

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549**

FORM 10-Q

**QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the quarterly period ended September 30, 2015

OR

**TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

For the transition period from to

Commission File Number 0-27266

Westell Technologies, Inc.

(Exact name of registrant as specified in its charter)

DELAWARE

(State or other jurisdiction of
incorporation or organization)

750 North Commons Drive, Aurora, IL
(Address of principal executive offices)

36-3154957

(I.R.S. Employer
Identification Number)

60504
(Zip Code)

Registrant's telephone number, including area code (630) 898-2500

Not applicable

(Former name, former address and former fiscal year, if changed since last report)

Indicate by check or mark whether the registrant (1) has filed all reports required to be filed by Sections 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark whether the registrant has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files). Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer, or a smaller reporting company. See definitions of "large accelerated filer," "accelerated filer" and "smaller reporting company" in Rule 12b-2 of the Exchange Act.

Large Accelerated Filer	<input type="checkbox"/>	Accelerated Filer	<input checked="" type="checkbox"/>
Non-Accelerated Filer	<input type="checkbox"/>	Smaller Reporting Company	<input type="checkbox"/>

Indicate by check mark whether the registrant is a shell company as defined in Rule 12b-2 of the Exchange Act. Yes No

Indicate the number of shares outstanding of each of the issuer's classes of common stock as of October 21, 2015:

Class A Common Stock, \$0.01 Par Value – 47,091,808 shares

Class B Common Stock, \$0.01 Par Value – 13,937,151 shares

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
FORM 10-Q
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Cautionary Statement Regarding Forward-Looking Information

Certain statements contained herein that are not historical facts or that contain the words “believe,” “expect,” “intend,” “anticipate,” “estimate,” “may,” “will,” “plan,” “should,” or derivatives thereof and other words of similar meaning are forward-looking statements that involve 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, product demand and market acceptance risks, customer spending patterns, need for financing and capital, economic weakness in the United States (“U.S.”) economy and telecommunications market, the effect of international economic conditions and trade, legal, social and economic risks (such as import, licensing and trade restrictions), the impact of competitive products or technologies, competitive pricing pressures, customer product selection decisions, product cost increases, component supply shortages, new product development, excess and obsolete inventory, commercialization and technological delays or difficulties (including delays or difficulties in developing, producing, testing and selling new products and technologies), the ability to successfully consolidate and rationalize operations, the ability to successfully identify, acquire and integrate acquisitions, effects of the Company’s accounting policies, retention of key personnel and other risks more fully described in our Form 10-K/A for the fiscal year ended March 31, 2015, under Item 1A - Risk Factors. The Company undertakes no obligation to publicly update these forward-looking statements to reflect current events or circumstances after the date hereof or to reflect the occurrence of unanticipated events or otherwise.

Trademarks

The following terms used in this filing are our trademarks: ClearLink®, Kentrox®, Optima Management System®, UDIT®, WESTELL TECHNOLOGIES®, and Westell®. All other trademarks appearing in this filing are the property of their holders.

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED BALANCE SHEETS
(In thousands, except share and per share amounts)

	(unaudited) September 30, 2015	March 31, 2015
Assets		
Current assets:		
Cash and cash equivalents	\$ 32,878	\$ 14,026
Short-term investments	3,476	23,906
Accounts receivable (net of allowance of \$336 and \$408 at September 30, 2015, and March 31, 2015, respectively)	17,130	11,845
Inventories	12,196	16,205
Prepaid expenses and other current assets	2,470	3,285
Deferred income taxes	1,030	1,043
Land held-for-sale	—	264
Total current assets	<u>69,180</u>	<u>70,574</u>
Property and equipment, gross	17,515	16,084
Less accumulated depreciation and amortization	(13,047)	(12,481)
Property and equipment, net	<u>4,468</u>	<u>3,603</u>
Intangible assets, net	23,110	25,942
Other non-current assets	140	258
Total assets	<u>\$ 96,898</u>	<u>\$ 100,377</u>
Liabilities and Stockholders' Equity		
Current liabilities:		
Accounts payable	\$ 7,643	\$ 4,011
Accrued expenses	3,904	4,602
Accrued restructuring	1,092	1,161
Accrued compensation	2,299	974
Contingent consideration payable	1,030	1,184
Deferred revenue	1,217	2,415
Total current liabilities	<u>17,185</u>	<u>14,347</u>
Deferred revenue non-current	1,104	751
Deferred income tax liability	1,133	1,089
Accrued restructuring non-current	1,099	1,642
Contingent consideration payable non-current	—	400
Other non-current liabilities	352	409
Total liabilities	<u>20,873</u>	<u>18,638</u>
Commitments and contingencies (Note 9)		
Stockholders' equity:		
Class A common stock, par \$0.01, Authorized – 109,000,000 shares	471	468
Outstanding – 47,093,363 and 46,839,361 shares at September 30, 2015, and March 31, 2015, respectively		
Class B common stock, par \$0.01, Authorized – 25,000,000 shares	139	139
Issued and outstanding – 13,937,151 shares at both September 30, 2015, and March 31, 2015		
Preferred stock, par \$0.01, Authorized – 1,000,000 shares	—	—
Issued and outstanding – none		
Additional paid-in capital	413,733	413,026
Treasury stock at cost – 17,540,620 and 17,466,855 shares at September 30, 2015, and March 31, 2015, respectively	(35,151)	(35,066)
Cumulative translation adjustment	608	608
Accumulated deficit	(303,775)	(297,436)
Total stockholders' equity	<u>76,025</u>	<u>81,739</u>
Total liabilities and stockholders' equity	<u>\$ 96,898</u>	<u>\$ 100,377</u>

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF OPERATIONS
(In thousands, except per share amounts)
(Unaudited)

	Three months ended September 30,		Six months ended September 30,	
	2015	2014	2015	2014
Revenue	\$ 25,514	\$ 23,646	\$ 47,084	\$ 51,471
Cost of revenue	15,283	15,581	28,424	33,722
Gross profit	10,231	8,065	18,660	17,749
Operating expenses:				
Sales and marketing	4,026	2,924	7,222	6,345
Research and development	4,625	4,300	9,711	8,775
General and administrative	2,580	3,280	5,549	6,334
Intangible amortization	1,432	1,710	2,831	3,295
Restructuring	—	(2)	17	55
Goodwill impairment	—	11,450	—	11,450
Total operating expenses	12,663	23,662	25,330	36,254
Operating income (loss)	(2,432)	(15,597)	(6,670)	(18,505)
Other income (expense), net	(61)	(16)	(23)	45
Income (loss) before income taxes and discontinued operations	(2,493)	(15,613)	(6,693)	(18,460)
Income tax benefit (expense)	20	69	82	98
Net income (loss) from continuing operations	(2,473)	(15,544)	(6,611)	(18,362)
Discontinued Operations:				
Income from discontinued operations, net of income tax of \$172 for the six months ended September 30, 2015	—	—	272	—
Net income (loss) ⁽¹⁾	\$ (2,473)	\$ (15,544)	\$ (6,339)	\$ (18,362)
Basic net income (loss) per share:				
Basic net income (loss) from continuing operations	\$ (0.04)	\$ (0.26)	\$ (0.11)	\$ (0.31)
Basic net income (loss) from discontinued operations	—	—	—	—
Basic net income (loss) ⁽²⁾	\$ (0.04)	\$ (0.26)	\$ (0.10)	\$ (0.31)
Diluted net income (loss) per share:				
Diluted net income (loss) from continuing operations	\$ (0.04)	\$ (0.26)	\$ (0.11)	\$ (0.31)
Diluted net income (loss) from discontinued operations	—	—	—	—
Diluted net income (loss) ⁽²⁾	\$ (0.04)	\$ (0.26)	\$ (0.10)	\$ (0.31)
Weighted-average number of common shares outstanding:				
Basic	60,783	59,924	60,743	59,819
Effect of dilutive securities: restricted stock, restricted stock units, performance stock units and stock options ⁽³⁾	—	—	—	—
Diluted	60,783	59,924	60,743	59,819

(1) Net income (loss) and comprehensive income (loss) are the same for the periods reported.

(2) Totals may not sum due to rounding.

(3) The Company had 3.7 million and 3.5 million shares represented by common stock equivalents for the three and six months ended September 30, 2015 and 3.2 million and 3.6 million shares represented by common stock equivalents for the three and six months ended September 30, 2014, respectively, which were not included in the computation of average dilutive shares outstanding because they were anti-dilutive. In periods with a net loss from continuing operations, the basic loss per share equals the diluted loss per share as all common stock equivalents are excluded from the per share calculation.

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

WESTELL TECHNOLOGIES, INC. AND SUBSIDIARIES
CONDENSED CONSOLIDATED STATEMENTS OF CASH FLOWS
(In thousands)
(Unaudited)

	Six months ended September 30,	
	2015	2014
Cash flows from operating activities:		
Net income (loss) ⁽¹⁾	\$ (6,339)	\$ (18,362)
Reconciliation of net loss to net cash used in operating activities:		
Depreciation and amortization	3,495	3,755
Goodwill impairment	—	11,450
Stock-based compensation	710	1,114
Restructuring	17	55
Deferred taxes	57	(28)
Exchange rate loss	60	4
Changes in assets and liabilities:		
Accounts receivable	(5,342)	3,890
Inventories	4,009	1,793
Prepaid expenses and other current assets	815	(93)
Other assets	118	79
Deferred revenue	(845)	(642)
Accounts payable and accrued expenses	2,151	(216)
Accrued compensation	1,325	(3,013)
Net cash provided by (used in) operating activities	231	(214)
Cash flows from investing activities:		
Maturities of held-to-maturity short-term debt securities	16,625	11,647
Maturities of other short-term investments	5,586	983
Purchases of held-to-maturity short-term debt securities	(1,781)	(12,541)
Purchases of other short-term investments	—	(4,875)
Proceeds from sale of land	264	—
Purchases of property and equipment	(1,530)	(1,155)
Acquisitions, net of cash acquired	—	(304)
Net cash provided by (used in) investing activities	19,164	(6,245)
Cash flows from financing activities:		
Purchases of treasury stock	(85)	(688)
Proceeds from stock options exercised	—	155
Payment of contingent consideration	(455)	(879)
Net cash provided by (used in) financing activities	(540)	(1,412)
Gain (loss) of exchange rate changes on cash	(3)	(2)
Net increase (decrease) in cash and cash equivalents	18,852	(7,873)
Cash and cash equivalents, beginning of period	14,026	35,793
Cash and cash equivalents, end of period	\$ 32,878	\$ 27,920

(1) Net income (loss) and comprehensive income (loss) are the same for the periods reported.

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

Note 1. Basis of Presentation

Description of Business

Westell Technologies, Inc. (the Company) is a holding company. Its wholly-owned subsidiary, Westell, Inc., designs and distributes telecommunications products which are sold primarily to major telephone companies. Noran Tel, Inc. is a wholly-owned subsidiary of Westell, Inc. Noran Tel's operations focus on power distribution product development and sales of Company products in Canada. On April 1, 2013, Westell, Inc. acquired 100% of the outstanding shares of Kentrox, Inc. (Kentrox). Kentrox designed and distributed intelligent site management solutions that provided comprehensive monitoring, management and control of any site. On March 1, 2014, Westell, Inc. acquired 100% of the outstanding shares of Cellular Specialties, Inc. (CSI). CSI designs and develops in-building wireless solutions, including distributed antenna systems (DAS) products and small cell connectivity equipment. The assets and liabilities acquired and the results of operations relating to Kentrox and CSI are included in the Company's Condensed Consolidated Financial Statements from the dates of acquisitions.

Basis of Presentation and Reporting

The accompanying Condensed Consolidated Financial Statements include the accounts of the Company and its wholly-owned subsidiaries. The Condensed Consolidated Financial Statements have been prepared using generally accepted accounting principles (GAAP) in the United States for interim financial reporting, and consistent with the instructions of Form 10-Q and Article 10 of Regulation S-X, and accordingly they do not include all of the information and footnotes required in the annual consolidated financial statements and accompanying footnotes. The Condensed Consolidated Financial Statements should be read in conjunction with the Consolidated Financial Statements and accompanying notes included in the Company's Annual Report on Form 10-K/A for the year ended March 31, 2015. All intercompany accounts and transactions have been eliminated in consolidation.

In the opinion of management, the unaudited interim financial statements included herein reflect all adjustments, consisting of normal recurring adjustments, necessary to present fairly the Company's condensed consolidated financial position and the results of operations, comprehensive income (loss) and cash flows at September 30, 2015, and for all periods presented. The results of operations for the periods presented are not necessarily indicative of the results that may be expected for fiscal year 2016.

Use of Estimates

The preparation of financial statements in conformity with GAAP 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 that affect revenue and expenses during the periods reported. Estimates are used when accounting for the allowance for uncollectible accounts receivable, net realizable value of inventory, product warranty accrued, relative selling prices, stock-based compensation, goodwill and intangible assets fair value, depreciation, income taxes, and contingencies, among other things. Actual results could differ from those estimates.

Recently Issued Accounting Pronouncements Adopted

In September 2015, the FASB issued ASU 2015-16, *Business Combinations: Simplifying the Accounting for Measurement-Period Adjustments* (ASU 2015-16), which eliminates the requirement to retroactively account for measurement-period adjustments to provisional amounts recognized in a business combination. Under the new guidance, the measurement-period adjustments must be recognized in the period in which adjustments are determined, including the effect on earnings of any amounts that would have been recorded in previous periods. The standard is effective for our financial statements issued for fiscal years beginning after December 15, 2016, and interim periods within those fiscal years. Early adoption is permitted for financial statements that have not been previously issued. We adopted this guidance in the second quarter of fiscal year 2016.

Recently Issued Accounting Pronouncements Not Yet Adopted

In July 2015, the FASB issued ASU 2015-11, *Simplifying the Measurement of Inventory* (ASU 2015-11). The core principle of the guidance is that an entity should measure inventory at the "lower of cost and net realizable value" and options that currently exist for "market value" will be eliminated. The ASU defines net realizable value as the "estimated selling prices in the ordinary course of business, less reasonably predictable cost of completion, disposal, and transportation." The standard is effective for our financial statements issued for fiscal years beginning after December 15, 2015, and interim periods within those fiscal years. Early adoption is permitted. The adoption of this standard is not expected to have a material impact on our consolidated financial statements.

