltd. and Westell, Inc., as amended on August 26, 1991 (incorporated herein by reference to Exhibit 10.9 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.10	Limited Liability Company Operating Agreement dated as of September 23, 1995 by Westell, Inc. and Kingstand Properties, Ltd. (incorporated herein by reference to Exhibit 10.10 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

</TABLE>

<TABLE>

<CAPTION>

EXHIBIT NUMBER DESCRIPTION

---

<C>	<S>
10.11	Lease dated September 25, 1995 between Westell-Meridian L.L.C. and Westell, Inc. (incorporated herein by reference to Exhibit 10.11 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.12	Credit Agreement dated March 7, 1995 between the Company and Bank One Chicago, N.A. (incorporated herein by reference to Exhibit 10.12 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
+10.13	Cooperation and Development Agreement between Westell, Inc. and AT&T Paradyne Corporation, as amended and supplemented (incorporated herein by reference to Exhibits 10.13 and 10.15 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).
10.14	Agreement dated September 13, 1988 between Richard Riviere and Westell

Technologies, Inc., as amended (incorporated herein by reference to Exhibit 10.14 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

\*++10.15 Exhibits G and H to Cooperation and Development Agreement dated March 4, 1996 between Westell Technologies, Inc. and AT&T Paradyne Corporation.

\*10.16 Credit Agreement dated April 30, 1996 between the Company and Bank One Chicago, N.A.

21.1 Subsidiaries of the Registrant (incorporated herein by reference to Exhibit 21.1 to Westell Technologies, Inc.'s Registration Statement on Form S-1, as amended, Registration No. 33-98024).

23.1 Consent of Arthur Andersen LLP.

23.2 Consent of McDermott, Will & Emery (included in Exhibit 5.1).

\*24.1 Power of Attorney (included on signature page of the Registration Statement).

\*27 Financial Data Schedule.

</TABLE>

-----  
\* Previously filed.

+ Confidential treatment granted for certain portions of this document. Certain portions of this document have been filed separately with the Securities and Exchange Commission.

++ Confidential treatment requested for certain portions of this document. Certain portions of this document have been filed separately with the Securities and Exchange Commission.

EXHIBIT 1.1

2,540,000 Shares

Westell Technologies, Inc.

Class A Common Stock

UNDERWRITING AGREEMENT

June \_\_, 1996

MONTGOMERY SECURITIES  
COWEN & COMPANY  
PUNK, ZIEGEL & KNOELL  
c/o MONTGOMERY SECURITIES  
600 Montgomery Street  
San Francisco, California 94111

Ladies & Gentlemen:

SECTION 1

INTRODUCTORY

Westell Technologies, Inc., a Delaware corporation (the "Company"), proposes to issue and sell 1,665,000 shares of its authorized but unissued Class A Common Stock (sometimes referred to as the "Common Stock") and certain stockholders of the Company named in Schedule B annexed hereto (the "Selling Stockholders") propose to sell severally an aggregate of 875,000 shares of the Company's issued and outstanding Class A Common Stock to the several underwriters named in Schedule A annexed hereto (the "Underwriters"). Said aggregate of 2,540,000 shares are herein called the "Firm Common Shares." In addition, the Company and the Selling Stockholders propose to grant severally to the Underwriters options to purchase up to an aggregate of 381,000 additional shares of Common Stock (the "Optional Common Shares"), as provided in Section 5 hereof. The Firm Common Shares and, to the extent such option is exercised, the Optional Common Shares are hereinafter collectively referred to as the "Common Shares." For all purposes hereunder, the term Selling Stockholders shall include the Insider Selling Stockholders (as defined below).

You have advised the Company and the Selling Stockholders that the Underwriters propose to make a public offering of their respective portions of the Common Shares on the effective date of the registration statement hereinafter referred to, or as soon thereafter as in your judgment is advisable.

The Company and each of the Selling Stockholders hereby confirm their respective agreements with respect to the purchase of the Common Shares by the Underwriters as follows:

SECTION 2

REPRESENTATIONS AND WARRANTIES OF THE COMPANY AND THE INSIDER SELLING STOCKHOLDERS

The Company and each of the Selling Stockholders listed on Schedule C annexed hereto (the "Insider Selling Stockholders") represent and warrant to the several Underwriters that:

(a) A registration statement on Form S-1 (File No. 333-04973) with respect to the Common Shares has been prepared by the Company in conformity with the requirements of the Securities Act of 1933, as amended (the "Act"), and the rules and regulations (the "Rules and Regulations") of the Securities and Exchange Commission (the "Commission") thereunder, and has been filed with the Commission. The Company has prepared and has filed or proposes to file prior to the effective date of such registration statement an amendment or amendments to

such registration statement, which amendment or amendments have been or will be similarly prepared. There have been delivered to you two signed copies of such registration statement and amendments, together with two copies of each exhibit filed therewith. Conformed copies of such registration statement and amendments (but without exhibits) and of the related preliminary prospectus have been delivered to you in such reasonable quantities as you have requested for each of the Underwriters. The Company will next file with the Commission one of the following: (i) prior to effectiveness of such registration statement, a further amendment thereto, including the form of final prospectus, or (ii) a final prospectus in accordance with Rules 430A and 424(b) of the Rules and Regulations. As filed, such amendment and form of final prospectus, or such final prospectus, shall include all Rule 430A Information and, except to the extent that you shall agree in writing to a modification, shall be in all substantive respects in the form furnished to you prior to the date and time that this Agreement was executed and delivered by the parties hereto, or, to the extent not completed at such date and time, shall contain only such specific additional information and other changes (beyond that contained in the latest Preliminary prospectus) as the Company shall have previously advised you in writing would be included or made therein.

The term "Registration Statement" as used in this Agreement shall mean such registration statement at the time such registration statement becomes effective and, in the event any post-effective amendment thereto becomes effective prior to the First Closing Date (as hereinafter defined), shall also mean such registration statement as so amended; provided, however, that such term shall also include (i) all Rule 430A Information deemed to be included in such registration statement at the time such registration statement becomes effective as provided by Rule 430A of the Rules and Regulations and (ii) a registration statement, if any, filed pursuant to Rule 462(b) of the Rules and Regulations relating to the Common Shares. The term "Preliminary Prospectus" shall mean any preliminary prospectus referred to in the preceding paragraph and any preliminary prospectus included in the Registration Statement at the time it becomes effective that omits Rule 430A Information. The term "Prospectus" as used in this Agreement shall mean the prospectus relating to the Common Shares in the form in which it is first filed with the Commission pursuant to Rule 424(b) of the Rules and Regulations or, if no filing pursuant to Rule 424(b) of the Rules and Regulations is required, shall mean the form of final prospectus included in the Registration Statement at the time such registration statement becomes effective. The term "Rule 430A Information" means information with respect to the Common Shares and the offering thereof permitted to be omitted from the Registration Statement when it becomes effective pursuant to Rule 430A of the Rules and Regulations.

(b) The Commission has not issued any order preventing or suspending the use of any Preliminary Prospectus, and each Preliminary Prospectus has conformed in all material respects to the requirements of the Act and the Rules and Regulations and, as of its date, has not included any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein, in the light of the circumstances under which they were made, not misleading; and at the time the Registration Statement becomes effective, and at all times subsequent thereto up to and including each Closing Date hereinafter mentioned, the Registration Statement and the Prospectus, and any amendments or supplements thereto, will contain all material statements and information required to be included therein by the Act and the Rules and Regulations and will in all material respects conform to the requirements of the Act and the Rules and Regulations, and neither the Registration Statement nor the Prospectus, nor any amendment or supplement thereto, will include any untrue statement of a material fact or omit to state a material fact required to be stated therein or necessary to make the statements therein not misleading; provided, however, no representation or warranty contained in this subsection 2(b) shall be applicable to information contained in or omitted from any Preliminary Prospectus, the Registration Statement, the Prospectus or any such amendment or supplement in reliance upon and

-2-

in conformity with written information furnished to the Company by or on behalf of any Underwriter specifically for use in the preparation thereof.

(c) The Company does not own or control, directly or indirectly, any corporation, association or other entity other than the subsidiaries listed in Exhibit 22 to the Registration Statement. The Company and each of its subsidiaries have been duly incorporated and are validly existing as

corporations in good standing under the laws of their respective jurisdictions of incorporation, with full power and authority (corporate and other) to own and lease their properties and conduct their respective businesses as described in the Prospectus; except with respect to the 11% minority interest in Conference Plus, Inc. (which, in turn, owns 100% of Video Conference Plus, Inc.) and the 15% minority interests in each of Key Prestige Information Network Systems, Inc. and Schoolhouse Interactive, Inc. described in the Registration Statement and Prospectus, the Company owns all of the outstanding capital stock of its subsidiaries free and clear of all claims, liens, charges and encumbrances; the Company and each of its subsidiaries are in possession of and operating in compliance with all authorizations, licenses, permits, consents, certificates and orders material to the conduct of their respective businesses, all of which are valid and in full force and effect; the Company and each of its subsidiaries are duly qualified to do business and in good standing as foreign corporations in each jurisdiction in which the ownership or leasing of properties or the conduct of their respective businesses requires such qualification, except for jurisdictions in which the failure to so qualify would not have a material adverse effect upon the Company and its subsidiaries taken as a whole; and, to the best of the Company's knowledge, no proceeding has been instituted in any such jurisdiction, revoking, limiting or curtailing, or seeking to revoke, limit or curtail, such power and authority or qualification.

(d) The Company has an authorized and outstanding capital stock as set forth under the heading "Capitalization" in the Prospectus; the issued and outstanding shares of Common Stock and Class B Common Stock have been duly authorized and validly issued, are fully paid and nonassessable, are duly listed for quotation on the Nasdaq National Market, have been issued in compliance with all federal and state securities laws, were not issued in violation of or subject to any preemptive rights or other rights to subscribe for or purchase securities, and conform to the description thereof contained in the Prospectus. All issued and outstanding shares of capital stock of each subsidiary of the Company have been duly authorized and validly issued and are fully paid and nonassessable. Except for rights of first refusal held by certain minority stockholders of Conference Plus, Inc. and Key Prestige Information Network Systems, Inc. in connection with certain sales of such subsidiaries by the Company, and except as disclosed in or contemplated by the Prospectus and the financial statements of the Company, and the related notes thereto, included in the Prospectus, neither the Company nor any subsidiary has outstanding any options to purchase, or any preemptive rights or other rights to subscribe for or to purchase, any securities or obligations convertible into, or any contracts or commitments to issue or sell, shares of its capital stock or any such options, rights, convertible securities or obligations. The description of the Company's stock option, stock bonus and other stock plans or arrangements, and the options or other rights granted and exercised thereunder, set forth in the Prospectus accurately and fairly presents the information required to be shown with respect to such plans, arrangements, options and rights.

(e) The Common Shares to be sold by the Company have been duly authorized and, when issued, delivered and paid for in the manner set forth in this Agreement, will be duly authorized, validly issued, fully paid and nonassessable, and will conform to the description thereof contained in the Prospectus. No preemptive rights or other rights to subscribe for or purchase exist with respect to the issuance and sale of the Common Shares by the Company pursuant to this Agreement. No stockholder of the Company has any right which has not been waived to require the Company to register the sale of any shares owned by such stockholder under the Act in the public offering contemplated by this Agreement. No further approval or authority of the stockholders or the Board of Directors of the Company will be required for the transfer and sale of the Common Shares to be sold by the Selling Stockholders or the issuance and sale of the Common Shares to be sold by the Company as contemplated herein.