In June 2015, the FASB issued ASU No. 2015-10, *Technical Corrections and Improvements* (ASU 2015-10), which covers a wide range of topics in the FASB Accounting Standards Codification (the "Codification"). The amendments in this update represent changes to clarify the Codification, correct unintended application of guidance, or make minor improvements to the Codification that are not expected to have a significant effect of current accounting practice or create a significant administrative cost at most entities. The amendments in ASU 2015-10 are effective for fiscal years, and interim periods within those fiscal years, beginning after December 15, 2015. Early application is permitted. The Company is in the process of evaluating the impact the adoption of ASU 2015-10 will have its Consolidated Financial Statements or related disclosures.

In August 2014, the FASB issued ASU No. 2014-15, *Disclosure of Uncertainties about an Entity's Ability to Continue as a Going Concern* (ASU 2014-15), to provide guidance on management's responsibility in evaluating whether there is substantial doubt about a company's ability to continue as a going concern and to provide related footnote disclosures. The amendments in this update are effective for the annual period ending after December 15, 2016, and for annual periods and interim periods thereafter. Early application is permitted. The Company does not expect the adoption of ASU 2014-15 to have a significant impact on its Consolidated Financial Statements or related disclosures.

In May 2014, the FASB issued ASU No. 2014-09, *Revenue From Contracts With Customers* (ASU 2014-09), that outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers and supersedes most current revenue recognition guidance, including industry-specific guidance. The ASU is based on the principle that an entity should recognize revenue to depict the transfer of goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The ASU also requires additional disclosure about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments and assets recognized from costs incurred to fulfill a contract. Entities have the option of using either a full retrospective or a modified retrospective approach for the adoption of the new standard. ASU 2014-09 was originally effective for annual reporting periods beginning after December 15, 2016, including interim periods within that reporting period and early adoption was not permitted. In August 2015, the FASB issued ASU 2015-14, *Revenue from Contracts with Customers: Deferral of the Effective Date*, as a revision to ASU 2014-09, which revised the effective date to fiscal years, and interim periods within those years, beginning after December 15, 2017. Early adoption is permitted, but not prior to periods beginning after December 15, 2016 (the original adoption date per ASU 2014-09). The Company is currently assessing the transition methods and impact these ASUs will have on its Consolidated Financial Statements.

Note 2. Restructuring Charge

In the fourth quarter of fiscal year 2015, the Company approved a plan to restructure its business, including reduction of headcount and consolidation of office space within the Aurora headquarters facility, with the intent to optimize operations. The restructuring was substantially completed during the fourth quarter of fiscal year 2015 and impacted 17 employees. The Company recognized a restructuring expense of \$3.2 million in the three months ended March 31, 2015, inclusive of a non-cash charge of \$2.7 million related to a loss on a lease, net of sublease income. The Company recognized a restructuring expense of \$17,000 in the six months ended September 30, 2015 related to employee separation costs. As of September 30, 2015, \$1.1 million and \$1.1 million of the restructuring costs primarily related to the office space are unpaid and accrued on the Condensed Consolidated Balance Sheets presented in accrued restructuring and accrued restructuring non-current, respectively. As of March 31, 2015, \$1.2 million and \$1.6 million of the restructuring costs primarily related to the office space are unpaid and accrued on the Condensed Consolidated Balance Sheets presented in accrued restructuring and accrued restructuring non-current, respectively. The restructuring costs are expected to be paid by fiscal year 2018 concurrent with the termination date of the contractual lease.

In the first quarter of fiscal year 2014, the Company acquired Kentrox and identified redundant employees who exited the business after a period of time. The Company recognized a restructuring expense of \$55,000 in the six months ended September 30, 2014 for severance for these transitional employees.

Total liability for restructuring charges and their utilization for the six months ended September 30, 2015, and 2014, are summarized as follows:

(in thousands)	Six months ended September 30, 2015			Six months ended September 30, 2014
	Employee-related	Other costs	Total	Employee-related
Liability at beginning of period	\$ 15	\$ 2,788	\$ 2,803	\$ 57
Charged	17	—	17	55
Paid	(32)	(597)	(629)	(112)
Liability at end of period	\$ —	\$ 2,191	\$ 2,191	\$ —

Note 3. Interim Segment Information

Segment information is presented in accordance with a "management approach", which designates the internal reporting used by the chief operating decision-maker (CODM) for making decisions and assessing performance as the source of the Company's reportable segments. Westell's Chief Executive Officer is the CODM. The CODM continues to define segment profit as gross profit less research and development expenses. The accounting policies of the segments are the same as those for Westell Technologies, Inc. described in the summary of significant accounting policies.

The Company's two reportable segments are as follows:

In-Building Wireless (IBW) Segment

The IBW segment solutions include distributed antenna systems (DAS) conditioners, high-performance digital repeaters and bi-directional amplifiers (BDAs), and system components and antennas, all used by wireless service providers and neutral-party hosts to fine tune radio frequency (RF) signals that helps extend coverage to areas not served well or at all by traditional cell sites.

Communication Solutions Group (CSG) Segment

The CSG segment solutions include intelligent site management (ISM), cell site optimization (CSO), and outside plant (OSP) as follows:

- ISM solutions include a suite of Remote monitoring and control devices which, when combined with the Company's Optima management system, provides comprehensive machine-to-machine (M2M) communications that enable operators to remotely monitor, manage, and control site infrastructure and support systems.
- CSO solutions consist of tower mounted amplifiers (TMAs), small outdoor-hardened units mounted next to antennas on cell towers, enabling wireless service providers to improve the overall performance of a cell site, including increasing data throughput and reducing dropped connections.
- OSP solutions, which are sold to wireline and wireless service providers as well as industrial network operators, consist of a broad range of offerings, including cabinets, enclosures, and mountings; synchronous optical networks/time division multiplexing (SONET/TDM) network interface units; power distribution units; copper and fiber connectivity panels; hardened Ethernet switches; and systems integration services.

Segment information for the three and six months ended September 30, 2015, and 2014 is set forth below:

(in thousands)	Three months ended September 30, 2015		
	IBW	CSG	Total
Revenue	\$ 10,819	\$ 14,695	\$ 25,514
Cost of revenue	6,272	9,011	15,283
Gross profit	4,547	5,684	10,231
Gross margin	42.0%	38.7%	40.1%
Research and development	2,775	1,850	4,625
Segment profit (loss)	\$ 1,772	\$ 3,834	5,606
Operating expenses:			
Sales and marketing			4,026
General and administrative			2,580
Intangible amortization			1,432
Restructuring			—
Operating income (loss)			(2,432)
Other income (expense), net			(61)
Income tax benefit (expense)			20
Net income (loss) from continuing operations			\$ (2,473)

Three months ended September 30, 2014			
(in thousands)	IBW	CSG	Total
Revenue	\$ 11,121	\$ 12,525	\$ 23,646
Cost of revenue	6,753	8,828	15,581
Gross profit	4,368	3,697	8,065
Gross margin	39.3%	29.5%	34.1%
Research and development	2,103	2,197	4,300
Segment profit (loss)	\$ 2,265	\$ 1,500	3,765
Operating expenses:			
Sales and marketing			2,924
General and administrative			3,280
Intangible amortization			1,710
Restructuring			(2)
Goodwill impairment			11,450
Operating income (loss)			(15,597)
Other income (expense), net			(16)
Income tax benefit (expense)			69
Net income (loss) from continuing operations			\$ (15,544)

Six months ended September 30, 2015			
(in thousands)	IBW	CSG	Total
Revenue	\$ 19,889	\$ 27,195	\$ 47,084
Cost of revenue	11,341	17,083	28,424
Gross profit	8,548	10,112	18,660
Gross margin	43.0%	37.2%	39.6%
Research and development	5,937	3,774	9,711
Segment profit (loss)	\$ 2,611	\$ 6,338	8,949
Operating expenses:			
Sales and marketing			7,222
General and administrative			5,549
Intangible amortization			2,831
Restructuring			17
Operating income (loss)			(6,670)
Other income (expense), net			(23)
Income tax benefit (expense)			82
Net income (loss) from continuing operations			\$ (6,611)

(in thousands)	Six months ended September 30, 2014		
	IBW	CSG	Total
Revenue	\$ 25,218	\$ 26,253	\$ 51,471
Cost of revenue	15,039	18,683	33,722
Gross profit	10,179	7,570	17,749
Gross margin	40.4%	28.8%	34.5%
Research and development	4,298	4,477	8,775
Segment profit (loss)	\$ 5,881	\$ 3,093	8,974
Operating expenses:			
Sales and marketing			6,345
General and administrative			6,334
Intangible amortization			3,295
Restructuring			55
Goodwill impairment			11,450
Operating income (loss)			(18,505)
Other income (expense), net			45
Income tax benefit (expense)			98
Net income (loss) from continuing operations			\$ (18,362)

Segment asset information is not reported to or used by the CODM.

Note 4. Inventories

Inventories are stated at the lower of first-in, first-out cost or market value. The components of inventories are as follows:

(in thousands)	September 30, 2015	March 31, 2015
Raw materials	\$ 6,464	\$ 5,392
Work-in-process	522	189
Finished goods	5,210	10,624
Total inventories	\$ 12,196	\$ 16,205

Note 5. Stock-Based Compensation

The Westell Technologies, Inc. 2015 Omnibus Incentive Compensation Plan (the "2015 Plan") was approved at the annual meeting of stockholders on September 16, 2015. The 2015 Plan replaces the Westell Technologies, Inc. 2004 Stock Incentive Plan (the "2004 Plan"). The 2015 Plan includes a total of 4,200,000 shares of Class A Common Stock ("Shares") plus the number of Shares reserved for issuance under the 2004 Plan that have not been granted or reserved for issuance under an outstanding award may be issued under the 2015 Omnibus Plan. If any award granted under the 2015 Plan or the 2004 Plan is canceled, terminates, expires, or lapses for any reason, any Shares subject to such award shall again be available for the grant of an award under the 2015 Plan. Shares subject to an award shall not again be made available for issuance under the Plan if such Shares are: (a) Shares delivered to or withheld by the Company to pay the grant or purchase price of an award, or (b) Shares delivered to or withheld by the Company to pay the withholding taxes related to an award. Any awards or portions thereof that are settled in cash and not in Shares shall not be counted against the foregoing Share limit.

The following table is a summary of total stock-based compensation resulting from stock options, restricted stock, restricted stock units (RSUs) and performance stock units (PSUs), during the six months ended September 30, 2015, and 2014:

(in thousands)	Three months ended September 30,		Six months ended September 30,	
	2015	2014	2015	2014
Stock-based compensation expense	\$ 253	\$ 560	\$ 710	\$ 1,114
Income tax benefit	—	—	—	—
Total stock-based compensation expense after taxes	\$ 253	\$ 560	\$ 710	\$ 1,114

The stock options, restricted stock awards, and RSUs awarded under the 2004 Plan in the six months ended September 30, 2015, vest in equal annual installments over four years. The stock options, restricted stock awards, and RSUs awarded under the 2015 Plan in the six months ended September 30, 2015, vest in equal annual installments over three years for employees and one year for independent directors. PSUs earned vest over the performance period, as described below.

Stock Options

Stock option activity for the six months ended September 30, 2015, is as follows:

	Shares	Weighted-Average Exercise Price Per Share	Weighted-Average Remaining Contractual Term (in years)	Aggregate Intrinsic Value ⁽¹⁾ (in thousands)
Outstanding on March 31, 2015	1,170,515	\$ 2.20	2.9	\$ —
Granted	1,090,000	1.19		
Exercised	—	—		
Forfeited	(122,500)	1.67		
Expired	(356,015)	2.24		
Outstanding on September 30, 2015	<u>1,782,000</u>	\$ 1.61	5.2	\$ —

(1) The intrinsic value for the stock options is calculated based on the difference between the exercise price of the underlying awards and the Westell Technologies' closing stock price as of the reporting date.

The weighted-average grant date fair value of stock options granted during the six months ended September 30, 2015 was \$0.46 per share.

Restricted Stock

The following table sets forth restricted stock activity for the six months ended September 30, 2015:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2015	170,000	\$ 2.98
Granted	110,000	1.18
Vested	(57,500)	2.90
Forfeited	—	—
Non-vested as of September 30, 2015	<u>222,500</u>	\$ 2.11

RSUs

The following table sets forth the RSU activity for the six months ended September 30, 2015:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2015	1,409,750	\$ 2.72
Granted	1,072,500	1.20
Vested	(192,000)	2.75
Forfeited	(362,375)	1.75
Non-vested as of September 30, 2015	<u>1,927,875</u>	\$ 2.05

PSUs

The PSUs vest in annual increments based on the achievement of pre-established Company performance goals and continued employment. The number of PSUs earned, if any, can range from 0% to 200% of the target amount, depending on actual performance for four fiscal years following the grant date. Upon vesting, the PSUs convert into shares of Class A Common Stock on a one-for-one basis.

The following table sets forth the PSU activity for the six months ended September 30, 2015:

	Shares	Weighted-Average Grant Date Fair Value
Non-vested as of March 31, 2015 (at target)	181,888	\$ 3.14
Granted, at target	—	—
Vested	(25,767)	2.47
Forfeited	(43,444)	3.15
Non-vested as of September 30, 2015 (at target)	112,677	\$ 3.29

Note 6. Product Warranties

The Company's products carry a limited warranty ranging from one to five years for the products within the IBW segment and one to seven years for products within the CSG segment. The specific terms and conditions of those warranties vary depending upon the customer and the products sold. Factors that enter into the estimate of the Company's warranty reserve include: the number of units shipped, anticipated rates of warranty claims, and cost per claim. The Company periodically assesses the adequacy of its recorded warranty liability and adjusts the reserve as necessary. The current portions of the warranty reserve are \$379,000 and \$383,000 as of September 30, 2015, and March 31, 2015, respectively, and are presented on the Condensed Consolidated Balance Sheets as Accrued expenses. The non-current portions of the warranty reserves are \$141,000 and \$122,000 as of September 30, 2015, and March 31, 2015, respectively, and are presented on the Condensed Consolidated Balance Sheets in Other non-current liabilities.

The following table presents the changes in the Company's product warranty reserve:

(in thousands)	Three months ended September 30,		Six months ended September 30,	
	2015	2014	2015	2014
Total product warranty reserve at the beginning of the period	\$ 548	\$ 424	\$ 505	\$ 328
Warranty expense to cost of revenue	56	288	153	410
Utilization	(84)	(46)	(138)	(72)
Total product warranty reserve at the end of the period	\$ 520	\$ 666	\$ 520	\$ 666

Note 7. Variable Interest Entity and Guarantee

The Company has a 50% equity ownership in AccessTel Kentrox Australia PTY LTD (AKA). AKA distributes network management solutions provided by the Company and the other 50% owner to one customer. The Company holds equal voting control with the other owner. All actions of AKA are decided at the board level by majority vote. The Company evaluated ASC 810, *Consolidations*, and concluded that AKA is a variable interest entity (VIE). The Company has concluded that it is not the primary beneficiary of AKA and therefore consolidation is not required. As of September 30, 2015, and March 31, 2015, the carrying amount of the Company's investment in AKA was approximately \$0.1 million, which is presented on the Condensed Consolidated Balance Sheets within Other non-current assets.

The Company's revenue from sales to AKA for the three months ended September 30, 2015 and 2014 was \$0.9 million and \$0.9 million, respectively. The Company's revenue from sales to AKA for the six months ended September 30, 2015 and 2014 was \$1.4 million and \$1.1 million, respectively. Accounts receivable from AKA was \$0.8 million and \$0.4 million as of September 30, 2015, and March 31, 2015, respectively. Deferred revenue which primarily relates to AKA maintenance contracts was \$1.5 million and \$1.1 million as of September 30, 2015 and March 31, 2015, respectively. The Company also has provided an unlimited guarantee for the performance of the other 50% owner in AKA, which primarily provides support and engineering services to the customer. This guarantee was put in place at the request of the AKA customer. The guarantee, which is estimated to have a maximum potential future payment of \$0.7 million, will stay in place as long as the contract between AKA and the customer is in place. The Company would have recourse against the other 50% owner in AKA in the event the guarantee is triggered. The Company determined that it could perform on the obligation it guaranteed at a positive rate of return and therefore did not assign value to the guarantee. The Company's exposure to loss as a result of its involvement with AKA, exclusive of lost profits, is limited to the items noted above.

Note 8. Income Taxes

At the end of each interim period, the Company makes its best estimate of the effective tax rate expected to be applicable for the full fiscal year and uses that rate to provide for income taxes on a current year-to-date basis before discrete items. If a reliable estimate cannot be made, the Company may make a reasonable estimate of the annual effective tax rate, including use of the actual effective rate for the year-to-date. The impact of discrete items is recorded in the quarter in which they occur. The Company utilizes the liability method of accounting for income taxes and deferred taxes which are determined based on the differences between the financial statements and tax basis of assets and liabilities given the enacted tax laws. The Company evaluates the need for valuation allowances on the net deferred tax assets under the rules of ASC 740, *Income Taxes*. In assessing the realizability of the Company's deferred tax assets, the Company considered whether it is more likely than not that some or all of the deferred tax assets will be realized through the generation of future taxable income. In making this determination, the Company assessed all of the evidence available at the time including recent earnings, forecasted income projections and historical performance. The Company determined that the negative evidence outweighed the objectively verifiable positive evidence and recorded a full valuation allowance against deferred tax assets. The Company will continue to reassess realizability going forward.

The Company recorded \$20,000 and \$82,000 of income tax benefit in the three and six months ended September 30, 2015, using an effective income tax rate of 1.2%. The Company recorded \$69,000 and \$98,000 of income tax benefit in the three and six months ended September 30, 2014, using an effective rate of 0.4% plus discrete items. The effective rate is impacted by the intraperiod allocation as a result of loss from continuing operations and income from discontinued operations, loss in a foreign jurisdiction with no valuation allowance, and states which base tax on gross margin and not pretax income.

Note 9. Commitments and Contingencies**Obligations**

Future obligations and commitments, which are comprised of future minimum lease payments, inventory purchase obligations, and contingent consideration, decreased \$1.1 million in the six months ended September 30, 2015, to \$16.1 million, from \$17.2 million at March 31, 2015. This decrease included a \$0.5 million payment of contingent consideration.

Purchase obligations relate to inventory that arises in the normal course of business operations. Future obligations and commitments as of September 30, 2015, consisted of the following:

(in thousands)	Payments due within						Total
	Year 1	Year 2	Year 3	Year 4	Year 5	Thereafter	
Purchase obligations ⁽¹⁾	\$ 9,354	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,354
Future minimum operating lease payments	3,170	2,097	370	116	—	—	5,753
Contingent consideration	1,030	—	—	—	—	—	1,030
Future obligations and commitments	\$ 13,554	\$ 2,097	\$ 370	\$ 116	\$ —	\$ —	\$ 16,137

(1) A reserve for a net loss on firm purchase commitments of \$414,000 and \$675,000 is recorded on the balance sheet as of September 30, 2015 and March 31, 2015, respectively.

Litigation and Contingency Reserves

The Company and its subsidiaries are involved in various assertions, claims, proceedings and requests for indemnification concerning intellectual property, including patent infringement suits involving technologies that may be incorporated in the Company's products, which are being handled and defended in the ordinary course of business. These matters are in various stages of investigation and litigation, and they are being vigorously defended. Although the Company does not expect that the outcome in any of these matters, individually or collectively, will have a material adverse effect on its financial condition or results of operations, litigation is inherently unpredictable. Therefore, judgments could be rendered, or settlements entered, that could adversely affect the Company's operating results or cash flows in a particular period. The Company routinely assesses all of its litigation and threatened litigation as to the probability of ultimately incurring a liability, and it records its best estimate of the ultimate loss in situations where it assesses the likelihood of loss as probable. As of September 30, 2015, and March 31, 2015, the Company has not recorded any contingent liability attributable to existing litigation.

As of March 31, 2015, the Company had total contingency reserves of \$0.4 million related to the discontinued operations of ConferencePlus which was sold in fiscal year 2012. The contingency reserves are classified as Accrued expenses on the

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Consolidated Balance Sheets. In the six months ended September 30, 2015, a pre-tax gain of \$0.4 million resulted from the expiration of an indemnity period and release of a contingency reserve related to the sale of ConferencePlus and was recorded in discontinued operations.

Additionally, the Company has a contingent cash consideration payable related to an acquisition. The contingent consideration becomes payable based upon the profitability of the acquired products for post-closing periods through June 30, 2016, and is offset by working capital adjustments and other indemnification claims. The maximum earn-out that could be paid before offsets is \$3.5 million. As of September 30, 2015, and March 31, 2015, the fair value of the contingent consideration liability after offsetting a working capital adjustment and an indemnification claim for warranty obligations was \$1.0 million and \$1.6 million, respectively (See Note 11).

Note 10. Short-term Investments

The following table presents short-term investments as of September 30, 2015, and March 31, 2015:

(in thousands)	September 30, 2015	March 31, 2015
Certificates of deposit	\$ 2,326	\$ 7,912
Held-to-maturity, pre-refunded municipal bonds	1,150	15,994
Total short-term investments	\$ 3,476	\$ 23,906

The fair value of investments approximates their carrying amounts due to the short-term nature of these financial assets.

Note 11. Fair Value Measurements

Fair value is defined by ASC 820, *Fair Value Measurements and Disclosures* (ASC 820), as the price that would be received upon selling an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. ASC 820 establishes a three-level fair value hierarchy that prioritizes the inputs used to measure fair value. The hierarchy requires entities to maximize the use of observable inputs and minimize the use of unobservable inputs. The three levels of inputs used to measure fair value are as follows:

- Level 1 – Quoted prices in active markets for identical assets and liabilities.
- Level 2 – Quoted prices in active markets for similar assets and liabilities, or other inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities. This includes certain pricing models, discounted cash flow methodologies and similar techniques that use significant unobservable inputs.

The Company's money market funds are measured using Level 1 inputs. The contingent consideration described in Note 9 is measured using Level 3 inputs.

The following table presents available-for sale securities and non-financial liabilities measured at fair value on a recurring basis and their related valuation inputs as of September 30, 2015:

(in thousands)	Total Fair Value of Asset or Liability	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets:					
Money market funds	\$ 23,300	\$ 23,300	—	—	Cash and cash equivalents
Liabilities:					
Contingent consideration, current	\$ 1,030	—	—	\$ 1,030	Contingent consideration payable

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The following table presents financial assets, excluding cash, and non-financial liabilities measured at fair value on a recurring basis and their related valuation inputs as of March 31, 2015:

(in thousands)	Total Fair Value of Asset or Liability	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	Balance Sheet Classification
Assets:					
Money market funds	\$ 2,879	\$ 2,879	—	—	Cash and cash equivalents
Liabilities:					
Contingent consideration, current	\$ 1,184	—	—	\$ 1,184	Contingent consideration payable
Contingent consideration, non-current	\$ 400	—	—	\$ 400	Contingent consideration payable non-current

The fair value of the money market funds approximates their carrying amounts due to the short-term nature of these financial assets.

In connection with an acquisition in the quarter ended June 30, 2012, payment of a portion of the purchase price is contingent upon the profitability of the acquired products for post-closing periods through June 30, 2016, and may be offset by working capital adjustments and other indemnification claims. The Company estimates the fair value of contingent consideration as the present value of the expected payments over the term of the arrangement based on financial forecasts of future profitability of the acquired products, and reaching the forecast. This estimate is subject to ongoing evaluation. Inputs such as forecasted revenue for the acquired products and acquired product profitability are the most significant drivers of the fair value measurement and are based on full attainment. Significant decreases in any of those inputs would result in a significantly lower fair value measurement. The actual cash payment could range from \$1.9 million to \$2.7 million of which \$1.6 million has been paid as of September 30, 2015.

The fair value measurement of contingent consideration as of September 30, 2015, and March 31, 2015, encompasses the following significant unobservable inputs:

(\$ in thousands)	Unobservable Inputs	
	September 30, 2015	March 31, 2015
Estimated earn-out contingent consideration	\$ 3,361	\$ 3,500
Working capital and other adjustment	(444)	(444)
Indemnification related to warranty claims	(303)	(303)
Discount rate	6.3%	6.3%
Approximate timing of cash flows	0.9 years	1.4 years

The following table summarizes contingent consideration activity:

(in thousands)	
Balance as of March 31, 2015	\$ 1,584
Contingent consideration – payments	(454)
Contingent consideration – change in fair value in General and Administrative expense	(100)
Balance as of September 30, 2015	\$ 1,030

Note 12. Share Repurchases

In August 2011, the Board of Directors authorized a share repurchase program whereby the Company may repurchase up to an aggregate of \$20.0 million of its outstanding Class A Common Stock (the "authorization"). There were no shares repurchased under this authorization during the six months ended September 30, 2015 or September 30, 2014. There was approximately \$0.1 million remaining for additional share repurchases under this program as of September 30, 2015.

Additionally, in the six months ended September 30, 2015 and September 30, 2014, the Company repurchased 73,765 and 215,890 shares of Class A Common Stock, respectively, from certain employees that were surrendered to satisfy the minimum statutory tax withholding obligations on the vesting of restricted stock, RSUs and PSUs. These repurchases are not included in the authorized share repurchase program and had a weighted-average purchase price of \$1.15 and \$3.19 per share, respectively.

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

Overview

The following discussion should be read together with the Condensed Consolidated Financial Statements and the related Notes thereto and other financial information appearing elsewhere in this Form 10-Q. All references herein to the term "fiscal year" shall mean a year ended March 31 of the year specified.

Westell Technologies, Inc., (the Company) is a leading provider of in-building wireless, intelligent site management, cell site optimization, and outside plant solutions focused on innovation and differentiation at the edge of telecommunication networks, where end users connect. The Company's comprehensive set of products and solutions are designed to advance network performance for carriers, integrators, and other network operators, allowing them to reduce operating costs and improve network performance. With millions of products successfully deployed worldwide, the Company is a trusted partner for transforming networks into high performance, reliable systems.

The Company's two business segments, In-Building Wireless and Communication Solutions Group, are engaged in the design, development, assembly, and marketing of a wide variety of products and solutions.

The Company operates under two reportable segments: In-Building Wireless and Communication Solutions Group.

In-Building Wireless (IBW) Segment

The IBW segment solutions include distributed antenna systems (DAS) conditioners, high-performance digital repeaters and bi-directional amplifiers (BDAs), and system components and antennas, all used by wireless service providers and neutral third-party hosts to fine tune radio frequency (RF) signals that helps extend coverage to areas not served well or at all by traditional cell sites. The IBW segment includes the comprehensive suite of products and solutions acquired with the addition of CSI, as well as our internally developed DAS interface panels. The CSI acquisition, which closed in March 2014, significantly expanded our product portfolio, enabling us to better compete in the growing in-building wireless market, where we expect to increase our revenue and profitability.

Communication Solutions Group (CSG) Segment

The CSG segment solutions include intelligent site management (ISM), cell site optimization (CSO), and outside plant (OSP) as follows:

- ISM solutions include a suite of Remote monitoring and control devices which, when combined with the Company's Optima management system, provides comprehensive machine-to-machine (M2M) communications that enable operators to remotely monitor, manage, and control site infrastructure and support systems.
- CSO solutions consist of tower mounted amplifiers (TMAs), small outdoor-hardened units mounted next to antennas on cell towers, enabling wireless service providers to improve the overall performance of a cell site, including increasing data throughput and reducing dropped connections.
- OSP solutions, which are sold to wireline and wireless service providers as well as industrial network operators, consist of a broad range of offerings, including cabinets, enclosures, and mountings; synchronous optical networks/time division multiplexing (SONET/TDM) network interface units; power distribution units; copper and fiber connectivity panels; hardened Ethernet switches; and systems integration services.

Customers

The Company's customer base for its products is highly concentrated and includes telecommunications service providers, systems integrators, cell tower operators, and distributors. Telecommunication service providers include wireless and wireline service providers, multiple systems operators (MSOs), and Internet Service Providers (ISPs). Due to the stringent customer quality specifications and the regulated environment in which customers operate, the Company must undergo lengthy approval and procurement processes prior to selling most of its products. Accordingly, the Company must make significant up-front investments in product and market development prior to actual commencement of sales of new products. The prices for the Company's products vary based upon volume, customer specifications, and other criteria, and they are subject to change for a variety of reasons, including cost and competitive factors.

To remain competitive, the Company must continue to invest in new product development and in targeted sales and marketing efforts to launch new product lines. Failure to increase revenues from new products, whether due to lack of market acceptance, competition, technological change meeting technical specifications or otherwise, could have a material adverse effect on the Company's business and results of operations. The Company expects to continue to evaluate new product opportunities and invest in product research and development activities.