(f) The Company has full legal right, power and authority to enter into this Agreement and perform the transactions contemplated hereby. This Agreement has been duly authorized, executed and delivered by the Company and constitutes a valid and binding obligation of the Company in accordance with its terms, except as enforceability may be limited by general equitable principles, bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally. The making and performance of this Agreement by the Company and the consummation of the transactions herein contemplated will not violate any provisions of the certificate of incorporation or bylaws, or other organizational documents, of the Company or any of its subsidiaries, and will not conflict with, result in the breach or violation of, or constitute, either by itself or upon notice or the passage of time or both, a default under

any agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries

-3-

or any of its respective properties may be bound or affected, any statute or any authorization, judgment, decree, order, rule or regulation of any court or any regulatory body, administrative agency or other governmental body applicable to the Company or any of its subsidiaries or any of their respective properties. No consent, approval, authorization or other order of any court, regulatory body, administrative agency or other governmental body is required for the execution and delivery of this Agreement or the consummation of the transactions contemplated by this Agreement, except for compliance with the Act, the Blue Sky laws applicable to the public offering of the Common Shares by the several Underwriters and the clearance of such offering with the National Association of Securities Dealers, Inc. (the "NASD").

(g) Arthur Andersen, LLP, who have expressed their opinion with respect to the financial statements and schedules filed with the Commission as a part of the Registration Statement and included in the Prospectus and in the Registration Statement, are independent accountants as required by the Act and the Rules and Regulations.

(h) The consolidated financial statements and schedules of the Company and its subsidiaries, and the related notes thereto, included in the Registration Statement and the Prospectus present fairly the financial position of the Company and its subsidiaries as of the respective dates of such financial statements and schedules, and the results of operations and changes in financial position of the Company and its subsidiaries for the respective periods covered thereby. Such statements, schedules and related notes have been prepared in accordance with generally accepted accounting principles applied on a consistent basis as certified by the independent accountants named in subsection 2(g). No other financial statements or schedules are required to be included in the Registration Statement. The selected financial data set forth in the Prospectus under the captions "Capitalization" and "Selected Consolidated Financial Data" fairly present the information set forth therein on the basis stated in the Registration Statement.

(i) Except as to defaults which individually or in the aggregate would not be material to the Company, neither the Company nor any of its subsidiaries is in violation or default of any provision of its certificate of incorporation or bylaws, or other organizational documents, or is in breach of or default with respect to any provision of any agreement, judgment, decree, order, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument to which it is a party or by which it or any of its properties are bound; and there does not exist any state of facts which constitutes an event of default on the part of the Company or any such subsidiary as defined in such documents or which, with notice or lapse of time or both, would constitute such an event of default.

(j) There are no contracts or other documents required to be described in the Registration Statement or to be filed as exhibits to the Registration Statement by the Act or by the Rules and Regulations which have not been described or filed as required. The contracts so described in the Prospectus are in full force and effect on the date hereof; and neither the Company nor any of its subsidiaries, nor to the best of the Company's knowledge, any other party is in breach of or default under any of such contracts.

(k) Except as disclosed in the Prospectus, there are no legal or governmental actions, suits or proceedings pending or, to the best of the Company's knowledge, threatened to which the Company or any of its subsidiaries is or may be a party or of which property owned or leased by the Company or any of its subsidiaries is or may be the subject, or related to environmental or discrimination matters, which actions, suits or proceedings might, individually or in the aggregate, prevent or adversely affect the transactions contemplated by this Agreement or result in a material adverse change in the condition (financial or otherwise), properties, business, results of operations or prospects of the Company and its subsidiaries; and no labor disturbance by the employees of the Company or any of its subsidiaries exists or is imminent which might be expected to affect adversely such condition, properties, business, results of operations or prospects. Neither the Company nor any of its



subsidiaries is a party or subject to the provisions of any material injunction, judgment, decree or order of any court, regulatory body, administrative agency or other governmental body.

(l) The Company or the applicable subsidiary has good and marketable title to all the properties and assets reflected as owned in the financial statements hereinabove described (or elsewhere in the Prospectus), subject to no lien, mortgage, pledge, charge or encumbrance of any kind except (i) those, if any, reflected in such financial statements (or elsewhere in the Prospectus), or (ii) those which are not material in amount and do not adversely affect the use made and proposed to be made of such property by the Company and its subsidiaries. The Company or the applicable subsidiary holds its leased properties under valid and binding leases, with such exceptions as are not materially significant in relation to the business of the Company.

-4-

Except as disclosed in the Prospectus, the Company owns or leases all such properties as are necessary to its operations as now conducted or as proposed to be conducted.

(m) Since the respective dates as of which information is given in the Registration Statement and Prospectus and except as specifically disclosed in the Registration Statement and Prospectus: (i) the Company and its subsidiaries have not incurred any material liabilities or obligations, indirect, direct or contingent, or entered into any material verbal or written agreement or other transaction which is not in the ordinary course of business; (ii) the Company and its subsidiaries have not sustained any material loss or interference with their respective businesses or properties from fire, flood, windstorm, accident or other calamity, whether or not covered by insurance; (iii) the Company has not paid or declared any dividends or other distributions with respect to its capital stock and the Company and its subsidiaries are not in default in the payment of principal or interest on any outstanding debt obligations; (iv) there has not been any change in the capital stock (other than upon the sale of the Common Shares hereunder) or indebtedness material to the Company and its subsidiaries (other than in the ordinary course of business); and (v) there has not been any material adverse change in the condition (financial or otherwise), business, properties, results of operations or prospects of the Company and its subsidiaries.

(n) The Company and its subsidiaries have sufficient trademarks, trade names, patent rights, mask works, copyrights, licenses, approvals and governmental authorizations to conduct their businesses as now conducted; and the Company has no knowledge of any material infringement by it or its subsidiaries of trademark, trade name rights, patent rights, mask works, copyrights, licenses, trade secret or other similar rights of others, and there is no claim being made against the Company or its subsidiaries regarding trademark, trade name, patent, mask work, copyright, license, trade secret or other infringement which could have a material adverse effect on the condition (financial or otherwise), business, results of operations or prospects of the Company and its subsidiaries.

(o) The Company has not been advised, and has no reason to believe, that either it or any of its subsidiaries is not conducting business in compliance with all applicable laws, rules and regulations of the jurisdictions in which it is conducting business, including, without limitation, all applicable local, state and federal environmental laws and regulations; except where failure to be so in compliance would not materially adversely affect the condition (financial or otherwise), business, results of operations or prospects of the Company and its subsidiaries.

(p) The Company and its subsidiaries have filed all necessary federal, state and foreign income and franchise tax returns and have paid all taxes shown as due thereon; and the Company has no knowledge of any tax deficiency which has been or might be asserted or threatened against the Company or its subsidiaries which could materially and adversely affect the business, operations or properties of the Company and its subsidiaries, other than any such taxes as are being contested in good faith.

(q) The Company is not an "investment company" within the meaning of the Investment Company Act of 1940, as amended.

(r) The Company has not distributed and will not distribute prior to the First Closing Date any offering material in connection with the offering and sale of the Common Shares other than the Prospectus, the Registration Statement and the other materials permitted by the Act.

(s) Each of the Company and its subsidiaries maintains insurance of the types and in the amounts generally deemed adequate for its business, including, but not limited to, insurance covering real and personal property owned or leased by the Company and its subsidiaries against theft, damage, destruction, acts of vandalism and all other risks customarily insured against, all of which insurance is in full force and effect.

(t) Neither the Company nor any of its subsidiaries has at any time during the last five years (i) made any unlawful contribution to any candidate for foreign office, or failed to disclose fully any contribution in violation of law, or (ii) made any payment to any federal or state governmental officer or official, or other person charged with similar public or quasi-public duties, other than payments required or permitted by the laws of the United States of any jurisdiction thereof.

-5-

(u) The Company has not taken and will not take, directly or indirectly, any action designed to or that might be reasonably expected to cause or result in stabilization or manipulation of the price of the Common Stock to facilitate the sale or resale of the Common Shares.

### SECTION 3

#### REPRESENTATIONS, WARRANTIES AND COVENANTS OF THE SELLING STOCKHOLDERS

(a) Each of the Selling Stockholders represents and warrants, severally and not jointly, to, and agrees with, the several Underwriters that:

(i) Such Selling Stockholder has, and on the First Closing Date and the Second Closing Date hereinafter mentioned will have, good and marketable title to the Common Shares proposed to be sold by such Selling Stockholder hereunder on such Closing Date and full right, power and authority to enter into this Agreement and to sell, assign, transfer and deliver such Common Shares hereunder, free and clear of all voting trust arrangements, liens, encumbrances, equities, security interests, restrictions and claims whatsoever; and upon delivery of and payment for such Common Shares hereunder, the Underwriters will acquire good and marketable title thereto, free and clear of all liens, encumbrances, equities, claims, restrictions, security interests, voting trusts or other defects of title whatsoever.

(ii) Such Selling Stockholder has executed and delivered a Power of Attorney and caused to be executed and delivered on his behalf a Custody Agreement (hereinafter collectively referred to as the "Stockholders Agreement") and in connection herewith such Selling Stockholder further represents, warrants and agrees that such Selling Stockholder has deposited in custody, under the Stockholders Agreement, with the agent named therein (the "Agent") as custodian, certificates in negotiable form for the Common Shares (or shares convertible into the Common Shares) to be sold hereunder by such Selling Stockholder, for the purpose of further delivery pursuant to this Agreement. Such Selling Stockholder agrees that the Common Shares to be sold by such Selling Stockholder on deposit with the Agent are subject to the interests of the Company and the Underwriters, that the arrangements made for such custody are to that extent irrevocable, and that the obligations of such Selling Stockholder hereunder shall not be terminated, except as provided in this Agreement or in the Stockholders Agreement, by any act of such Selling Stockholder, by operation of law, by the death or incapacity of such Selling Stockholder or by the occurrence of any other event. If the Selling Stockholder should die or become incapacitated, or if any other event should occur, before the delivery of the Common Shares hereunder, the documents evidencing Common Shares then on deposit with the Agent shall be delivered by the Agent in accordance with the terms and conditions of this Agreement as if such death, incapacity or other event had not occurred, regardless of whether or not the Agent shall have received notice thereof. This Agreement and the Stockholders Agreement have been duly executed and delivered by or on behalf of

such Selling Stockholder and the form of such Stockholders Agreement has been delivered to you.

(iii) The performance of this Agreement and the Stockholders Agreement and the consummation of the transactions contemplated hereby and by the Stockholders Agreement will not result in a breach or violation by such Selling Stockholder of any of the terms or provisions of, or constitute a default by such Selling Stockholder under, any indenture, mortgage, deed of trust, trust (constructive or other), loan agreement, lease, franchise, license or other agreement or instrument to which such Selling Stockholder is a party or by which such Selling Stockholder or any of its properties is bound, any statute, or any judgment, decree, order, rule or regulation of any court or governmental agency or body applicable to such Selling Stockholder or any of its properties.

(iv) Such Selling Stockholder has not taken and will not take, directly or indirectly, any action designed to or which has constituted or which might reasonably be expected to cause or result in stabilization or manipulation of the price of any security of the Company to facilitate the sale or resale of the Common Shares.

(v) Each Preliminary Prospectus and the Prospectus, insofar as it has included information about such Selling Stockholder, has conformed in all material respects to the requirements of the Act and the Rules and Regulations and has not included any untrue statement of a material fact or omitted to state a material fact necessary to make the statements therein

-6-

not misleading in light of the circumstances under which they were made; and neither the Registration Statement nor the Prospectus, nor any amendment or supplement thereto, as it relates to such Selling Stockholder, will include any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading.