In view of the Company's reliance on the telecommunications market for revenues, the project nature of the business, the unpredictability of orders, and pricing pressures, the Company believes that period-to-period comparisons of its financial results should not be relied upon as an indication of future performance. The Company has experienced quarterly fluctuations in customer ordering and purchasing activity due primarily to the project-based nature of the business and to budgeting and procurement patterns toward the end of the calendar year or the beginning of a new year. While these factors can result in the greatest fluctuations in the Company's third and fourth fiscal quarters, this is not always consistent and may not always correlate to financial results.

Results of Operations

Below is a table that compares revenue for the three and six months ended September 30, 2015, and 2014 by segment.

Revenue

(in thousands)	Three months ended September 30,			Six months ended September 30,		
	2015	2014	Change	2015	2014	Change
IBW	\$ 10,819	\$ 11,121	\$ (302)	\$ 19,889	\$ 25,218	\$ (5,329)
CSG	14,695	12,525	2,170	27,195	26,253	942
Consolidated revenue	\$ 25,514	\$ 23,646	\$ 1,868	\$ 47,084	\$ 51,471	\$ (4,387)

IBW revenue was \$10.8 million and \$19.9 million in the three and six months ended September 30, 2015, respectively, compared to \$11.1 million and \$25.2 million, in the same periods in the prior year. The decrease in revenue in both the three and six month periods was due primarily to a decrease in sales of passive DAS conditioners, which was strong in the first half of fiscal year 2015, offset in part by an increase in active DAS conditioners. Customers are using active DAS conditioning products more often on new projects and those projects have been delayed with constrained customer budgets.

CSG revenue was \$14.7 million and \$27.2 million in the three and six months ended September 30, 2015 compared to \$12.5 million and \$26.3 million, in the same periods in the prior year. The increase in the three and six months ended September 30, 2015, compared to the same periods in the prior year resulted primarily from increased revenue from project based ISM and cell site products offset in part by lower revenue from legacy Sonet/TDM products, which are expected to continue to decline.

Gross Margin

	Three months ended September 30,			Six months ended September 30,		
	2015	2014	Change	2015	2014	Change
IBW	42.0%	39.3%	2.7%	43.0%	40.4%	2.6%
CSG	38.7%	29.5%	9.2%	37.2%	28.8%	8.4%
Consolidated gross margin	40.1%	34.1%	6.0%	39.6%	34.5%	5.1%

Gross margin in the IBW segment was 42.0% and 43.0% in the three and six months ended September 30, 2015, respectively compared to 39.3% and 40.4% in the same periods in the prior year. The primary driver of the higher margins in fiscal year 2016 compared to fiscal 2015 was product mix, with a \$4.3 million increase in higher margin active DAS conditioner products, and an \$8.5 million decrease in lower margin passive DAS conditioning products.

Gross margin in the CSG segment was 38.7% and 37.2% in the three and six months ended September 30, 2015, compared to 29.5% and 28.8% in the same periods in the prior year. The increase in gross margin in the three and six month period resulted primarily from lower excess and obsolete inventory expense of \$0.8 million and \$1.9 million, respectively in the three and six months ended September 30, 2015. The excess and obsolete inventory expense in fiscal year 2015 resulted primarily from the continued declining demand for legacy T1 products and ISM products.

Sales and Marketing

(in thousands)	Three months ended September 30,			Six months ended September 30,		
	2015	2014	Change	2015	2014	Change
Consolidated sales and marketing expense	\$ 4,026	\$ 2,924	\$ 1,102	\$ 7,222	\$ 6,345	\$ 877

Sales and marketing expense increased \$1.1 million and \$0.9 million in the three and six months ended September 30, 2015, respectively, compared to the same periods in the prior year due to the Company making strategic sales investments including launching into new domestic and international segments to expand customer diversification and revenue growth which led to increased incentive compensation, higher salary and travel expenses.

Research and Development

(in thousands)	Three months ended September 30,			Six months ended September 30,		
	2015	2014	Change	2015	2014	Change
IBW	\$ 2,775	\$ 2,103	\$ 672	\$ 5,937	\$ 4,298	\$ 1,639
CSG	1,850	2,197	(347)	3,774	4,477	(703)
Consolidated research and development expense	\$ 4,625	\$ 4,300	\$ 325	\$ 9,711	\$ 8,775	\$ 936

Research and development expense in the IBW segment increased by \$0.7 million and \$1.6 million in the three and six months ended September 30, 2015, respectively, compared to the same periods in the prior year due to \$0.7 million and \$1.3 million of increased manpower related expenses and \$0.1 million and \$0.6 million of prototype expense primarily associated with our Clearlink DAS product.

Research and development expense in the CSG segment decreased by \$0.3 million and \$0.7 million in the three and six months ended September 30, 2015, respectively, compared to the same periods in the prior fiscal year primarily due to decreased manpower expenses related to ISM products.

General and Administrative

(in thousands)	Three months ended September 30,			Six months ended September 30,		
	2015	2014	Change	2015	2014	Change
Consolidated general and administrative expense	\$ 2,580	\$ 3,280	\$ (700)	\$ 5,549	\$ 6,334	\$ (785)

General and administrative expenses decreased \$0.7 million and \$0.8 million in the three and six months ended September 30, 2015, respectively, compared to the same periods in the prior fiscal year. The decrease was due primarily to \$0.3 million and \$0.5 million of reduced expense in the three and six months ended September 30, 2015 resulting from the lease restructuring done in the fourth quarter of fiscal year 2015 offset in part by an increase in incentive compensation expense from increases in accruals related to the fiscal year 2016 bonus incentive plan.

Intangible amortization and impairment

(in thousands)	Three months ended September 30,			Six months ended September 30,		
	2015	2014	Change	2015	2014	Change
Consolidated intangible amortization	\$ 1,432	\$ 1,710	\$ (278)	\$ 2,831	\$ 3,295	\$ (464)

The intangibles assets consist of product technology, customer relationships, trade names, and backlog derived from acquisitions. The decrease in the three and six months ended September 30, 2015, compared to the same periods in the prior fiscal year resulted primarily from product related intangibles from the acquisition of NoranTel becoming fully amortized.

Restructuring The Company recorded restructuring expense of \$17,000 in the six months ended September 30, 2015 and \$55,000 in the six months ended September 30, 2014, related to severance for transitional employees associated with the CSI and Kentrox acquisitions, respectively.

Other income (expense)

(in thousands)	Three months ended September 30,			Six months ended September 30,		
	2015	2014	Change	2015	2014	Change
Consolidated other income (expense)	\$ (61)	\$ (16)	\$ (45)	\$ (23)	\$ 45	\$ (68)

Other income (expense) contains interest income earned on short-term investments and foreign currency gains and losses. The foreign currency impacts related primarily to the receivables and cash denominated in Australian and Canadian currency.

Income tax benefit (expense) The Company recorded \$20,000 and \$82,000 of income tax benefit in the three and six months ended September 30, 2015 using an effective income tax rate of 1.2%. The Company recorded \$69,000 and \$98,000 of income tax expense in the three and six months ended September 30, 2014, using an effective rate of 0.4% plus discrete items. The effective rate is impacted by the intraperiod allocation as a result of loss from continuing operations and income from discontinued operations, loss in a foreign jurisdiction with no valuation allowance, and states which base tax on gross margin and not pretax income.

Discontinued operations Income from discontinued operations resulted from the expiration of an indemnity period and release of a contingency reserve related to the sale of ConferencePlus.

Net income (loss) Net loss was \$2.5 million and \$6.3 million in the three and six months ended September 30, 2015, respectively, and \$15.5 million and \$18.4 million in the three and six months ended September 30, 2014, respectively. The changes were a result of the cumulative effects of the variances identified above.

Liquidity and Capital Resources

Overview

At September 30, 2015, the Company had \$32.9 million in cash and cash equivalents and \$3.5 million in short-term investments, consisting of bank deposits, money market funds, certificates of deposits, and pre-refunded municipal bonds.

The Company believes that the existing sources of liquidity and cash from operations will satisfy cash flow requirements for the foreseeable future.

Future obligations and commitments, which are principally comprised of future minimum lease payments and inventory purchase obligations, decreased \$1.1 million in the six months ended September 30, 2015, to \$16.1 million, down from \$17.2 million at March 31, 2015. This decrease included a \$0.5 million payment of contingent consideration.

Purchase obligations consist of inventory that arises in the normal course of business operations. Future obligations and commitments as of September 30, 2015, consisted of the following:

(in thousands)	Payments due within						
	1 year	2 years	3 years	4 years	5 years	Thereafter	Total
Purchase obligations	\$ 9,354	\$ —	\$ —	\$ —	\$ —	\$ —	\$ 9,354
Future minimum operating lease payments	3,170	2,097	370	116	—	—	5,753
Contingent consideration	1,030	—	—	—	—	—	1,030
Future obligations and commitments	\$ 13,554	\$ 2,097	\$ 370	\$ 116	\$ —	\$ —	\$ 16,137

Cash Flows

The Company's operating activities generated cash of \$0.2 million in the six months ended September 30, 2015, which resulted primarily from a \$6.3 million net loss, adjusted for non-cash charges of \$4.2 million of amortization, depreciation and stock-based compensation expense, and a \$2.2 million decrease in net working capital. The Company's investing activities provided cash of \$19.2 million, which resulted primarily from the net maturities of short-term investments of \$20.4 million offset in part by \$1.5 million of capital equipment purchases. In the six months ended September 30, 2015, the Company's financing activities used \$0.5 million of cash resulting primarily from payment of contingent consideration.

As of September 30, 2015, the Company had deferred tax assets of approximately \$39.6 million before a valuation allowance of \$39.7 million and a net deferred tax liability of \$0.1 million. Also, as of September 30, 2015, the Company had a \$3.0 million tax contingency reserve related to uncertain tax positions which is offset against deferred tax assets. The federal net operating loss carryforward begins to expire in fiscal year 2023. Realization of deferred tax assets associated with the Company's future deductible temporary differences, net operating loss carryforwards and tax credit carryforwards is dependent upon generating sufficient taxable income prior to their expiration, among other factors. The Company weighed positive and negative evidence to assess the need for a valuation allowance against deferred tax assets and whether a tax benefit should be recorded when taxable losses are incurred. The existence of a valuation allowance does not limit the availability of tax assets to reduce taxes payable when taxable income arises. Management periodically evaluates the recoverability of the deferred tax assets and may adjust the valuation allowance against deferred tax assets accordingly.

Off-Balance Sheet Arrangements

The Company has a 50% equity ownership in AccessTel Kentrox Australia PTY LTD (AKA). AKA distributes network management solutions provided by the Company and the other 50% owner to one customer. The Company holds equal voting control with the other owner. All actions of AKA are decided at the board level by majority vote. The Company also has provided an unlimited guarantee for the performance of the other 50% owner in AKA, which primarily provides support and engineering services to the customer. This guarantee was put in place at the request of the AKA customer. The guarantee, which is estimated to have a maximum potential future payment of \$0.7 million, will stay in place as long as the contract between AKA and the customer is in place. The Company would have recourse against the other 50% owner in AKA in the event the guarantee is triggered. The Company determined that it could perform on the obligation it guaranteed at a positive rate of return and therefore did not assign value to the guarantee.

Critical Accounting Policies

A complete description of the Company's significant accounting policies is discussed in the Company's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2015. There have been no material changes in our critical accounting policies from those disclosed in our Annual Report on Form 10-K/A for the year ended March 31, 2015.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISKS.

As of September 30, 2015, there were no material changes to the information provided in Item 7A of the Company's Annual Report on Form 10-K/A for the fiscal year ended March 31, 2015.

ITEM 4. CONTROLS AND PROCEDURES

Evaluation of Disclosure Controls and Procedures

Under the supervision and with the participation of the Company's senior management, including the Company's chief executive officer and chief financial officer, the Company conducted an evaluation of the effectiveness of the design and operation of the Company's disclosure controls and procedures, as defined in Rules 13a-15(e) and 15d-15(e) under the Securities Exchange Act of 1934, as amended (the "Exchange Act"), as of the end of the period covered by this quarterly report (the "Evaluation Date"). Based on this evaluation, the Company's chief executive officer and chief financial officer concluded as of the Evaluation Date that the Company's disclosure controls and procedures were effective such that the information relating to the Company, including consolidated subsidiaries, required to be disclosed in the Company's Securities and Exchange Commission ("SEC") reports (i) is recorded, processed, summarized and reported within the time periods specified in SEC rules and forms, and (ii) is accumulated and communicated to the Company's management, including the Company's chief executive officer and chief financial officer, as appropriate to allow timely decisions regarding required disclosure.

Changes in Internal Control Over Financial Reporting

There have been no changes in the Company's internal control over financial reporting that occurred during the quarter ended September 30, 2015, that have materially affected, or are reasonably likely to materially affect, the Company's internal control over financial reporting.

PART II. OTHER INFORMATION**ITEM 1. LEGAL PROCEEDINGS**

The Company is involved in various legal proceedings incidental to the Company's business and its previously owned operations. In the ordinary course of our business, we are routinely audited and subject to inquiries by governmental and regulatory agencies. Although it is not possible to predict with certainty the outcome of these or other unresolved legal actions or the range of possible loss, management believes that the outcome of such proceedings will not have a material adverse effect on our consolidated operations or financial condition.

ITEM 1A. RISK FACTORS

See "Risk Factors" in Part 1 – Item 1A of our Annual Report on Form 10-K/A for the year ended March 31, 2015, for information about risk factors. There have been no material changes in our risk factors from those disclosed in our Annual Report on Form 10-K/A for the year ended March 31, 2015.

ITEM 2. UNREGISTERED SALES OF EQUITY SECURITIES AND USE OF PROCEEDS*Issuer Purchases of Equity Securities*

The following table provides information about the Company's repurchase activity for its Class A Common Stock during the three months ended September 30, 2015.

Period	Total Number of Shares Purchased (a)	Average Price Paid per Share	Total Number of Shares Purchased as Part of Publicly Announced Programs (b)	Maximum Number (or Approximate Dollar Value) that May Yet Be Purchased Under the Programs (b)
July 1 - 31, 2015	25,283	\$ 1.0092	—	\$ 112,741
August 1 - 31, 2015	—	\$ —	—	\$ 112,741
September 1 - 30, 2015	9,131	\$ 1.1797	—	\$ 112,741
Total	34,414	\$ 1.0544	—	\$ 112,741

- (a) In the three months ended September 30, 2015, the Company repurchased 34,414 shares from employees that were surrendered to satisfy the minimum statutory tax withholding obligations on the vesting of restricted stock units and performance-based restricted stock units. These repurchases were not included in the authorized share repurchase program and had a weighted-average purchase price of \$1.05 per share.
- (b) In August 2011, the Board of Directors authorized a share repurchase program whereby the Company may repurchase up to an additional aggregate of \$20.0 million of its outstanding Class A Common Stock. There was approximately \$0.1 million remaining under this program as of September 30, 2015.

Items 3, 4 and 5 are not applicable and have been omitted.

ITEM 6. EXHIBITS

- Exhibit 10.1 Form of Non-Employee Director Restricted Stock Award under the 2015 Omnibus Incentive Compensation Plan.
- Exhibit 10.2 Form of Restricted Stock Unit Award under the 2015 Omnibus Incentive Compensation Plan.
- Exhibit 10.3 Form of Non-Qualified Stock Option Award under the 2015 Omnibus Incentive Compensation Plan.
- Exhibit 10.4 Separation Agreement and Release between Westell Technologies, Inc. and Naveed Bandukwala.
- Exhibit 10.5 Separation Letter October 2, 2015 between Westell Technologies, Inc. and Scott Goodrich.
- Exhibit 10.6 Independent Contractor Agreement by and between Westell Technologies, Inc and Scott Goodrich.
- Exhibit 10.7 Offer Letter for Brian T. Brouillette.
- Exhibit 31.1 Certification by the Chief Executive Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- Exhibit 31.2 Certification by the Chief Financial Officer Pursuant to Section 302 of the Sarbanes-Oxley Act of 2002.
- Exhibit 32.1 Certification by the Chief Executive Officer and Chief Financial Officer Pursuant to Section 906 of the Sarbanes-Oxley Act of 2002.
- Exhibit 101 The following financial information from the Quarterly Report on Form 10-Q for the period ended September 30, 2015, formatted in XBRL (eXtensible Business Reporting Language): (i) the Condensed Consolidated Balance Sheets; (ii) the Condensed Consolidated Statements of Operations; (iii) the Condensed Consolidated Statements of Cash Flows; and (iv) the Notes to the Condensed Consolidated Financial Statements.

SIGNATURES

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

WESTELL TECHNOLOGIES, INC.

(Registrant)

DATE: November 9, 2015

By: /s/ J. Thomas Gruenwald

J. Thomas Gruenwald
Chief Executive Officer

By: /s/ Thomas P. Minichiello

Thomas P. Minichiello
Chief Financial Officer

WESTELL TECHNOLOGIES, INC.
EXHIBIT INDEX

Exhibit Number	Description
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WESTELL TECHNOLOGIES, INC.

INDEPENDENT DIRECTOR RESTRICTED STOCK AWARD

THIS STOCK AWARD ("Award") is granted this ____ day of _____ the "Grant Date") by Westell Technologies, Inc., a Delaware corporation ("Westell Technologies") to _____ (the "Director").

WHEREAS, Westell Technologies is of the opinion that its interests will be advanced by granting Director a proprietary interest in Westell Technologies, thus providing Director with a more direct stake in Westell Technologies' welfare and creating a closer relationship between Director's interests and those of Westell Technologies;

NOW, THEREFORE, in consideration of services rendered to Westell Technologies by the Director and the services and other conditions required hereunder, Westell Technologies hereby grants this Award to Director pursuant to the Westell Technologies, Inc. 2015 Omnibus Incentive Compensation Plan (the "Plan") on the terms expressed herein and in the Plan.

1. Stock Award. Westell Technologies hereby grants to Director an award of _____ (_____) shares of Class A Common Stock of Westell Technologies (the "Award Shares"), subject to the forfeiture and nontransferability provisions set forth in Sections 2 and 3, respectively, and the other terms and conditions set forth herein.

2. Restrictions. Except for such proportions as shall have been released pursuant to Section 4 from the forfeiture period set forth in Section 3, the Director shall not sell, assign, transfer, convey, pledge, hypothecate, encumber, donate or otherwise dispose of any of the Award Shares under any conditions (and any disposition or attempted disposition shall be void and of no force or effect whatsoever) until the first anniversary of the Grant Date, at which time the Award Shares shall be released from the restrictions herein if the Director is then a member of the board of directors of Westell Technologies.

3. Forfeiture. Except for such vesting as may occur pursuant to Section 4 below and as provided in Section 5, if Director's position as a member of the board of directors of Westell Technologies terminates prior to the first anniversary of the Grant Date, for any reason, whether such termination is voluntary or involuntary and whether it occurs by reason of resignation, expiration of term without reelection, removal, or otherwise, any Award Shares not yet vested shall be immediately forfeited and returned to Westell Technologies without any payment or other consideration for the shares. In connection therewith, Director has executed and delivered to Westell Technologies stock powers endorsed in blank and grants Westell Technologies an irrevocable power of attorney to transfer forfeited Award Shares to Westell Technologies.

4. Vesting. On the first anniversary of the Grant Date, 100% of the Award Shares shall become vested and nonforfeitable if Director is then a member of the board of directors of Westell Technologies.

5. Failure to Nominate; Change in Control.

(a) Notwithstanding the provisions of Sections 2, 3 and 4 of this Award, the Director will become immediately vested in all of the Award Shares:

- (i) upon a termination of service following a failure to be nominated by the Board of Directors for re-election as a director (unless failure to be nominated is due to the director's refusal to stand for re-

election, any act of fraud, intentional misrepresentation, embezzlement, misappropriation or conversion of assets of Westell Technologies or its subsidiaries); or

- (ii) in the event of a Triggering Event following a Change in Control.

(b) For purposes of this Agreement, “Change in Control” and “Triggering Event”, have the following meaning:

- (i) A “Change in Control” of Westell Technologies shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:
- (A) the consummation of the purchase by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, except the Voting Trust (together with its affiliates) formed pursuant to the Voting Trust Agreement dated February 23, 1994, as amended, among Robert C. Penny III and Melvin J. Simon, as co-trustees, and certain members of the Penny family and the Simon family, of ownership of shares representing more than 50% of the combined voting power of the Company’s voting securities entitled to vote generally (determined after giving effect to the purchase);
 - (B) a reorganization, merger or consolidation of Westell Technologies, in each case, with respect to which persons who were shareholders of Westell Technologies immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own 50% or more of the combined voting power entitled to vote generally of Westell Technologies or the surviving or resulting entity (as the case may be);
 - (C) a sale of all or substantially all of Westell Technologies’ assets, except that a Change in Control shall not exist under this clause (c) if Westell Technologies or persons who were shareholders of Westell Technologies immediately prior to such sale continue to collectively own 50% or more of the combined voting power entitled to vote generally of the acquirer; or
 - (D) any other transaction the Administrator, in its sole discretion, specifies in writing.
- (ii) A “Triggering Event” shall be deemed to have occurred if the Director’s service to Westell Technologies or its successor terminates within one year of a Change in Control.

6. Legend. Certificates representing the Award Shares (and any shares received in respect of the Award Shares as contemplated by Paragraph 8 and the adjustment provision in the Plan) shall bear a legend as follows:

“THE SECURITIES REPRESENTED BY THIS CERTIFICATE ARE SUBJECT TO RESTRICTIONS SET FORTH IN A RESTRICTED STOCK AWARD AGREEMENT BETWEEN THE ISSUER AND THE HOLDER DATED _____ . A COPY OF SUCH AGREEMENT MAY BE OBTAINED BY THE HOLDER HEREOF AT THE ISSUER’S PRINCIPAL PLACE OF BUSINESS WITHOUT CHARGE.”

7. Dividends. Director shall be entitled to receive and retain all dividends and other distributions paid on the Award Shares granted under this Award that have not been forfeited except for stock dividends on unvested Award Shares (which shall be subject to Section 8). Director shall not be entitled to receive any dividends or other distributions on any Award Shares that are paid after the Award Shares have been forfeited.

8. Adjustments and Certain Distributions. In the event that, prior to the termination of the restrictions hereunder on all the Award Shares, Westell Technologies shall have effected one or more stock splits, stock dividends or other increases of its common stock outstanding without receiving consideration therefore, all stock received by Director in respect of the Award Shares that are then subject to the

restrictions and risk of forfeiture hereunder shall also be held subject to such restrictions and risk of forfeiture. In addition, any stock or other securities of any Westell Technologies subsidiaries received by Director in respect of any Award Shares that are then subject to the restrictions and risk of forfeiture hereunder shall also be held subject to such restrictions and risk of forfeiture.

9. Non-Transferability. This Award and the rights and privileges conferred by this Award are personal to Director and shall not, until vested, be sold, assigned, transferred, conveyed, pledged, hypothecated, encumbered or donated in any way (whether by operation of law or otherwise) and shall not be subject to execution, attachment or similar process.

10. Withholding Taxes. Under current law and based upon the status of Director as a nonemployee member of the board of directors of Westell Technologies, lapse of restrictions does not create a withholding obligation. Should any change in law or Director's status require withholding, the lapse of restrictions on the Award Shares is conditioned on any applicable withholding taxes having been collected by lump sum payroll deduction or by direct payment by the Director to Westell Technologies. If Director does not make such payment when requested, Westell Technologies may refuse to deliver the Award Shares and to remove the legend on the Award Shares unless and until arrangements satisfactory to Westell Technologies for such payment have been made.

IN WITNESS WHEREOF, Westell Technologies has caused this Award to be granted on the date first above written.

Westell Technologies, Inc.

By:

Title:

ACCEPTED:

ASSIGNMENT SEPARATE FROM CERTIFICATE

ASSIGNMENT OF RESTRICTED STOCK THAT HAS BEEN FORFEITED UNDER TERMS OF _____,
_____, STOCK AWARD

FOR VALUE RECEIVED, the undersigned does hereby assign and transfer to Westell Technologies, Inc.,
_____ shares of Class A Common Stock of Westell Technologies, Inc., standing in the name of the undersigned on the
books of the corporation represented by Certificate No. _____, and does hereby irrevocably constitute and appoint
_____ to transfer said stock on the books of the corporation with full power of substitution in the premises.

Dated:

ACCEPTED:

WESTELL TECHNOLOGIES, INC.

FORM of RESTRICTED STOCK UNIT AWARD AGREEMENT

THIS RESTRICTED STOCK UNIT AWARD AGREEMENT is granted by WESTELL TECHNOLOGIES, INC. (the "*Company*") to _____ (the "*Participant*") this _____ day of _____ 20__ (the "*Grant Date*") pursuant to the Company's 2015 Omnibus Incentive Compensation Plan (the "*Plan*"). The applicable terms of the Plan are incorporated herein by reference, including the definitions of terms contained therein.

WHEREAS, the Company believes it to be in the best interests of the Company and its stockholders for its officers and other Participants to have an incentive tied to the price of the Company's Class A Common Stock (the "*Common Stock*") in order that they will have a greater incentive to work for and manage the Company's affairs in such a way that its shares may become more valuable; and

WHEREAS, the Company has determined to grant the Participant restricted stock units which assuming certain conditions and other requirements specified below are satisfied convert into shares of Common Stock pursuant to the terms of the Plan and this Agreement;

NOW, THEREFORE, in consideration of the premises and of the services to be performed by the Participant and other conditions required hereunder, the Company and the Participant intending to be legally bound hereby agree as follows:

1. Restricted Stock Units Award. The Company hereby grants to the Participant _____ "*Restricted Stock Units*". The Restricted Stock Units granted under this Agreement are units that will be reflected in a book account maintained by the Company until the shares of Common Stock have been issued pursuant to Section 3 or have been forfeited. This Award is subject to the terms and conditions of this Agreement and the Plan.
2. Vesting of Award.
 - (a) Vesting Schedule. The Restricted Stock Units will vest according to the following schedule, with respect to each installment shown in the schedule, on and after the vesting date applicable to such installment:

Installment	Vesting Date Applicable to Installment
33% of the Award	First anniversary of grant
Next 33% of the Award	Second anniversary of grant
Final 33% of the Award	Third anniversary of grant

- (b) Vesting Conditions and Provisions Applicable to Award. The period of time during which the Restricted Stock Units are forfeitable is referred to as the “**Restricted Period**”. Except as provided in Section 5 if the Participant's employment with the Company or one of its subsidiaries terminates during the Restricted Period for any reason, then the unvested Restricted Stock Units shall be forfeited to the Company on the date of such termination, without any further obligation of the Company to the Participant and all of the Participant's rights with respect to unvested Restricted Stock Units shall terminate.

3. Conversion of the Restricted Stock Units to Common Stock. Immediately following the vesting of Restricted Stock Units under Section 2, the Company shall issue to the Participant a certificate representing one share of Common Stock for each Restricted Stock Unit becoming vested. The Company shall not be required to issue fractional shares of Common Stock upon the settlement of the Restricted Stock Units.

4. Rights During the Restricted Period. Prior to vesting as described in Section 2, the Participant will not receive any certificates with respect to the Restricted Stock Units and will not have any right to vote the Restricted Stock Units. The Participant will not be deemed a stockholder of the Company with respect to any of the Restricted Stock Units. The Restricted Stock Units may not be sold, assigned, transferred, pledged, encumbered or otherwise disposed of prior to vesting. After Restricted Stock Units are converted to shares of Common Stock, the Participant shall receive a cash payment or payments from the Company equal to any cash dividends paid with respect to the number of shares of Restricted Stock relating to Restricted Stock Units that are earned hereunder during the period beginning with the date of Award through the date the shares of Common Stock become issued and outstanding.