(b) Each of the Selling Stockholders agrees with the Company and the Underwriters not to offer to sell, sell or contract to sell or otherwise dispose of any shares of Common Stock or securities convertible into or exchangeable for any shares of Common Stock, for a period of 90 days after the first date that any of the Common Shares are released by you for sale to the public, without the prior written consent of Montgomery Securities which consent may be withheld at the sole discretion of Montgomery Securities.

(c) Each of the Selling Stockholders that is a trust (other than a revocable trust) hereby covenants and agrees with the Underwriters that such Selling Stockholder will at all times maintain sufficient assets in the trust to satisfy the obligations and potential obligations of such Selling Stockholder to the Underwriters hereunder (including the obligations of such Selling Stockholder pursuant to Section 11 hereof). In addition, each of the Selling Stockholders that is a revocable trust hereby covenants and agrees with the Underwriters that the rights of the Underwriters against such Selling Stockholder hereunder (including pursuant to Section 11 hereof) may be enforced against the grantor or grantors of such trust with the same force and effect as if such rights were enforced against such trust.

## SECTION 4

### REPRESENTATIONS AND WARRANTIES OF THE UNDERWRITERS

The several Underwriters represent and warrant to the Company and to the Selling Stockholders that the information set forth (i) on the cover page of the Prospectus with respect to price, underwriting discounts and commissions and terms of offering and (ii) under "Underwriting" in the Prospectus was furnished to the Company by and on behalf of the Underwriters for use in connection with the preparation of the Registration Statement and the Prospectus and is correct in all material respects.

## SECTION 5

### PURCHASE, SALE AND DELIVERY OF COMMON SHARES

On the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, (i) the Company agrees to issue and sell to the Underwriters 1,665,000 of the Firm Common Shares, and (ii) the Selling Stockholders agree, severally and not jointly, to sell to the Underwriters in the respective amounts set forth in Schedule B hereto, an aggregate of 875,000 of the Firm Common Shares. The Underwriters agree, severally and not jointly, to purchase from the Company and the Selling Stockholders, respectively, the number of Firm Common Shares described below. The purchase price per share to be paid by the several Underwriters to the Company and to the Selling Stockholders, respectively, shall be \$ \_\_\_\_ per share.

The obligation of each Underwriter to the Company shall be to purchase from the Company that number of full shares which (as nearly as practicable, as determined by you) bears to 2,540,000 the same proportion as the number of shares set forth opposite the name of such Underwriter in Schedule A hereto bears to the total number of Firm Common Shares. The obligation of each Underwriter to the Selling Stockholders shall be to purchase from the Selling Stockholders that number of full shares which (as nearly as practicable, as determined by you) bears to 2,540,000 the same proportion as the number of shares set forth opposite the name of such Underwriter in Schedule A hereto bears to the total number of Firm Common Shares.

Delivery of certificates for the Firm Common Shares to be purchased by the Underwriters shall be made as directed by the Underwriters and payment therefor shall be made at the offices of McDermott, Will & Emery, 227 West Monroe Street, Chicago, IL 60606-5096 (or such other place as may be agreed upon by the Company and the Underwriters) at such time and date, not later than the third (or, if the Firm Common Shares are priced as contemplated by Rule 15c6-1(c) of the Exchange Act,

-7-

after 4:30 p.m. Washington, D.C. time, the fourth) full business day following the first date that any of the Common Shares are released by you for sale to the public, as you shall designate by at least 48 hours prior notice to the Company (or at such other time and date, not later than one week after such third or fourth, as the case may be, full business day as may be agreed upon by the Company and the Underwriters) (the "First Closing Date"); provided, however, that if the Prospectus is at any time prior to the First Closing Date recirculated to the public, the First Closing Date shall occur upon the later of the third or fourth, as the case may be, full business day following the first date that any of the Common Shares are released by you for sale to the public or the date that is 48 hours after the date that the Prospectus has been so recirculated.

Delivery of certificates for the Firm Common Shares shall be made by or on behalf of the Company and the Selling Stockholders to you, for the respective accounts of the Underwriters with respect to the Firm Common Shares to be sold by the Company and by the Selling Stockholders against payment by you, for the accounts of the several Underwriters, of the purchase price therefor by wire transfer of federal funds to accounts designated in writing by the Company and of the Agent in proportion to the number of Firm Common Shares to be sold by the Company and the Selling Stockholders, respectively. The certificates for the Firm Common Shares shall be registered in such names and denominations as you shall have requested at least two full business days prior to the First Closing Date, and shall be made available for checking and packaging on the business day preceding the First Closing Date at a location in New York, New York, as may be designated by you. Time shall be of the essence, and delivery at the time and place specified in this Agreement is a further condition to the obligations of the Underwriters.

In addition, on the basis of the representations, warranties and agreements herein contained, but subject to the terms and conditions herein set forth, the (i) Selling Stockholders, severally and not jointly, hereby grant options to the several Underwriters to purchase, severally and not jointly, up to an aggregate of 226,000 Optional Common Shares in the respective amounts set forth opposite the name of each such Selling Stockholder in Schedule B hereto and (ii) the Company hereby grants an option to the several Underwriters to purchase, severally and not jointly, up to 155,000 Optional Common Shares; in

each case at the purchase price per share to be paid for the Firm Common Shares, for use solely in covering any over-allotments made by you for the account of the Underwriters in the sale and distribution of the Firm Common Shares. In the event that the Underwriters elect to purchase less than all of the Optional Common Shares, the number of Optional Common Shares to be purchased from each Selling Stockholder and the Company shall be determined by multiplying the aggregate number of Optional Common Shares to be purchased by a fraction, the numerator of which is the total number of Optional Common Shares set forth opposite the name of such Selling Stockholder or the Company in Schedule B hereto and the denominator of which is 381,000. The option granted hereunder may be exercised at any time (but not more than once) within 30 days after the first date that any of the Common Shares are released by you for sale to the public, upon notice by you to the Company and said Selling Stockholders setting forth the aggregate number of Optional Common Shares as to which the Underwriters are exercising the option, the names and denominations in which the certificates for such shares are to be registered and the time and place at which such certificates will be delivered. Such time of delivery (which may not be earlier than the First Closing Date), being herein referred to as the "Second Closing Date," shall be determined by you, but if at any time other than the First Closing Date shall not be earlier than three full business days after delivery of such notice of exercise. The number of Optional Common Shares to be purchased by each Underwriter shall be determined by multiplying the number of Optional Common Shares to be sold by the Selling Stockholders and the Company pursuant to such notice of exercise by a fraction, the numerator of which is the number of Firm Common Shares to be purchased by such Underwriter as set forth opposite its name in Schedule A and the denominator of which is 2,540,000 (subject to such adjustments to eliminate any fractional share purchases as you in your discretion may make). Certificates for the Optional Common Shares will be made available for checking and packaging on the business day preceding the Second Closing Date at a location in New York, New York, as may be designated by you. The manner of payment for and delivery of the Optional Common Shares shall be the same as for the Firm Common Shares purchased from the said Selling Stockholders and the Company as specified in the two preceding paragraphs. At any time before lapse of the option, you may cancel such option by giving written notice of such cancellation to the Company and said Selling Stockholders. If the option is cancelled or expires unexercised in whole or in part, the Company will deregister under the Act the number of Optional Common Shares as to which the option has not been exercised.

You have advised the Company and the Selling Stockholders that each Underwriter has authorized you to accept delivery of its Common Shares, to make payment and to receipt therefor. You may (but shall not be obligated to) make payment for any Common Shares to be purchased by any Underwriter whose funds shall not have been received by you by the First Closing

-8-

Date or the Second Closing Date, as the case may be, for the account of such Underwriter, but any such payment shall not relieve such Underwriter from any of its obligations under this Agreement.

Subject to the terms and conditions hereof, the Underwriters propose to make a public offering of their respective portions of the Common Shares as soon after the effective date of the Registration Statement as in the judgment of the Underwriters is advisable and at the public offering price set forth on the cover page of and on the terms set forth in the Prospectus.

## SECTION 6

### COVENANTS OF THE COMPANY

The Company covenants and agrees that:

(a) The Company will use its best efforts to cause the Registration Statement and any amendment thereof, if not effective at the time and date that this Agreement is executed and delivered by the parties hereto, to become effective. If the Registration Statement has become or becomes effective pursuant to Rule 430A of the Rules and Regulations, or the filing of the Prospectus is otherwise required under Rule 424(b) of the Rules and Regulations, the Company will file the Prospectus, properly completed, pursuant to the

applicable paragraph of Rule 424(b) of the Rules and Regulations within the time period prescribed and will provide evidence satisfactory to you of such timely filing. The Company will promptly advise you in writing (i) of the receipt of any comments of the Commission, (ii) of any request of the Commission for amendment of or supplement to the Registration Statement (either before or after it becomes effective), any Preliminary Prospectus or the Prospectus or for additional information, (iii) when the Registration Statement shall have become effective and (iv) of the issuance by the Commission of any stop order suspending the effectiveness of the Registration Statement or of the institution of any proceedings for that purpose. If the Commission shall enter any such stop order at any time, the Company will use its best efforts to obtain the lifting of such order at the earliest possible moment. The Company will not file any amendment or supplement to the Registration Statement (either before or after it becomes effective), any Preliminary Prospectus or the Prospectus of which you have not been furnished with a copy a reasonable time prior to such filing or to which you reasonably object or which is not in compliance with the Act and the Rules and Regulations.

(b) The Company will prepare and file with the Commission, promptly upon your request, a registration statement pursuant to Rule 462(b) of the Rules and Regulations related to the Common Shares and any amendments or supplements to the Registration Statement or the Prospectus which in your judgment may be necessary or advisable to enable the several Underwriters to continue the distribution of the Common Shares and will use its best efforts to cause the same to become effective as promptly as possible. The Company will fully and completely comply with the provisions of Rule 430A of the Rules and Regulations with respect to information omitted from the Registration Statement in reliance upon such Rule.

(c) If at any time within the nine-month period referred to in Section 10(a)(3) of the Act during which a prospectus relating to the Common Shares is required to be delivered under the Act any event occurs, as a result of which the Prospectus, including any amendments or supplements, would include an untrue statement of a material fact, or omit to state any material fact required to be stated therein or necessary to make the statements therein not misleading, or if it is necessary at any time to amend the Prospectus, including any amendments or supplements, to comply with the Act or the Rules and Regulations, the Company will promptly advise you thereof and will promptly prepare and file with the Commission, at its own expense, an amendment or supplement which will correct such statement or omission or an amendment or supplement which will effect such compliance and will use its best efforts to cause the same to become effective as soon as possible; and, in case any Underwriter is required to deliver a prospectus after such nine-month period, the Company upon request, but at the expense of such Underwriter, will promptly prepare such amendment or amendments to the Registration Statement and such Prospectus or Prospectuses as may be necessary to permit compliance with the requirements of Section 10(a)(3) of the Act.

(d) As soon as practicable, but not later than 45 days after the end of the first quarter ending after one year following the "effective date of the Registration Statement" (as defined in Rule 158(c) of the Rules and Regulations), the Company will make generally available to its security holders an earnings statement (which need not be audited) covering a period

-9-

of 12 consecutive months beginning after the effective date of the Registration Statement which will satisfy the provisions of the last paragraph of Section 11(a) of the Act.

(e) During such period as a prospectus is required by law to be delivered in connection with sales by an Underwriter or dealer, the Company, at its expense, but only for the nine-month period referred to in Section 10(a) (3) of the Act, will furnish to you and the Selling Stockholders or mail to your order copies of the Registration Statement, the Prospectus, the Preliminary Prospectus and all amendments and supplements to any such documents in each case as soon as available and in such quantities as you and the Selling Stockholders may request, for the purposes contemplated by the Act.