5. Change in Control.

- (a) Notwithstanding the provisions of Section 2, in the event of a Triggering Event or a termination of Participant's employment by the Company or one of its subsidiaries without Cause no more than three months prior to and in anticipation of a Change in Control, the Participant will become immediately vested in all Restricted Stock Units.
- (b) For purposes of this Agreement, "Change in Control", "Triggering Event" and "Cause" have the following meaning:
- (i) A “**Change in Control**” of the Company shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:
- (A) the consummation of the purchase by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, except the Voting Trust (together with its affiliates) formed pursuant to the Voting Trust Agreement dated February 23, 1994, as amended, among Robert C. Penny III and Melvin J. Simon, as co-trustees, and certain members of the Penny family and the Simon family, of ownership of shares representing more than 50% of the combined voting power of the Company’s voting securities entitled to vote generally (determined after giving effect to the purchase);
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- (B) a reorganization, merger or consolidation of the Company, in each case, with respect to which persons who were shareholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own 50% or more of the combined voting power entitled to vote generally of the Company or the surviving or resulting entity (as the case may be);
 - (C) a sale of all or substantially all of the Company's assets, except that a Change in Control shall not exist under this clause (C) if the Company or persons who were shareholders of the Company immediately prior to such sale continue to collectively own 50% or more of the combined voting power entitled to vote generally of the acquirer; or
 - (D) any other transaction the Administrator, in its sole discretion, specifies in writing.
- (ii) A "**Triggering Event**" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:
- (A) the Participant resigns from and terminates his employment with the Company for Good Reason following a Change in Control by notifying the Company or its successor within ninety (90) days after the initial occurrence of the event constituting Good Reason specifying in reasonable detail the basis for the Good Reason.
 - (B) the Company or its successor terminates the Participant's employment with the Company without Cause within two years of the date on which a Change in Control occurred.
- (iii) "**Good Reason**" means that concurrent with or within twelve months following a Change in Control, the Participant's base salary is reduced or the Participant's total compensation and benefits package is materially reduced without the Participant's written approval, or the Participant's primary duties and responsibilities prior to the Change in Control are materially reduced or modified
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in such a way as to be qualitatively beneath the duties and responsibilities befitting of a person holding a similar position with a company of comparable size in the Company's business in the United States, without the Participant's written approval (other than may arise as a result of the Company ceasing to be a reporting company under the Exchange Act or ceasing to be listed on NASDAQ), or the Participant is required, without his consent, to relocate his principal office to a location, or commence principally working out of another office located, more than 30 miles from the Company's office which represented the Participant's principal work location.

- (iv) **“Cause”** means (A) the failure by the Participant to comply with a particular directive or request from the Board of the Company regarding a matter material to the Company, and the failure thereafter by the Participant to reasonably address and remedy such noncompliance within thirty (30) days (or such shorter period as shall be reasonable or necessary under the circumstances) following the Participant's receipt of written notice from the Board confirming the Participant's noncompliance; (B) the taking of an action by the Participant regarding a matter material to the Company, which action the Participant knew at the time the action was taken to be specifically contrary to a particular directive or request from the Board, (C) the failure by the Participant to comply with the written policies of the Company regarding a matter material to the Company, including expenditure authority, and the failure thereafter by the Participant to reasonably address and remedy such noncompliance within thirty (30) days (or such shorter period as shall be reasonable or necessary under the circumstances) following the Participant's receipt of written notice from the Board confirming the Participant's noncompliance, but such opportunity to cure shall not apply if the failure is not curable; (D) the Participant's engaging in willful, reckless or grossly negligent conduct or misconduct which, in the good faith determination of the Company's Board, is materially injurious to the Company monetarily or otherwise; (E) the aiding or abetting a competitor or other breach by the Participant of his fiduciary duties to the Company; (F) a material breach by the Participant of his obligations of confidentiality or nondisclosure or (if applicable) any breach of the Participant's obligations of noncompetition or nonsolicitation under any agreement between the Participant and the Company; (G) the use or knowing possession by the Participant of illegal drugs on the premises of the Company; or (H) the Participant is convicted of, or pleads guilty or no contest to, a felony or a crime involving moral turpitude.
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- (c) Solely for purposes of the definitions of "Triggering Event", "Good Reason" and "Cause" under this Section 5 (and not for purposes of the definition of "Change in Control" hereunder), the Company shall be deemed to include any of Westell Technologies, Inc.'s direct and indirect subsidiary companies and the term Board shall be deemed to include the Board of Directors of any such subsidiary.

6. Interpretation by Administrator. The Participant agrees that any dispute or disagreement that may arise in connection with this Agreement shall be resolved by the Administrator, in its sole discretion, and that any interpretation by the Administrator of the terms of this Agreement, the Award or the Plan and any determination made by the Administrator under this Agreement or such plan may be made in the sole discretion of the Administrator.

7. Miscellaneous.

- (a) This Agreement shall be governed and construed in accordance with the laws of the State of Delaware applicable to contracts made and to be performed therein between residents thereof.
- (b) This Agreement may not be amended or modified except by the written consent of the parties hereto.
- (c) The captions of this Agreement are inserted for convenience of reference only and shall not be taken into account in construing this Agreement.
- (d) This Agreement shall be binding upon and inure to the benefit of the Company and its successors and assigns and shall be binding upon and inure to the benefit of the Participant, the Beneficiary and the personal representative(s) and heirs of the Participant, except that the Participant may not transfer any interest in any Restricted Stock Units prior to the release of the restrictions imposed by Sections 2 and 4.

IN WITNESS WHEREOF, the parties hereto have, personally or by a duly authorized representative, executed this Agreement as of the Grant Date first above written.

Westell Technologies, Inc.

By:

Name (printed): Thomas P. Minichiello

Title: Chief Financial Officer

Name (Printed): _____

WESTELL TECHNOLOGIES, INC.
NON-QUALIFIED STOCK OPTION

THIS NON-QUALIFIED STOCK OPTION, dated as set forth in the attached Memorandum is granted by WESTELL TECHNOLOGIES, INC. (the "Company"), to the Employee as set forth in the attached Memorandum (the "Employee") pursuant to the Company's 2015 Omnibus Incentive Compensation Plan (the "Plan").

1. OPTION GRANT

The Company hereby grants to the Employee an option to purchase total shares as set forth in the attached Memorandum of Class A Common Stock of the Company at an option price per share as set forth in the attached Memorandum. This option is not intended to qualify as an "incentive stock option" within the meaning of Section 422 of the Internal Revenue Code of 1986, as amended.

2. TIME OF EXERCISE

This option may be exercised (in the manner described in paragraph 4 hereof) in whole or in part, at any time and from time to time, subject to the following limitations:

(a) this option may not be exercised to any extent until the first anniversary of the Date of Grant. This option may be exercised to a maximum cumulative extent of 33% of the total shares covered hereby on and after the first anniversary of the Date of Grant; 66% of the total shares commencing on and after the second anniversary of the Date of Grant; 100% of the total shares commencing on and after the third anniversary of the Date of Grant. In the event that the Employee's employment with the Company or a subsidiary terminates by reason of total disability or death prior to the third anniversary of the Date of Grant, then the portion of the option which may be exercised shall be determined as if the Employee remained an employee of the Company until the next anniversary of the Date of Grant.

(b) For these purposes, employment shall be deemed to continue after termination of full-time employment for any period during which the Employee remains a part-time employee of the Company or a consultant to the Company as determined by the sole discretion of the Administrator.

(c) This option may not be exercised:

(i) more than three months after the termination of the Employee's employment with the Company or a subsidiary for any reason other than retirement, total disability or death; or

(ii) more than twelve months after termination of employment by reason of retirement, total disability or death; or

(iii) more than seven years from the Date of Grant.

For these purposes retirement and total disability shall be determined in accordance with the established policies of the Company. This option may be exercised during the indicated periods following termination of employment only to the extent permitted pursuant to paragraphs 2(a) and (b) hereof.

3. Change in Control.

(a) Notwithstanding the provisions of paragraph 2, in the event of a Triggering Event or a termination of Participant's employment by the Company or one of its subsidiaries without Cause no more than three months prior to and in anticipation of a Change in Control, the Participant will become immediately vested in all Stock Options.

(b) For purposes of this Agreement, "Change in Control", "Triggering Event" and "Cause" have the following meaning:

(i) A "Change in Control" of the Company shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

- (1) the consummation of the purchase by any person, entity or group of persons, within the meaning of Section 13(d) or 14(d) of the Securities Exchange Act of 1934, as amended, except the Voting Trust (together with its affiliates) formed pursuant to the Voting Trust Agreement dated February 23, 1994, as amended, among Robert C. Penny III and Melvin J. Simon, as co-trustees, and certain members of the Penny family and the Simon family, of ownership of shares representing more than 50% of the combined voting power of the Company's voting securities entitled to vote generally (determined after giving effect to the purchase);
 - (2) a reorganization, merger or consolidation of the Company, in each case, with respect to which persons who were shareholders of the Company immediately prior to such reorganization, merger or consolidation do not, immediately thereafter, own 50% or more of the combined voting power entitled to vote generally of the Company or the surviving or resulting entity (as the case may be);
 - (3) a sale of all or substantially all of the Company's assets, except that a Change in Control shall not exist under this clause (C) if the Company or persons who were shareholders of the Company immediately prior to such sale continue to collectively own 50% or more of the
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combined voting power entitled to vote generally of the acquirer; or

(4) any other transaction the Administrator, in its sole discretion, specifies in writing.

(ii) A "Triggering Event" shall be deemed to have occurred as of the first day that any one or more of the following conditions shall have been satisfied:

(1) the Participant resigns from and terminates his employment with the Company for Good Reason following a Change in Control by notifying the Company or its successor within ninety (90) days after the initial occurrence of the event constituting Good Reason specifying in reasonable detail the basis for the Good Reason.

(2) the Company or its successor terminates the Participant's employment with the Company without Cause within two years of the date on which a Change in Control occurred.

(iii) "Good Reason" means that concurrent with or within twelve months following a Change in Control, the Participant's base salary is reduced or the Participant's total compensation and benefits package is materially reduced without the Participant's written approval, or the Participant's primary duties and responsibilities prior to the Change in Control are materially reduced or modified in such a way as to be qualitatively beneath the duties and responsibilities befitting of a person holding a similar position with a company of comparable size in the Company's business in the United States, without the

Participant's written approval (other than may arise as a result of the Company ceasing to be a reporting company under the Exchange Act or ceasing to be listed on NASDAQ), or the Participant is required, without his consent, to relocate his principal office to a location, or commence principally working out of another office located, more than 30 miles from the Company's office which represented the Participant's principal work location.

(iv) "Cause" means (A) the failure by the Participant to comply with a particular directive or request from the Board of the Company regarding a matter material to the Company, and the failure thereafter by the Participant to reasonably address and remedy such noncompliance within thirty (30) days (or such shorter period as shall be reasonable or necessary under the circumstances) following the Participant's receipt of written notice from the Board confirming the Participant's noncompliance; (B) the taking of an action by the Participant regarding a matter material to the Company, which action the Participant knew at the time the action was taken to be specifically contrary to a particular directive or request from the Board, (C) the failure by the Participant to comply with the written policies of the Company regarding a matter material to the Company, including expenditure authority, and the failure thereafter by the Participant to reasonably address and remedy such noncompliance within thirty (30) days (or such shorter period as shall be reasonable or necessary under the circumstances) following the Participant's receipt of written notice from the Board confirming the Participant's noncompliance, but such opportunity to cure shall not apply if the failure is not curable; (D) the Participant's engaging in willful, reckless or grossly negligent conduct or misconduct which, in the good faith determination of the Company's Board, is materially injurious to the Company monetarily or otherwise; (E) the aiding or abetting a competitor or other breach by the Participant of his fiduciary duties to the Company; (F) a material breach by the Participant of his

obligations of confidentiality or nondisclosure or (if applicable) any breach of the Participant's obligations of noncompetition or nonsolicitation under any agreement between the Participant and the Company; (G) the use or knowing possession by the Participant of illegal drugs on the premises of the Company; or (H) the Participant is convicted of, or pleads guilty or no contest to, a felony or a crime involving moral turpitude.

(c) Solely for purposes of the definitions of "Triggering Event", "Good Reason" and "Cause" under this paragraph 3 (and not for purposes of the definition of "Change in Control" hereunder), the Company shall be deemed to include any of Westell Technologies, Inc.'s direct and indirect subsidiary companies and the term Board shall be deemed to include the Board of Directors of any such subsidiary.

4. METHOD OF EXERCISE

This option may be exercised only by appropriate notice in writing delivered to the Secretary of the Company and accompanied by:

(a) a check payable to the order of the Company for the full purchase price of the shares purchased and any required tax withholding, and

(b) such other documents or representations as the Company may reasonably request in order to comply with securities, tax or other laws then applicable to the exercise of the option.

Payment of the purchase price may be made in whole or in part by the delivery of shares of Common Stock owned by the Employee or by certification of the Employee's ownership of such shares), valued at fair market value on the date of exercise. The Employee may satisfy any tax withholding obligation in whole or in part by electing to have the Company retain option shares, having a fair market value on the date of exercise equal to the amount required to be withheld.

5. CONDITIONS

I agree that I shall not within three months following my resignation of employment with the Company engage in any Competitive Activity. Competitive Activity means any service to a competitor related to the work I have done at Westell or with knowledge of confidential information gained at Westell. By accepting this option, I agree to pay Westell as liquidated damages, any profit (spread between grant price and closing price on the date of exercise) realized on my exercise of this option from three months preceding and ending three months following my date of resignation.

6. NON-TRANSFERABILITY; DEATH

This option is not transferable by the Employee otherwise than by will or the laws of descent and distribution and is exercisable during the Employee's lifetime only by the Employee. If the Employee dies during the option period, this option may be exercised in whole or in part and from time to time, in the manner described in paragraph 3 hereof, by the Employee's estate or the person to whom the option passes by will or the laws of descent and distribution, but only within a period of (a) twelve months after the Employee's death or (b) seven years from the Date of Grant, whichever period is shorter. At the discretion of the Administrator, this option may be transferred to members of the Employee's immediate family or trusts or family partnerships for the benefit of such persons, subject to terms and conditions established by the Administrator.

* * *

IN WITNESS WHEREOF, the Company has caused the execution hereof by its duly authorized officer and Employee has agreed to the terms and conditions of this option, all as of the date first above written.

WESTELL TECHNOLOGIES, INC.

By _____

Employee Name

Employee Signature

**NOTICE OF GRANT OF STOCK OPTION FOR THE PURCHASE OF
CLASS A COMMON STOCK**

Name: _____

You have received a grant with the following parameters:

Plan Name: Westell Technologies, Inc. 2015 Omnibus Incentive Compensation Plan

Award Number: _____

Shares Granted: _____

Exercise Price: _____

Award Type: NQSO

Award Date: _____

Vesting Schedule: _____

Expiration Date: _____

If you have any questions, contact _____ at _____.

By affixing your signature to the bottom of this Notice, you acknowledge receipt of a copy of the Agreement and the Plan to which the Agreement and this Stock Option Grant is subject and agree that the Options Granted hereunder shall be subject to such Plan and Agreement and shall be governed by their terms and provisions.