(f) The Company shall cooperate with you and your counsel in order to

qualify or register the Common Shares for sale under (or obtain exemptions from the application of) the Blue Sky laws of such jurisdictions as you designate, will comply with such laws and will continue such qualifications, registrations and exemptions in effect so long as reasonably required for the distribution of the Common Shares. The Company shall not be required to qualify as a foreign corporation or to file a general consent to service of process in any such jurisdiction where it is not presently qualified or where it would be subject to taxation as a foreign corporation. The Company will advise you promptly of the suspension of the qualification or registration of (or any such exemption relating to) the Common Shares for offering, sale or trading in any jurisdiction or any initiation or threat of any proceeding for any such purpose, and in the event of the issuance of any order suspending such qualification, registration or exemption, the Company, with your cooperation, will use its best efforts to obtain the withdrawal thereof.

(g) During the period of five years hereafter, the Company will furnish to the Underwriters: (i) as soon as practicable after the end of each fiscal year, copies of the Annual Report of the Company containing the balance sheet of the Company as of the close of such fiscal year and statements of income, stockholders' equity and cash flows for the year then ended and the opinion thereon of the Company's independent public accountants; (ii) as soon as practicable after the filing thereof, copies of each proxy statement, Annual Report on Form 10-K, Quarterly Report on Form 10-Q, Report on Form 8-K or other report filed by the Company with the Commission, the NASD or any securities exchange; and (iii) as soon as available, copies of any report or communication of the Company mailed generally to holders of its Common Stock.

(h) During the period of 90 days after the first date that any of the Common Shares are released by you for sale to the public, without the prior written consent of Montgomery Securities (which consent may be withheld at the sole discretion of Montgomery Securities), the Company will not issue, offer, sell, grant options to purchase or otherwise dispose of any of the Company's equity securities or any other securities convertible into or exchangeable with its Common Stock or other equity security, other than pursuant to (i) stock options granted pursuant to the Company's 1995 Stock Incentive Plan (as described in the Registration Statement and Prospectus), and (ii) the Company's Stock Purchase Plan (as described in the Registration Statement and Prospectus).

(i) The Company will apply the net proceeds of the sale of the Common Shares sold by it substantially in accordance with its statements under the caption "Use of Proceeds" in the Prospectus.

(j) The Company will use its best efforts to qualify or register its Common Stock for sale in non-issuer transactions under (or obtain exemptions from the application of) the Blue Sky laws of the State of California (and thereby permit market making transactions and secondary trading in the Company's Common Stock in California), will comply with such Blue Sky laws and will continue such qualifications, registrations and exemptions in effect for a period of five years after the date hereof.

(k) The Company will use its best efforts to cause the Common Stock to continue to be listed for quotation as a national market system security on the NASD Automated Quotation System, and to cause the Common Shares to be issued and sold by the Company hereunder to be listed for quotation on such system.

You may, in your sole discretion, waive in writing the performance by the Company of any one or more of the foregoing covenants or extend the time for their performance.

-10-

## SECTION 7

### PAYMENT OF EXPENSES

Whether or not the transactions contemplated hereunder are consummated or this Agreement becomes effective or is terminated, the Company and, unless otherwise paid by the Company, the Selling Stockholders agree to pay in such proportions as they may agree upon among themselves all costs, fees and expenses incurred in connection with the performance of their obligations hereunder and

in connection with the transactions contemplated hereby, including without limiting the generality of the foregoing, (i) all expenses incident to the issuance and delivery of the Common Shares (including all printing and engraving costs), (ii) all fees and expenses of the registrar and transfer agent of the Common Stock, (iii) all necessary issue, transfer and other stamp taxes in connection with the issuance and sale of the Common Shares to the Underwriters, (iv) all fees and expenses of the Company's counsel and the Company's independent accountants, (v) all costs and expenses incurred in connection with the preparation, printing, filing, shipping and distribution of the Registration Statement, each Preliminary Prospectus and the Prospectus (including all exhibits and financial statements) and all amendments and supplements provided for herein, any registration statement filed pursuant to Rule 462(b) of the Rules and Regulations related to the Common Shares, this Agreement, the Agreement Among Underwriters, the Selected Dealers Agreement, the Underwriters' Questionnaire, the Underwriters' Power of Attorney and the Blue Sky memorandum, (vi) all filing fees, reasonable attorneys' fees and expenses incurred by the Company or the Underwriters in connection with qualifying or registering (or obtaining exemptions from the qualification or registration of) all or any part of the Common Shares for offer and sale under the state or Canadian Blue Sky laws in an amount not to exceed \$30,000, (vii) the filing fee of the National Association of Securities Dealers, Inc., and (viii) all other fees, costs and expenses referred to in Item 13 of the Registration Statement. The Underwriters may deem the Company to be the primary obligor with respect to all costs, fees and expenses to be paid by the Company and by the Selling Stockholders. Except as provided in this Section 7, Section 9 and Section 11 hereof, the Underwriters shall pay all of their own expenses, including the fees and disbursements of their counsel (excluding those relating to qualification, registration or exemption under the Blue Sky laws and the Blue Sky memorandum referred to above). This Section 7 shall not affect any agreements relating to the payment of expenses between the Company and the Selling Stockholders.

The Selling Stockholders will pay (directly or by reimbursement) all fees and expenses incident to the performance of their obligations under this Agreement which are not otherwise specifically provided for herein, including but not limited to (i) any fees and expenses of separate counsel for such Selling Stockholders; (ii) any fees and expenses of the Agent; and (iii) all expenses and taxes incident to the sale and delivery of the Common Shares to be sold by such Selling Stockholders to the Underwriters hereunder.

## SECTION 8

### CONDITIONS OF THE OBLIGATIONS OF THE UNDERWRITERS

The obligations of the several Underwriters to purchase and pay for the Firm Common Shares on the First Closing Date and the Optional Common Shares on the Second Closing Date shall be subject to the accuracy of the representations and warranties on the part of the Company and the Selling Stockholders herein set forth as of the date hereof and as of the First Closing Date or the Second Closing Date, as the case may be, to the accuracy of the statements of Company officers and the Selling Stockholders made pursuant to the provisions hereof, to the performance by the Company and the Selling Stockholders of their respective obligations hereunder, and to the following additional conditions:

(a) The Registration Statement shall have become effective not later than 5:00 p.m. (or, in the case of a registration statement filed pursuant to Rule 462(b) of the Rules and Regulations relating to the Common Shares, not later than 8:30 a.m. Washington D.C. time on the date following the date of this Agreement), Washington, D.C. Time, on the date of this Agreement, or at such later time as shall have been consented to by you; if the filing of the Prospectus, or any supplement thereto, is required pursuant to Rule 424(b) of the Rules and Regulations, the Prospectus shall have been filed in the manner and within the time period required by Rule 424(b) of the Rules and Regulations; and prior to such Closing Date, no stop order suspending the effectiveness of the Registration Statement shall have been issued and no proceedings for that purpose shall have been instituted or shall be pending or, to the knowledge of the Company, the Selling



request of the Commission for inclusion of additional information in the Registration Statement, or otherwise, shall have been complied with to your satisfaction.

(b) You shall be satisfied that since the respective dates as of which information is given in the Registration Statement and Prospectus, (i) there shall not have been any change in the capital stock of the Company or any of its subsidiaries (other than pursuant to the grant of shares of Common Stock to employees of the Company as described in the Registration Statement and Prospectus) or any material change in the indebtedness (other than in the ordinary course of business) of the Company or any of its subsidiaries, (ii) except as set forth or contemplated by the Registration Statement or the Prospectus, no material verbal or written agreement or other transaction shall have been entered into by the Company or any of its subsidiaries, which is not in the ordinary course of business, (iii) no loss or damage (whether or not insured) to the property of the Company or any of its subsidiaries shall have been sustained which materially and adversely affects the condition (financial or otherwise), business, results of operations or prospects of the Company and its subsidiaries, (iv) no legal or governmental action, suit or proceeding affecting the Company or any of its subsidiaries which is material to the Company and its subsidiaries or which adversely affects or may adversely affect the transactions contemplated by this Agreement shall have been instituted or threatened and (v) there shall not have been any material adverse change in the condition (financial or otherwise), business, management, results of operations or prospects of the Company and its subsidiaries which makes it impractical or inadvisable in the judgment of the Underwriters to proceed with the public offering or purchase the Common Shares as contemplated hereby.

(c) There shall have been furnished to you on each Closing Date, in form and substance satisfactory to you, except as otherwise expressly provided below:

(i) An opinion of McDermott, Will & Emery, counsel for the Company and the Selling Stockholders, addressed to the Underwriters and dated the First Closing Date, or the Second Closing Date, as the case may be, to the effect that:

(1) Each of the Company and its subsidiaries has been duly incorporated and is validly existing as a corporation in good standing under the laws of its jurisdiction of incorporation, is duly qualified to do business as a foreign corporation and is in good standing in all other jurisdictions where the ownership or leasing of properties or the conduct of its business requires such qualification, except for jurisdictions in which the failure to so qualify would not have a material adverse effect on the Company and its subsidiaries taken as a whole, and has full corporate power and authority to own its properties and conduct its business as described in the Registration Statement;

(2) The authorized, issued and outstanding capital stock of the Company is as set forth under the caption "Capitalization" in the Prospectus; all necessary and proper corporate proceedings have been taken in order to authorize validly such authorized Common Stock and Class B Common Stock; all outstanding shares of Common Stock (including the Firm Common Shares and any Optional Common Shares) and Class B Common Stock have been duly and validly issued, are fully paid and nonassessable, were not issued in violation of or subject to any preemptive rights or, to the best of such counsel's knowledge, other rights to subscribe for or purchase any securities, and such shares conform to the description thereof contained in the Prospectus; without limiting the foregoing, there are no preemptive or, to the best of such counsel's knowledge, other rights to subscribe for or purchase any of the Common Shares to be sold by the Company hereunder;

(3) All of the issued and outstanding shares of the Company's subsidiaries have been duly and validly authorized and issued, are fully paid and nonassessable and, except as set forth in the Registration Statement, are held of record by the Company free and clear of all liens, encumbrances, equities, claims, security interests, voting trusts or other defects of title whatsoever;

(4) The certificates evidencing the Common Shares to be

delivered hereunder are in due and proper form under Delaware law, and when duly countersigned by the Company's transfer agent and registrar, and delivered to you or upon your order against payment of the agreed consideration therefor in accordance with the provisions of this Agreement, the Common Shares represented thereby will be duly authorized and validly issued, fully paid and nonassessable, will not have been issued in violation of or subject to any

-12-

preemptive rights or, to the best of such counsel's knowledge, other rights to subscribe for or purchase securities, and such shares will conform in all respects to the description thereof contained in the Prospectus;

(5) Except as disclosed in or specifically contemplated by the Prospectus, to the best of such counsel's knowledge, there are no outstanding options, warrants or other rights calling for the issuance of, and no commitments, plans or arrangements to issue, any shares of capital stock of the Company or any security convertible into or exchangeable for capital stock of the Company;

(6) (a) The Registration Statement has become effective under the Act, and, to the best of such counsel's knowledge, no stop order suspending the effectiveness of the Registration Statement or preventing the use of the Prospectus has been issued and no proceedings for that purpose have been instituted or are pending or contemplated by the Commission; any required filing of the Prospectus and any supplement thereto pursuant to Rule 424(b) of the Rules and Regulations has been made in the manner and within the time period required by such Rule 424(b);

(b) The Registration Statement, the Prospectus and each amendment or supplement thereto (except for the financial statements and schedules and financial and statistical data included therein as to which such counsel need express no opinion) comply as to form in all material respects with the requirements of the Act and the Rules and Regulations.

(c) To the best of such counsel's knowledge, there are no franchises, leases, contracts, agreements or documents of a character required to be disclosed in the Registration Statement or Prospectus or to be filed as exhibits to the Registration Statement which are not disclosed or filed, as required; and

(d) To the best of such counsel's knowledge, there are no legal or governmental actions, suits or proceedings pending or threatened against the Company which are required to be described in the Prospectus which are not described as required.

(7) The Company has full corporate right, power and authority to enter into this Agreement and to sell and deliver the Common Shares to be sold by it to the several Underwriters; this Agreement has been duly and validly authorized by all necessary corporate action by the Company, has been duly and validly executed and delivered by and on behalf of the Company, and is a valid and binding agreement of the Company in accordance with its terms, except as enforceability may be limited by general equitable principles, bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and except as to those provisions relating to indemnity or contribution for liabilities arising under the Act as to which no opinion need be expressed; and, to the best of such counsel's knowledge, no approval, authorization, order, consent, registration, filing, qualification, license or permit of or with any court, regulatory, administrative or other governmental body is required for the execution and delivery of this Agreement by the Company or the consummation of the transactions contemplated by this Agreement, except such as have been obtained and are in full force and effect under the Act and such as may be required under applicable Blue Sky laws in connection with the purchase and distribution of the Common Shares by the Underwriters and the clearance of such offering with

the NASD;

(8) The execution and performance of this Agreement and the consummation of the transactions herein contemplated will not conflict with, result in the breach of, or constitute, either by itself or upon notice or the passage of time or both, a default under, any agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument known to such counsel to which the Company or any of its subsidiaries is a party or by which the Company or any of its subsidiaries or any of its or their property may be bound or affected which is material to the Company and its subsidiaries, or violate any of the provisions of the certificate of incorporation or bylaws, or other organizational documents, of the Company or any of its subsidiaries or, so far as is known to such counsel, violate any statute, judgment, decree, order, rule or regulation of any court or governmental body having jurisdiction over the Company or any of its subsidiaries or any of its or their property;

-13-

(9) Neither the Company nor any subsidiary is in violation of its certificate of incorporation or bylaws, or other organizational documents, or to the best of such counsel's knowledge, in breach of or default with respect to any provision of any agreement, mortgage, deed of trust, lease, franchise, license, indenture, permit or other instrument known to such counsel to which the Company or any such subsidiary is a party or by which it or any of its properties may be bound or affected, except where such default would not materially adversely affect the Company and its subsidiaries; and, to the best of such counsel's knowledge, the Company and its subsidiaries are in compliance with all laws, rules, regulations, judgments, decrees, orders and statutes of any court or jurisdiction to which they are subject, except where noncompliance would not materially adversely affect the Company and its subsidiaries;

(10) To the best of such counsel's knowledge, no holders of securities of the Company have rights which have not been waived to the registration of shares of Common Stock or other securities, because of the filing of the Registration Statement by the Company or the offering contemplated hereby;

(11) To the best of such counsel's knowledge, this Agreement and the Stockholders Agreement have been duly authorized, executed and delivered by or on behalf of each of the Selling Stockholders; the Agent has been duly and validly authorized to act as the custodian of the Common Shares to be sold by each such Selling Stockholder; and the performance of this Agreement and the Stockholders Agreement and the consummation of the transactions herein contemplated by the Selling Stockholders will not result in a breach of, or constitute a default under, any indenture, mortgage, deed of trust, trust (constructive or other), loan agreement, lease, franchise, license or other agreement or instrument to which any of the Selling Stockholders is a party or by which any of the Selling Stockholders or any of their properties may be bound, or violate any statute, judgment, decree, order, rule or regulation known to such counsel of any court or governmental body having jurisdiction over any of the Selling Stockholders or any of their properties; and to the best of such counsel's knowledge, no approval, authorization, order or consent of any court, regulatory body, administrative agency or other governmental body is required for the execution and delivery of this Agreement or the Stockholders Agreement or the consummation by the Selling Stockholders of the transactions contemplated by this Agreement, except such as have been obtained and are in full force and effect under the Act and such as may be required under the rules of the NASD and applicable Blue Sky laws;

(12) To the best of such counsel's knowledge, the Selling Stockholders have full right, power and authority to enter into this Agreement and the Stockholders Agreement and to sell, transfer

and deliver the Common Shares to be sold on such Closing Date by such Selling Stockholders hereunder and upon payment for and delivery of the Common Shares as contemplated hereunder, the Underwriters (whom counsel may assume to be bona fide purchasers) will be the owner of the Common Shares free and clear of all liens, encumbrances, equities, claims, restrictions, security interests, voting trusts, or other defects of title whatsoever;

(13) To the best of such counsel's knowledge, this Agreement and the Stockholders Agreement are valid and binding agreements of each of the Selling Stockholders in accordance with their terms except as enforceability may be limited by general equitable principles, bankruptcy, insolvency, reorganization, moratorium or other laws affecting creditors' rights generally and except with respect to those provisions relating to indemnities or contributions for liabilities under the Act, as to which no opinion need be expressed; and

(14) No transfer taxes are required to be paid in connection with the sale and delivery of the Common Shares to the Underwriters hereunder.

In rendering such opinion, such counsel may rely, as to matters of fact, on certificates of the Selling Stockholders and of officers of the Company and of governmental officials, as to the matters set forth in paragraphs (12), (13) and (14), on opinions of other counsel retained by the Selling Stockholders, and, as to matters of local law, on opinions of local counsel in which case their opinion is to state that they are so doing and that the Underwriters are justified in relying on such opinions or certificates and copies of said opinions or certificates are to be attached to the opinion. Such counsel shall also

-14-

include a statement to the effect that nothing has come to such counsel's attention that would lead such counsel to believe that either at the effective date of the Registration Statement or at the applicable Closing Date the Registration Statement or the Prospectus, or any such amendment or supplement, contains any untrue statement of a material fact or omits to state a material fact required to be stated therein or necessary to make the statements therein not misleading;

(ii) Such opinion or opinions of Wilson, Sonsini, Goodrich & Rosati, P.C., counsel for the Underwriters, dated the First Closing Date or the Second Closing Date, as the case may be, with respect to the incorporation of the Company, the sufficiency of all corporate proceedings and other legal matters relating to this Agreement, the validity of the Common Shares, the Registration Statement and the Prospectus and other related matters as you may reasonably require, and the Company and the Selling Stockholders shall have furnished to such counsel such documents and shall have exhibited to them such papers and records as they may reasonably request for the purpose of enabling them to pass upon such matters. In connection with such opinions, such counsel may rely on representations or certificates of officers of the Company and governmental officials.

(iii) A certificate of the Company executed by the Chairman of the Board and President and the chief financial or accounting officer of the Company, dated the First Closing Date or the Second Closing Date, as the case may be, to the effect that:

(1) The representations and warranties of the Company set forth in Section 2 of this Agreement are true and correct as of the date of this Agreement and as of the First Closing Date or the Second Closing Date, as the case may be, and the Company has complied with all the agreements and satisfied all the conditions on its part to be performed or satisfied on or prior to such Closing Date;

(2) The Commission has not issued any order preventing or suspending the use of the Prospectus or any Preliminary Prospectus filed as a part of the Registration Statement or any amendment

thereto; no stop order suspending the effectiveness of the Registration Statement has been issued; and to the best of the knowledge of the respective signers, no proceedings for that purpose have been instituted or are pending or contemplated under the Act;

(3) Each of the respective signers of the certificate has carefully examined the Registration Statement and the Prospectus; in his opinion and to the best of his knowledge, the Registration Statement and the Prospectus and any amendments or supplements thereto contain all statements required to be stated therein regarding the Company and its subsidiaries; and neither the Registration Statement nor the Prospectus nor any amendment or supplement thereto includes any untrue statement of a material fact or omits to state any material fact required to be stated therein or necessary to make the statements therein not misleading;

(4) Since the initial date on which the Registration Statement was filed, no agreement, written or oral, transaction or event has occurred which should have been set forth in an amendment to the Registration Statement or in a supplement to or amendment of any prospectus which has not been disclosed in such a supplement or amendment;

(5) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, there has not been any material adverse change or a development involving a material adverse change in the condition (financial or otherwise), business, properties, results of operations, management or prospects of the Company and its subsidiaries; and no legal or governmental action, suit or proceeding is pending or threatened against the Company or any of its subsidiaries which is material to the Company and its subsidiaries, whether or not arising from transactions in the ordinary course of business, or which may adversely affect the transactions contemplated by this Agreement; since such dates neither the Company nor any of its subsidiaries has entered into any verbal or written agreement or other transaction which is not in the ordinary course of business or incurred any material liability or obligation, direct, contingent or indirect, made any change in its capital stock, made any material change in its short-term debt or funded debt or repurchased or otherwise acquired any of the Company's capital stock; and the Company

-15-

has not declared or paid any dividend, or made any other distribution, upon its outstanding capital stock payable to stockholders of record on a date prior to the First Closing Date or Second Closing Date; and

(6) Since the respective dates as of which information is given in the Registration Statement and the Prospectus, the Company and its subsidiaries have not sustained a material loss or damage by strike, fire, flood, windstorm, accident or other calamity (whether or not insured).

(iv) On the First Closing Date or the Second Closing Date, as the case may be, a certificate, dated such Closing Date and addressed to you, signed by or on behalf of each of the Selling Stockholders to the effect that the representations and warranties of such Selling Stockholder in this Agreement are true and correct, as if made at and as of the First Closing Date or the Second Closing Date, as the case may be, and such Selling Stockholder has complied with all the agreements and satisfied all the conditions on his part to be performed or satisfied prior to the First Closing Date or the Second Closing Date, as the case may be.

(v) On the date before this Agreement is executed and also on the First Closing Date and the Second Closing Date, a letter addressed to you from Arthur Andersen, LLP, independent accountants, the first one to be dated the day before the date of this Agreement, the second one to be dated the First Closing Date and the third one (in the event of a Second Closing) to

be dated the Second Closing Date, in form and substance reasonably satisfactory to you.

(vi) On or before the First Closing Date, letters from each of the Selling Stockholders and each director and executive officer of the Company, in form and substance satisfactory to you, confirming that for a period of 90 days after the first date that any of the Common Shares are released by you for sale to the public, such person will not directly or indirectly sell or offer to sell or otherwise dispose of any shares of Common Stock or Class B Common Stock or any right to acquire any such shares without the prior written consent of Montgomery Securities, which consent may be withheld at the sole discretion of Montgomery Securities.

All such opinions, certificates, letters and documents shall be in compliance with the provisions hereof only if they are reasonably satisfactory to you and to Wilson, Sonsini, Goodrich & Rosati, P.C., counsel for the Underwriters. The Company shall furnish you with such manually signed or conformed copies of such opinions, certificates, letters and documents as you request. Any certificate signed by any officer of the Company and delivered to the Underwriters or to counsel for the Underwriters shall be deemed to be a representation and warranty by the Company to the Underwriters as to the statements made therein.

If any condition to the Underwriters' obligations hereunder to be satisfied prior to or at the First Closing Date is not so satisfied, this Agreement at your election will terminate upon notification by you to the Company and the Selling Stockholders without liability on the part of any Underwriter or the Company or the Selling Stockholders except for the expenses to be paid or reimbursed by the Company and by the Selling Stockholders pursuant to Sections 7 and 9 hereof and except to the extent provided in Section 11 hereof.