Westell Technologies, Inc.

By:

Name (printed): Thomas P. Minichiello

Title: Chief Financial Officer

Name (Printed): _____

SEPARATION AGREEMENT AND RELEASE

This Separation Agreement and Release (“Agreement”) is entered into between Westell, Inc. and its affiliates (“Employer”) and Naveed Bandukwala (“Employee”). In consideration for the mutual promises set forth below, Employer and Employee agree as follows.

1. Employee’s employment with Employer will terminate July 24, 2015 ("Separation Date"). All employee benefits, plans, programs and fringe benefits cease as of the Separation Date unless otherwise noted herein.

2. Employer agrees to:

- a. Pay Employee severance pay in the amount of \$58,750.00 less required withholdings. The severance will be paid in a lump sum on the next regularly scheduled pay day following the Effective Date of this Agreement, provided that Employee signs this Agreement and does not revoke it.
- b. Pay earned but unused PTO pay in the amount of \$8,658.85.
- c. Continue current levels of medical, dental and vision coverage at the employee rate for the lesser of three months after the separation of employment or until you become eligible for coverage by a health plan of any subsequent employer. Employee will be receiving under separate cover information regarding their rights under COBRA.

3. In exchange for the promises and agreements contained herein and the payments described in Paragraph 2a and 2c above, Employee on behalf of himself, his heirs, executors, administrators, and assigns, hereby irrevocably and unconditionally releases, holds harmless and discharges, to the fullest extent permitted by law, Employer and all of its affiliated or related entities (including but not limited to Westell Technologies, Inc.) (“Employer Group”), their successors, assigns, officers, directors, agents, and employees (together with Employer Group, “Released Parties”) from all claims, charges, complaints, grievances, liabilities, obligations, promises, damages, actions, causes of action, suits, rights, demands, costs, losses and expenses of any nature whatsoever, whether known or unknown, suspected or unsuspected, vested or contingent, concealed or hidden, which Employee ever had, may have or ever will have relating to Released Parties, by reason of any and all acts, omissions, events, transactions, circumstances or facts existing or occurring up to the date hereof. This release includes but is not limited to: 1) all liabilities for the payment of earnings; commissions; bonuses; severance pay; salary; accruals under any vacation, sick leave, holiday, or employee benefit plans; 2) any charges, lawsuits or claims of retaliation or discrimination on account of age, race, color, sex, sexual orientation, marital status, disability, national origin, citizenship and religion, brought under any federal, state, or local law, including but not limited to Title VII of the Civil Rights Act of 1964, the Civil Rights Act of 1991, the Civil Rights Act of 1866, the Age Discrimination in Employment Act, as amended by the Older Workers’ Benefit Protection Act, the Americans with Disabilities Act, the Worker Adjustment Retraining and Notification Act, the Family and Medical Leave Act of 1993, the National Labor Relations Act, the Equal Pay Act, the Employee Retirement Income Security Act, the Fair Labor Standards Act, the Illinois Wage Payment and Collection Act, or any similar state wage and hour law, the Illinois Human Right Act, or any other

state anti-discrimination law; and 3) any tort, contract, and quasi-contract or other common law claims. This general release shall not apply to Employee's rights under this Agreement, nor shall it in any way affect his right to enforce the terms of the Agreement or to obtain appropriate relief in the event of any breach of this Agreement. Also excluded from this release are any claims which cannot be waived by law, including but not limited to the right to participate in an investigation conducted by certain government agencies. Employee does, however, waive Employee's right to reinstatement or any monetary recovery should any agency (such as the Equal Employment Opportunity Commission) pursue any claims on Employee's behalf.

4. Employee represents that he has not filed any charges, suits, claims or complaints against Released Parties referred to above, and Employee agrees, to the fullest extent permitted by law, that he will not do so at any time in the future with respect to any claim which arose prior to the date of this Agreement. This release forever bars all suits which arose or might arise in the future from any occurrences arising prior to the date of this Agreement and authorizes any court to dismiss any claim filed by the Employee with prejudice. Employee understands that if he takes any legal action against Released Parties, Employee must, as a condition precedent to such action, repay the severance pay provided for in this Agreement. However, Employee shall not be required to repay the severance pay if the action is to challenge the waiver of his claims under the Age Discrimination in Employment Act.

5. The following provisions apply to and are made a part of this Separation Agreement and Release:

- a. Employee does not release or waive any right or claim which he may have which arises after the date of this Agreement.
- b. In exchange for this release, Employee acknowledges that he has received separate consideration beyond that which Employee is otherwise entitled to under Employer policy or applicable law, including without limitation the severance pay.
- c. Employer expressly advises Employee to consult with an attorney of Employee's choosing prior to executing this Agreement which contains a general release of all claims.
- d. Employee has twenty-one (21) days from the date of receipt to sign this Agreement and return it to Sharon Hintz at the address below. In the event Employee signs this Agreement, Employee has a further period of seven (7) days in which to revoke this Agreement. This Agreement is not effective until the end of the revocation period ("Effective Date"). Any revocation must be communicated in writing, by personal delivery or first class mail to:

Sharon Hintz
Westell, Inc.
750 N. Commons Drive
Aurora, Illinois 60504

Any revocation must be received by Sharon Hintz, in writing, on or before the 7th day after Employee signs this Agreement.

- e. Within seven days of executing this agreement, Employee agrees to return to Employer all Employer property, including but not limited to files, records, computer hardware
-

and software, credit cards, keys, card key passes, all other property or information provided by Employer Group to Employee. Employee agrees to retain no copies of Employer Group documents.

6. The parties recognize that disclosure of the terms of this Agreement to non-parties would cause the Employer serious damage. Employee agrees not to disclose the terms of this Agreement to anyone other than his spouse, his attorneys and his financial advisors, except when required by law or valid subpoena. Aside from the noted exceptions, Employee further agrees to advise his spouse, his attorneys and his financial advisors as to the terms of this paragraph, to instruct his spouse, his attorneys and his financial advisors not to disclose the terms and existence of this Agreement to anyone else and to be responsible for any violation by any person to whom he has disclosed any portion of the Agreement.

7. Employee agrees that any and all information obtained by or disclosed to him at any time during his employment with the Employer which is not generally known to the public is strictly confidential and/or proprietary to the Employer Group and Employee shall not make use of this information for his own purposes or for the benefit of anyone other than the Employer Group and he shall not disclose this information to any person or organization.

8. Employee agrees not to disparage the Released Parties utilizing any medium to include printed materials, internet services, verbal comments or any action that is construed by the Employer as demeaning, mischievous, or capable of negative impact on its reputation and goodwill value. Employee understands that engagement in such activity will require that the Employee must repay the severance provided in this Agreement. Moreover, any actions of this nature may subject Employee to appropriate legal remedy and recovery of damages.

9. In exchange for the promises and agreements contained herein and the payments described in Paragraph 2a and 2c above, for a period of twelve months following the separation of employment, Employee agrees that he will not, directly or indirectly, on his own behalf or on behalf of any other party, employ, solicit for employment, attempt to solicit for employment, or encourage or otherwise cause to leave their employment at Employer Group, any person who is or was during the six-month period prior to such employment, solicitation or encouragement an employee of the Employer Group.

10. In exchange for the promises and agreements contained herein and the payments described in Paragraph 2a and 2c above, for a period of twelve months following the separation of employment, Employee agrees that he will not, directly or indirectly, influence, solicit or attempt to influence or solicit any customer of the Employer Group with whom he had contact during his last two years of employment with Employer, to cease doing business with the Employer Group or to divert their business away from Employer Group or to a business competitive with the business of Employer Group.

11. In exchange for the promises and agreements contained herein and the payments described in Paragraph 2a and 2c above, for a period of twelve months following the separation of employment, Employee shall not, anywhere in North America, Europe, or any other market the Employer Group serves, directly or indirectly engage, control, advise, manage, or become interested in (as owner, stockholder, partner, co-venturer, director, officer, employee, agent, consultant or otherwise) any business competitive with the business of Employer Group.

12. In the event Employee breaches the provisions of paragraphs 5e, 6, 7, 8, 9, 10 or 11 of this Agreement, the Employer preserves all remedies which it may have at law or in equity, including without limitation injunctive relief, and reserves the right to demand repayment of all financial and other benefits to be provided pursuant to this Agreement, along with attorneys' fees where permitted by law.

13. Employee agrees to reasonably cooperate with the Employer in any internal investigation or administrative, regulatory, or judicial proceeding. Employee understands and agrees that his cooperation may include, but not be limited to, making himself available to the Employer upon reasonable notice for interviews and factual investigations; appearing at Employer's request to give testimony without requiring service of a subpoena or other legal process; volunteering to the Employer pertinent information; and turning over to the Employer all relevant documents which are or may come into his possession all at times and on schedules that are reasonably consistent with his other permitted activities and commitments. Employee understands that in the event the Employer asks for his cooperation in accordance with this provision, the Employer will reimburse him solely for reasonable travel expenses, including lodging and meals, upon his submission of receipts.

14. It is understood that this Agreement does not constitute an admission by the Employer of any violation of any federal, state or municipal statutory or common law. Neither this Agreement nor anything in this Agreement shall be construed to be or shall be admissible in any proceeding as evidence of wrongdoing by the Employer. Further, the Employer specifically denies any wrongdoing and disclaims any liability to or wrongful acts against Employee or any other person, on the part of the Employer, its affiliates, parents and subsidiaries, and their respective past, present and future employees, owners, directors, trustees, shareholders, distributees, agents, partners, attorneys and/or representatives.

15. This Agreement shall be interpreted, construed and enforced under the laws of the State of Illinois and any disputes hereunder litigated in an Illinois court of competent jurisdiction.

16. In the event that any term or provision of this Agreement shall be finally determined to be superseded, invalid, illegal or otherwise unenforceable pursuant to applicable law by a governmental authority having jurisdiction and venue, that determination shall not impair or otherwise affect the validity, legality or enforceability, to the maximum extent permissible by law, by or before that authority, of the remaining terms and provisions of this Agreement, which shall be enforced as if the unenforceable term or provision were deleted; provided, however, that in the event that paragraphs 9, 10, or 11 of this Agreement are determined by such authority to be unenforceable because of unreasonable geographic scope, duration or otherwise, such authority may nevertheless enforce those paragraphs as to a reduced geographic scope, duration, or other limitation deemed reasonable by such authority.

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

18. Employee acknowledges that in executing this Agreement, he has not relied upon any representation by Employer or its agents not set forth in this Agreement and that he has not been subjected to any duress, coercion, fraud, overreaching or exploitation.

19. Employee acknowledges that he received this Agreement on or before July 24, 2015.

20. This Agreement sets forth the entire agreement between the parties and supersedes any prior agreements and understandings, written or oral.

PLEASE READ CAREFULLY. THIS AGREEMENT INCLUDES A RELEASE OF ALL KNOWN AND UNKNOWN CLAIMS.

Westell, Inc.

/s/ Naveed Bandulkwala By: /s/ Tom Minichiello
Naveed Bandulkwala Tom Minichiello
August 4, 2015 July 24, 2015
Date Date

/s/ Sharon Hintz
Witness Signature

Sharon Hintz
Witness Name (please print)

750 N. Commons Drive
(Street Address)

Aurora, IL 60504
(City, State, Zip Code)



October 2, 2015

Scott Goodrich

Dear Scott,

This letter is intended to provide you with specific information regarding the termination of your employment with Westell, per our mutual agreement, effective October 2, 2015. You are entitled to the following benefits, per our Company's policy. This letter covers all payments and benefits owed to you.

Payments due you:

- Base pay for days worked or approved time off for pay period beginning 09/27/2015 through your separation date of 10/02/2015. This payment will be made on 10/09/2015.
- Any earned and unused PTO time (9.17 days). This will be paid by separate check due to the taxation rate per IRS Regulations and will be paid on 10/09/15.

Benefit details:

- Your benefit coverage will terminate at 12:00 midnight on your last day of employment (technically 10/03/15). Shortly, you will receive information from PayFlex regarding the continuation of certain benefits through COBRA. If you have questions, the contact number for PayFlex is (877) 327-2772.
- Equity
Please refer to the agreements for vesting and equity provisions.
- 401(K)
 - Accounts under \$1,000 are cashed out if not rolled over to another plan.
 - Accounts between \$1,000 and \$5,000 are rolled over to a Wells Fargo IRA if they are not rolled over to another plan.
 - Accounts over \$5,000 can remain with the Westell 401(k) Plan
 - To request a distribution of your 401(k) plan, please contact Wells Fargo at (866) 665-1282.

For your continuing obligations after your departure, including non-compete and non-solicit details, please refer to the following documents:

- *Post Departure Reporting Obligations and Transaction Restrictions After Ceasing to be an Officer or Director of the Company*
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- *Confidential Information, Invention Assignment, and Non-Solicitation Agreement for Employee*
- *Stock Purchase Agreement Among Westell, Inc., Cellular Specialties Inc., Sellers' Representative, and the Shareholders of Cellular Specialties, Inc.*

Additionally, the "Independent Contractor Agreement" between you and Westell will be provided under separate cover.

If you have any additional questions, please contact me at (630) 375-4160 or (847) 224-3912. I wish you the best in your future endeavors.

Regards,

/s/ Sharon Hintz

Sharon Hintz
Director, Human Resources

Enclosures

INDEPENDENT CONTRACTOR AGREEMENT

This Independent Contractor Agreement ("Agreement"), is made and entered into this 28th day of September, 2015, by and between Scott Goodrich (the "Contractor") and Westell, Inc. (the "Company"), with its main office at 750 North Commons, Aurora, Illinois 60504.

WHEREAS, the Company desires to receive certain services from the Contractor, and the Contractor is interested in providing such services, the Company and the Contractor both desire to enter into this Agreement to set forth the terms and conditions on which those services will be provided.