## SECTION 9

### REIMBURSEMENT OF UNDERWRITERS' EXPENSES

Notwithstanding any other provisions hereof, if this Agreement shall be terminated by you pursuant to Section 8, or if the sale to the Underwriters of the Common Shares at the First Closing is not consummated because of any refusal, inability or failure on the part of the Company or the Selling Stockholders to perform any agreement herein or to comply with any provision hereof, the Company agrees to reimburse you and the other Underwriters upon demand for all out-of-pocket expenses that shall have been reasonably incurred by you and them in connection with the proposed purchase and the sale of the Common Shares, including but not limited to fees and disbursements of counsel, printing expenses, travel expenses, postage, telegraph charges and telephone charges relating directly to the offering contemplated by the Prospectus. Any such termination shall be without liability of any party to any other party except that the provisions of this Section, Section 7 and Section 11 shall at all times be effective and shall apply.

-16-

## SECTION 10

### EFFECTIVENESS OF REGISTRATION STATEMENT

You, the Company and the Selling Stockholders will use your, its and their best efforts to cause the Registration Statement to become effective, to prevent the issuance of any stop order suspending the effectiveness of the Registration Statement and, if such stop order be issued, to obtain as soon as possible the lifting thereof.

## SECTION 11

### INDEMNIFICATION

(a) The Company and each of the Insider Selling Stockholders, jointly and severally, agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act against any losses, claims, damages, liabilities or expenses, joint or several, to which such Underwriter or such controlling person may become subject, under the Act, the Securities Exchange Act of 1934, as amended (the "Exchange Act"), or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of the Company), insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state in any of them a material fact required to be stated therein or necessary to make the statements in any of them not misleading, or arise out of or are based in whole or in part on any inaccuracy in the representations and warranties of the Company or the Insider Selling Stockholders contained herein or any failure of the Company or the Insider Selling Stockholders to perform their respective obligations hereunder or under law; and will reimburse each Underwriter and each such controlling person for any legal and other expenses as such expenses are reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; provided, however, that neither the Company nor the Insider Selling Stockholders will be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto in reliance upon and in conformity with the information furnished to the Company pursuant to Section 4 hereof. The Company and the Insider Selling Stockholders may agree, as among themselves and without limiting the rights of the Underwriters under this Agreement, as to their respective amounts of such liability for which they each shall be responsible. In addition to their other obligations under this Section 11(a), the Company and the Insider Selling Stockholders agree that, as an interim measure during the pendency of any claim, action, investigation, inquiry or other proceeding arising out of or based upon any statement or omission, or any alleged statement or omission, or any inaccuracy in the representations and warranties of the Company or the Insider Selling Stockholders herein or failure to perform their obligations hereunder, all as described in this Section 11(a), they will reimburse each Underwriter on a quarterly basis for all reasonable legal or other expenses incurred in connection with investigating or defending any such claim, action, investigation, inquiry or other proceeding, notwithstanding the absence of a judicial determination as to the propriety and enforceability of the Company's or the Insider Selling Stockholders' obligation to reimburse each Underwriter for such expenses and the possibility that such payments might later be held to have been improper by a court of competent jurisdiction. To the extent that any such interim reimbursement payment is so held to have been improper, each Underwriter shall promptly return it to the Company and the Insider Selling Stockholders together with interest, compounded daily, determined on the basis of the prime rate (or other commercial lending rate for borrowers of the highest credit standing) announced from time to time by Bank of America NT&SA, San Francisco, California (the "Prime Rate"). Any such interim reimbursement payments which are not made to an Underwriter within 30 days of a request for reimbursement, shall bear interest at the Prime Rate from the date of such request. This indemnity agreement will be in addition to any liability which the Company or the Insider Selling Stockholders may otherwise have.

(b) Each of the Selling Stockholders, jointly and severally, agrees to indemnify and hold harmless each Underwriter and each person, if any, who controls any Underwriter within the meaning of the Act against any losses, claims, damages, liabilities or expenses, joint or several, to which such Underwriter or such controlling person may become subject, under the Act,

litigation, if such settlement is effected with the written consent of such Selling Stockholder), insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state in any of them a material fact required to be stated therein or necessary to make the statements in any of them not misleading, or arise out of or are based in whole or in part on any inaccuracy in the representations and warranties of the Selling Stockholders contained herein or any failure of the Selling Stockholders to perform their respective obligations hereunder or under law; and will reimburse each Underwriter and each such controlling person for any legal and other expenses as such expenses are reasonably incurred by such Underwriter or such controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action; provided, however, that the Selling Stockholders (other than the Insider Selling Stockholders) will only be liable in any such case to the extent that any such loss, claim, damage, liability or expense arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in the Registration Statement, any Preliminary Prospectus, the Prospectus or any amendment or supplement thereto in reliance upon and in conformity with the information about such Selling Stockholder furnished to the Company for use therein. In addition to their other obligations, under this Section 11(b), the Selling Stockholders agree that, as an interim measure during the pendency of any claim, action, investigation, inquiry or other proceeding arising out of or based upon any statement or omission, or any alleged statement or omission, or any inaccuracy in the representations and warranties of the Selling Stockholders herein or failure to perform their obligations hereunder, all as described in this Section 11(b), they will reimburse each Underwriter on a quarterly basis for all reasonable legal or other expenses incurred in connection with investigating or defending any such claim, action, investigation, inquiry or other proceeding, notwithstanding the absence of a judicial determination as to the propriety and enforceability of the Selling Stockholders' obligation to reimburse each Underwriter for such expenses and the possibility that such payments might later be held to have been improper by a court of competent jurisdiction. To the extent that any such interim reimbursement payment is so held to have been improper, each Underwriter shall promptly return it to the Selling Stockholders together with interest, compounded daily, determined on the basis of the Prime Rate. Any such interim reimbursement payments which are not made to an Underwriter within 30 days of a request for reimbursement, shall bear interest at the Prime Rate from the date of such request. This indemnity agreement will be in addition to any liability which the Selling Stockholders may otherwise have.

(c) Each Underwriter will severally indemnify and hold harmless the Company, each of its directors, each of its officers who signed the Registration Statement, the Selling Stockholders and each person, if any, who controls the Company or any Selling Stockholder within the meaning of the Act, against any losses, claims, damages, liabilities or expenses to which the Company, or any such director, officer, Selling Stockholder or controlling person may become subject, under the Act, the Exchange Act, or other federal or state statutory law or regulation, or at common law or otherwise (including in settlement of any litigation, if such settlement is effected with the written consent of such Underwriter), insofar as such losses, claims, damages, liabilities or expenses (or actions in respect thereof as contemplated below) arise out of or are based upon any untrue or alleged untrue statement of any material fact contained in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in the Registration Statement, any Preliminary Prospectus, the Prospectus, or any amendment or supplement thereto, in reliance upon and in conformity with the information furnished to the Company pursuant to Section 4 hereof; and will reimburse the Company, or any such director, officer, Selling Stockholder or controlling person for any legal and other expense reasonably incurred by the Company, or any such director, officer, Selling Stockholder or controlling person in connection with investigating, defending, settling, compromising or paying any such loss, claim, damage, liability, expense or action. In addition to its other obligations under this Section 11(c), each



Underwriter severally agrees that, as an interim measure during the pendency of any claim, action, investigation, inquiry or other proceeding arising out of or based upon any statement or omission, or any alleged statement or omission, described in this Section 11(c) which relates to information furnished to the Company pursuant to Section 4 hereof, it will reimburse the Company (and, to the extent applicable, each officer, director, controlling person or Selling Stockholder) on a quarterly basis for all reasonable legal or other expenses incurred in connection with investigating or defending any such claim, action, investigation, inquiry or other proceeding, notwithstanding the absence of a judicial determination as to the propriety and enforceability of the Underwriters' obligation to reimburse the Company (and, to the extent applicable, each officer, director, controlling person or Selling Stockholder) for such expenses and the possibility that such payments might later be held

-18-

to have been improper by a court of competent jurisdiction. To the extent that any such interim reimbursement payment is so held to have been improper, the Company (and, to the extent applicable, each officer, director, controlling person or Selling Stockholder) shall promptly return it to the Underwriters together with interest, compounded daily, determined on the basis of the Prime Rate. Any such interim reimbursement payments which are not made to the Company within 30 days of a request for reimbursement, shall bear interest at the Prime Rate from the date of such request. This indemnity agreement will be in addition to any liability which such Underwriter may otherwise have.

(d) Promptly after receipt by an indemnified party under this Section of notice of the commencement of any action, such indemnified party will, if a claim in respect thereof is to be made against an indemnifying party under this Section, notify the indemnifying party in writing of the commencement thereof; but the omission so to notify the indemnifying party will not relieve it from any liability which it may have to any indemnified party for contribution or otherwise than under the indemnity agreement contained in this Section or to the extent it is not prejudiced as a proximate result of such failure. In case any such action is brought against any indemnified party and such indemnified party seeks or intends to seek indemnity from an indemnifying party, the indemnifying party will be entitled to participate in, and, to the extent that it may wish, jointly with all other indemnifying parties similarly notified, to assume the defense thereof with counsel reasonably satisfactory to such indemnified party; provided, however, if the defendants in any such action include both the indemnified party and the indemnifying party and the indemnified party shall have reasonably concluded that there may be a conflict between the positions of the indemnifying party and the indemnified party in conducting the defense of any such action or that there may be legal defenses available to it and/or other indemnified parties which are different from or additional to those available to the indemnifying party, the indemnified party or parties shall have the right to select separate counsel to assume such legal defenses and to otherwise participate in the defense of such action on behalf of such indemnified party or parties. Upon receipt of notice from the indemnifying party to such indemnified party of its election so to assume the defense of such action and approval by the indemnified party of counsel, the indemnifying party will not be liable to such indemnified party under this Section for any legal or other expenses subsequently incurred by such indemnified party in connection with the defense thereof unless (i) the indemnified party shall have employed such counsel in connection with the assumption of legal defenses in accordance with the proviso to the next preceding sentence (it being understood, however, that the indemnifying party shall not be liable for the expenses of more than one separate counsel, approved by the Underwriters in the case of paragraph (a), representing the indemnified parties who are parties to such action) or (ii) the indemnifying party shall not have employed counsel reasonably satisfactory to the indemnified party to represent the indemnified party within a reasonable time after notice of commencement of the action, in each of which cases the fees and expenses of counsel shall be at the expense of the indemnifying party.

(e) If the indemnification provided for in this Section 11 is required by its terms but is for any reason held to be unavailable to or otherwise insufficient to hold harmless an indemnified party under paragraphs (a), (b),

(c) or (d) in respect of any losses, claims, damages, liabilities or expenses referred to herein, then each applicable indemnifying party shall contribute to the amount paid or payable by such indemnified party as a result of any losses, claims, damages, liabilities or expenses referred to herein (i) in such proportion as is appropriate to reflect the relative benefits received by the Company, the Selling Stockholders and the Underwriters from the offering of the Common Shares or (ii) if the allocation provided by clause (i) above is not permitted by applicable law, in such proportion as is appropriate to reflect not only the relative benefits referred to in clause (i) above but also the relative fault of the Company, the Selling Stockholders and the Underwriters in connection with the statements or omissions or inaccuracies in the representations and warranties herein which resulted in such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The respective relative benefits received by the Company, the Selling Stockholders and the Underwriters shall be deemed to be in the same proportion, in the case of the Company and the Selling Stockholders as the total price paid to the Company and to the Selling Stockholders, respectively, for the Common Shares sold by them to the Underwriters (net of underwriting commissions but before deducting expenses), and in the case of the Underwriters as the underwriting commissions received by them bears to the total of such amounts paid to the Company and to the Selling Stockholders and received by the Underwriters as underwriting commissions. The relative fault of the Company, the Selling Stockholders and the Underwriters shall be determined by reference to, among other things, whether the untrue or alleged untrue statement of a material fact or the omission or alleged omission to state a material fact or the inaccurate or the alleged inaccurate representation and/or warranty relates to information supplied by the Company, the Selling Stockholders or the Underwriters and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such statement or omission. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include, subject to the limitations set forth in subparagraph (d) of this Section 11, any legal or other fees or expenses reasonably incurred by such party in connection with investigating or defending any action or claim.

-19-

The provisions set forth in subparagraph (d) of this Section 11 with respect to notice of commencement of any action shall apply if a claim for contribution is to be made under this subparagraph (e); provided, however, that no additional notice shall be required with respect to any action for which notice has been given under subparagraph (d) for purposes of indemnification. The Company, the Selling Stockholders and the Underwriters agree that it would not be just and equitable if contribution pursuant to this Section 11 were determined solely by pro rata allocation (even if the Underwriters were treated as one entity for such purpose) or by any other method of allocation which does not take account of the equitable considerations referred to in this paragraph. Notwithstanding the provisions of this Section 11, no Underwriter shall be required to contribute any amount in excess of the amount of the total underwriting commissions received by such Underwriter in connection with the Common Shares underwritten by it and distributed to the public. No person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Act) shall be entitled to contribution from any person who was not guilty of such fraudulent misrepresentation. The Underwriters' obligations to contribute pursuant to this Section 11 are several in proportion to their respective underwriting commitments and not joint.

(f) It is agreed that any controversy arising out of the operation of the interim reimbursement arrangements set forth in Sections 11(a), 11(b) and 11(c) hereof, including the amounts of any requested reimbursement payments and the method of determining such amounts, shall be settled by arbitration conducted under the provisions of the Constitution and Rules of the Board of Governors of the New York Stock Exchange, Inc. or pursuant to the Code of Arbitration Procedure of the NASD. Any such arbitration must be commenced by service of a written demand for arbitration or written notice of intention to arbitrate, therein electing the arbitration tribunal. In the event the party demanding arbitration does not make such designation of an arbitration tribunal in such demand or notice, then the party responding to said demand or notice is authorized to do so. Such an arbitration would be limited to the operation of the interim reimbursement provisions contained in Sections 11(a), 11(b) and

11(c) hereof and would not resolve the ultimate propriety or enforceability of the obligation to reimburse expenses which is created by the provisions of such Sections 11(a), 11(b) and 11(c) hereof.

(g) The Company and each of the Underwriters agrees with each of the Insider Selling Stockholders that any claim of such Underwriter against such Insider Selling Stockholder for indemnification, reimbursement or advancement of expenses pursuant to Section 11(a) hereof or breach of any representation or warranty in Section 2 hereof shall first be sought by such Underwriter to be satisfied in full by the Company and, subject to the limitation on the aggregate liability of the Insider Selling Stockholders set forth in Section 11(h), shall be satisfied by the Insider Selling Stockholders only to the extent that such claim has not been satisfied in full by the Company within the sixty (60) day period following the date requested for payment in accordance with the terms of this Agreement.

(h) In no event shall the aggregate liability of any Selling Stockholder under this Agreement for indemnification, contribution, reimbursement of expenses and breach of any representation or warranty of such Selling Stockholder or the Company exceed the proceeds received by such Selling Stockholder with respect to the Common Shares sold to the Underwriters hereunder, provided, however, that with respect to the Insider Selling Stockholder listed on Schedule D hereto, the aggregate liability of such Insider Selling Stockholder under this Agreement for indemnification, contribution or reimbursement of expenses pursuant to Section 11(a) hereof and breach of any representation or warranty of such Insider Selling Stockholder in Section 2 hereof shall not exceed fifty percent (50%) of the proceeds received by such Insider Selling Stockholder with respect to the Common Shares sold to the Underwriters hereunder.

(i) The Company and the Selling Stockholders may agree, as among themselves and without limiting the rights of the Underwriters under this Agreement, as to their respective amounts of such liability for which they each shall be responsible.

(j) With respect to the Voting Trust Agreement dated February 24, 1994, as amended (the "Voting Trust"), the Trustees (as defined in the Voting Trust), on behalf of themselves and each of the Holders (as defined in the Voting Trust), agree with the Underwriters that in the event the Voting Trust is amended, terminated or modified in a way that adversely affects the ability of the Underwriters to enforce their rights against the Voting Trust as an Insider Selling Stockholder or Selling Stockholder hereunder, then the Underwriters shall be entitled to proceed against the Holders (as defined in the Voting Trust) with respect to such rights pro rata based on the relative interest which each such Holder has in the Voting Trust as of the date hereof. Notwithstanding the foregoing, the Trustees, the Holders and the Voting Trust (each as defined in the Voting Trust) may agree, as among themselves and without limiting the rights of the Underwriters under this Agreement, as to their respective amounts of such liability through which they shall each be responsible.

-20-

## SECTION 12

### DEFAULT OF UNDERWRITERS

It shall be a condition to this Agreement and the obligation of the Company and the Selling Stockholders to sell and deliver the Common Shares hereunder, and of each Underwriter to purchase the Common Shares in the manner as described herein, that, except as hereinafter in this paragraph provided, each of the Underwriters shall purchase and pay for all the Common Shares agreed to be purchased by such Underwriter hereunder upon tender to the Underwriters of all such shares in accordance with the terms hereof. If any Underwriter or Underwriters default in their obligations to purchase Common Shares hereunder on either the First or Second Closing Date and the aggregate number of Common Shares which such defaulting Underwriter or Underwriters agreed but failed to purchase on such Closing Date does not exceed 10% of the total number of Common Shares which the Underwriters are obligated to purchase on such Closing Date, the non-defaulting Underwriters shall be obligated severally, in proportion to their respective commitments hereunder, to purchase the Common Shares which such defaulting Underwriters agreed but failed to

purchase on such Closing Date. If any Underwriter or Underwriters so default and the aggregate number of Common Shares with respect to which such default occurs is more than the above percentage and arrangements satisfactory to the Underwriters and the Company for the purchase of such Common Shares by other persons are not made within 48 hours after such default, this Agreement will terminate without liability on the part of any non-defaulting Underwriter or the Company or the Selling Stockholders except for the expenses to be paid by the Company and the Selling Stockholders pursuant to Section 7 hereof and except to the extent provided in Section 11 hereof.

In the event that Common Shares to which a default relates are to be purchased by the non-defaulting Underwriters or by another party or parties, the Underwriters or the Company shall have the right to postpone the First or Second Closing Date, as the case may be, for not more than five business days in order that the necessary changes in the Registration Statement, Prospectus and any other documents, as well as any other arrangements, may be effected. As used in this Agreement, the term "Underwriter" includes any person substituted for an Underwriter under this Section. Nothing herein will relieve a defaulting Underwriter from liability for its default.

## SECTION 13

### EFFECTIVE DATE

This Agreement shall become effective immediately as to Sections 7, 9, 11, 14 and 16 and, as to all other provisions, (i) if at the time of execution of this Agreement the Registration Statement has not become effective, at 2:00 P.M., California time, on the first full business day following the effectiveness of the Registration Statement, or (ii) if at the time of execution of this Agreement the Registration Statement has been declared effective, at 2:00 P.M., California time, on the first full business day following the date of execution of this Agreement; but this Agreement shall nevertheless become effective at such earlier time after the Registration Statement becomes effective as you may determine on and by notice to the Company or by release of any of the Common Shares for sale to the public. For the purposes of this Section 13, the Common Shares shall be deemed to have been so released upon the release for publication of any newspaper advertisement relating to the Common Shares or upon the release by you of telegrams (i) advising Underwriters that the Common Shares are released for public offering, or (ii) offering the Common Shares for sale to securities dealers, whichever may occur first.

-21-

## SECTION 14

### TERMINATION

Without limiting the right to terminate this Agreement pursuant to any other provision hereof:

(a) This Agreement may be terminated by the Company by notice to you and the Selling Stockholders or by you by notice to the Company and the Selling Stockholders at any time prior to the time this Agreement shall become effective as to all its provisions, and any such termination shall be without liability on the part of the Company or the Selling Stockholders to any Underwriter (except for the expenses to be paid or reimbursed by the Company and the Selling Stockholders pursuant to Sections 7 and 9 hereof and except to the extent provided in Section 11 hereof) or of any Underwriter to the Company or the Selling Stockholders (except to the extent provided in Section 11 hereof).

(b) This Agreement may also be terminated by you prior to the First Closing Date by notice to the Company (i) if additional material governmental restrictions, not in force and effect on the date hereof, shall have been imposed upon trading in securities generally or minimum or maximum prices shall have been generally established on the New York Stock Exchange or on the American Stock Exchange or in the over the counter market by the NASD, or trading in securities generally shall have been suspended on either such Exchange or in the over the counter market by the NASD, or a general banking

moratorium shall have been established by federal, New York or California authorities, (ii) if an outbreak of major hostilities or other national or international calamity or any substantial change in political, financial or economic conditions shall have occurred or shall have accelerated or escalated to such an extent, as, in the judgment of the Underwriters, to affect adversely the marketability of the Common Shares, (iii) if any adverse event shall have occurred or shall exist which makes untrue or incorrect in any material respect any statement or information contained in the Registration Statement or Prospectus or which is not reflected in the Registration Statement or Prospectus but should be reflected therein in order to make the statements or information contained therein not misleading in any material respect, or (iv) if there shall be any action, suit or proceeding pending or threatened, or there shall have been any development or prospective development involving particularly the business or properties or securities of the Company or any of its subsidiaries or the transactions contemplated by this Agreement, which, in the reasonable judgment of the Underwriters, may materially and adversely affect the Company's business or earnings and makes it impracticable or inadvisable to offer or sell the Common Shares. Any termination pursuant to this subsection (b) shall be without liability on the part of any Underwriter to the Company or the Selling Stockholders or on the part of the Company or the Selling Stockholders to any Underwriter (except for expenses to be paid or reimbursed by the Company and the Selling Stockholders pursuant to Sections 7 and 9 hereof and except to the extent provided in Section 11 hereof).

(c) This Agreement shall also terminate at 5:00 P.M., California Time, on the tenth full business day after the Registration Statement shall have become effective if the initial public offering price of the Common Shares shall not then as yet have been determined as provided in Section 5 hereof. Any termination pursuant to this subsection (c) shall be without liability on the part of any Underwriter to the Company or the Selling Stockholders or on the part of the Company or the Selling Stockholders to any Underwriter (except for expenses to be paid or reimbursed by the Company and the Selling Stockholders pursuant to Sections 7 and 9 hereof and except to the extent provided in Section 11 hereof).

## SECTION 15

### FAILURE OF THE SELLING STOCKHOLDERS TO SELL AND DELIVER

If one or more of the Selling Stockholders shall fail to sell and deliver to the Underwriters the Common Shares to be sold and delivered by such Selling Stockholders at the First Closing Date under the terms of this Agreement, then the Underwriters may at their option, by written notice from you to the Company and the Selling Stockholders, either (i) terminate this Agreement without any liability on the part of any Underwriter or, except as provided in Sections 7, 9 and 11 hereof, the Company or the Selling Stockholders, or (ii) purchase the shares which the Company and other Selling Stockholders have agreed to sell and deliver in accordance with the terms hereof. In the event of a failure by one or more of the Selling Stockholders to sell and deliver as referred to in this Section, either you or the Company shall have the right to postpone the Closing Date for a

-22-

period not exceeding seven business days in order that the necessary changes in the Registration Statement, Prospectus and any other documents, as well as any other arrangements, may be effected.

## SECTION 16

### REPRESENTATIONS AND INDEMNITIES TO SURVIVE DELIVERY

The respective indemnities, agreements, representations, warranties and other statements of the Company, of its officers, of the Selling Stockholders and of the several Underwriters set forth in or made pursuant to this Agreement will remain in full force and effect, regardless of any investigation made by or on behalf of any Underwriter or the Company or any of its or their partners, officers or directors or any controlling person, or the Selling Stockholders, as the case may be, and will survive delivery of and payment for the Common

Shares sold hereunder and any termination of this Agreement.