NOW, THEREFORE, the Company and the Contractor agree as follows:

- 1) Services. Contractor will provide business consulting services to the Company, on an as needed basis as determined by the Company. It is anticipated that the contractor will provide services for twenty hours per week. See Exhibit A for a description of the required duties.
 - 2) Company Contact. The Contractor's primary contact at the Company will be Tom Gruenwald, President and CEO. Tom will assign written objectives for services required of Contractor.
 - 3) Compensation. The Company agrees to pay Contractor at the rate of \$4,808.00 per bi-weekly period of services (the "fee"). Contractor must submit invoices for his services on a weekly basis, for each calendar week in which services are performed, no later than 5 business days after the completion of the calendar week. Such invoices must be approved and signed by Tom Gruenwald prior to submitting for payment to the Company. Reasonable expenses ("expenses") associated with the performance of contractual duties should also be invoiced monthly and submitted to Tom Gruenwald for approval and signature. Payments will be payable to Contractor no more than 14 days post submission of invoice.
 - 4) Independent Contractor. Contractor will provide services as an independent contractor, and not as an employee, partner, joint venturer, agent or representative of the Company. This Agreement shall not render the Contractor an employee, partner, joint venturer, agent or representative of the Company for any purpose. Contractor shall not hold himself out as an employee, partner, joint venturer, agent, or representative of the Company.
 - 5) Location of Services. Contractor shall perform his services for the Company at the Manchester office, home office with travel as necessary, unless otherwise specifically agreed to by the Company.
 - 6) Written Reports. The Company may request that project plans, progress reports and a final results report be provided by Contractor on a monthly basis. A final results report shall be due at the conclusion of the project and shall be submitted to the Company in a confidential written report at such time. The results report shall be in such form and setting forth such information and data as is reasonably requested by the Company.
 - 7) Term, Termination. This Independent Contractor Agreement will expire on December 31, 2015, unless terminated earlier by Contractor or the Company. Either party may terminate this Agreement for any reason at any time without notice.
 - 8) Confidentiality. The Contractor acknowledges that during the engagement he will have access to and become acquainted with various trade secrets, inventions, innovations, processes, information, records and specifications owned or licensed by the Company and/or used by the Company in connection with the operation of its business including, without limitation, the Company's business and product processes, methods, customer lists, accounts and procedures. The Contractor agrees that he will not disclose any of the aforesaid, directly or indirectly, or use any of them in any manner,
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either during the term of this Agreement or at any time thereafter, except as required in the course of this engagement with the Company. All files, records, documents, blueprints, specifications, information, letters, notes, media lists, original artwork/creative, notebooks, and similar items relating to the business of Company, whether prepared by the Contractor or otherwise coming into his possession, shall remain the exclusive property of the Company. The Contractor shall not retain any copies of the foregoing without the Company's prior written permission. Upon the expiration or earlier termination of this Agreement, or whenever requested by the Company, the Contractor shall immediately deliver to the Company all such files, records, documents, specifications, information, and other items in his possession or under his control. The Contractor further agrees that he will not disclose his retention as an independent contractor or the terms of this Agreement to any person without the prior written consent of the Company and shall at all times preserve the confidential nature of his relationship to the Company and of the services hereunder.

- 9) Non-Exclusivity. The Company understands and agrees that, during the period of this Agreement, Contractor may provide services to other entities provided that such entities are not considered competitors of the Company. Furthermore, he shall be obligated to keep all confidential, proprietary and trade secret information of the Company (described in paragraph 8 above) confidential.
 - 10) Other Contractors. The Company may retain the services of other persons to undertake the same or similar services as those performed by Contractor.
 - 11) Taxes. As an independent contractor, Contractor understands and agrees that the Company will not be responsible for and will not make any tax or withholding deductions whatsoever from his agreed compensation, and that Contractor will be responsible for reporting his income and for paying all federal, state and local taxes, including self-employment taxes, as required by law.
 - 12) No Company Insurance or Benefits. Contractor understands and agrees that he will not be provided with insurance coverage (including coverage under the Company's workers' compensation insurance) or any other employee benefits of the Company, including but not limited to participation in the 401(k) Plan. The Contractor shall not receive and shall have no claim against the Company hereunder or otherwise for vacation pay, sick leave, retirement benefits, social security, health and disability benefits, unemployment insurance benefits, or any other employee benefits of any kind. Contractor understands and agrees that he will be fully compensated for his services by virtue of the payments set forth in this Agreement.
 - 13) Materials. Contractor understands that he is responsible for providing the materials and/or equipment necessary to perform his services under this Agreement, and that the Company will not be reimbursing him for the expenses associated with these materials and/or equipment.
 - 14) Inventions. Any and all inventions, discoveries, developments and innovations conceived by the Contractor during this engagement relative to the duties under this Agreement shall be the exclusive property of the Company; and the Contractor hereby assigns all right, title, and interest in the same to the Company. This Agreement does not apply to an invention for which no Company equipment, supplies, facility or trade secret information was used and which was developed entirely on Contractor's own time, unless (a) the invention relates (i) to the business of the Company or (ii) to the Company's actual or demonstrably anticipated research or development, or (b) the invention results from any work performed by Contractor for the Company.
 - 15) Conflicts of Interest; Non-hire Provision. The Contractor represents that he is free to enter into this Agreement, and that this engagement does not violate the terms of any agreement between the Contractor and any third party. During the term of this agreement, the Contractor shall devote as much of his productive time, energy and abilities to the performance of his duties hereunder as is necessary to perform the required duties in a timely and productive manner. For a period of eighteen months following the termination of the Contractor's engagement at the Company, the Contractor shall not, directly or indirectly hire, solicit, or encourage to leave the Company's employment, any then-current employee, consultant, or contractor of the Company, or hire any such employee,
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consultant, or contractor who has left the Company's employment or contractual engagement within twelve months prior to or twelve months after the termination of the Contractor's engagement at the Company.

- 16) Right to Injunction. The parties hereto acknowledge that the services to be rendered by the Contractor under this Agreement and the rights and privileges granted to the Company under the Agreement are of special, unique, unusual, and extraordinary character which gives them a peculiar value, the loss of which cannot be reasonably or adequately compensated by damages in any action at law, and the breach by the Contractor of any of the provisions of this Agreement will cause the Company irreparable injury and damage. The Contractor expressly agrees that the Company shall be entitled to injunctive and other equitable relief in the event of, or to prevent, a breach of any provision of this Agreement by the Contractor. Resort to such equitable relief, however, shall not be construed to be a waiver of any other rights or remedies that the Company may have for damages or otherwise. The various rights and remedies of the Company under this Agreement or otherwise shall be construed to be cumulative, and no one of them shall be exclusive of any other or of any right or remedy allowed by law.
- 17) Waiver. Waiver by one party hereto of breach of any provision of this Agreement by the other shall not operate or be construed as a continuing waiver.
- 18) No Claims, Liability. Contractor shall make no claims against the Company for any claim, loss or damage to Contractor, either for personal injury, including death, or for injury to property of any nature, or otherwise in connection with the services provided by Contractor under this Agreement. Likewise, in no event shall the Company be liable to Contractor or any third party for any consequential, special, incidental or punitive damages, howsoever arising or relating to this Agreement or the services provided pursuant to this Agreement.
- 19) Entire Agreement. This Agreement constitutes the complete and exclusive statement of agreement between the Company and Contractor, and supersedes all prior proposals and all other agreements, oral and written, between the parties relating to the subject matter of this Agreement. This Agreement may be modified only in writing signed by authorized representatives of each of the parties. This Agreement is personal to Contractor and Contractor may not assign or subcontract his rights, duties or obligations under this Agreement to any person or entity. This Agreement shall be binding on and inure to the benefit of the Company, its successors, assigns, and any related or affiliated entity, including any person or entity acquiring, whether by merger, consolidation, purchase of assets, all or substantially all of the Company's assets and business.
- 20) Choice of Law. This Agreement and performance hereunder and actions related hereto shall be governed by the internal laws of the State of Illinois, without regard to its conflict of laws principles.
- 21) Unenforceability of Provisions. If any provision of this Agreement, or any portion thereof, is held to be invalid and unenforceable, then the remainder of this Agreement shall nevertheless remain in full force and effect.

IN WITNESS WHEREOF, the undersigned have executed this Agreement as of the day and year first written above. The parties hereto agree that facsimile signatures shall be as effective as if originals.

/s/ John T. Gruenwald

September 28, 2015

WESTELL, INC.

Date

/s/ Scott Goodrich

September 28, 2015

Scott Goodrich

Date



June 11, 2015

Mr. Brian T. Brouillette

Dear Brian,

I am very pleased to offer you the position of Senior Vice President, Intelligent Site Management and Worldwide Services for Westell Technologies, Inc. (the Company), reporting to me.

Your annual starting salary for this position will be \$10,384.62 per pay period (equivalent to \$270,000 annually), plus a variable incentive target of \$148,500 (equivalent to 55% of starting salary). Variable compensation is paid annually subject to the terms and conditions of the Westell Technologies, Inc. and Subsidiaries Performance Bonus Plan, Consolidated Corporate Plan, FY16 (the Bonus Plan).

Eligibility for the Bonus Plan will begin immediately upon your hire date. Any payouts will be pro-rated based on your start date within the fiscal year. The fiscal year began on April 1, 2015 and ends March 31, 2016. Bonus Plan payments are scheduled to be distributed in May 2016, subject to final approvals by the Board of Directors and its Audit Committee and Compensation Committee. You must be actively employed at the time of the payout to receive this bonus payment.

We are excited to have you join us and will need to determine a mutually acceptable start date with Westell. In addition to the compensation noted above, and after your start date and upon final approval of the Board of Directors, you will be awarded a grant of Restricted Stock Units (RSUs) for the equivalent of 180,000 shares of Company common stock and a grant of Stock Options for the equivalent of 120,000 shares of Company common stock (priced as of the later of grant date or your start date). Please note that the RSUs and Stock Options will vest at 25% each year upon the anniversary of their grant (or your start date, if later). Any grants issued will follow the terms set forth in the Westell Technologies, Inc. 2004 Stock Incentive Plan and your specific stock grants.

In consideration for this employment offer and the equity grants set forth above, we will also ask you to sign the attached Confidential Information, Invention Assignment, and Non-Solicitation Agreement on your start date. Please let us know in advance any questions that you may have on this agreement.

We also would like to offer you four weeks of Paid Time Off (PTO), which accrues ratably over the calendar year. We will provide you advance information on Westell's other employee benefits, which will be reviewed with you during orientation. Eligibility for the benefits program begins the first of the month after your date of hire.

This offer is contingent upon Westell Technologies, Inc. Board approval, satisfactory completion of reference checks and our review of your completed D&O questionnaire, as well as the successful completion of a pre-employment drug screening and a criminal background check. This offer of employment is not a contract for employment for any set period of time. All of the compensation and benefit items that make up your terms and conditions of employment are extended with the rights as well as customary conditions of the Westell policies that govern them. If you have any questions regarding benefits, please contact me or our Director of Human Resources, Sharon Hintz, at 630- 375-4160 or SHintz@westell.com.

By signing this letter, you acknowledge that the terms described in this letter, together with the Confidential Information, Invention Assignment, and Non-Solicitation Agreement, set forth the entire agreement between us and supersedes any prior representations or agreements, whether written or oral; there are no terms, conditions, representations, warranties, or covenants other than those contained herein. No term or provision of this letter may be amended, waived, released, discharged, or modified except in writing signed by you and an authorized officer of the Company except that the Company may, in its sole discretion, adjust incentive or variable compensation, stock plans and benefits.

We are very excited about the prospect of you joining the Westell team. We are confident that you will bring a wealth of capabilities and values that are consistent with our plans to establish, develop and grow a world-class company.

If this is acceptable to you, please return a scanned or facsimile copy to me, as acceptance of this offer. As you know, upon your acceptance we will proceed with a press release and any related SEC filings.

Welcome to Westell!

Sincerely,

/s/ J. Thomas Gruenwald

J. Thomas Gruenwald

President and Chief Executive Officer

Accepted:

/s/ Brian T. Brouillette June 12, 2015

Brian T. Brouillette (date)

**CERTIFICATION OF CHIEF EXECUTIVE OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, J. Thomas Gruenwald, certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2015 of the Company;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

(4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

(5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: November 9, 2015

/s/ J. Thomas
Gruenwald

J. Thomas
Gruenwald
Chief Executive
Officer

**CERTIFICATION OF CHIEF FINANCIAL OFFICER PURSUANT TO SECTION 302 OF THE
SARBANES-OXLEY ACT OF 2002**

I, Thomas P. Minichiello, certify that:

(1) I have reviewed this quarterly report on Form 10-Q for the period ended September 30, 2015 of the Company;

(2) Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

(3) Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this report;

(4) The Company's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the Company and have:

(a) designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the Company, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

(b) designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

(c) evaluated the effectiveness of the Company's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

(d) disclosed in this report any change in the Company's internal control over financial reporting that occurred during the Company's most recent fiscal quarter (the Company's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting; and

(5) The Company's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the Company's auditors and the audit committee of the Company's board of directors (or persons performing the equivalent functions):

(a) all significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the Company's ability to record, process, summarize and report financial information; and

(b) any fraud, whether or not material, that involves management or other employees who have a significant role in the Company's internal control over financial reporting.

Date: November 9, 2015

/s/ Thomas P. Minichiello

Thomas P. Minichiello
Chief Financial Officer

**CERTIFICATION PURSUANT TO
18 U.S.C. SECTION 1350,
AS ADOPTED PURSUANT TO
SECTION 906 OF THE SARBANES-OXLEY ACT OF 2002**

In connection with the Quarterly Report of Westell Technologies, Inc. (the "Company") on Form 10-Q for the fiscal period ended September 30, 2015 as filed with the Securities and Exchange Commission on the date hereof (the "Report"), the undersigned Chief Executive Officer and Chief Financial Officer of the Company, certify, pursuant to 18 U.S.C. § 1350, as adopted pursuant to § 906 of the Sarbanes-Oxley Act of 2002, that based on their knowledge:

- (1) The Report fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934;
and
- (2) The information contained in the Report fairly presents, in all material respects, the financial condition and result of operations of the Company as of and for the periods covered in the Report.

/s/ J. Thomas Gruenwald

J. Thomas Gruenwald
Chief Executive Officer

November 9, 2015

/s/ Thomas P. Minichiello

Thomas P. Minichiello
Chief Financial Officer

November 9, 2015

A signed original of this written statement required by Section 906, or other document authenticating, acknowledging, or otherwise adopting the signature that appears in typed form within the electronic version of this written statement required by Section 906, has been provided to Westell Technologies, Inc. and will be retained by Westell Technologies, Inc. and furnished to the Securities and Exchange Commission or its staff upon request.

The foregoing certification is being furnished to the Securities and Exchange Commission as an exhibit to the Form 10-Q and shall not be considered filed as part of the Form 10-Q.