## SECTION 17

### NOTICES

All communications hereunder shall be in writing and, if sent to the Underwriters shall be mailed, delivered or telegraphed and confirmed to you at 600 Montgomery Street, San Francisco, California 94111, Attention: J. Sanford Miller, with a copy to Wilson, Sonsini, Goodrich & Rosati, P.C., 650 Page Mill Road, Palo Alto, California 94304, Attention: Barry E. Taylor; and if sent to the Company or the Selling Stockholders shall be mailed, delivered or telegraphed and confirmed to the Company at 101 Kendall Point Drive, Oswego, Illinois, 60543, Attention: Gary F. Seamans, with a copy to McDermott, Will and Emery, 227 West Monroe Street, Chicago, Illinois, 60606, Attention: William J. Quinlan, Jr. The Company, the Selling Stockholders or you may change the address for receipt of communications hereunder by giving notice to the others.

## SECTION 18

### SUCCESSORS

This Agreement will inure to the benefit of and be binding upon the parties hereto, including any substitute Underwriters pursuant to Section 12 hereof, and to the benefit of the officers and directors and controlling persons referred to in Section 11, and in each case their respective successors, personal representatives and assigns, and no other person will have any right or obligation hereunder. No such assignment shall relieve any party of its obligations hereunder. The term "successors" shall not include any purchaser of the Common Shares as such from any of the Underwriters merely by reason of such purchase.

## SECTION 19

### PARTIAL UNENFORCEABILITY

The invalidity or unenforceability of any Section, paragraph or provision of this Agreement shall not affect the validity or enforceability of any other Section, paragraph or provision hereof. If any Section, paragraph or provision of this Agreement is for any reason determined to be invalid or unenforceable, there shall be deemed to be made such minor changes (and only such minor changes) as are necessary to make it valid and enforceable.

-23-

## SECTION 20

### APPLICABLE LAW

This Agreement shall be governed by and construed in accordance with the internal laws (and not the laws pertaining to conflicts of laws) of the State of California.

## SECTION 21

### GENERAL

This Agreement constitutes the entire agreement of the parties to this Agreement and supersedes all prior written or oral and all contemporaneous oral agreements, understandings and negotiations with respect to the subject matter hereof. This Agreement may be executed in several counterparts, each one of which shall be an original, and all of which shall constitute one and the same document.

In this Agreement, the masculine, feminine and neuter genders and the singular and the plural include one another. The section headings in this Agreement are for the convenience of the parties only and will not affect the

construction or interpretation of this Agreement. This Agreement may be amended or modified, and the observance of any term of this Agreement may be waived, only by a writing signed by the Company, the Selling Stockholders and you.

Any person executing and delivering this Agreement as Attorney-in-fact for the Selling Stockholders represents by so doing that he has been duly appointed as Attorney-in-fact by such Selling Stockholder pursuant to a validly existing and binding Power of Attorney which authorizes such Attorney-in-fact to take such action. Without limiting the foregoing, such Attorney-in-fact by his execution hereof represents that he has been duly appointed as Attorney-in-fact pursuant to a validly existing and binding Power of Attorney which authorizes such Attorney-in-fact to act on behalf of the Holders (as defined in the Voting Trust) as contemplated by Section 11(j) hereof and on behalf of the grantor or grantors of any Selling Stockholder that is a revocable trust as contemplated by Section 3(c) hereof. Any action taken under this Agreement by any of the Attorneys-in-fact will be binding on all the Selling Stockholders.

-24-

If the foregoing is in accordance with your understanding of our agreement, kindly sign and return to us the enclosed copies hereof, whereupon it will become a binding agreement among the Company, the Selling Stockholders and the several Underwriters including you, all in accordance with its terms.

Very truly yours,

WESTELL TECHNOLOGIES, INC.

By: \_\_\_\_\_

Title: \_\_\_\_\_

SELLING STOCKHOLDERS

By: \_\_\_\_\_  
(Attorney-in-fact)

By: \_\_\_\_\_  
(Attorney-in-fact)

The foregoing Underwriting Agreement is hereby confirmed and accepted by us in San Francisco, California as of the date first above written.

MONTGOMERY SECURITIES  
COWEN & COMPANY  
PUNK, ZIEGEL & KNOELL

By: MONTGOMERY SECURITIES

By: \_\_\_\_\_  
Partner

SCHEDULE A

<TABLE>  
<CAPTION>

Name of Underwriter	Number of Firm Common Shares to be Purchased
-----	-----
<S>	<C>
Montgomery Securities. . . . .	
Cowen & Company. . . . .	
Punk, Ziegel & Knoell. . . . .	
Total . . . . .	----- 2,540,000 =====

</TABLE>

A-1

SCHEDULE B

<TABLE>  
<CAPTION>

Name of Selling Stockholder	Number of Firm Common Shares to be Sold by Selling Stockholders	Number of Optional Common Shares to be Sold by Selling Stockholders
-----	-----	-----
<S>	<C>	<C>
Stefan D. Abrams, as Trustee of the Stefan D. Abrams 1996 Charitable Remainder Trust . . . . .	25,000	10,000
Stephen J. Hawrysz . . . . .	22,000	1,819
Curtis L. Benton, as Trustee of the Curtis L. Benton 1991 Trust. . . . .	81,832	40,916
Curtis H. Benton, as Trustee of the Curtis H. Benton Trust U/A Benton Family 1994 Trust. . . . .	7,830	3,915
Lorinda L. Benton, as Trustee of the Lorinda L. Benton Trust U/A Benton Family 1994 Trust. . . . .	7,830	3,915
Michael A. Brunner . . . . .	12,180	6,090
Robert D. Faw. . . . .	13,050	6,525
Robert H. Gaynor, Jr. . . . .	3,926	-0-
Robert Gaynor, Jr., as Trustee of the Steven Robert Gaynor Trust. . . . .	1,566	-0-
Ronald Koval . . . . .	5,400	-0-
Michael F. Lathrope. . . . .	67,628	33,814
J. William Nelson. . . . .	32,886	16,443



Gary F. Seamans, as Trustee of the James W. Nelson Trust U/A Nelson Family 1994 Trust. . . . .	6,525	3,262
Gary F. Seamans, as Trustee of the Michael J. Nelson Trust U/A Nelson Family 1994 Trust. . . . .	6,525	3,262
William V. Rodey, Jr. . . . .	4,504	-0-
Gary F. Seamans, as Trustee of the Gary F. Seamans 1991 Trust . . . . .	162,798	81,399
Melvin J. Simon, as Trustee of the Shawn F. Seamans 1993 Trust . . . . .	26,100	13,050
Ormand J. Wade . . . . .	10,962	-0-

</TABLE>

B-1

<TABLE>  
<CAPTION>

Name of Selling Stockholder	Number of Firm Common Shares to be Sold by Selling Stockholders	Number of Optional Common Shares to be Sold by Selling Stockholders	
-----	<C>	<C>	
<S> Robert C. Penny III and Melvin J. Simon, as Voting Trustees under the Electronic Information Technologies, Inc. Voting Trust Agreement dated February 23, 1994, as amended . . . . .		191,328	-0-
Melvin J. Simon, as Trustee under the Trust Agreement dated October 19, 1984 . . . . .		65,372	1,590
Robert C. Penny III, as Trustee under the Trust Agreement dated October 31, 1980 . . . . .		44,768	-0-
Florence R. Penny, Barbara J. Pruitt and Marlene D. Foskett as Trustees of the Robert C. Penny Trust No. 2 dated December 30, 1974. . . . .		5,350	-0-
Natalie K. Simon, as Trustee of the Sheri A. Simon Gift Trust Agreement dated December 20, 1994 . . . . .		13,050	-0-
Natalie K. Simon, as Trustee of the Stacy L. Simon Gift Trust Agreement dated December 20, 1994 . . . . .		13,050	-0-
Melvin J. Simon, as Trustee of the Trust for Robert C. Penny III under terms of Florence R. Penny Children's Trust . . . . .		43,540	-0-
TOTAL . . . . .	----- 875,000 =====	----- 226,000 =====	

</TABLE>

\*In addition, the Company will sell up to 155,000 Optional Common Shares.

B-2

SCHEDULE C

INSIDER SELLING STOCKHOLDERS

Curtis L. Benton 1991 Trust

Robert D. Faw  
Michael F. Lathrope  
J. William Nelson

Robert C. Penny Trust No. 2 dated December 30, 1974

Melvin J. Simon, as Trustee under the Trust Agreement dated October 19, 1984

Robert C. Penny III, as Trustee under the Trust Agreement dated October 31, 1980

Trust for Robert C. Penny III under terms of Florence R. Penny Children's Trust

Electronic Information Technologies, Inc. Voting Trust Agreement dated

February 23, 1994, as amended

Gary F. Seamans 1991 Trust

Stephen J. Hawrysz

C-1

#### SCHEDULE D

INSIDER SELLING STOCKHOLDER LIMITED PURSUANT TO SECTION 11(h)

Electronic Information Technologies, Inc.

Voting Trust Agreement dated February 23, 1994, as amended

D-1

EXHIBIT 5.1

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

June 20, 1996

Westell Technologies, Inc.  
101 Kendall Point Drive  
Oswego, Illinois 60543

Re: Registration Statement on Form S-1  
File No. 333-04973

Ladies and Gentlemen:

You have requested our opinion in connection with the above-referenced registration statement (the "Registration Statement"), under which (i) Westell Technologies, Inc. (the "Company") intends to issue and sell in the offering related thereto 1,665,000 shares (the "Primary Shares") of Class A Common Stock, par value \$.01 per share, of the Company ("Common Stock") and (ii) certain stockholders of the Company intend to sell in the offering 875,000 shares of Class A Common Stock, plus up to an additional 381,000 shares of Class A Common Stock granted to the underwriters by the selling stockholders to cover over-allotments (the "Secondary Shares").

In arriving at the opinion expressed below, we have examined the Registration Statement and such other documents as we have deemed necessary to enable us to express the opinion hereinafter set forth. In addition, we have examined and relied, to the extent we deem proper, on certificates of officers of the Company as to factual matters, and on the originals or copies certified or otherwise identified to our satisfaction, of all such corporate records of the Company and such other instruments and certificates of public officials and other persons as we have deemed appropriate. In our examination, we have assumed the authenticity of all documents submitted to us as originals, the conformity to the original documents of all

Westell Technologies, Inc.  
June 20, 1996  
Page 2

documents submitted to us as copies, the genuineness of all signatures on documents reviewed by us and the legal capacity of natural persons.

Based upon and subject to the foregoing, we are of the opinion that (i) the Primary Shares have been duly authorized and, when issued in accordance with the terms and conditions set forth in the Registration Statement, will be validly issued, fully paid and non-assessable, and (ii) the Secondary Shares have been duly authorized and validly issued and are fully paid and non-assessable.

We hereby consent to the reference to our firm under the caption "Legal Matters" in the Registration Statement and to the use of this opinion as an exhibit to the Registration Statement. In giving this consent, we do not hereby admit that we come within the category of persons whose consent is required under Section 7 of the Securities Act of 1933, as amended, or the rules and regulations of the Securities and Exchange Commission thereunder.

Very truly yours,

/s/ McDermott, Will & Emery



EXHIBIT 23.1

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the use of our report dated May 21, 1996 and to all references to our Firm included in or made a part of this registration statement.

ARTHUR ANDERSEN LLP

Chicago, Illinois

June 19, 1996